

Prospectus **Brookfield Secured Bonds Series A** Issuer Limited (ABN 38 136 866 969)

**Brookfield** 

Brookfield Secured Bonds Series A are mortgage debentures for the purposes of section 283BH of the Corporations Act

Arrangers, Joint Lead Managers and Joint Bookrunners

**L**estpac InstitutionalBank

H EVANS & PARTNERS

**Latitude East** 

**Brookfield** 



### Important notices

About this Prospectus
This Replacement Prospectus relates to the offer by Brookfield
Secured Bonds Series A Issuer Limited (ACN 136 866 969)
(Issuer) of Brookfield Secured Bonds Series A (BSB-sA).
BSB-sA are mortgage debentures for the purposes of section
283BH of the Corporations Act which are secured by the
Security, including a first ranking mortgage over the Property
Owner's 50% interest in the Property.

Owner's 50% interest in the Property.

The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse. This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can only be satisfied out of the Secured Property the subject of the Security and are limited in recourse to distributions from that Secured Property from time to time. If sufficient funds are not realised from the Secured Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of the shortfall in the amount owing to the Holders in respect of BSB-sA. in respect of BSB-sA.

### Each BSB-sA has an issue price of \$100.

This Replacement Prospectus is dated 19 June 2009 and This Replacement Prospectus is dated 19 June 2009 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. It has been, or will be, lodged with the New Zealand Companies Office (NZCO) on that date. This Replacement Prospectus replaces the Prospectus lodged with ASIC and NZCO on 5 June 2009 (Original Prospectus). References to the Prospectus in this document are references to the Replacement Prospectus. ASIC, ASX and NZCO take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates. This Prospectus expires on the date which is 13 months after the date of the Original Prospectus and no BSB-sA will be issued on the basis of this Prospectus after that date.

This Prospectus is an important document and you should read it in full before deciding whether to invest in BSB-sA and completing and lodging an Application Form.

### This Prospectus does not provide financial product or investment advice - you should seek your own professional investment advice This Prospective description

This Prospectus does not provide investment advice. The Offer, and the information in this Prospectus, do not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as

In particular, in considering whether to apply for BSB-sA, it is important that you:

- consider the risk factors (see Section 6) that could affect BSB-sA or the financial performance and position of the Issuer and the Guarantor Security Providers as well as other information in this Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial or other professional advisers before deciding whether to apply for BSB-sA.

This Prospectus is only relevant for investors or potential investors in BSB-sA and should not be used for any other purpose.

### **Brookfield Secured Bonds Series A are**

**not liabilities of the Brookfield Group**BSB-sA are not liabilities of the Brookfield Group (other than the Issuer and the Guarantor Security Providers).

BSB-sA are issued by the Issuer and are guaranteed on a limited recourse basis by the Guarantor Security Providers in accordance with the Transaction Documents. Holders have no direct right to claim against the Issuer or the Guarantor Security Providers except as provided in the Transaction Documents (see Section 8.3.7). There are risks associated with investing in BSB-sA (see Section 6).

### **Exposure Period**

The Corporations Act prohibited the Issuer from processing Applications for BSB-sA in the seven day period after the date on which the Original Prospectus was lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days).

The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants before the raising of funds. Applications received during the Exposure Period were not processed until after the expiry of the Exposure Period. No preference was conferred on Applications received during the Exposure Period.

No offer of BSB-sA was made under the Original Prospectus to the public in New Zealand until after the expiry of the Exposure Period.

### How to obtain a Prospectus and Application Form

This Prospectus with an Application Form will be available during the Offer Period (for Australian and New Zealand residents only) at www.brookfieldsecuredbonds.com. If you access an electronic copy of this Prospectus, then you should ensure that you download and read the entire Prospectus – please refer to \*Electronic access to the Prospectus' below.

You can also register to receive a printed copy of this Prospectus and Application Form by calling the BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 929 0 9600 (within New Zealand) (Monday to Friday –8.30am to 5.30pm AEST).

The Corporations Act prohibits any person from passing an Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

#### **Electronic access to the Prospectus**

The following conditions apply if this Prospectus is accessed electronically

- You must download the entire Prospectus.
- Your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus.
- This Prospectus is available to you electronically only if you are accessing and downloading or printing the electronic copy of this Prospectus in Australia or New Zealand.

#### **Applications for Brookfield Secured Bonds** Series A

Applications for BSB-sA under this Prospectus may only be made during the Offer Period (although the Issuer reserves the right to accept late Applications) and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for BSB-sA under the Offer and how to make an Application, see Section 2

### **Providing personal information**

You will be asked to provide personal information to the Issuer (directly or via its agents) if you apply for BSB-sA. See Section 8.17 for information on how the Issuer and its agents collect, hold and use this personal information.

### Restrictions in foreign jurisdictions

For details of certain foreign selling restrictions that apply to BSB-sA in foreign jurisdictions, see Section 8.16.

### No representations other than in this Prospectus

You should rely only on information in this Prospectus. No person is authorised to provide any information, or to make any representations in connection with the Offer, make any representations in connection with the Orter, that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by the Issuer, the Guarantor Security Providers, the Brookfield Arranger or any other member of the Brookfield Group in connection with the Offer.

Except as required by law, and only to the extent so required, none of the Issuer, the Guarantor Security Providers, the Brookfield Arranger, any other member of the Brookfield Group or any other person warrants the future performance of the Issuer, the Guarantor Security Providers or the Property or any return on any investment made under this Prospectus.

### **ASX** quotation and when the Brookfield

ASA quotation and when the Brookfield Secured Bonds Series A will be issued The Issuer has applied to ASX for BSB-sA to be quoted on ASX. If ASX does not grant permission for BSB-sA to be quoted within three months after the date of the Original Prospectus, BSB-sA will not be issued and all Application payments will be refunded (without interest) to Applicants as soon as practicable

If BSB-sA are accepted for quotation on ASX, the Issuer expects to issue BSB-sA on or about 7 July 2009.

### **About the Trustee**

The Trustee has given and has not withdrawn its written consent to be named as Trustee in this Prospectus. The consent to be named as Trustee in this Prospectus. The Trustee has not authorised or caused the issue of this Prospectus. Neither the Trustee nor any of its related bodies corporate makes any representations as to the truth or accuracy of the contents of this Prospectus other than the parts which refer directly to the Trustee. The Trustee does not make any representation regarding or accepting any responsibility for any statements or omissions in or from any other parts of this Prospectus. Other than the parts of this Prospectus which refer directly to the Trustee, the Trustee has relied upon the Issuer for the accuracy of the contents of this Prospectus. Neither the Trustee nor any related body corporate makes any representations as to the performance of BSB-sA, the payment of interest and the Redemption of BSB-sA.

Neither the Trustee nor any of its related bodies corporate warrants the future performance of the Issuer, the Guarantor Security Providers, the Property or any return on any BSB-sA or other investment made under this Prospectus. BSB-sA are not liabilities of the Trustee or any of its related bodies

About the Brookfield Arranger Brookfield Australia Funds Management Limited (ABN 81 104 643 629, AFSL No. 231115) (Brookfield Arranger) is offering to arrange for the issue of BSB-sA by the Issuer pursuant to this Prospectus. The issue of BSB-sA is made according to a deed between the Issuer and the Brookfield Arranger that constitutes an 'intermediary authorisation' for the purposes of section 911A(2)(b) of the *Corporations Act*. As part of the Brookfield Arranger's obligations according to the intermediary authorisation and the Corporations Act, it is required to give you a Financial Services Guide before you decide to apply for BSB-sA. Appendix C contains a copy of the Brookfield Arranger's Financial Services Guide. The Brookfield Arranger and the Issuer are indirectly wholly owned subsidiaries of Brookfield Multiplex Limited.

Credit ratings
None of BSB-sA, the Issuer and the Guarantor Security
Providers are rated. The Property is leased to the
Commonwealth of Australia which is rated AAA by
Standard & Poor's, Aaa by Moody's and AAA by Fitch.

Standard & Poors, Asa by Moody's and AAA by Fitch.

These credit rating references are current as at the date of this Prospectus but may be revised, withdrawn, suspended or downgraded by the relevant credit rating agency at any time. These credit rating references are not a recommendation by the relevant credit rating agencies to apply for BSB-sA offered under this Prospectus. None of Standard & Poor's, Moody's or Fitch have consented to the use of its credit rating reference in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities (including BSB-sA). In as much as they do not comment as to market price or suitability for a particular investor, ratings may be changed, withdrawn or suspended at any time. Standard & Poor's, Moody's and Fitch do not hold an AFSL under the Corporations Act.

#### Diagrams

The diagrams used in this Prospectus are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date of

#### **Defined words and expressions**

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions.

The definitions specific to BSB-sA are in clause 11.2 of the Terms in Appendix A. If there is any inconsistency in the definitions between the Prospectus and the Terms, the definitions in the Terms prevail.

A reference to time in this Prospectus is to Sydney time unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated.

Some numbers in this Prospectus have been rounded

#### **Enquiries**

BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST). If you are uncertain whether BSB-sA are a suitable investment for you, you should consult your financial or other professional adviser.

### Additional information for New Zealand investors

General
This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* and Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together the cettle your complete. to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

### Currency risk

The Offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

### Invitation to invest

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19 June 2009

Dear Investor

### Offer of Brookfield Secured Bonds Series A

The Issuer is pleased to offer you the opportunity to invest in Brookfield Secured Bonds Series A (BSB-sA).

BSB-sA are limited recourse¹ mortgage debentures which are secured by a first mortgage over a 50% interest in an A grade office building which is located in the Sydney CBD (**Property** as further described in Section 4). The Property has contracted rental income for more than 13 years from the Issue Date generated from the Commonwealth of Australia which is rated AAA.² BSB-sA are being offered to Australian and New Zealand resident investors to raise \$57 million. The proceeds are to be lent to the Property Owner, under the Loan, to repay existing bank debt secured against its 50% interest in the Property.

The minimum investment in BSB-sA is \$10,000. The Offer is scheduled to close at 10.00am on 3 July 2009.

Application will be made for BSB-sA to be quoted on ASX.

The Interest Rate will be a fixed rate. The fixed Interest Rate will be determined on the Issue Date with reference to the Bank Bill Rate at that date plus a Margin of 3.25%. The Margin was determined by the Bookbuild which was conducted on 12 June 2009.

BSB-sA must be redeemed three years from the Issue Date, expected to be 9 July 2012 (**Maturity Date**). On the Maturity Date, Holders are entitled to receive the Face Value of \$100 cash per BSB-sA plus any accrued but unpaid interest.

Full details of this opportunity, including the terms of issue of BSB-sA and a summary of key risks associated with an investment in BSB-sA, are set out in this Prospectus.<sup>3</sup> Please read the Prospectus carefully before deciding whether to invest in BSB-sA.

To participate in this Offer, please follow the instructions in Section 2.

If you have any questions about the offer, please phone the BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST). If you are uncertain whether BSB-sA are a suitable investment for you, please consult your financial or other professional adviser.

On behalf of the Board of the Issuer, I invite you to consider this new investment opportunity.

Yours sincerely

Ross McDiven Chairman Brookfield Secured Bonds Series A Issuer Limited



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- 1 The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse which means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can only be satisfied out of the Security.
- 2 None of BSB-sA, the Issuer and the Guarantor Security Providers are rated. The Commonwealth of Australia is rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch as at the date of this Prospectus. For a description of what these ratings mean, see Section 8.20.
- 3 For a description of key risks, see Key features of Brookfield Secured Bonds Series A, the Risk section in Section 1 and Section 6.

### **Important** dates

### Key dates for the Offer

Lodgement of the Original Prospectus with ASIC and NZCO	5 June 2009
Bookbuild to determine Margin	12 June 2009
Announcement of Margin	15 June 2009
Opening Date and lodgement of this Replacement Prospectus with ASIC and NZCO	19 June 2009
Closing Date for Broker Firm Offer	10.00am, 3 July 2009
Settlement Date	6 July 2009
Issue Date	7 July 2009
Holding Statements despatched	7 July 2009
BSB-sA commence trading on ASX (normal settlement basis)	10 July 2009

### Key dates for the Brookfield Secured Bonds Series A

First Interest Payment Date	14 October 2009
Maturity Date	9 July 2012 <sup>1</sup>

### **Dates may change**

Key dates for the Offer are indicative only and may change. The Issuer, in consultation with the Joint Lead Managers, may extend the Offer, close the Offer early without notice, accept late Applications (either generally or in particular cases) or withdraw the Offer at any time before BSB-sA are issued. If you wish to apply for BSB-sA you are encouraged to submit your Application as soon as possible after the Opening Date. If the Closing Date is varied, subsequent dates may also be varied accordingly. To the extent any dates change, those changes will be published on the BSB-sA website - www.brookfieldsecuredbonds.com.

<sup>1</sup> On the assumption that the Issue Date is 7 July 2009.

### Key features of Brookfield Secured Bonds Series A

A summary of the key features of BSB-sA is set out below. This is a summary only. Investors should read this entire Prospectus carefully. The Terms of BSB-sA are set out in Appendix A.

If you are uncertain whether BSB-sA are a suitable investment for you, you should consult your financial or other professional adviser.

'	
Issuer	Brookfield Secured Bonds Series A Issuer Limited (ACN 136 866 969), a newly formed special purpose company that is an indirect wholly owned subsidiary of Brookfield Multiplex Limited (see Section 3.1). Neither the Issuer nor BSB-sA are rated by a rating agency.
	BSB-sA are not liabilities of Brookfield Group or the independent Trustee which has been appointed to hold and enforce rights in respect of BSB-sA.
Property and mortgage	BSB-sA are debentures secured by a first ranking mortgage over a 50% interest in an A grade office building which is located in the Sydney CBD ( <b>Property</b> as further described in Section 4).
	The Property is 50% owned by Property Owner, an indirectly wholly owned sub-trust of Brookfield Multiplex Limited, and the remaining 50% is owned by a third party Co-owner (see Section 8.6). Property Owner's 50% interest in the Property has been valued by an independent valuer at \$95 million (see Section 4.9).
Guarantee	In addition to the mortgage, Holding Trust (the parent trust of Property Owner and the Issuer) and Property Owner have guaranteed amounts owing in respect of BSB-sA if the Issuer fails to pay an amount when due (see Section 3).
Limited recourse and enforcement of the security	It is important to note that all the security described above is "limited recourse". This means that all claims in respect of amounts owing in respect of BSB-sA (such as unpaid interest or any principal amount outstanding) will be limited to the value of the security that has been provided.
	If the Issuer fails to pay any amount owing in respect of BSB-sA, it may be necessary to sell Property Owner's 50% interest in the Property by enforcing the mortgage. If a sale is required, Holders should note that there is likely to be a delay in receiving amounts owing in respect of BSB-sA. This is because Holders will not be paid amounts owing until a buyer is found and completion of the sale occurs.
	In addition, the sale price for the 50% interest in the Property may be less than the amount owing to Holders and, if this occurs, Holders may lose some or all of their investment in BSB-sA. Holders will not be able to make any further claims against the Issuer, Holding Trust or Property Owner in respect of the shortfall.
Lease and rental income	The Property is 100%¹ leased to the Commonwealth of Australia with a lease term in excess of 13 years (see Section 4). The Issuer will be reliant on rental income paid under the Lease to fund interest payments. The Issuer has no other source of income.
Offer of BSB-sA	Each BSB-sA will have a face value of \$100. Investors must apply for at least 100 BSB-sA (\$10,000) and after that in increments of 10 BSB-sA (\$1,000).
	It is a condition of the Offer that the Issuer receives applications for 570,000 BSB-sA (\$57 million). The Issuer is unable to accept any oversubscriptions.
Purpose of Offer	The Issuer will loan the proceeds of the Offer to Property Owner. This loan will be used to repay existing bank debt currently secured against Property Owner's 50% interest in the Property. The existing mortgage will be released upon issue of BSB-sA.
ASX listing	The Issuer has applied for BSB-sA to be quoted on ASX and, if admitted to quotation, BSB-sA are expected to trade under the code "BZAHA". It is not expected that there will be a liquid market for BSB-sA on the ASX.
Issue Date	BSB-sA are expected to be issued on 7 July 2009. If the Issuer closes the Offer earlier or later than anticipated, this date may change. Any changes to the dates will be published on the BSB-sA website (www.brookfieldsecuredbonds.com).
Interest rate	The interest rate will be a fixed rate and will be calculated on the Issue Date as:
	<ul> <li>the benchmark interest rate used by major Australian financial institutions to lend cash to each other over a 3-year period (this is referred to as the <b>Bank Bill Rate</b>) (see Section 1); plus</li> <li>the Margin, being 3.25%.</li> </ul>
	The Margin was determined on the basis of bids made under the Bookbuild (see Section 2.2.2).
	The margin mad determined on the basis of blas made under the bookband (see decitor 2.2.2).

<sup>1</sup> Excludes retail component of the Property which comprises less than 1% of the total net lettable area of the Property.

### Key features of Brookfield Secured Bonds Series A continued

Interest payments	Interest on BSB-sA will be calculated in respect of each quarterly period ending on 31 March, 30 June, 30 September and 31 December. However, the first Interest Period will commence on the Issue Date and end on 30 September 2009 and the final Interest Period will end on the Maturity Date or earlier Redemption Date (see below).  Interest will generally be payable 14 days after the end of each quarterly period.
	Interest will also be payable on the Maturity Date or earlier Redemption Date.
Maturity Date	The Issuer must redeem BSB-sA 3 years from the Issue Date (expected to be 9 July 2012) for their Face Value of \$100 each.
Early Redemption	The Issuer may redeem BSB-sA earlier than the Maturity Date. Generally, if all BSB-sA are redeemed prior to the Maturity Date, the Issuer must pay Holders \$100 per BSB-sA (being the face value), plus any accrued but unpaid interest, plus an early redemption payment of between \$2 and \$5 per BSB-sA (see Section 1).
	The early redemption payment will not be payable if the Issuer redeems BSB-sA due to certain taxation reasons (such as a change in the tax laws which would otherwise require the Issuer to pay an additional amount in respect of BSB-sA) (see Section 1).
	The Trustee, acting on behalf of Holders, can only require early redemption if there is an Event of Default under the BSB-sA Terms.
Risks	<ul> <li>There are risks associated with an investment in BSB-sA. Some of these risks are noted above. Others include, but are not limited to, the following:</li> <li>As noted above, the Issuer relies on rental income under the Lease to fund interest payable on BSB-sA and has no other source of income. In limited circumstances, the Commonwealth of Australia may claim a reduction in rent or terminate the lease, which may mean that the Issuer cannot pay interest on BSB-sA.</li> <li>Rental payments are made available for payment to Holders net of certain expenses and taxes. If expenses or taxes are significantly higher than expected, the Issuer may not be able to pay interest on BSB-sA.</li> <li>The Issuer's ability to redeem BSB-sA at the Maturity Date is dependent on the Property Owner's ability to refinance the Loan made to it by the Issuer by the Maturity Date. Refinance of the Loan is dependent on market conditions, the value of the Property at the time and other factors. The Issuer has no assets other than the Loan. If the current difficulties in borrowing persist in three years time, there will be an increased risk that the Property Owner may not be able to refinance the Loan. As noted above, if the Property Owner is unable to refinance the Loan, it may be necessary to sell the Property Owner's 50% interest in the Property by enforcing the Mortgage.</li> <li>Generally, Holders have no exit rights prior to the Maturity Date other than by selling BSB-sA. It is not expected that there will be a liquid market for BSB-sA and BSB-sA may trade on ASX below their Face Value, for example because market rates increase (which may make an investment in fixed interest rate BSB-sA a relatively less attractive investment).</li> <li>See Section 1 for a full summary and Section 6 for further details of these and some of the other risks associated with an investment in BSB-sA.</li> </ul>

### How to apply for Brookfield Secured Bonds Series A

### 1. Read this Prospectus

Read this Prospectus in full, paying particular attention to:

- the important notices on the inside front cover;
- the answers to key questions about BSB-sA in Section 1;
- the risk factors set out in Section 6; and
- the Terms set out in Appendix A.

### 2. Consider and consult

Consider all the information about BSB-sA (including the risks), having regard to your particular investment objectives and circumstances. Consult your financial or other professional adviser if you are unclear in relation to any aspect of the Offer or if you are uncertain whether BSB-sA are a suitable investment for you.

### 3. Complete the Application Form

If you want to apply for BSB-sA, you need to complete an Application Form which is attached to or accompanies this Prospectus. You should follow the instructions in this Prospectus and those set out on the Application Form.

Your Application must be for a minimum of 100 BSB-sA (being \$10,000) and after that in increments of 10 BSB-sA (being \$1,000).

### 4. Submit your Application before the Closing Date

Applications will only be accepted during the Offer Period (although the Issuer reserves the right to accept late Applications). The Offer may close early, so you are encouraged to submit your Application as soon as possible. Any date changes will be published on the BSB-sA website (www.brookfieldsecuredbonds.com).

The Application process varies depending on whether you participate in the Broker Firm Offer or Institutional Offer (see Section 2).

- Broker Firm Offer open to all Australian and New Zealand resident clients of a Syndicate Broker who apply for a firm Allocation from that Syndicate Broker.
- Institutional Offer has closed. The Bookbuild was completed on 12 June 2009.

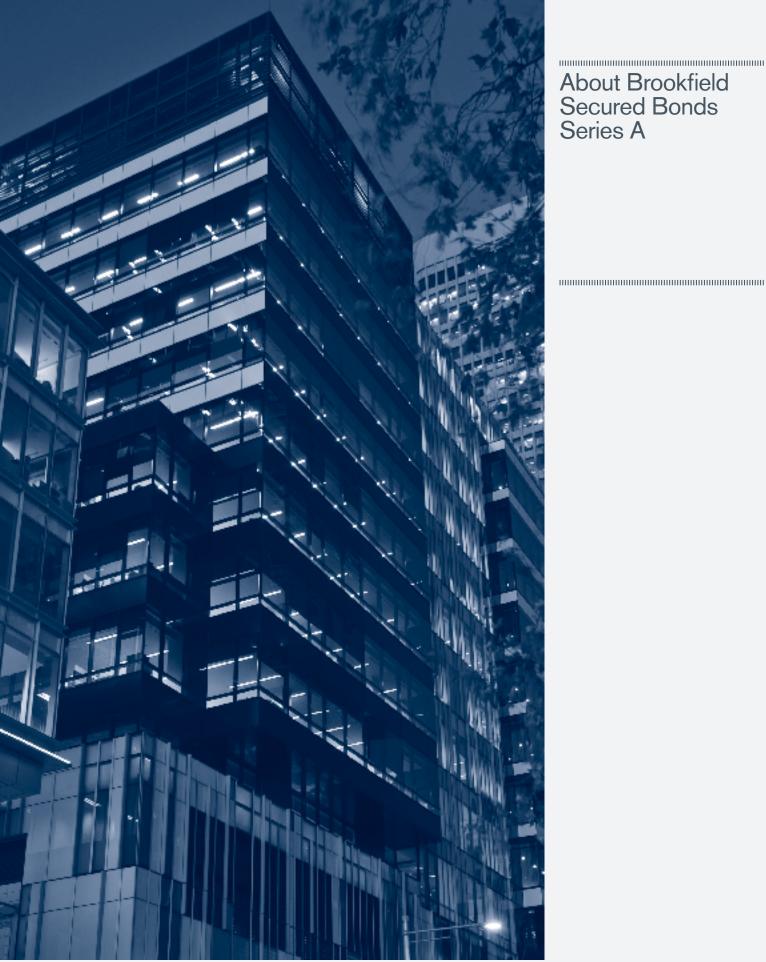
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# Summary of application process

Broker Firm Offer	
When to apply?	Applications will only be accepted during the Offer Period, which opened on 19 June 2009. The Closing Date for the Broker Firm Offer is expected to be 10.00am on 3 July 2009. Your completed Application Form and Application Payment must be received by your Syndicate Broker by this time in accordance with arrangements made between you and your Syndicate Broker.
How to apply?	You should contact your Syndicate Broker for further instructions on how to submit your Application.
Institutional Offer	
When to apply?	The Bookbuild was conducted on 12 June 2009.
How to apply?	The Institutional Offer has closed.

For more information on applying for Brookfield Secured Bonds Series A, see Section 2.

If you have any questions on how to apply for BSB-sA, please call the **BSB-sA Information Line on 1800 766 011** (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST).



### **About Brookfield** Secured Bonds Series A

**Section 1** 

### About Brookfield Secured Bonds Series A

Introduction		
What are BSB-sA?	BSB-sA are mortgage debentures which are secured by the Security, including a first ranking mortgage over the Property Owner's 50% interest in the Property. Holders of BSB-sA are entitled to receive quarterly interest payments on each Interest Payment Date until BSB-sA are Redeemed.  BSB-sA have a term of three years with a Maturity Date which is expected to be 9 July 2012. On the Maturity Date, Holders of BSB-sA will be entitled to receive the Face Value of \$100 cash per BSB-sA plus any accrued but unpaid interest.  Holders of BSB-sA will also be entitled to receive an additional Early Redemption Payment if BSB-sA are Redeemed prior to the Maturity Date (unless such Redemption is as a result of the occurrence of a Tax	
Who is issuing BSB-sA?	Event or a Widespread Tax Event).  The Issuer is Brookfield Secured Bonds Series A Issuer Limited (ACN 136 866 969). The Issuer is a special purpose company which is indirectly wholly owned by Brookfield Multiplex Limited.  BSB-sA are not liabilities of the Brookfield Group (other than the Issuer and the Guarantor Security Providers) nor of the Trustee or any of its related bodies corporate.	Section 3.1
What is the size of the Offer?	The Offer is intended to raise \$57 million which is 60% of the value of the Property Owner's interest in the Property as valued by Savills, an independent valuer, as at 30 April 2009. It is a condition of the Offer that the Issuer receives applications for 570,000 BSB-sA. The Issuer cannot accept any oversubscriptions.	Section 4.9
Who is the Trustee and what does it do?	The Trustee is Australian Executor Trustees Limited. The Trustee has been appointed under the Trust Deed to hold on trust for the Holders and itself upon the terms of the Trust Deed certain rights in respect of BSB-sA, including the right to enforce the Security and the right to enforce all other obligations of the Issuer and Guarantor Security Providers.	Section 8.3
Why is the Issuer issuing BSB-sA?	The Issuer will use the proceeds raised from issuing BSB-sA to make the Loan to the Property Owner. The proceeds of the Loan will be used to ultimately repay existing bank debt secured against the Property Owner's 50% interest in the Property.  The obligation of the Property Owner to pay interest on and repay principal owing under the Loan supports the Issuer's obligation to pay interest on and ultimately Redeem BSB-sA.	Section 8.5
Why are BSB-sA called Series A?	BSB-sA are the first in an expected series of mortgage debentures to be issued by members of the Brookfield Group. These additional series will not be issued by the Issuer.	
When is the Issue Date?	The Issue Date is expected to be 7 July 2009. If the Issuer closes the Offer earlier or later than anticipated, this date may change. To the extent any dates change, those changes will be published on the BSB-sA website (www.brookfieldsecuredbonds.com).	
When is the Maturity Date for BSB-sA?	The Maturity Date for BSB-sA is three years from the Issue Date, and is expected to be 9 July 2012.	
Who can apply under the Offer?	The offer is open to Australian and New Zealand resident retail and Institutional Investors.	Section 2.1.1
What do BSB-sA cost under the Offer?	\$100 per BSB-sA. If you apply to invest in BSB-sA, you must apply for a minimum of 100 BSB-sA amounting to \$10,000 and after that in increments of 10 BSB-sA (\$1,000).	Section 2.1.1
Do BSB-sA have a credit rating?	BSB-sA do not have a credit rating.	

#### Interest on BSB-sA

### What is the Interest Rate payable on BSB-sA?

The Interest Rate will be a fixed rate. The fixed rate will be determined on the Issue Date as the Bank Bill Rate at that date plus the Margin.

#### **Bank Bill Rate**

The Bank Bill Rate is a benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend cash to each other over a 3-year period. This rate fluctuates with changes in supply and demand and may increase or decrease from time to time.

The graph below shows movements in the Bank Bill Rate over the past 6 months. The movement in the Bank Bill Rate over the period leading up to the Issue Date (at which time the Bank Bill Rate is set for purposes of calculating the Interest Rate) may be greater or less than that shown in the graph. The graph should not be taken as an indication of movements in the Bank Bill Rate in the period leading up to the Issue Date.



### Margin

The Margin is 3.25% and was determined on the basis of bids made under the Bookbuild which was conducted on 12 June 2009.

The Interest Rate will be announced on the Issue Date after the Bank Bill Rate has been determined.

Interest is payable on each Interest Payment Date. If interest is not paid when due, interest continues to accrue on the unpaid amount at the Interest Rate plus 2% p.a.

Interest is payable at a fixed rate. Consequently, Holders will not benefit from any increases nor be disadvantaged by any decreases in interest rates or the Bank Bill Rate.

### Worked example

The amount of interest payable on each BSB-sA for an Interest Period will be calculated as follows:

Face Value x Interest Rate x Number of days in the Interest Period

365

As an example, the fixed Interest Rate would be calculated as follows, assuming that the Bank Bill Rate on the Issue Date was 4.74% p.a.:

Bank Bill Rate	4.74% p.a.
plus Margin	3.25% p.a.
Interest Rate	7.99% p.a.

Section 2.2.2 and clause 3.1 of the Terms

Interest on BSB-sA continued	T	
What is the Interest Rate payable on BSB-sA? continued	The interest payable for each BSB-sA for an Interest Period prior to the Maturity Date (based on the assumption that the Interest Period is 91 days long and a hypothetical interest rate of 7.99% p.a.) would be:	
	\$100 x 7.99% x 91 = \$1.99	
	365	
	This example is for illustrative purposes only and does not indicate, guarantee or forecast the actual interest payable for any Interest Period.	
When will interest on BSB-sA be payable?	Interest is payable on each Interest Payment Date, being the day which is 14 days after the last day of each Interest Period, the Maturity Date and any Redemption Date (adjusted if necessary so that if the relevant day falls on a weekend or public holiday, interest will be paid on the next Business Day).  The first Interest Payment Date is expected to be 14 October 2009.  The Interest Periods are each of the following quarterly periods:  1 January to 31 March (inclusive);  1 April to 30 June (inclusive);  1 July to 30 September (inclusive); and  1 October to 31 December (inclusive), in each year. However:  the first Interest Period commences on (and includes) the Issue Date and ends on (and includes) 30 September 2009; and  the final Interest Period ends on (but excludes) the Redemption Date or the Maturity Date of that BSB-sA (as applicable).	Clauses 2 and 11.2 of the Terms
	Payment by the Issuer of a New Zealand dollar amount to a New Zealand Holder may be made by the Issuer on a Business Day on which banks are open for general banking business in Auckland (not being a Saturday, Sunday or public holiday in that place) immediately following the due date for payment if that due date for payment is not an Auckland business day.	
How will interest be funded?	Interest payments will be funded indirectly by the rental income received by the Property Owner in relation to its 50% interest in the Property. Rental receipts received by the Property Owner will be net of certain expenses and taxes.  The Property Owner has agreed to deposit all rent and other income	Section 3.3.4
	received by it (net of certain expenses and taxes) into the Collection Account within five Business Days of receipt. The Collection Account is a bank account in the name of the Issuer. The only signatory to the Collection Account will be the Trustee.	
Are interest payments franked?	Interest payments will not be franked.	
Are interest payments deferrable or discretionary?	Interest payments are not deferrable or discretionary and must be paid on each Interest Payment Date by the Issuer.	
How will interest be paid?	The Issuer expects to pay interest to a Holder with an Australian or New Zealand registered address directly into an account at an Australian or New Zealand financial institution nominated by that Holder to the Registry. Interest payments will generally be paid in Australian dollars.  To be entitled to interest, a Holder must be recorded as a registered Holder on the relevant Record Date.	Section 2.3.1
	The Issuer may decide that any payment in respect of a BSB-sA held by a Holder who nominates an account at a New Zealand financial institution for the purposes of it receiving payments in respect of BSB-sA (NZ Holder) will be made in New Zealand dollars.	

In that case:  (a) the Issuer may convert the amount which would otherwise be payable by the Issuer in Australian dalars (4\$ Amount) into New Zealand dalars (14\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of the NZ\$ Amount to the NZ Holder; the Issuer of a New Zealand dalar amount to a New Zealand Holder may be made by the Issuer of a Business Day on which banks are open for general banking business in Auckland (not being a Saturday, Sunday or public holding in that place) immediately following the due date for payment if that due date for payment is not an Auckland business day.  Interest name at laways be paid?  Will interest always be paid?  Interest must always be paid by the Issuer on the Interest Payment Date. If the Issuer does not pay interest when it is due, the Guarantor Security Providers must pay any shortfall. If the Issuer, or the Guarantor Security Providers will be entitled to enforce against the Security and apply any proceeds of enforcement towards payment of the secured money (including any unpaid interest).  Security  What is the Security?  BSB-3A are secured by the following limited recourse Security:  the Property Owner Mortages a first ranking charge over all the assets of the Issuer, including the Issuer of the Holding Irust.  The Reporty Owner Sollow interest in the Property Owner Sollow interest in t	Interest on BSB-sA continued		
payable by the Issuer in Australian dollars (A\$ Amount) into New Zealand dollars (N2\$ Amount) at such rate (including the spot rate) as in teaconably considers appropriate. It may deduct its costs in connection with the conversion; and (b) by the payment by the Issuer of the N2\$ Amount to the N2 Holder, the Issuer will be taken to have fully satisfied its obligation to pay the N2 Holder the A\$ Amount in respect of the relevant ESB-sA.  The statements above also apply to other payments by the Issuer, including on Redemption. Payment by the Issuer of a New Zealand dollar amount to a New Zealand Holder may be made by the Issuer on a Business Day on which banks are open for general banking business in Auckland (not being a Saturday, Sunday or public holdery in that place) immediately following the due date for payment if that due date for payment is not an Auckland business day. Interest must always be paid by the Issuer on the Interest Payment Date. If the Issuer does not pay interest when it is due, the Guarantor Security Providers must pay any shortfall. If the Issuer, or the Guarantor Security Providers must pay any shortfall with within three Desires Says of the relevant Interest Payment Date, an Event of Default occurs and the Trustee will be entitled to enforce against the Security and apply any proceeds of enforcement towards payment of the secured money (including any unpaid interest).  Security  What is the Security?  BSB-sA are secured by the following limited recourse Security:  the Issuer Charge; a first ranking charge over all the assets of the Issuer, including the Loan;  the Property Owner Mortgage: a first ranking charge over all the assets of the Property Owner's 50% interest in the Property; owner and shares issued by the Issuer of the Guarantor Security Providers in respect of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse.  This means that all claims against the Issuer of the Guarantor Security Providers in respect of the shortfall on the amount owing t	How will interest be paid?	In that case:	
Interest always be paid?  Interest must always be paid by the Issuer on the Interest Payment Date. If the Issuer does not pay interest when it is due, the Guarantor Security Providers must pay any shortfall. If the Issuer, or the Guarantor Security Providers, do not pay the shortfall owing within three Business Days of the relevant Interest Payment Date, an Event of Default occurs and the Trustee will be entitled to enforce against the Security and apply any proceeds of enforcement towards payment of the secured money (including any unpaid interest).  Security  What is the Security?  BSB-sA are secured by the following limited recourse Security:  - the Property Owner Mortgage: a first ranking mortgage over the Property Owner's 50% interest in the Property;  - the Issuer Charge: a first ranking charge over all the assets of the Issuer, including the Loan;  - the Property Owner, including its right to receive rental income from the Property Owner, forward interest in the Property; and  - the Holding Trust Charge: a first ranking charge over all the assets of the Holding Trust, including units issued by the Property Owner and shares issued by the Bolding Trust, including units issued by the Property Owner and shares issued by the Bolding Trust, the Issuer or the Holding Trust of BSB-sA is limited recourse.  This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Security and are limited in recourse to distributions from the Security from time to time.  The realisation of the Security following enforcement of the Security and its application toward the secured money constitutes a complete discharge of the Issuer and each Guarantor Security Provider's liability to the Trustee against the Issuer or the Guarantor Security Provider's in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of BSB-sA. A no further claims may be made by the Holders or t	continued	payable by the Issuer in Australian dollars ( <b>A\$ Amount</b> ) into New Zealand dollars ( <b>NZ\$ Amount</b> ) at such rate (including the spot rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion; and  (b) by the payment by the Issuer of the NZ\$ Amount to the NZ Holder, the Issuer will be taken to have fully satisfied its obligation to pay the NZ Holder the A\$ Amount in respect of the relevant BSB-sA.  The statements above also apply to other payments by the Issuer, including on Redemption.  Payment by the Issuer of a New Zealand dollar amount to a New Zealand Holder may be made by the Issuer on a Business Day on which banks are open for general banking business in Auckland (not being a Saturday, Sunday or public holiday in that place) immediately following the due date	
BSB-sA are secured by the following limited recourse Security:  - the Property Owner Mortgage: a first ranking mortgage over the Property Owner's 50% interest in the Property;  - the Issuer Charge: a first ranking charge over all the assets of the Issuer, including the Loan;  - the Property Owner Charge: a first ranking charge over all the assets of the Property Owner, including its right to receive rental income from the Property Owner's 50% interest in the Property; and  - the Holding Trust. Charge: a first ranking charge over all the assets of the Holding Trust Charge: a first ranking charge over all the assets of the Holding Trust including units issued by the Property Owner and shares issued by the Issuer to the Holding Trust.  What does it mean that the Security is limited recourse?  The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse.  This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Security and are limited in recourse to distributions from the Security from time to time.  The realisation of the Security following enforcement of the Security and its application toward the secured money constitutes a complete discharge of the Issuer and each Guarantor Security Provider's liability to the Trustee and each Holder.  If sufficient funds are not realised from the Secured Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of BSB-sA. This includes bringing legal proceedings against the Issuer or the Guarantor Security Providers or applying to have the	Will interest always be paid?	Interest must always be paid by the Issuer on the Interest Payment Date. If the Issuer does not pay interest when it is due, the Guarantor Security Providers must pay any shortfall. If the Issuer, or the Guarantor Security Providers, do not pay the shortfall owing within three Business Days of the relevant Interest Payment Date, an Event of Default occurs and the Trustee will be entitled to enforce against the Security and apply any proceeds of enforcement towards payment of the secured money	
- the Property Owner Mortgage: a first ranking mortgage over the Property Owner's 50% interest in the Property;  - the Issuer Charge: a first ranking charge over all the assets of the Issuer, including the Loan;  - the Property Owner Charge: a first ranking charge over all the assets of the Property Owner, including its right to receive rental income from the Property Owner's 50% interest in the Property; and  - the Holding Trust Charge: a first ranking charge over all the assets of the Holding Trust Charge: a first ranking charge over all the assets of the Holding Trust, including units issued by the Property Owner and shares issued by the Issuer to the Holding Trust.  The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Security and are limited in recourse to distributions from the Security from time to time.  The realisation of the Security following enforcement of the Security and its application toward the secured money constitutes a complete discharge of the Issuer and each Guarantor Security Provider's liability to the Trustee and each Holder.  If sufficient funds are not realised from the Secured Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of BSB-sA. This includes bringing legal proceedings against the Issuer or the Guarantor Security Providers or applying to have the	Security		
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		of BSB-sA is limited recourse.  This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Security and are limited in recourse to distributions from the Security from time to time.  The realisation of the Security following enforcement of the Security and its application toward the secured money constitutes a complete discharge of the Issuer and each Guarantor Security Provider's liability to the Trustee and each Holder.  If sufficient funds are not realised from the Secured Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of the shortfall in the amount owing to the Holders in respect of BSB-sA. This includes bringing legal proceedings against	Section 3.3.3
		Issuer or the Guarantor Security Providers wound up.	

Security continued		
Can Holders enforce the Security?	If an Event of Default has occurred and is subsisting, Holders can direct the Trustee to enforce the Security by passing a Holder Resolution. Generally speaking, Holders cannot enforce the Security directly.	Clauses 5.5 and 5.6 of the Terms
What is guaranteed under the Guarantee from the Holding Trust and the Property Owner?	The Guarantor Security Providers guarantee amounts owing in respect of BSB-sA, including the interest payable on each Interest Payment Date and the Face Value at Redemption. It is important to note that the liability of the Guarantor Security Providers in respect of BSB-sA can only be paid or satisfied out of the Secured Property the subject of the Security granted by the Guarantor Security Providers.	Section 8.3.4
Can the Issuer incur obligations that rank ahead or equal to that of BSB-sA?	To ensure that no obligations (other than those mandatorily preferred by law and amounts payable to the Trustee in respect of its services including any enforcement costs) rank ahead or equal to that of BSB-sA, the Issuer and Guarantor Security Providers have undertaken not to incur any other debt unless it is Permitted Debt.	Section 3.3
	<ul> <li>Permitted Debt is debt (other than BSB-sA) that is:</li> <li>unsecured; or</li> <li>secured but which is subordinated, on terms acceptable to the Trustee, to BSB-sA following the occurrence of an Event of Default.</li> </ul>	Section 3.3.6
Property		
What is the Property?	The Property is an A grade office building, known as Latitude East. The Property is located in the Sydney CBD. Subject to the terms of the Lease, rental income from the Property is contracted for in excess of 13 years from the Issue Date. The Property is leased to the Commonwealth of Australia which is rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch. For a description of what these ratings mean, see Section 8.20.	Section 4
	The Property Owner has a 50% interest in the Property. The other 50% is owned by the Co-owner. Dealings with the Co-owner and the Property are governed by the Co-owners Agreement. The Trustee must comply with the terms of the Co-owners Agreement (to the extent necessary) if it becomes entitled to enforce the Security.	Section 8.6
	Both co-owners must comply with the terms of the Lease.	Section 8.9
Will the Property be valued?	The Property has been independently valued as at 30 April 2009.  The Property will be valued by a third party valuer no less frequently than every three years in line with the Property Owner's valuation policy.	Section 4.9
	The Directors will undertake an annual valuation of the Property and, in doing so, will have regard to external valuations obtained by Brookfield Multiplex Group in respect of other similar properties at the time of each valuation. If the Directors become aware that there has been a material change in the value of the Property Owner's interest in the Property, the Directors will obtain a valuation by a third party valuer.	
Redemption		
What happens on the Maturity Date?	The Issuer must Redeem all outstanding BSB-sA for the Face Value of \$100 cash plus any accrued but unpaid interest.	
Can Holders request Redemption prior to the Maturity Date?	Holders will have no right to request Redemption of BSB-sA prior to the Maturity Date.	Clauses 5.2(a) and 5.5 of the Terms
	If an Event of Default occurs and is continuing, the Trustee may (and must do so following the passing of a Holder Resolution) direct the Issuer to Redeem BSB-sA.	3. tilo 1011110

Redemption continued		
What is an Event of Default?	Each of the following events is an Event of Default in relation to BSB-sA:	Section 8.3.5
	(a) a failure by the Issuer or the Guarantor Security Providers to pay any amount payable in respect of BSB-sA within three Business Days of the due date for payment;	and clause 5.1 of the Terms
	(b) any of the Issuer or the Guarantor Security Providers become insolvent;	
	(c) a Transaction Document is or becomes unenforceable or does not have the priority it is expressed to have;	
	(d) a breach by the Issuer or the Guarantor Security Providers of certain negative undertakings (such as incurring debt which is not a Permitted Debt or disposing of its interest in the Property in a manner not permitted under the Transaction Documents), and such non-compliance is not remedied (where possible) within 30 Business Days of a notice from the Trustee; and	
	(e) the Latitude Site C Landowning Trust or the Latitude Site C Investment Trust is terminated.	
Can the Issuer Redeem BSB-sA prior to the Maturity Date?	The Issuer may Redeem all (but, except in the case of a Tax Event, not some only) of BSB-sA prior to the Maturity Date. If the Issuer exercises that right, each Holder will be entitled to receive the Face Value of \$100 cash per BSB-sA, any accrued but unpaid interest and to the extent applicable Early Redemption Payment.	Clause 4.4 of the Terms and Section 1.84A
	The Early Redemption Payment is calculated on the following basis:	
	<ul> <li>if Redemption occurs before the first anniversary of the Issue Date, each Holder will receive an additional \$5 per BSB-sA (a 5% premium to Face Value);</li> </ul>	
	<ul> <li>if Redemption occurs on or after the first anniversary of the Issue         Date but before the second anniversary of the Issue Date, each         Holder will receive an additional \$4 per BSB-sA (a 4% premium             to Face Value); or     </li> </ul>	
	<ul> <li>if Redemption occurs on or after the second anniversary of the Issue Date but before the Maturity Date, each Holder will receive an additional \$2 per BSB-sA (a 2% premium to Face Value).</li> </ul>	
	In addition, if a Tax Event occurs in respect of a BSB-sA, the Issuer may elect to Redeem that BSB-sA (but need not Redeem any other BSB-sA) or, if a Widespread Tax Event occurs, the Issuer may elect to Redeem all BSB-sA prior to the Maturity Date. If the Issuer exercises that right, the Holder being Redeemed will be entitled to receive the Face Value of \$100 cash and any accrued but unpaid interest. However, no Early Redemption Payment will be payable due to a Redemption because of a Tax Event or Widespread Tax Event.	
What is a Tax Event or	A Tax Event occurs if:	Clauses 4.2,
Widespread Tax Event?	<ul> <li>as a result of any change in, or amendment to, the laws of a relevant tax jurisdiction, or any change in their application or official or judicial interpretation, the Issuer is required to pay an additional amount under clause 4.2 of the Terms; or</li> </ul>	4.3 and 4.4 of the Terms
	<ul> <li>as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, interest on a BSB-sA is not, or may not be, allowed as a deduction for the purposes of Brookfield Group's Australian income tax liability calculation.</li> </ul>	

Redemption continued		
What is a Tax Event or Widespread Tax Event? continued	A Widespread Tax Event occurs if the Issuer would be entitled to Redeem greater than 50% of the aggregate Face Value of BSB-sA on issue as a result of the occurrence of a Tax Event.	
What happens if the Issuer does not pay amounts on BSB-sA when due?	Under the Guarantee, the Guarantor Security Providers guarantee the payment of any amounts which become due and payable, or which are unpaid, by the Issuer on BSB-sA.	Sections 8.3.4 and 8.3.5
	If the Issuer does not pay amounts in respect of BSB-sA when due (for example, interest due on any Interest Payment Date or the Face Value of BSB-sA on the Maturity Date), the Guarantor Security Providers must pay the shortfall owing.	
	If the Issuer or Guarantor Security Providers fail to pay the shortfall within three Business Days of the due date, an Event of Default occurs and the Trustee will be entitled to enforce the Security and apply any proceeds of enforcement towards the secured money.	
Тах		
What are the taxation implications of investing in BSB-sA?	The taxation implications of investing in BSB-sA will depend on the individual circumstances of the Holder, including in particular whether you are a resident of Australia or another country. A summary of some of the relevant Australian and New Zealand taxation considerations for Holders is provided in Section 7.	Section 7
	Holders should obtain their own taxation advice based on their individual circumstances before investing in BSB-sA.	
Will any tax be withheld from payments of interest?	Interest withholding tax on payment to non-residents  The Issuer intends to ensure that the public offer and other relevant tests are satisfied, such that the section 128F of the <i>Income Tax Assessment Act 1936</i> exemption from interest withholding tax should apply. On that basis, no interest withholding tax should be required to be deducted from payments of interest.	Section 7
	In the event that the public offer or other relevant tests are not satisfied, the Issuer is required to withhold tax at 10% from payments of interest to non-resident Holders (including New Zealand Holders), or to any other Holder who is recorded in respect of BSB-sA as having a non-Australian address or to whom payment of BSB-sA interest outside Australia is authorised.	
	Under the Terms, the Issuer will be required to gross-up interest payments in the event that BSB-sA do not qualify for the interest withholding tax exemption under section 128F of the <i>Income Tax Assessment Act 1936</i> . Under such a gross-up, the amount received by a relevant investor should be the same, after deduction of Australian interest withholding tax from the grossed-up amount, as it would have been if the section 128F of the <i>Income Tax Assessment Act 1936</i> exemption had been available.	
	TFN withholding The Issuer is required to withhold tax at the highest marginal tax rate including Medicare levy (currently 46.5%) in instances where tax residents of Australia have not provided their TFN, ABN or appropriate exemption. The Issuer is not required to gross-up payments on account of such withholding tax. TFN withholding will apply even if the public offer test described above is satisfied.	
Will I have to pay any stamp duty?	There are no Australian stamp duty consequences for Holders on the issue, sale, transfer or Redemption of BSB-sA.	

Implications of holding BSB-sA		
Can BSB-sA be traded on ASX?	The Issuer will apply to have BSB-sA quoted on ASX under the code "BZAHA". Quotation on ASX is not guaranteed or automatic. If quotation is not granted within three months after the date of the Prospectus (or any longer period permitted by law), BSB-sA will not be issued and Application Payments will be refunded (without interest) as soon as practicable.	Section 2.4
How much will Holders receive if they sell their BSB-sA on ASX?	The amount which a Holder of BSB-sA would receive if they sold their BSB-sA on ASX will depend on the market price of BSB-sA at that time. This may be more, less, or equal to the Face Value of \$100 per BSB-sA. Holders who sell their BSB-sA on ASX may have to pay brokerage costs. Notwithstanding the trading performance of BSB-sA on ASX after the Issue Date, Holders are entitled to receive the Face Value of \$100 per BSB-sA and an Early Redemption Payment (in certain limited circumstances) on the Maturity Date or earlier Redemption Date.	
Do Holders of BSB-sA have any voting rights?	Holders are entitled to vote at meetings of Holders on certain matters affecting their rights as Holders in accordance with the Terms and the Trust Deed.  BSB-sA confer no rights on a Holder to:  vote at any meeting of shareholders of the Issuer, the Guarantor Security Providers or the Trustee;  subscribe for new securities or to participate in any bonus issues of securities of the Issuer, the Guarantor Security Providers or any other member of the Brookfield Group; or  otherwise participate in the profits or property of the Issuer or the Guarantor Security Providers, except as set out in the Transaction Documents.	
Risks What are the risks of investing in BSB-sA?	There are risks associated with an investment in BSB-sA. These risks include, but are not limited to, the following:  1 The Issuer and the Guarantor Security Providers rely on rental income under the Lease to fund interest payable on BSB-sA and under the Guarantee as applicable. The Issuer and the Guarantor Security Providers have no other source of income.  In certain circumstances, the Commonwealth of Australia may claim a reduction in rent payable under the Lease if certain terms of the Lease are breached (for example if certain facilities of the Property fail to perform to a specified standard or if the Property becomes unfit for use as an office). The Commonwealth of Australia also has a right to terminate the lease in limited circumstances (for example if certain facilities of the Property fail to perform to a specified standard and cannot be rectified within 6 months or if the Property becomes unfit for use as an office and will remain unfit for 6 months).  The Property is 100%¹ leased to the Commonwealth of Australia so a reduction in rent or a termination of the Lease may mean that the Issuer cannot pay interest on BSB-sA.	Further information regarding these and some of the other risks associated with BSB-sA and the Offer is set out in Section 6.

<sup>1</sup> Excludes retail component of the Property which comprises less than 1% of the total net lettable area of the Property.

#### Risks continued

### What are the risks of investing in BSB-sA? continued

- 2 Rental payments received by the Property Owner are made available for payment to Holders net of certain expenses and taxes. If expenses or taxes are significantly higher than expected, due for example to unexpected operating or capital expenses relating to the Property, the Issuer and the Guarantor Security Providers may not be able to pay interest on BSB-sA.
- 3 The Issuer's ability to Redeem BSB-sA at the Maturity Date is dependent on the Property Owner's ability to refinance the Loan made to it by the Issuer by the Maturity Date. The Issuer has no assets other than the Loan.
  - The Property Owner's ability to refinance its obligations will be dependent on market conditions, the value of the Property and other factors at the time. If the current difficulties in borrowing persist in three years time, there will be an increased risk that the Property Owner may not be able to refinance the Loan.
- If the Issuer fails to pay any amount owing in respect of BSB-sA, the Security may be enforced. However, the liability of the Issuer and the Guarantor Security Providers can only be paid out of the Security. If the amount which is realised on sale of the 50% interest in the Property is less than the amount owed to Holders (for example, because the Property has decreased in value), Holders may lose some or all of their investment in BSB-sA.
- 5 Other than where there is an Event of Default, Holders have no exit rights prior to the Maturity Date other than by selling BSB-sA on market or through an off market transfer. It is not expected that there will be a liquid market for BSB-sA and BSB-sA may trade on ASX below their Face Value, for example because interest rates increase (which may make an investment in fixed interest rate BSB-sA a comparatively less attractive investment). Accordingly, there is no guarantee that Holders will be able to sell BSB-sA and, even if they are able to do so, there is a risk that they will lose money on any sale.
- The Issuer may Redeem BSB-sA prior to the Maturity Date.

### Further information

For more information on applying for BSB-sA, see Section 2. If you have any questions in relation to the Offer, please call the BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST) or contact your Broker or other professional adviser.



About the Offer

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## **Section 2**



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### About the Offer

### 2.1 Applying for BSB-sA

The Issuer is seeking to raise \$57 million by issuing 570,000 BSB-sA. Each BSB-sA has a Face Value of \$100. It is a condition of the Offer that the Issuer receives applications for 570,000 BSB-sA. The Issuer cannot accept any oversubscriptions.

Applications for BSB-sA must be made to the Brookfield Arranger who is offering to arrange for the issue of BSB-sA by the Issuer pursuant to this Prospectus. The issue of BSB-sA will be made according to a deed between the Issuer and the Brookfield Arranger that constitutes an 'intermediary authorisation' for the purposes of section 911A(2)(b) of the *Corporations Act*. As part of the Brookfield Arranger's obligations according to the intermediary authorisation and the *Corporations Act*, it is required to give you a Financial Services Guide before you decide to apply for BSB-sA. Appendix C contains a copy of the Brookfield Arranger's Financial Services Guide. The Brookfield Arranger and the Issuer are indirectly wholly owned subsidiaries of Brookfield Multiplex Limited.

### 2.1.1 Eligibility, timing and process for applying

Offer	How many BSB-sA can you apply for?	When to apply?	How do I apply using a paper Application Form?
Broker Firm Applicants under the Broker Firm Offer The Broker Firm Offer is open to all Australian and New Zealand resident clients of a Syndicate Broker who apply for a firm Allocation from that Syndicate Broker.	Your Application must be for a minimum of 100 BSB-sA (\$10,000) and after that in increments of 10 BSB-sA (\$1,000). Your Syndicate Broker will inform you of your Allocation.	Applications will only be accepted during the Offer Period, which opened on 19 June 2009. The Closing Date for the Broker Firm Offer is expected to be 10.00am on 3 July 2009. Your completed Application Form and Application Payment must be received by that time by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.	The Application Forms contained in the back of this Prospectus should be used by Broker Firm Applicants to apply for BSB-sA.  Instructions on how to complete the Application Form are set out on the reverse side of that form.  You should contact your Syndicate Broker for information on how to submit the Application Form and your Application Payment to your Syndicate Broker.  Your Syndicate Broker:  - may provide a facility for you to apply for BSB-sA online;  - must have received your completed Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – expected to be 10.00am on 3 July 2009; and  - will act as your agent in processing your Application Form and Application Payment to the Brookfield Arranger.
Institutional Investors under the Institutional Offer Institutional Investors were invited by the Joint Lead Managers to bid for BSB-sA through the Bookbuild.	Bids by Institutional Investors were subject to the terms and conditions of the Bookbuild and the Original Prospectus.	The Bookbuild was conducted on 12 June 2009.	The Institutional Offer has closed.

### 2.1.2 How to make payments

Broker Firm Offer

You should contact your Syndicate Broker for information on how to submit the Application Form and your Application Payment to your Syndicate Broker.

### 2.1.3 Brokerage and stamp duty

No brokerage or stamp duty is payable on your Application. In addition, you will not be required to pay stamp duty on the sale, transfer or Redemption of BSB-sA.

### 2.1.4 Application Payments held on trust

All Application Payments received before BSB-sA are issued will be held by the Issuer on trust in an account established solely for the purpose of depositing Application Payments received. After BSB-sA are issued to successful Applicants, the Application Payments held on trust and referable to BSB-sA issued to successful Applicants will be payable to the Issuer.

Any interest that accrues on Application Payments prior to the issue of BSB-sA will be, and will remain, the property of the Issuer.

### 2.1.5 Refunds

If the Offer does not proceed for any reason, Applicants will have their Application Payments refunded (without interest) as soon as possible. Any interest that accrues on Application Payments to be refunded will be, and will remain, the property of the Issuer.

### 2.2 Allocation policy

### 2.2.1 Allocation

Firm Allocations to Syndicate Brokers will be determined by the Issuer, in consultation with the Joint Lead Managers, subject to the terms and conditions of the Bookbuild. Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker, subject to the terms of this Prospectus.

### 2.2.2 Bookbuild

The Bookbuild was a process conducted by the Joint Lead Managers in consultation with the Issuer on 12 June 2009. In this process, Syndicate Brokers and Institutional Investors were invited to lodge bids for a number of BSB-sA within an indicative range to establish the Margin. On the basis of those bids, the Issuer, in consultation with the Joint Lead Managers, determined the Margin and firm Allocations to Syndicate Brokers and Institutional Investors.

The Bookbuild was conducted under the terms and conditions agreed by the Issuer and the Joint Lead Managers in the Offer Management Agreement, see Section 8.11.

BSB-sA allocated to Syndicate Brokers through the Bookbuild will be issued to Applicants through Applications made under this Prospectus.

### 2.3 Other information relevant to your Application 2.3.1 Provision of bank account details for

### interest payments

The Issuer expects to pay your interest payments and Redemption amount directly into an Australian or New Zealand dollar account of a financial institution nominated by you.

On the Application Form, provision is made for you to provide your Australian or New Zealand dollar financial institution details. However, if these details are not provided either in the Application Form or by other means, you will be sent a specific form for collection of that information. That form will be sent to you after the Allocation confirmation but ahead of the first Interest Payment Date.

If you do not provide your relevant details to the Registry, or the transfer of any payment does not complete, a notice will be sent to the address notified by you advising you of the amount of the payment. In that case the funds will be held in a special purpose account maintained by the Issuer as a non-interest bearing deposit paid by the Issuer under legislation relating to unclaimed monies.

In accordance with the Trust Deed, the Issuer reserves the right to vary the way in which any payments are made, including making distributions by Australian dollar denominated cheque.

The Issuer may decide that any payment in respect of a BSB-sA to a Holder who nominates an account at a New Zealand financial institution for the purposes of it receiving payments in respect of BSB-sA (**NZ Holder**) will be made in NZ\$.

In that case:

- (a) the Issuer may convert the amount which would otherwise be payable by the Issuer in Australian dollars (A\$ Amount) into New Zealand dollars (NZ\$ Amount) at such rate (including the spot rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion; and
- (b) by the payment by the Issuer of the NZ\$ Amount to the NZ Holder, the Issuer will be taken to have fully satisfied its obligation to pay the NZ Holder the A\$ Amount in respect of the relevant BSB-sA.

### 2.3.2 Provision of Tax File Number or Australian Business Number for Australian tax residents

On the Application Form, provision is made for you to provide your Tax File Number (**TFN**) or Australian Business Number (**ABN**), or claim a valid exemption. However, if these details are not provided either in the Application Form or by other means, you will be sent a specific form for collection of that information. That form will be sent to you after the Allocation confirmation but ahead of the first Interest Payment Date.

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## About the Offer continued

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure are strictly regulated, by tax laws and the *Privacy Act 1988* (Cth).

You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, the Issuer will be required to withhold Australian tax at the maximum marginal tax rate (currently 46.5% including the Medicare levy) on the amount of any interest unless you provide one of the following:

- TFN
- TFN exemption number (if applicable); or
- ABN (if BSB-sA are held in the course of an enterprise carried on by you).

### 2.3.3 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your holding of BSB-sA. For information about the acknowledgements and privacy statement in relation to personal information that you provide the Issuer by completing an Application Form, see Section 8.17.

### **2.4 ASX quotation, trading and Holding Statements 2.4.1 ASX quotation and trading**

The Issuer has applied to ASX for BSB-sA to be quoted on ASX. If ASX does not grant permission for BSB-sA to be quoted within three months after the date of the Original Prospectus, BSB-sA will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible. The Issuer expects that BSB-sA will begin trading on ASX, on a normal settlement basis, on 10 July 2009 under ASX code "BZAHA".

You are responsible for confirming your Holding before trading in BSB-sA. If you are a successful Applicant and you sell your BSB-sA before you receive your Holding Statement, you do so at your own risk.

You may call the BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST) or your Syndicate Broker after the Issue Date to enquire about your Allocation.

### 2.4.2 Holding Statements

The Issuer will apply for BSB-sA to participate in CHESS. No certificates will be issued for BSB-sA. The Issuer expects that Holding Statements will be despatched to successful Applicants on 7 July 2009.

### 2.5 Enquiries

If you have further questions about the Offer or your Application, you should contact your Syndicate Broker.

If you are uncertain if BSB-sA are a suitable investment for you, you should consult your financial or other professional adviser.

If you are a Broker Firm Applicant and you are in doubt, you should immediately contact your Syndicate Broker.

You may call the BSB-sA Information Line on 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST) if you:

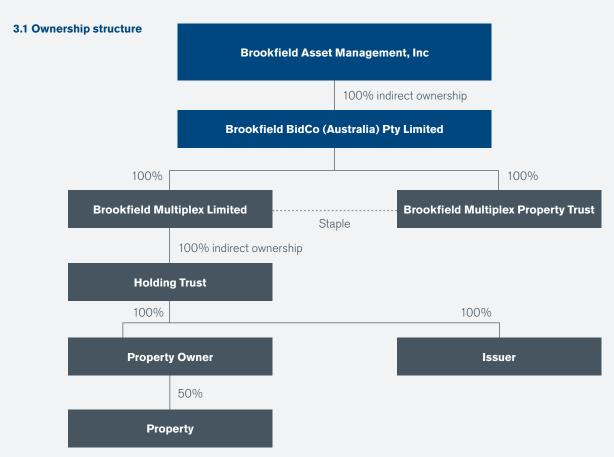
- have further questions on how to apply for BSB-sA;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms; or
- have any other questions about the Offer.



About the Issuer and the Guarantor Security Providers

**Section 3** 

# About the Issuer and the Guarantor Security Providers



### 3.1.1 About the Issuer

Brookfield Secured Bonds Series A Issuer Limited (ABN 38 136 866 969) is a special purpose company that is an indirect wholly owned subsidiary of Brookfield Multiplex Limited. All the shares in the Issuer are held by the Holding Trust.

### 3.1.2 About Brookfield Multiplex Group

Brookfield Multiplex Group is a fully integrated property, funds management and infrastructure business with activities in construction, commercial, retail and residential property, property management services and infrastructure.

Following the acquisition of Multiplex by Brookfield Asset Management, Inc, the Multiplex Group de-listed from ASX in December 2007 and in January 2008 became a wholly owned subsidiary of Brookfield Asset Management, Inc (**Brookfield**).

### 3.1.3 About Brookfield

Brookfield is a global asset management company with a primary focus on property, power and infrastructure assets with approximately US\$80 billion of assets under management. It is publicly listed on the New York Stock Exchange (NYSE), Toronto Stock Exchange (TSX) and

Euronext Amsterdam under the symbol BAM, BAM.A and BAMA, respectively.

Brookfield has major operations in North and South America, Europe and Australia and employs 14,000 people globally.

Brookfield has a 100 year history of owning and operating real estate assets and globally has US\$21 billion of capital invested in office assets (94%) and retail assets (6%).

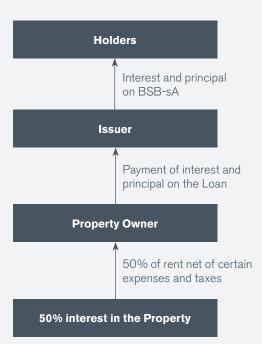
Through the acquisition of the Multiplex Group in January 2008, Australia is well represented in Brookfield's global office real estate portfolio with approximately 24% of its global net invested capital invested in Australia.

No member of the Brookfield Group (other than the Issuer and Guarantor Security Providers) has any obligation to pay interest on or to Redeem BSB-sA.

### **3.1.4 About the Guarantor Security Providers**

The Property Owner and the Holding Trust are indirectly wholly owned by Brookfield Multiplex Limited. They have guaranteed the Issuer's obligations in respect of BSB-sA.

### 3.2 Cash flow payment structure

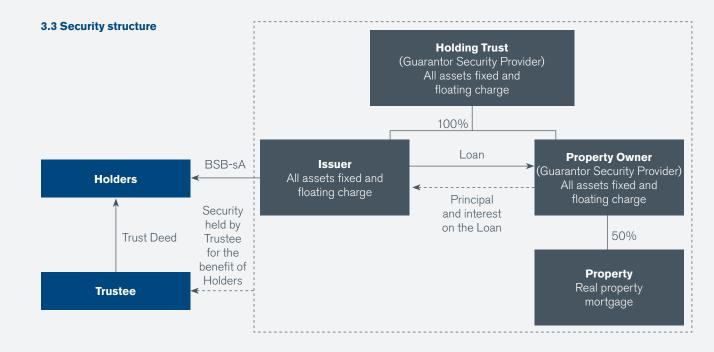


### 3.2.1 Issuer Loan

The Issuer will use the proceeds raised from issuing BSB-sA to make the Loan to the Property Owner. The proceeds of the Loan will ultimately be used to repay existing bank debt secured against the Property Owner's 50% interest in the Property. The obligation of the Property Owner to pay interest on and repay principal owing under the Loan supports the Issuer's obligation to pay interest on and ultimately Redeem BSB-sA.

The Property Owner will use the rent (net of certain expenses and taxes) it receives from its 50% interest in the Property to finance its obligations to pay interest on the Loan. The Property Owner will need to refinance the Loan in order to repay the Loan and enable the Issuer to Redeem BSB-sA on the Maturity Date or a Redemption Date.

Under the terms of the Loan, the Property Owner is required to pay all of the Issuer's ongoing costs relating to BSB-sA. Costs relating to the initial issue of BSB-sA will be borne by Brookfield Multiplex Limited (see Section 8.12).



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# About the Issuer and the Guarantor Security Providers continued

### 3.3.2 Components of the Security

The Issuer's obligation to pay interest on and Redeem BSB-sA will be secured by the Security.

The Security will be over all of the assets of each of the Issuer, the Property Owner and the Holding Trust and will comprise the following:

- 1 Property Owner Mortgage: a first ranking mortgage over the Property Owner's 50% interest in the Property;
- 2 Property Owner Charge: a first ranking charge over all the assets of the Property Owner, including its right to receive rental income from the Property Owner's 50% interest in the Property;
- 3 Issuer Charge: a first ranking charge over all the assets of the Issuer, including its rights to receive interest and principal on the Loan; and
- 4 **Holding Trust Charge**: a first ranking charge over all the assets of the Holding Trust, including units issued by the Property Owner and the shares issued by the Issuer.

### 3.3.3 Limited recourse Security

The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse. This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Security and are limited in recourse to distributions from the Security from time to time.

The realisation of the Security, following enforcement of the Security, and its application toward the secured money constitutes a complete discharge of the Issuer's and each Guarantor Security Provider's liability to the Trustee and each Holder in connection with BSB-sA.

If sufficient funds are not realised from the Secured Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of the shortfall in the amount owing to the Holders in respect of BSB-sA. This includes bringing legal proceedings against the Issuer or the Guarantor Security Providers or applying to have the Issuer or the Guarantor Security Providers wound up.

### 3.3.4 Collection Account

The Property Owner has agreed to deposit all the rent, collections and other income received by it (including any business interruption insurance proceeds) (net of certain expenses and taxes) in respect of its 50% interest in the Property into the Collection Account within five Business Days of receipt. Rental receipts received by the Property Owner will be net of certain expenses, including:

- insurance expense in respect of the Property;
- certain fees (for example, the Property Manager fee); and
- budgeted maintenance capital expenditure.

The Collection Account is a bank account in the name of the Issuer (with the Trustee as the sole signatory). Amounts deposited into the Collection Account must be applied in accordance with the Trust Deed (including towards meeting amounts due and payable in respect of BSB-sA).

#### 3.3.5 Priority

Prior to an Event of Default and enforcement of the Security, the Issuer must, on each Interest Payment Date, apply the balance of the Collection Account in the following order of priority:

- first, in payment of all costs incurred by or other amounts owing to the Trustee under or in connection with the Transaction Documents;
- next, in or toward payment equally and rateably of all amounts owing in respect of BSB-sA; and
- next, the balance toward such purposes as the Issuer may determine.

Following an Event of Default and the enforcement of the Security, the Trustee must apply the balance of the Collection Account and any other amounts received by it in connection with the Transaction Documents in the following order of priority:

- first, to any person with a prior ranking claim to the extent of that claim;
- next, to any receiver appointed to the Secured Property for its costs and remuneration in connection with exercising, enforcing or preserving rights under or in connection with the Transaction Documents;
- next, in payment of all costs incurred by or other amounts owing to the Trustee under or in connection with the Transaction Documents;
- next, in or toward payment equally and rateably of all amounts owing in respect of BSB-sA; and
- next, in payment of the balance (if any) to the Issuer or the Guarantor Security Providers (as applicable).

### 3.3.6 Permitted Debt

To ensure that no debt (or other) obligation (other than those mandatorily preferred by law and amounts owing to the Trustee in respect of its services and any enforcement costs) rank ahead of or equal to that of BSB-sA, the Issuer and each Guarantor Security Provider has undertaken not to incur any other debt unless it is Permitted Debt.

Permitted Debt is debt (other than BSB-sA) that is:

- unsecured debt; or
- secured but which is subordinated, on terms acceptable to the Trustee, to BSB-sA following the occurrence of an Event of Default.



..... About the Property

**Section 4** 



### About the Property

### 4.1 Overview

The Property Owner owns 50% of the freehold interest in an A grade office building known as Latitude East. The other 50% is held by Pitt Real Estate Netherlands B.V. (**Co-owner**).

The Property was completed in October 2007 and is positioned on the southern border of the midtown precinct of the Sydney CBD. The building provides basement car parking for 210 vehicles, ground floor lobby and nine upper levels of office accommodation.

#### 4.2 Location

The Property is well located, occupying part of a site bounded by George, Liverpool, Pitt and Goulburn Streets, Sydney. It is located close to the Downing Centre and Family Law courts, and other major properties in the surrounding area include the Ernst & Young Centre, Civic Tower and World Square Shopping Centre.

The site is readily accessed by road, and public transport. Train and bus services are available to the north at Town Hall, Museum station to the east and Central station to the south.

### 4.3 Income generation

All of the Property¹ is leased to the Commonwealth of Australia until 31 October 2022. The Commonwealth of Australia is rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch. For a description of what these ratings mean, see Section 8.20.

### 4.4 Capital expenditure, repairs and maintenance

Given that the building was completed in October 2007, there is no material capital expenditure expected for the Property during the life of BSB-sA.

A technical due diligence report prepared by Risk Management Group Pty Ltd reports that \$453,000 of capital expenditure is expected to be incurred by the Property Owner and Co-owner in 2012 and therefore limited capital and maintenance expenditure are expected to be required during the term of the BSB-sA.

As a percentage of total net operating income expected to be generated by the Property over the life of BSB-sA, capital expenditure represents approximately 1%.

### 4.5 Property Details

Property details	
Location	52 Goulburn Street, Sydney
Property Owner's interest	50%
Completion date	October 2007
Net lettable area (sqm)	
Retail	103
Office	22,931
Total	23,034
Car parking spaces	210
Office occupancy	100%

Valuation	
Value (100%)	\$190 million
Value (50%)	\$95 million
Valuer	Savills
Valuation date	30 April 2009
Valuation cap rate	6.75%



<sup>1</sup> Excludes retail component of Property which comprises less than 1% of the total net lettable area of the Property.







## About the Property continued

### 4.6 Overview of Lease

Set out below is a summary of the major lease for the Property.

Tenant	Commonwealth of Australia
Leased premises	All of the Property <sup>1</sup> is leased to the Commonwealth of Australia
Lease term	15 years from 2 November 2007, due to expire on or about 31 October 2022
Option term	Three additional periods of five years on initial lease expiry
Outgoings	The Commonwealth of Australia is required to contribute to its proportionate share of outgoings expenses (net lease)
Rent review	The rent increases annually by 3.5% until the tenth anniversary of the commencement date when there is a market review with a ratchet clause
Other	Landlord to recarpet after ten years and repaint every five years

### 4.7 Property Manager

Multiplex Property Services Pty Ltd (**Property Manager**), a related body corporate of the Issuer, has been appointed property manager of the Property. The successful operation of a property is dependent on the performance and viability of the person which manages the relevant property. The Property Manager is responsible for responding to changes in the local market and advising the Landlord so that maintenance and capital improvements can be carried out in a timely fashion. For further details, see Section 8.10.

### 4.8 Overview of Property insurance

The Issuer and the Property Owner are required to maintain insurance coverage in respect of the Property. The Trust Deed requires that:

- (a) the Property will be insured for its full replacement and reinstatement value; and
- (b) the Property will be insured for public liability.

The Property is currently insured for the following loss:

- the reinstatement costs of the building;
- business interruption that covers gross rentals, car parking rentals and building outgoings;
- machinery breakdown in respect of both breakdown and consequential loss of rent; and
- public insurance liability with respect to property and personal injury claims.

### 4.9 Overview of independent valuation

<sup>1</sup> Excludes retail component which comprises less than 1% of the total net lettable area of the Property.



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savills.com.au

8 May 2009 Our Ref: SK:CT – 59050

The Directors
Brookfield Secured Bonds Series A Issuer Ltd
1 Kent Street
MILLERS POINT NSW 2000

Dear Sirs,

### Re: 52 Goulburn Street, Sydney, NSW

We refer to your instructions requesting a market valuation of the freehold interest, subject to the tenancies, of the abovementioned property. We understand that the valuation is required for inclusion in a Prospectus, together with first mortgage security assessment purposes. We have prepared a comprehensive formal valuation report which is available upon request from the Issuer (Brookfield Secured Bonds Series A Issuer Ltd). The following is a summary of that report. Parties seeking detailed information of our valuation should refer to our full valuation report.

### **Brief Description**

The interest which we have valued comprises a 50% Interest in a freehold stratum lot within the World Square redevelopment. More particularly 52 Goulburn Street comprises a landmark office tower providing a ground floor retail shop, lobby and 9 upper office floors (23,034.7sqm), together with associated basement carparking rights for 210 vehicles.

### **Tenancy Overview**

As at the date of valuation the property is effectively deemed to be 100% leased by area, with the major tenant being the Commonwealth of Australia (Tenant) having 99.5% of NLA in the building. This lease is for a 15 year term commencing November 2007 with current passing rates of \$483/m net (office), \$595pspcm (carparking) and \$20,353 p.a. gross (mailroom). This lease provides for fixed annual increases of 3.5% with a market review in Year 10. The previously vacant retail tenancy (ground floor shop – 103.7sqm) has also just reached a signed Heads of Agreement with Kippo Australia (Hairdresser). The lease is to commence from July 2009 for a 5 year term at an initial rent of \$100,000 p.a. gross. The lease provides for fixed 3% increases and the tenant will receive a 6 month rent free period together with Lessor works up to \$70,000. Our valuation assumes this deal proceeds in accordance with the information provided and should this prove to be incorrect we reserve the right to review and amend our valuation accordingly.

### 52 Goulburn Street



Source: Savills Valuations

The property has a weighted lease duration by area and income of 13.46 years and 13.44 years respectively.



#### **Market Overview**

- In 2008, the Sydney CBD witnessed the lowest level of transaction activity experienced in the last 10 years. The two major transactions (which occurred Christmas 2008) were secondary grade properties which sold for \$82.8 million and \$60.0 million to private investors at reported market yields of 7.25% each.
- The sale prices were significantly lower than those achieved for comparable buildings in 2007.
- The latest Property Council of Australia numbers have shown a slight increase in the vacancy level to 5.4%. The official sublease vacancy figure has doubled to nearly 51,000sqm in the six months to January 2009. Anecdotally however this figure is more likely to be around 80,000sqm.
- Sydney CBD's fundamentals are being affected by tenant confidence disappearing from the market creating negative absorption by an increase in the amount of sublease space available. In addition the supply pipeline has come to a standstill as owners access to debt is choked by increasing investment hurdles being placed by banks, and the soaring cost of debt i.e. increase risk premium if it is granted.
- Savills' (Full Floor) Availability Report has shown an increase in leasing and subleasing options amongst Premium and Grade A buildings since July 2008.
- Although vacancy remains low, issues relating to credit and confidence have substantially reduced the
  level of office demand that was forecast six months ago. Savills previously expected the 2007 to 2011
  years to show very strong growth in effective rentals as tenants continue to see their leasing options
  rapidly erode. This market has now turned on its head, with the advent of negative net absorption.
- A lack of available funding (and its subsequently high cost) coupled with no tenant demand has forced many developers to postpone their potential developments.
- Incentives have increased significantly over the last 12 months as Lessors attempt to secure tenants in an uncertain market.

### **Market Sales Evidence**

Address	Date	Price (\$m)	Lettable Area (sqm)	Rate (\$/sqm)	Equated Market Yield (%)	IRR (%)
44 Martin Place, Sydney	Dec 08	82.82	10,313.1	8,031	7.24	8.97
66 Clarence Street, Sydney	Dec 08	60.00	9,607.4	6,245	7.21	9.10
Site 5, 10 Dawn Fraser Ave, Homebush	Jul 08	104.50	21,289.2	4,909	6.85	8.50

### **Valuation Analysis**

The valuation has been determined by reconciliation between the Discounted Cash Flow (DCF) approach, Direct Comparison approach and the Capitalisation of Net Income approach.

Our assessed average rentals for the buildings are as follows:

Component	Average Passing Rent	Average Market Rent
52 Goulburn Street - Office	\$483 (net face)	\$495 (net face)
52 Goulburn Street - Carparking	\$595/bay/pcm	\$595/bay/pcm



Savills (NSW) Ptv Ltd

We have adopted the following core assumptions in preparing our valuation analysis:

Average Compound Growth:	Office and Parking: 4.07%; Retail/Misc: 3.39%; Outgoings: 3.50%.
Capital Expenditure:	Sinking fund contributions @ \$5/sqm (PV) p.a. during the 10 year horizon, together with \$150/sqm (PV) upon expiry of the Cth of Australia lease.
Letting Up:	12 months @ 50% retention.
Incentives:	11.50% - 25.00% over 10 year DCF horizon.
Terminal Yield:	7.00% (Incorporates Cth of Australia expiry allowances).
Discount Rate:	8.75%.
Equated Market Yield:	6.81%.
\$Rate/sqm of NLA:	\$8,248/sqm.

#### **DCF Qualifications**

We draw your attention to the fact that the DCF analysis is based on projections considered in light of available data. However, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of each property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

### **Liability Disclaimer**

Savills has prepared this letter based upon information made available to us at the date of valuation. We believe that this information is accurate and complete; however we have not independently verified all such information. Further liability disclaimers regarding the preparation and reliance of this summary letter and the naming of Savills in the Prospectus are outlined in the Prospectus.

Savills (NSW) Pty Ltd has prepared this summary for inclusion in the Prospectus and has only been involved in the preparation of this summary and the valuation referred to therein. Savills (NSW) Pty Ltd specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, this memorandum, other than in respect of the valuation and this summary.

### Valuers' Interest

We confirm that Savills (NSW) Pty Ltd and the appointed Valuer, Mr Steven Kearney, do not have any pecuniary interest that would conflict with the proper valuation of the property and the valuation being made independently of Brookfield Multiplex Limited and/or its officers.

Neither the Valuer nor Savills (NSW) Pty Ltd are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision.

Savills is not licensed to provide financial product advice under the *Corporations Act 2001*. Savills confirms it has been paid a fee of \$25,300 inclusive of GST to prepare this summary and the related valuation but that it has not received any other interest whether pecuniary or not and whether directly or indirectly, nor does it have any association with Brookfield Multiplex Limited that might reasonably be expected to influence, or be capable of influencing, the provision of this valuation.



### **Date of Valuation**

This valuation represents our opinion of market value at the date of valuation being 30 April 2009. We have assessed the valuation based on the limited market evidence available at the date of valuation. As mentioned earlier in this document during 2008 the Sydney CBD has recorded its lowest level of transaction activity in the last 10 years. It must be recognised that property valuations fluctuate overtime due to a varied range of influences including but not limited to prevailing economic conditions, property market sentiment, unforeseen events and the quality and condition of a particular property.

No liability is accepted for market changes or fluctuations in value subsequent to the valuation date.

#### **Valuation Summary**

We assess the market value of the freehold interest in the subject property, as at 30 April 2009, and subject to the details and qualifications contained within our full report, to be as follows:

### 50% INTEREST \$95,000,000(\*)

(Ninety Five Million Dollars)

(\*) This valuation amount is exclusive of a Goods and Services Tax.

Yours faithfully,

**Steven Kearney AAPI F.Fin** 

Divisional Director Valuation & Consultancy Certified Practising Valuer Registered Valuer No. 18547 (NSW) **Andrew Johnston AAPI MRICS** 

Divisional Director Valuation & Consultancy

(The above right signatory verifies that this summary letter is genuine, and issued by, and endorsed by Savills (NSW) Pty Ltd. However the opinion expressed in this summary letter has been arrived at by the prime signatory at above left).



...... Summary Financial Information

**Section 5** 



## Summary

### Summary Financial Information

#### **5.1 Introduction**

As set out in Sections 1 and 2, the structure of the Offer implies the following:

- the Issuer will raise \$57 million by issuing 570,000 BSB-sA at \$100 per BSB-sA;
- The Interest Rate will be a fixed rate. The fixed Interest Rate will be determined on the Issue Date with reference to the Bank Bill Rate at that date plus the Margin, being 3.25%. For the purpose of calculating the Property Owner's pro forma cash flow statement, a 7.99% Interest Rate has been assumed (based on the Bank Bill Rate as at 18 June 2009);
- the Offer proceeds will be used by the Issuer to make a Loan to the Property Owner. The Property Owner will use the proceeds to repay an intercompany loan with Brookfield Multiplex Group who will in turn use the proceeds to repay existing bank debt secured against the Property Owner's 50% interest in the Property. The payment obligations of the Property Owner under the Loan will match the payment obligations of the Issuer on BSB-sA; and
- other than interest revenue on the Loan to the Property Owner, payment of interest to Holders, and ongoing expenses relating to BSB-sA, the Issuer will have no other revenue or expenses. Under the terms of the Loan, the Property Owner must pay all the Issuer's ongoing costs in relation to the BSB-sA.

The Financial Information contained in this Section comprises the following historical and pro forma financial information of the Issuer and the Property Owner:

- the pro forma balance sheet of the Issuer as at the Issue Date assuming that the Offer was completed at that date;
- the pro forma cash flow statement for the Property Owner for the six month periods to 30 June 2009, 31 December 2009 and 30 June 2010; and
- the pro forma balance sheet of the Property Owner as at 30 April 2009 assuming the Offer was completed at that date,

collectively the "Financial Information".

### **Presentation of Financial Information**

The Financial Information was prepared under the recognition and measurement principles of applicable accounting standards being Australian equivalents to International Financial Reporting Standards issued by the Australian Accounting Standards Board and the *Corporations Act*.

The Financial Information is presented in an abbreviated form and does not contain all the disclosures that would be found in an annual report prepared in accordance with the *Corporations Act*.

The Financial Information in this section should be read in conjunction with the risk factors in Section 6 and other information contained in this Prospectus.

PricewaterhouseCoopers Securities Ltd has prepared an Investigating Accountant's Report in respect of the Financial Information included in this section. The report is included in Section 5.4.

### **Basis of preparation**

The pro forma balance sheet of the Property Owner as at 30 April 2009 was derived from the unaudited financial statements of the Property Owner at that date. The Issuer was incorporated for the sole purpose of the Offer and does not have any substantive historical financial information prior to the Offer. The pro forma balance sheet of the Issuer reflects the balance sheet as if impacted by the Offer at the Issue Date.

The Financial Information presented in this Prospectus has been prepared for illustrative purposes and for use in this Prospectus only. It has been assumed that no change in applicable Australian Accounting Standards nor the *Corporations Act* will occur that may have a material effect on the Financial Information. The Financial Information is based on circumstances at the date of this Prospectus and an assessment of the present economic and operating conditions and may not be representative of future events and actions.

### 5.2 Selected Financial Information for the Issuer

**5.2.1 Pro forma cash flow statement of the Issuer** Following the issue, the Issuer's cash flow statement will reflect an interest receipt from the Property Owner with an equal and opposite interest payment to the Holders.

The Issuer is expected to have no other income or expenses except for ongoing expenses relating to BSB-sA, which, under the terms of the Loan, must be paid by the Property Owner.

#### 5.2.2 Pro forma balance sheet of the Issuer

The table below sets out, for illustrative purposes only, the pro forma balance sheet as at the Issue Date. It reflects the impact of the issue of BSB-sA as though the Offer was completed and 570,000 BSB-sA were issued on that date, raising \$57 million.

	Pro torma
	\$000
Non-current assets	
Receivable from Property Owner	57,000
Total non-current assets	57,000
Total assets	57,000
Non-current liabilities	
Brookfield Secured Bonds Series A	57,000
Total non-current liabilities	57,000
Total liabilities	57,000
Net assets	_
Equity	
Issued capital	-
Retained profits at the end of the period	-
Total equity	_

The Issuer's pro forma balance sheet as set out above is based on the following assumptions:

- issue of 570,000 BSB-sA at a Face Value of \$100;
- all proceeds of the Offer are paid to the Property Owner under the Loan;
- ordinary shares of \$10 were issued upon incorporation of the Issuer; and
- all costs associated with the Offer are paid by Brookfield Group.

Summary Financial Information continued

#### 5.3 Selected financial information for the Property Owner

#### 5.3.1 Pro forma cash flow statement of the Property Owner

	6 months to 30 June 2009 \$000	6 months to 31 December 2009 \$000	6 months to 30 June 2010 \$000
Rentals Parking Recoveries	2,681 400 468	2,810 379 590	2,894 388 590
Total property receipts Expenses	3,549 (540)	3,779 (634)	3,872 (624)
Net Operating Income (NOI)	3,009	3,145	3,248
Interest expense @ 7.99% Capital expenses	(2,258)	(2,296)	(2,258)
NOI less interest and capital expenses	751	849	990
Interest Cover Ratio (ICR)	1.3x	1.4x	1.4x

The Property Owner's pro forma cash flow statement as set out above is based on the following assumptions:

- the six month period to 30 June 2009 includes three months actual (January to March 2009) and three months forecast (April to June 2009) cash flows;
- rentals and parking have been forecast based on the executed lease with Commonwealth of Australia dated 20 February 2008 (the Lease commenced 2 November 2007 on the terms of an agreement for lease);
- recoveries are calculated by reference to the level of expenses and in accordance with the rights under the Lease;
- the interest expense for the six months to 30 June 2009 has been calculated at an interest rate of 7.99% to match the rate used in the forecast six month periods to 31 December 2009 and 30 June 2010. The actual Interest Rate will be a fixed rate. The fixed Interest Rate will be determined on the Issue Date with reference to the Bank Bill Rate at that date plus the Margin, being 3.25%;
- no capital expenses are assumed in the forecast period consistent with a technical due diligence report commissioned by the Property Owner; and
- the Interest Cover Ratio (ICR) is calculated as Net Operating Income (NOI) divided by interest expense.

The Lease, with the Commonwealth of Australia, expires in October 2022 with the lease providing for fixed annual increases in rent by 3.5% p.a. until October 2017 when it may be adjusted under a market rent review. BSB-sA interest payable is fixed to the Maturity Date and no material capital expenditure is expected over that period.

The ICR shows that the NOI is forecast to be at least 1.4x the total interest accruing under BSB-sA for the six month periods to 31 December 2009 and 30 June 2010 respectively.

#### 5.3.2 Pro forma balance sheet of the Property Owner

The table below sets out, for illustrative purposes only, the pro forma balance sheet as at 30 April 2009. It reflects the impact of the issue of BSB-sA as though the Offer was completed and 570,000 BSB-sA were issued on 30 April 2009, raising \$57 million.

30 April 2009 Actual		30 April 2009 Pro forma \$000
	Adjustment	
\$000	\$000	
345	_	345
56	_	56
165	_	165
566	-	566
95,000	_	95,000
95,000	-	95,000
95,566	-	95,566
91	_	91
57,000	57,000	_
57,091	57,000	91
-	57,000	57,000
-	57,000	57,000
57,091	-	57,091
38,475	_	38,475
37,200	-	37,200
1,275		1,275
38,475	-	38,475
	Actual \$000  345 56 165 566  95,000 95,000 95,566  91 57,000 57,091  - 57,091  38,475	Actual \$000 \$000  345

The Property Owner's pro forma balance sheet as set out above is based on the following assumptions:

- issue of 570,000 BSB-sA at a Face Value of \$100 by the Issuer; and
- the proceeds of the Offer are paid to the Property Owner under the Loan. The Property Owner will use the proceeds to repay an intercompany loan with Brookfield Multiplex Group who will in turn use the proceeds to repay existing bank debt secured against the Property Owner's 50% interest in the Property.

#### **5.4 Investigating Accountant's Report**



The Directors
Brookfield Secured Bonds Series A Issuer Limited
c/o Brookfield Multiplex Limited
Level 4
1 Kent Street
Sydney NSW 2000

19 June 2009

PricewaterhouseCoopers
Securities Ltd
ACN 003 311 617
ABN 54 003 311 617
Holder of Australian Financial
Services Licence No 244572

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**Dear Directors** 

### Investigating Accountant's Report on Forecast Financial Information and Financial Services Guide

We have prepared this report on certain forecast financial information of Brookfield Secured Bonds Series A Issuer Limited (the **Issuer**) for inclusion in a prospectus dated on or about 19 June 2009 (the **Prospectus**) relating to the issue of fixed interest mortgage backed bonds (**Brookfield Secured Bonds – Series A** or **Bonds**) by the Issuer. Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it should be given by an entity which holds an Australian financial services licence under the *Corporations Act 2001*. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence.

#### Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report (the **Report**) covering the following information:

#### **Historical financial information**

- (i) pro forma balance sheet of the Property Owner as at 30 April 2009 reflecting the issue of the Bonds assuming the offer of Bonds under the Prospectus is fully subscribed as set out in section 5.3.2
- (ii) pro forma balance sheet of the Issuer as at the date of issue, reflecting the issue of the Bonds assuming the offer of Bonds under the Prospectus is fully subscribed as set out in section 5.2.2

(collectively, the Historical Financial Information).



#### **Forecast financial information**

(iii) forecast pro forma cash flow statement of the Property Owner for the 6 months ending 30 June 2009, 31 December 2009 and 30 June 2010 as set out in section 5.3.1 (the **Forecasts**)

(collectively the Financial Information).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared.

#### **Scope of review of Historical Financial Information**

The Pro Forma Balance Sheet of the Property Owner set out in Section 5.3.2 of the Prospectus has been based on the actual unaudited Balance Sheet of the Property Owner as at 30 April 2009 and incorporates such pro forma transactions as the Directors considered necessary to present the Historical Financial Information on a basis consistent with the Forecasts. The Issuer was incorporated for the sole purpose for the Offer and does not have any substantive historical financial information prior to the Offer. The Pro Forma Balance Sheet of the Issuer set out in Section 5.2.2 is at the date of the Issuer reflecting the pro forma transactions. The Directors are responsible for the preparation of the Historical Financial Information, including the determination of the Pro Forma Transactions and adjustments.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents
- a review of the adjustments made to the Historical Financial Information
- a review of the Pro Forma Transactions used to compile the Pro Forma Balance Sheet of the Issuer and the Property Owner, and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

#### **Review statement on Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the Pro Forma Balance Sheets of the Property Owner and the Issuer have not been properly prepared on the basis of the Pro Forma Transactions; and
- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheets.



#### **Scope of review of Forecasts**

The Directors are responsible for the preparation and presentation of the Forecasts, including the best estimate assumptions (which include the Pro Forma Transactions) on which they are based.

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures as we considered necessary to form an opinion as to whether anything has come to our attention which causes us to believe that:

- (a) the best estimate assumptions do not provide a reasonable basis for the Forecasts;
- (b) in all material respects, the Forecasts are not properly prepared on the basis of the best estimate assumptions and are not presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia; or
- (c) the Forecasts are unreasonable.

The Forecasts have been prepared by the Directors to provide investors with a guide to the Property Owner's potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the description of investment risks set out in Section 6 of the Prospectus.

Our review of the Forecasts and the best estimate assumptions upon which the Forecasts are based is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecasts included in the Prospectus.

#### **Review statement on the Forecasts**

Based on our review of the Forecasts, which is not an audit, and the reasonableness of the best estimate assumptions giving rise to the Forecasts, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 5 of the Prospectus do not provide a reasonable basis for the preparation of the Forecasts;
- (b) in all material respects, the Forecasts are not properly prepared on the basis of the best estimate assumptions and not presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia; or
- (c) the Forecasts are unreasonable.

The best estimate assumptions set out in Section 5 of the Prospectus are subject to significant uncertainties and contingencies often outside the control of the Property Owner. If events do not occur as assumed, actual results achieved by the Property Owner may vary significantly from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.



#### **Subsequent events**

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary course of business of the Issuer have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

#### Independence or disclosure of interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Issue other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

#### Liability

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this Report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

#### **Financial Services Guide**

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

**Andrew Cloke** 

Authorised Representative of PricewaterhouseCoopers Securities Ltd



### Pricewaterhousecoopers Securities Ltd Financial Services Guide

This Financial Services Guide is dated 19 June 2009

#### 1 About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (PwC Securities) has been engaged by Brookfield Secured Bonds Series A Issuer Limited to provide a report in the form of an Investigating Accountant's Report in relation to the Financial Information (the Report) for inclusion in the prospectus dated on or about 19 June 2009.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

#### 2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

#### 3 Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

#### 4 General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

#### 5 Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

#### 6 Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

#### 7 Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (FOS), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

#### 8 Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Mr Sean Gregory, Tower 2, Darling Park 201 Sussex Street, Sydney NSW 2000



### ...... Risk factors

## **Section 6**

### Risk factors

An investment in BSB-sA involves certain risks. The Issuer believes that certain aspects of the risks described below are some of the principal issues of which prospective Holders should be aware. However, the ability of the Issuer to pay interest and repay principal on BSB-sA may depend on other factors and prospective Holders should be aware that the credit and risk issues described below are not exhaustive. Prospective Holders should carefully consider the following factors in addition to the matters set out elsewhere in this Prospectus and reach their own view before investing in BSB-sA. Many of the factors described below could affect the value of the Security and the income derived on that Security and therefore may affect the Issuer's ability to make timely payments of principal and interest on BSB-sA in full.

#### **Trading risks**

#### Market price of BSB-sA

The market price of BSB-sA may fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, changes in inflation rates and inflationary expectations, factors that affect the value of the Property, global geo-political events and hostilities, investor perceptions and other factors beyond the control of the Issuer and its Directors.

BSB-sA may trade on ASX below their Face Value of \$100, for example because interest rates increase (which may make an investment in fixed interest rate BSB-sA a comparatively less attractive investment). Accordingly, there is a risk that if Holders sell BSB-sA on ASX they will lose some or all of their investment in BSB-sA. However, Holders of BSB-sA are entitled to receive the Face Value of \$100 cash and an Early Redemption Payment (in certain limited circumstances only) per BSB-sA when BSB-sA mature or are otherwise Redeemed.

#### Liquidity of BSB-sA

Prior to the Offer, there has been no public market for the BSB-sA which creates uncertainty about the future market price for BSB-sA. It is not expected that there will be a liquid market for BSB-sA. Accordingly, there is no guarantee that Holders will be able to sell BSB-sA on ASX.

#### **BSB-sA** structure risks

#### Ability to pay interest

The Issuer and the Guarantor Security Providers rely on rental income under the Lease to fund interest payable on BSB-sA and under the Guarantee as applicable. The Issuer and the Guarantor Security Providers have no other source of income.

The Issuer is only able to pay interest on BSB-sA if and to the extent that it receives interest on the Loan it makes to the Property Owner and the Property Owner, in turn, is able to pay interest on the Loan only if and to the extent it receives payment of sufficient rent (net of certain costs and taxes of owning the Property) on the Lease. As explained under "Property risks" below and in the summary of the Lease in Section 8.9, rent payable under the Lease may be reduced in certain circumstances and the Lease may be terminated by the Commonwealth of Australia in certain circumstances. If rent is reduced or the Lease is terminated, the Issuer may not be able to fund interest payable or Redeem BSB-sA.

#### Refinance

The Issuer's ability to Redeem BSB-sA on the Maturity Date is dependent on the Property Owner's ability to refinance its obligations under the Loan by that date. The Property Owner's ability to refinance its obligations will be dependent on market conditions, the value of the Property at the relevant time and other factors. The Issuer has no assets other than the Loan. If the current difficulties in borrowing persist in three years time, there will be an increased risk that the Property Owner may not be able to refinance the Loan. To the extent that the Property Owner is not able to refinance its obligations, the Issuer will not be able to Redeem BSB-sA at the relevant time.

#### **Delay on enforcement of Security**

If the Issuer and the Guarantor Security Providers fail to pay any amount owing in respect of BSB-sA, the Security may be enforced. As a result, it may be necessary to sell Property Owner's 50% interest in the Property by enforcing the Property Owner Mortgage. If a sale is required, Holders are likely to experience a delay in receiving any amounts owing in respect of BSB-sA (i.e. unpaid interest and/or the Face Value). This is because Holders will not be paid amounts owing until a buyer is found and completion of the sale occurs. A sale process will be undertaken. This sale process will involve appointing a property agent to conduct the sale, a period of marketing to identify potential purchasers, a period for potential purchasers to undertake due diligence on the Property, a period for negotiating the terms of the sale, a 20 business day period during which the Co-owner will be entitled to exercise its pre-emption right to acquire the 50% interest in the Property (see Section 8.6) and a settlement period.

#### **Limited recourse**

The liability of the Issuer and the Guarantor Security Providers in respect of BSB-sA is limited recourse. This means that all claims against the Issuer or the Guarantor Security Providers in respect of BSB-sA can be satisfied only out of the Secured Property and are limited in recourse to distributions from the Secured Property from time to time.

The realisation of the Secured Property (including a sale of the Property Owner's 50% interest in the Property), following enforcement of the Security, and its application toward the secured money constitutes a complete discharge of the Issuer's and each Guarantor Security Provider's liability to the Trustee and each Holder in connection with BSB-sA.

If sufficient funds are not realised from the sale of the Property Owner's 50% interest in the Property to discharge in full the obligations of the Issuer and the Guarantor Security Providers in respect of BSB-sA, no further claims may be made by the Holders or the Trustee against the Issuer or the Guarantor Security Providers in respect of the shortfall in the amount owing to the Holders in respect of BSB-sA. This includes bringing legal proceedings against the Issuer or the Guarantor Security Providers or applying to have the Issuer or the Guarantor Security Providers wound up.

#### No right to be Redeemed

Other than where there is an Event of Default, Holders have no exit rights prior to the Maturity Date other than by selling BSB-sA on market or through an off market transfer. There is no guarantee that Holders will be able to sell BSB-sA and, if they are able to do so, there is a risk that the sale price will be less than the Face Value.

#### **Early Redemption**

The Issuer may, at its election, Redeem BSB-sA at any time before the Maturity Date.

The timing or occurrence of a Redemption by the Issuer may not accord with the preference of a Holder and may also be disadvantageous in light of market conditions or individual circumstances. For example, Holders may be unable to re-invest the proceeds of Redemption in a security which offers an equivalent or higher level of interest.

#### **Further indebtedness**

The Issuer and the Guarantor Security Providers may, respectively, incur further indebtedness (either secured or unsecured) from time to time. The Issuer and the Guarantor Security Providers may incur further indebtedness (Permitted Debt), which is debt that is:

- unsecured debt; or
- subordinated, on terms acceptable to the Trustee, to any amounts payable to Holders following an Event of Default.

Such Permitted Debt may increase the risk of claims being made against the Issuer and the Guarantor Security Providers and as a result may increase the likelihood of an Event of Default occurring.

However, as Permitted Debt will be unsecured or subordinated, Holders will always rank ahead of any other creditors of the Issuer or Guarantor Security Providers other than those mandatorily preferred by law and amounts owing to the Trustee in respect of its services including any enforcement costs.

#### Future issues of securities by Brookfield Group

Any member of the Brookfield Group has the right to create and issue any class of share capital or other equity or debt securities without the approval of Holders.

An investment in BSB-sA carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Brookfield Group.

No prediction can be made as to the effect, if any, such future issue of securities by any member of the Brookfield Group may have on the market price or liquidity of BSB-sA.

#### **Exchange rate risk for New Zealand investors**

The Offer involves a currency exchange risk for New Zealand investors. The currency for BSB-sA is Australian (not New Zealand) dollars and payments on BSB-sA are expressed to be in Australian dollars. The market value of BSB-sA and payments in respect of BSB-sA when expressed in New Zealand dollars will fluctuate depending on the prevailing exchange rates.

Moreover, New Zealand resident investors will bear any currency conversion costs if payments on BSB-sA are made by the Issuer into New Zealand dollar denominated accounts.

#### **Property risks**

#### Lease

The Issuer and Guarantor Security Providers will rely upon periodic rental payments from the Commonwealth of Australia to pay for maintenance and other operating expenses of the Property, to fund capital expenditures and to fund interest payments under BSB-sA. The Issuer and the Guarantor Security Providers have no other source of income. The Property is 100% leased to the Commonwealth of Australia (excluding the retail component of the Property which comprises less than 1% of the total net lettable area of the Property) so a reduction in rent or a termination of the Lease may mean that the Issuer cannot pay interest on BSB-sA.

Income from the Property would be adversely affected if the Commonwealth of Australia were unable to meet its Lease obligations or if, for any other reason, rental payments could not be collected. There are circumstances in which the Commonwealth of Australia is able to abate (i.e. reduce) rent payable, for example rent payable under the Lease may be abated if certain facilities of the Property fail to perform to a specified standard or if the Property becomes unfit for use as an office (see Section 8.9).

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## Risk factors continued

In addition, the Lease contains provisions giving the Commonwealth of Australia the right to terminate the Lease for the landlord's default, including without limitation, failure to commence repairs and maintenance within 30 days of notice or the insolvency of the Property Owner or Co-owner (see Section 8.9.8). If termination occurs the Landlord may not be able to relet the space on similar terms to new occupants, and may be required to accept a reduced rental rate or to make other concessions or give other incentives to a tenant which may reduce the amount available to service the Loan (and indirectly, therefore, BSB-sA). Moreover, there is a risk that the Landlord may not be able to relet the Property at all which will mean that no lease payments will be available to service interest payable on BSB-sA.

In addition, upon the occurrence of an event of default by a tenant, delays and costs in enforcing the Property Owner's rights could occur and recovery, if any, may be significantly less than if no default had occurred.

#### **Expenditure for which the Property Owner is liable**

The Property Owner is liable for certain outgoings (such as certain expenses and taxes) in respect of the Property. While it is not anticipated that this will reduce the net rent available to be paid as interest under the Loan made to the Property Owner to below the sum required under the terms of the Loan, there can be no guarantee in this regard. Similarly, while the Property Owner is not expected to have material capital expenditure obligations while BSB-sA are on issue, this possibility cannot be excluded. If expenses or taxes are significantly higher than expected, due for example to unexpected operating or capital expenses relating to the Property, the amount available to be paid under the Loan would be reduced and as a result the Issuer and the Guarantor Security Providers may not be able to pay interest on BSB-sA.

Pursuant to the contract of sale for the Property, the Property Owner has provided warranties to the Co-owner in respect of certain structural and design works relating to the construction of the Property. The Property Owner may be liable for any costs to rectify any faults relating to structural or design works if such costs are not satisfied by Brookfield Multiplex Constructions Pty Ltd, the builder of the Property (see Section 8.8).

It is noted that any such claim would be unsecured and consequently rank behind claims of Holders if the security is enforced.

A technical due diligence report prepared by Risk Management Group Pty Ltd states that \$453,000 of capital expenditure is expected to be incurred by the Property Owner and Co-owner in 2012 and therefore limited capital and maintenance expenditure are expected to be required during the term of the BSB-sA.

#### Value of the Property

The value of the Property (which is the key component of the Security in respect of BSB-sA) may fluctuate due to market conditions. Factors that may influence the value of the Property include changes in interest rates, inflationary expectations, overall economic and political conditions, the timing and payment of rent, expenses in operations and refurbishment and maintenance of the Property.

In addition, the value of the Property is likely to be adversely affected if the Commonwealth of Australia becomes entitled to abate (i.e. reduce) rent or the Lease is terminated in the circumstances described above.

#### Value of Property on enforcement

The Property will be independently valued at least every three years in accordance with the Property Owner's valuation policy. In general, valuations represent only the analysis and opinion of qualified experts and are not guarantees of present or future values.

The value ascribed to the Property Owner's interest in the Property may be significantly higher than the amount that can be obtained from the sale of that interest under a distress or liquidation sale. The amount that can be obtained on a sale may be adversely affected by the fact that the Property Owner holds a 50% interest in the Property. If the Trustee enforces the security over the Property after an Event of Default, there is therefore no assurance that the proceeds from the disposal of the Property Owner's interest in the Property will be equal to or greater than the amount then outstanding under BSB-sA.

#### **Property location and condition**

In general, the location, age, construction quality and design of a property may affect the occupancy level as well as the rents that may be charged for individual leases. The characteristics of an area or neighbourhood in which a property is located may change over time or in relation to competing facilities. To the extent there is any poor construction quality, the Property Owner may be required to spend increasing amounts of money over time for maintenance and capital improvements. The Property will deteriorate over time if adequate maintenance is not scheduled and performed in a timely manner.

#### **Co-ownership arrangements**

The Property Owner has a 50% interest in respect of the Property. The Co-owners Agreement regulates the ownership of the Property (see Section 8.6). Under the Mortgagee Deed, the Trustee must abide by the terms of the Co-owners Agreement (to the extent necessary) if it becomes entitled to enforce the Security. Accordingly, the ability of the Trustee to deal with its interest in the Property, after the occurrence of an Event of Default, will be limited by a prescribed pre-emption process before the Property can be dealt with. This may affect the timing of disposal of the interest in the Property and the amount that may be received on disposal.

See Sections 8.6 and 8.7 for further information.

#### Insurance coverage

The Property Owner is required to maintain insurance coverage in respect of the Property, including insurance for damage, destruction and public liability. Any losses incurred due to uninsured risks could affect payments to the Holders.

#### **Environmental rating**

The Property Owner and Co-owner have an obligation to procure an environmental rating of 4.5 star base building rating. This obligation must be achieved annually. If it is not achieved, a default will occur under the Lease. If there is a default the Commonwealth of Australia may terminate the Lease and consequently the Issuer may be unable to fund interest payable on or Redeem BSB-sA.

#### **Sub-tenancy and assignment**

The Commonwealth of Australia may sublet a part of the Property but it will remain liable under the Lease should it do so. The Commonwealth of Australia may also assign its rights or obligations under the Lease but, unless the assignee is another Commonwealth body or a statutory body, the consent of the Property Owner and Co-owner is required.

#### **Credit ratings may change**

The Property is leased to the Commonwealth of Australia, which is rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch. For a description of what these ratings mean, see Section 8.20.

There is a risk that these credit ratings may be revised, withdrawn, suspended or downgraded. Credit ratings are not "market" ratings, nor are they a recommendation to buy, hold or sell securities and are subject to revision or withdrawal at any time. The credit rating of the Commonwealth of Australia may not reflect the potential impact of all risks related to the Lease or the financial position of the Commonwealth of Australia.

#### **Quality of management**

The Property Manager has been appointed to manage the Property (see Section 8.10). The successful operation of a property is dependent on the performance and viability of the person which manages the relevant property. The Property Manager is responsible for responding to changes in the local market and advising the Property Owner so that maintenance and capital improvements can be carried out in a timely fashion. Management errors may adversely affect the long-term viability of the Property. There can be no assurance regarding the performance of the Property Manager at the time, or that the Property Manager will at all times be in a financial condition to continue to fulfil its management responsibilities under the related management agreement throughout the term thereof or that (if necessary) a replacement property manager can be appointed.

#### Tax

#### **Taxation considerations**

A summary of potential Australian and New Zealand income taxation and goods and services tax implications for Holders is set out in Section 7. This is a general summary and is not intended to provide specific advice in relation to the circumstances of any particular investors. Accordingly, Holders should seek independent advice in relation to their own individual taxation circumstances.

Holders should be aware that future changes in taxation law, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in BSB-sA, or the holding and disposal of BSB-sA. In addition, if any changes in taxation law or the interpretation or application of law by the courts or taxation authorities result in the payment of interest on a BSB-sA not being allowed as a deduction to Brookfield Group, then the Issuer is entitled to Redeem that BSB-sA (and may be entitled to Redeem all BSB-sA) without paying an Early Redemption Payment.

#### Goods and services tax

No goods and services tax (GST) liability will arise in respect of the issue of BSB-sA.

Some service providers to the Issuer and Guarantor Security Providers will be subject to the goods and services tax in respect of such services and will, in the ordinary course of business, pass on the additional GST amount to the Issuer and Guarantor Security Providers where they are entitled to do so. To the extent that the Issuer cannot claim a full input tax credit in respect of its acquisition of these services, it will have fewer funds than otherwise available to meet its obligations. The Property Owner must indemnify the Issuer in these circumstances. See Section 7 for an outline of the GST and implications for Holders.

#### **Taxation of the Issuer and the Guarantor Security Providers**

The Issuer and the Guarantor Security Providers are members of the Brookfield Holdco (Australia) Pty Limited tax consolidated group. The Issuer and the Guarantor Security Providers are parties to a tax sharing agreement entered into by members of the tax consolidated group. The tax sharing agreement provides a methodology to allocate any income tax liability of the tax consolidated group between members of the tax consolidated group. Holders are secured creditors and, as at the date of the Prospectus, rank ahead of any claims by the Commissioner of Taxation relating to any tax liability if the security is enforced.

#### Interest withholding tax

The Issuer intends to ensure that the public offer and other relevant tests are satisfied, such that the section 128F of the *Income Tax Assessment Act 1936* exemption from interest withholding tax should apply. On that basis, no interest withholding tax should be required to be deducted from payments of interest.

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## Risk factors continued

In the event that the public offer or other relevant tests were not satisfied, the Issuer would be required to withhold tax at 10% from payments of interest to persons with addresses outside Australia or to persons where the Issuer is authorised to pay interest to them outside Australia. The Issuer would be required to gross-up interest payments on account of any such withholding tax.

#### **TFN** withholding

The Issuer is required to withhold tax at the highest marginal tax rate including Medicare levy (currently 46.5%) in instances where tax residents of Australia have not provided their TFN, ABN or appropriate exemption. The Issuer is not required to gross-up payments on account of such withholding tax.

See Section 7 for further information.

#### Other

#### Change in law and government policy

Changes in government legislation and policy or any governmental or regulatory agency may affect the value of the Property and BSB-sA.

### Risks associated with the current global economic environment

General economic factors may affect a Holder's investment in BSB-sA or the performance of the Property. Some of these include:

- movements in Australian and international stock markets, changes in interest rates, inflation and inflationary expectations, and overall economic and political conditions may affect the demand for and market price of BSB-sA;
- changes in government legislation and policy, in particular taxation laws, may affect the relative attractiveness of investing in BSB-sA; and
- the price of securities on ASX may rise or fall due to a diverse range of non-company specific influences which may affect the market performance of BSB-sA.

None of the Issuer, its Directors or any other person guarantees the market performance of BSB-sA.

Since the second half of 2007 global capital markets have experienced difficult and unique conditions, the full effects of which are as yet unknown. These challenging market conditions have resulted in significantly reduced availability of funds, increased volatility, increased costs of funding, the unavailability of funds in certain markets, industry sectors or specific companies, forced asset sales, a lack of price transparency in many markets and heightened prospects of regional recession.

It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.

#### Other risks

The above risks should not be taken as a complete list of the risks associated with an investment in BSB-sA. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of BSB-sA and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by the Issuer in respect of BSB-sA.



Tax opinion

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**Section 7** 



The Directors
Brookfield Secured Bonds Series A Issuer Limited
1 Kent Street
SYDNEY NSW 2000

19 June 2009

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**Dear Directors** 

#### Issue of Brookfield Secured Bonds Series A

#### **Taxation Information**

This letter has been prepared for inclusion in a prospectus (Prospectus) to be dated on or about 19 June 2009 relating to the offer of Brookfield Secured Bonds Series A by Brookfield Secured Bonds Series A Issuer Limited. Capitalised terms used in this letter have the same meanings as they do in the Glossary in the Prospectus, unless otherwise stated. References to Australian tax mean Australian income tax and GST. References to New Zealand tax mean New Zealand income tax and GST.

This letter provides a summary of Australian tax implications that would normally arise for investors in respect of acquiring BSB-sA under the Offer for both Australian residents (meaning, for purposes of this letter, persons who are residents of Australia for tax purposes and who do not acquire BSB-sA in carrying on a business through a permanent establishment outside Australia) and non-residents of Australia (meaning persons who are not residents of Australia for tax purposes). Additionally, this letter provides a summary of New Zealand tax implications that would normally arise for investors who are tax resident in New Zealand in respect of acquiring BSB-sA under the Offer (NZ Holders).

This letter is based on Australian and New Zealand law, established interpretations and practice as at the date of this letter.

It is important to note that the information in this letter is general in nature. Investors are recommended to seek professional taxation advice in relation to their own positions.

The information contained in this letter does not constitute "financial product advice" within the meaning of the *Corporations Act*. PricewaterhouseCoopers, which is providing this letter, is not licensed to provide financial product advice under the *Corporations Act*. To the extent that this letter contains any information about a "financial product" within the meaning of the *Corporations Act*, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This letter has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking independent financial advice from a person who is licensed to provide financial product advice under the *Corporations Act*.



It should be noted that although PricewaterhouseCoopers has given its consent to the inclusion of this letter in the Prospectus, PricewaterhouseCoopers gives no assurance or guarantee in respect of the successful operation or performance of the Issuer, and that consent should not be taken as an endorsement or recommendation.

#### **Australian taxation implications for Australian resident Holders**

#### Taxation of interest

Interest on the BSB-sA should be treated as interest in the hands of Holders, and will not carry franking credits.

Australian resident Holders will be required to include interest on the BSB-sA in their assessable incomes no later than the relevant Interest Payment Dates. The precise timing rule applicable to a particular Holder for recognising assessable interest income on that Holder's BSB-sA will depend on whether and how the 'cash basis' or some kind of "accruals basis" applies to the Holder.

#### Taxation of gains/losses on sale or Redemption

The BSB-sA should be treated as "traditional securities" for Australian tax purposes. Where a Holder sells BSB-sA on ASX or holds them to Redemption, any gain or loss should normally be included in, or allowable as a deduction from, the assessable income of the Holder for the year of sale or Redemption. (As a consequence of the assessability or deductibility of that gain or loss under the "normal" income tax provisions, that gain or loss should not be taken into account as a capital gain or loss for purposes of capital gains tax (CGT). Accordingly, no Holder will be entitled to any CGT discount on any gain). The gain or loss should be calculated having regard to the proceeds from the sale or Redemption (including any Early Redemption Payment), the cost of acquiring the BSB-sA, and any incidental costs of acquisition or disposal.

#### Tax File Number (TFN) withholding tax

If a TFN (or, where relevant, an Australian Business Number (ABN)) is not quoted by an Australian resident Holder, and no appropriate TFN exemption information is provided, PAYG withholding tax will be required to be deducted from interest paid to the Holder at the highest marginal tax rate plus Medicare levy (currently 46.5%).

#### Taxation of financial arrangements

The newly-enacted Taxation of Financial Arrangements (TOFA) rules should not apply to Holders and therefore should not disturb the above treatments. However, if the Holder is a taxpayer that falls within the TOFA regime when it commences, and elects to bring prior financial arrangements (including the BSB-sA) into the TOFA regime, the timing of the income tax results for the Holder could differ from those described above.

#### Australian GST

The issue, sale or Redemption of BSB-sA should not give rise to Australian GST costs to Holders, but Holders could be unable to claim full input tax credits on GST incurred on their expenses relating to these activities.



### Australian taxation implications for NZ Holders and other non-resident Holders Interest withholding tax

The Issuer has represented to us that it will take all necessary steps to satisfy the "public offer" and other tests necessary to secure exemption of interest paid on the BSB-sA from Australian interest withholding tax under section 128F of the *Income Tax Assessment Act 1936*.

On the assumption that the Issuer does take those steps, Australian interest withholding tax should not need to be withheld from payments of interest to NZ Holders, or to other non-resident Holders, or to any other Holder who is recorded in respect of the BSB-sA as having an ex-Australian address or to whom payment of BSB-sA interest outside Australia is authorised.

We note that, under the terms of issue of the BSB-sA, the Issuer will be required to gross-up interest payments in the event that the BSB-sA do not qualify for the interest withholding tax exemption under section 128F. Under such a gross-up, the amount received by a relevant investor should be the same, after deduction of Australian interest withholding tax from the grossed-up amount, as it would have been if the section 128F exemption had been available.

#### TFN withholding tax, and permanent establishment in Australia

On the basis that interest on the BSB-sA should be exempt from Australian interest withholding tax under section 128F (or (if not so exempt) should be subject to such interest withholding tax), a non-resident Holder should be deemed to have quoted a TFN and should therefore not be liable to TFN withholding tax.

However, where the interest is paid on BSB-sA held by a non-resident of Australia in the course of carrying on a business through a permanent establishment in Australia of that non-resident, the non-resident will be required to quote a TFN in order to prevent TFN withholding tax from applying. The interest will in any event be included in the assessable income of the non-resident in respect of that permanent establishment for purposes of computing its liability to Australian income tax on assessment.

#### Taxation of gains/losses on sale or Redemption

Any gain made on sale of BSB-sA on ASX or on their Redemption will likely represent income with an Australian source upon which non-residents could be subject to Australian income tax. However, if the non-resident Holder is a tax resident of a country with a double tax treaty with Australia, and if the BSB-sA were not held as assets of any business carried on through a permanent establishment in Australia of that non-resident, the gain may not be subject to Australian tax.

Any loss made on sale or Redemption of the BSB-sA by a non-resident would not be deductible for Australian tax purposes unless, had the loss been a gain, the gain would have been subject to Australian tax.



#### New Zealand taxation implications for New Zealand resident Holders

The BSB-sA will be debt for New Zealand tax purposes and income from the BSB-sA will be taxable under New Zealand's "financial arrangement rules". Income from the BSB-sA includes interest, any foreign exchange movements and gains derived on the disposition of the BSB-sA. Such income will need to be returned on an accruals basis unless the NZ Holder qualifies for concessional treatment as a "cash basis person" (refer below). New Zealand withholding tax should not be applicable to the income from the BSB-sA.

NZ Holders should seek independent tax advice as to the application of the financial arrangement rules in their circumstances including:

- whether they meet the criteria to be taxed on a cash basis;
- the different spreading methods available to them for returning income on an accruals basis if applicable; and
- the ability to claim a deduction for losses.

#### NZ Holders who are "cash basis persons"

NZ Holders who satisfy the criteria to be "cash basis persons" will be taxed on interest income on receipt, in New Zealand dollars if received in New Zealand dollars or converted into New Zealand dollars on the date of the payment.

Broadly speaking, a person who holds less than NZ\$1 million worth of financial arrangements or earns NZ\$100,000 or less under these arrangements each year should be a cash basis person if they also satisfy the deferral threshold. The deferral threshold is met when the difference between accrual income and cash basis income for that person's financial arrangements is NZ\$40,000 or less.

#### NZ Holders taxed on an accruals basis

NZ Holders who do not qualify as "cash basis persons" (or who elect not to be "cash basis persons") will be taxed on an accruals basis. There are various ways to spread income on an accruals basis and the availability of the different spreading methods will depend upon the NZ Holders' individual circumstances. The tax implications of the two broad categories of NZ Holders who are not "cash basis persons" are outlined below.

(i) NZ Holders who do not use International Financial Reporting Standards (IFRS) for financial reporting NZ Holders who do not use IFRS for financial reporting purposes will generally be taxed on a mark-to-market basis, converting interest received (if denominated in Australian dollars) and realised gains using the spot rate on the date of the receipt and any accrued interest and unrealised foreign exchange movement at the end of the income year using year-end rates. Interest received in New Zealand dollars would not need to be converted.

NZ Holders may choose to spread their expected income using forward rates which would reduce exchange rate volatility. Criteria must be satisfied and such investors are advised to obtain independent tax advice as to how their investment will be taxed.



#### (ii) NZ Holders who use IFRS for financial reporting

NZ Holders who use IFRS for financial reporting purposes will generally be taxed on the amount of income under the BSB-sA recognised for accounting purposes. This is likely to include accrued interest income, unrealised foreign exchange movements at the end of the income year, and any fair value gain on the BSB-sA. A washup calculation is required in the year of sale or Redemption of the BSB-sA to tax any income not previously returned.

NZ Holders may choose to spread their accruals income under an alternative method which minimises any fair value and exchange rate volatility. The ability to adopt a different method will depend on the NZ Holders' individual circumstances, including whether the NZ Holder is a trader in financial arrangements and if hedge accounting is applied under IFRS. Such investors are strongly recommended to seek independent tax advice in relation to their own position.

#### Tax credit for Australian interest withholding tax

In the event that the Issuer does not secure the Australian interest withholding tax exemption for the BSB-sA under section 128F of the *Income Tax Assessment Act 1936*, the Issuer will be required to gross-up interest payments and deduct Australian interest withholding tax. An NZ Holder may be entitled to a foreign tax credit for the Australian withholding tax against New Zealand income tax on that interest income, subject to certain limitations.

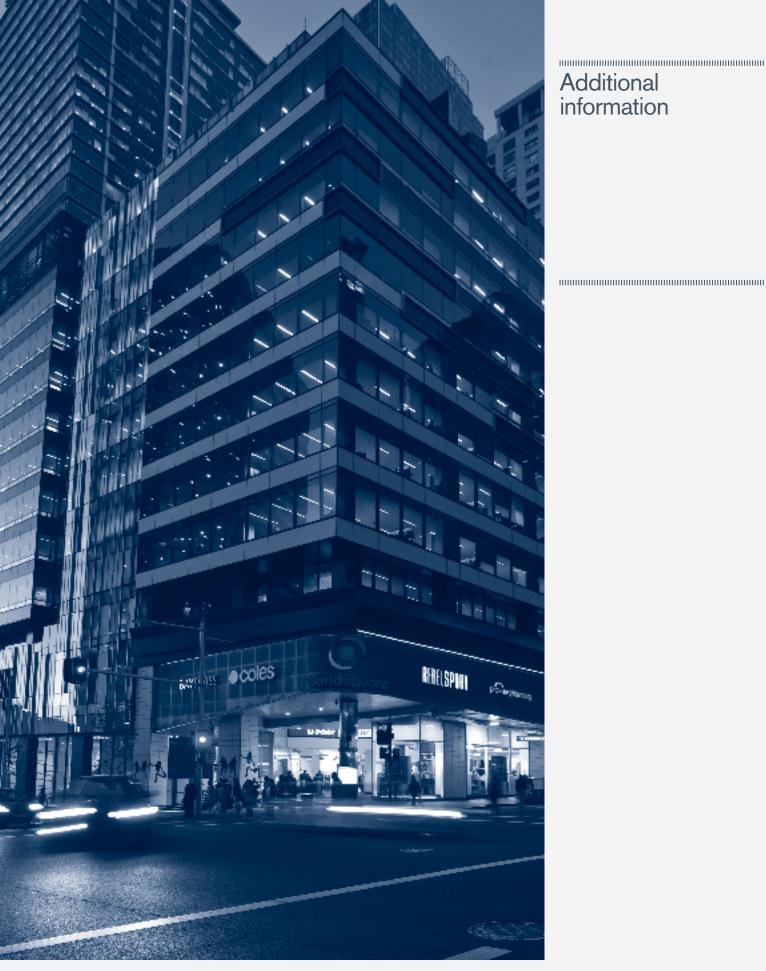
#### New Zealand GST

The issue, sale or Redemption of the BSB-sA should not give rise to New Zealand GST costs to NZ holders, and should not adversely impact an NZ Holder's ability to claim full input tax credits on GST incurred on their expenses relating to these or other activities.

Yours faithfully

N Healy

Partner



## ..... Additional information

**Section 8** 

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## Additional information

#### 8.1 Issuer's reporting and disclosure obligations

The Issuer has made an application for BSB-sA to be quoted on ASX. The ordinary shares in the Issuer are not currently quoted, and there is no current intention that they be quoted. However, the Issuer will be required under the Listing Rules to comply with continuous disclosure obligations and to lodge half yearly and annual reports and returns in accordance with the *Corporations Act*.

The Issuer will be required to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the market conducted by ASX. In particular, the Issuer will have an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware concerning the Issuer which a reasonable person would expect to have a material effect on the price or value of BSB-sA. That information will then be available on the public file at ASX.

#### 8.2 Rights and liabilities attaching to Brookfield Secured Bonds Series A

The rights and liabilities attaching to BSB-sA are contained in the Terms and the Trust Deed which will be entered into prior to the Issue Date. The Terms are set out in full in Appendix A and the Trust Deed is summarised in Section 8.3. Rights and liabilities attaching to BSB-sA may also arise under the *Corporations Act*, the Listing Rules and other laws. The Issuer and the Guarantor Security Providers must provide a copy of the Trust Deed to a Holder if requested.

#### 8.3 Summary of the Trust Deed

The Issuer, the Guarantor Security Providers and Trustee will be party to this deed. The Terms and the Guarantee are set out as schedules to the Trust Deed.

The following is a summary only of the principal provisions of the Trust Deed.

#### 8.3.1 Appointment of Trustee

The Trustee is appointed under the Trust Deed and holds on trust for the Holders and itself upon the terms of the Trust Deed:

- the right to enforce the Issuer's duty to repay, and to pay all other amounts payable, under BSB-sA;
- the Security and the right to enforce the Security in accordance with the Trust Deed following an Event of Default;

- the right to enforce all other obligations of the Issuer and the Guarantor Security Providers under the Terms, the provisions of the Trust Deed, the other Transaction Documents and Chapter 2L of the *Corporations Act*; and
- any other property held on the trust established by the Trust Deed including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Transaction Documents.

#### 8.3.2 Undertakings

The Issuer and the Guarantor Security Providers have given a number of undertakings to the Trustee (on behalf of each Holder), including:

- to pay the amounts due and payable in respect of a BSB-sA under and in accordance with the Transaction Documents;
- not to incur any indebtedness other than Permitted Debt or in accordance with the Transaction Documents;
- to ensure that the Property is insured for its full replacement and reinstatement value and insured for public liability;
- to deposit all rent, collections and other income (including any business interruption insurance proceeds) (net of certain expenses and taxes) received by it into the Collection Account within five Business Days of receipt by it;
- to not dispose of (or agree to dispose of) the Property except in relation to any lease of, licence to use, or management arrangement in respect of the Property;
- not to do anything that may result in the Trustee's rights in relation to the Secured Property ranking behind any claim of the Issuer or a Guarantor Security Provider over that Secured Property;
- to notify the Trustee promptly if it becomes aware of any Event of Default or breach by the Issuer or a Guarantor Security Provider of Chapter 2L of the Corporations Act or the Terms;
- to comply with all statutory and regulatory requirements applicable to it to the extent that they relate to its obligations under the Transaction Documents where a failure to do so would have or would be likely to have a material adverse effect, and to comply in all respects with Chapter 2L of the *Corporations Act*;

- to comply with material terms of the Co-owners
   Agreement and the Lease to which they are a party;
- to undertake repairs and maintenance with the intent of maintaining occupancy levels, tenant cash flows and capital value, and to not spend an amount in respect of repairs and maintenance which will result in a material adverse effect; and
- not to amend the Transaction Documents (except with the consent of the Holders), except where the Trustee, the Issuer and each Guarantor Security Provider are each of the opinion such amendment is:
  - of a formal or technical or minor nature;
  - made to cure any ambiguity or correct any manifest error;
  - necessary or expedient for the purpose of enabling BSB-sA to be:
    - listed for quotation, or to retain quotation, on any stock exchange; or
    - offered for subscription or for sale under the laws for the time being in force in any place,

and the Issuer or the Guarantor Security Provider have provided to the Trustee an opinion of independent legal advisers of recognised standing in New South Wales that such amendment is otherwise not materially prejudicial to the interests of Holders as a whole;

- necessary to comply with:
  - the provisions of any statute or the requirements of any statutory authority; or
  - the Listing Rules or the listing or quotation requirements of any securities exchange on which the Issuer may propose to seek a listing or quotation of BSB-sA; or
- otherwise not materially prejudicial to the interests of Holders as a whole.

#### 8.3.3 Priority

Prior to an Event of Default and enforcement of the Security, the Issuer must, on each Interest Payment Date, apply the balance of the Collection Account in the following order of priority:

- first, in payment of all costs incurred by or other amounts owing to the Trustee under or in connection with the Transaction Documents;
- next, in or toward payment equally and rateably of all amounts owing in respect of BSB-sA; and
- next, the balance toward such purposes as the Issuer may determine.

Following an Event of Default and the enforcement of the Security, the Trustee must apply the balance of the Collection Account and any other amounts received by it in connection with the Transaction Documents in the following order of priority:

- first, to any person with a prior ranking claim to the extent of that claim:
- next, to any receiver appointed to the Secured Property for its costs and remuneration in connection with exercising, enforcing or preserving rights under or in connection with the Transaction Documents:
- next, in payment of all costs incurred by or other amounts owing to the Trustee under or in connection with the Transaction Documents;
- next, in or toward payment equally and rateably of all amounts owing in respect of BSB-sA; and
- next, in payment of the balance (if any) to the Issuer or the Guarantor Security Providers (as applicable).

#### 8.3.4 Guarantee

Under the terms of the Guarantee, the Guarantor Security Providers unconditionally and irrevocably guarantee to the Trustee on its own behalf and on behalf of the Holders the payment of all amounts at any time due for payment, or which will or may become due for payment or which remain unpaid by the Issuer (**Guaranteed Money**).

# Additional information continued

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The Guarantor Security Providers unconditionally and irrevocably indemnify the Trustee on its own behalf and on behalf of the Holders, on demand from the Trustee, against any and all liability or loss arising, and any costs, charges or expenses it suffers or incurs:

- if the Issuer does not, or is unable to, pay the Guaranteed Money in accordance with the Terms;
- if an obligation the Issuer or a Guarantor Security Provider would otherwise have to pay the Guaranteed Money, or under the Guarantee, is found to be unenforceable;
- if the Holder is obliged, or agrees, to pay an amount to a trustee in bankruptcy or liquidator of any person in connection with a payment by the Guarantor Security Providers or the Issuer;
- if the Guarantor Security Providers default under the Trust Deed; or
- in connection with any person exercising, or not exercising, rights under the Trust Deed.

The rights of the Holders of BSB-sA against the Guarantor Security Providers in respect of BSB-sA will rank ahead of all other secured and unsecured obligations of the Guarantor Security Providers (other than those mandatorily preferred by law, amounts owing to the Trustee in respect of its services and any enforcement costs).

The liability of the Guarantor Security Providers under the Guarantee can only be paid or satisfied from, and the recourse of the Trustee and Holders is limited to, the Security.

#### 8.3.5 Event of Default

An Event of Default occurs if:

- (a) the Issuer or a Guarantor Security Provider does not pay any amount payable by it in respect of BSB-sA on time and in the manner required under the Transaction Documents unless, in the case of a failure to pay on time, the Issuer or a Guarantor Security Provider pays the amount within three Business Days of the due date;
- (b) the Issuer or a Guarantor Security Provider becomes insolvent;
- (c) a Transaction Document, or a transaction in connection with it, is or becomes (or is claimed to be) wholly or partly void, voidable or unenforceable or does not have (or is claimed not to have) the priority it is expressed to have;

- (d) the Issuer or a Guarantor Security Provider:
  - (i) does not comply with the negative undertakings it has made under clause 12.1 of the Trust Deed (such as incurring debt which is not a Permitted Debt or disposing of its interest in the Property in a manner not permitted under the Transaction Documents); and
  - (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 30 Business Days of being requested to do so by the Trustee; or
- (e) the Latitude Site C Landowning Trust or the Latitude Site C Investment Trust is terminated.

#### 8.3.6 Consequences of an Event of Default

If any Event of Default occurs and continues unremedied in relation to BSB-sA, then the Trustee may:

- (a) declare by notice to the Issuer and the Guarantor Security Providers that all BSB-sA are to be Redeemed at their Face Value (together with any accrued interest) immediately; and
- (b) take any action which it is permitted to take under the Security or the Trust Deed.

#### 8.3.7 Enforcement on direction

Subject to the Transaction Documents and to section 283DA(h) of the *Corporations Act*, the Trustee must take action to enforce the Transaction Documents in accordance with their terms where all the following conditions are met:

- the Trustee is directed to take action by a Holder Resolution;
- the Trustee is indemnified, to its satisfaction, against certain actions and costs; and
- the action is permitted under the Transaction Documents.

No Holder is entitled to proceed directly against the Issuer or a Guarantor Security Provider to enforce any right or remedy under or in respect of any BSB-sA unless the Trustee, having become bound to proceed, fails to do so within 10 Business Days (or such longer period as may be reasonable in the circumstances) and such failure is continuing.

#### 8.3.8 Powers and duties of the Trustee

The Trustee has all the powers of a natural person or corporation in connection with the exercise of its rights and compliance with its obligations under the Transaction Documents. The Trustee may exercise its rights and comply with its obligations under the Transaction Documents in any manner it thinks fit.

The duties of the Trustee are set out in the Trust Deed and include the following:

- (a) the Trustee is entitled to waive any breach by the Issuer or a Guarantor Security Provider under the Trust Deed. However, if the breach is the failure by the Issuer or a Guarantor Security Provider to pay an amount in respect of BSB-sA, the Trustee may waive the breach only if the breach has been remedied to the satisfaction of the Trustee or the Holders have, by a Holder Resolution, consented to the waiver;
- (b) the Trustee must exercise its duties under Chapter 2L of the *Corporations Act*; and
- (c) the Trustee must act honestly and in good faith and comply with all laws in performing its duties and in the exercise of its discretions under the Trust Deed.

#### 8.3.9 Trustee under no obligation to act

The Trustee is not obliged to carry out any act or refrain from doing any act (including incurring any liability) under the Trust Deed or under any other Transaction Document until such time as it is placed in funds or is otherwise indemnified to its satisfaction against any expense or liability which it may incur as a result of doing so.

#### 8.3.10 Liability

The Trustee is not liable to the Issuer, the Guarantor Security Providers, the Holders or any other person in any capacity other than as Trustee. The Trustee's liability is further limited to the assets of the Trust actually available to indemnify the Trustee for the liability, to the maximum extent permitted by section 283DB of the *Corporations Act* except to the extent that there is a reduction in the extent of the Trustee's indemnification from the assets of the Trust as a result of Trustee's fraud, gross negligence or wilful default or a breach of section 283DA(a), (b) or (c) of the *Corporations Act*.

#### 8.3.11 Fees and expenses

The Issuer (failing which the Guarantor Security Providers) will pay the Trustee fees as agreed between the Issuer and the Trustee. The Issuer and the Guarantor Security Providers will also pay, on demand, the Trustee's Iosses and expenses in connection with the performance of its duties, or the exercise of its rights, in connection with the Transaction Documents as well as expenses (including expenses at an hourly rate, provided they are properly incurred) for any enforcement action that the Trustee takes in relation to the Transaction Documents

#### 8.3.12 Retirement and removal

The Trustee may retire at any time by giving at least sixty days' notice to the Issuer or such other period as the Trustee and the Issuer may agree.

Subject to any statutory requirements, the Issuer may remove the Trustee at any time by giving not less than sixty days' notice to the Trustee (or such other period as the Trustee or the Issuer may agree) in circumstances including where:

- the Trustee is in material breach of its obligations under any Transaction Document and has not rectified the breach within seven Business Days of receiving a notice from the Issuer;
- a Trustee Default (which means in respect of the Trustee an act of fraud, gross negligence, wilful default or a breach of section 283DA(a), (b) or (c) of the *Corporations Act*) has occurred and is continuing;
- an insolvency event occurs in relation to the Trustee or it ceases to carry on business;
- the Trustee ceases to be a person who can be appointed a trustee under section 283AC(I) of the Corporations Act; or
- the Issuer is authorised or requested to do so by a meeting of Holders

The removal or retirement of the Trustee does not take effect until the appointment of a new eligible trustee is effective. Power to appoint a new eligible trustee is vested in the Issuer, unless no new eligible trustee has been appointed within sixty days (or such other period as the Trustee and the Issuer may agree) after the Trustee gave notice to retire, in which case the Trustee may appoint (or apply to the court for the appointment of) another person to act as the new trustee, or call a meeting of Holders for the purpose of appointing a replacement Trustee.

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# Additional information continued

#### 8.3.13 Meetings

A meeting of Holders has the power to (among other things):

- by Holder Resolution, give directions to the Trustee as to the performance of its duties under the Trust Deed, Transaction Documents or the Terms or approve any amendment to the Trust Deed or the Terms required to be authorised by a Holder Resolution; and
- by Special Resolution approve anything the Trustee
  has done or omitted to do, approve any amendment
  to the Trust Deed, Transaction Documents or the Terms
  required to be authorised by a Special Resolution.

At a meeting of Holders, each Holder is entitled to one vote on a show of hands. On a poll, each Holder is entitled to one vote for each BSB-sA that the person holds. If the meeting is by postal ballot or written resolution, Holders are entitled to vote in the relevant proportion to the aggregate Face Value of all BSB-sA.

#### 8.4 Summary of the Security

The Issuer and Guarantor's obligations under the Transaction Documents are secured by the Security. The Security will be held by the Trustee for the benefit of the Holders under the terms of the Trust Deed.

A summary of the Security is provided. The Security will be granted by the Guarantor Security Providers on the Issue Date. All existing security interests, other than permitted security interests, will be released on the Issue Date.

#### 8.4.1 Property Owner Mortgage

The Property Owner will grant a first ranking real property mortgage over the Property Owner's 50% interest in the Property in favour of the Trustee.

Except for creditors mandatorily preferred by law, the Trustee's rights under the mortgage rank ahead of all other claims in relation to the Property following an Event of Default and enforcement of the Security.

#### 8.4.2 Property Owner Charge

The Property Owner will grant a first ranking fixed and floating charge over all assets of the Property Owner, in favour of the Trustee. The Property Owner's assets include its 50% interest in the Property and all assets, rights and property associated with its 50% interest in the Property, including without limitation its right to receive its 50% share of the rent under the Lease.

Except for creditors mandatorily preferred by law, the Trustee's rights under the charge rank ahead of all other claims in relation to the assets of the Property Owner following an Event of Default and enforcement of the Security.

#### 8.4.3 Holding Trust Charge

The Holding Trust will grant a first ranking fixed and floating charge over all assets of the Holding Trust in favour of the Trustee. The Holding Trust's assets include the units issued by the Property Owner and shares issued by the Issuer.

Except for creditors mandatorily preferred by law, the Trustee's rights under the charge rank ahead of all other claims in relation to assets of the Holding Trust following an Event of Default and enforcement of the Security.

#### 8.4.4 Issuer Charge

The Issuer will grant a first ranking fixed and floating charge over all assets of the Issuer, including the Issuer's right to be paid interest and repaid principal under the Loan, in favour of the Trustee.

Except for creditors mandatorily preferred by law, the Trustee's rights under the charge rank ahead of all other claims in relation to the assets of the Issuer.

#### 8.5 Summary of the Loan

The Loan will be made between the Issuer and the Property Owner. Under the terms of the Loan the Issuer agrees to lend the proceeds of the Offer to the Property Owner.

The rate of interest applicable to the Loan will be an amount equal to the Interest Rate. The interest periods under the Loan will match the interest periods applicable to BSB-sA. Interest on the Loan will be payable on each Interest Payment Date.

If the Issuer exercises its option to Redeem BSB-sA, prior to the Maturity Date, in accordance with the Terms, then the Property Owner must repay the Loan (in an amount equal to the aggregate Face Value of the BSB-sA to be Redeemed) on the Redemption Date and a break fee of an amount equal to any Early Redemption Payment which is payable to the Issuer. The Loan is repayable on the Maturity Date.

The Property Owner must reimburse the Issuer for any fees and expenses which the Issuer reasonably believes have been incurred by it in connection with the Loan including ongoing fees, expenses and other costs incurred in connection with BSB-sA.

#### 8.6 Summary of the Co-owners Agreement

The Property Owner only owns a 50% interest in the Property. The Property Owner is a party to a Co-owners Agreement with the Co-owner who owns the remaining 50% interest in the Property. The Co-owners Agreement governs the conduct of the Property Owner in respect of its dealings with the Co-owner. There are certain obligations on each co-owner to contribute amounts relating to the Property and to indemnify the other co-owner in relation to amounts incurred in connection with a default.

The co-owners must ensure that the Property Manager distributes net income on a monthly basis to the co-owners in proportion to their ownership of the Property. If the gross income is less than the operating expenses in any period, the co-owners must contribute the shortfall in proportion to their ownership of the Property. Under the terms of the Co-owners Agreement, a co-owners committee must make determinations on substantive issues relating to the ownership and management of the Property. A special committee comprising representatives of each co-owner will consider any matter in dispute. If the special committee fails to make a decision, then there is a dispute resolution mechanism.

The Property Owner and the Co-owner are each entitled to one member of the co-owners committee. Expenses or costs may not be incurred or expended without the approval of the co-owners committee, unless otherwise covered by an annual budget approved by the co-owners committee.

If a co-owner wishes to dispose of an ownership interest (other than by disposal to a related body corporate of the co-owner or to a trustee of a unit trust in which the co-owner holds a particular interest), the pre-emption rights granted to the co-owners under the Co-owners Agreement require the disposing co-owner to first offer its interest in the Property to the other co-owner for twenty business days from the receipt of the disposal notice.

At the expiry of the offer period (if the offer has not been accepted) the disposing co-owner may then offer its interest in the Property for sale to third parties on terms no more favourable for a period of six months.

If a co-owner defaults under the terms of the Co-owners Agreement, the agreement sets out a procedure pursuant to which the non-defaulting co-owner may acquire the defaulting co-owner's interest in the Property. This procedure involves a valuation process in respect of the relevant interest in the Property, including a dispute mechanism in respect of any such valuation. However, if the relevant default is fully rectified prior to the entering into of a contract of sale, the defaulting co-owner or the non-defaulting co-owner may terminate the sale procedures in relation to the relevant interest in the Property (with the non-defaulting co-owner's costs being reimbursed).

#### 8.7 Summary of the Mortgagee Deed

Under the Co-owners Agreement, it is a precondition to the grant of a security interest by the Property Owner over the Property that the Trustee enter into a Mortgagee Deed with the Property Owner and the Co-owner. By entering into the Mortgagee Deed, the Trustee will agree to do the following:

- (a) that in exercising any power in respect of the Property Owner, the Trustee will observe or perform the obligations of the Property Owner under the Co-owners Agreement to the extent that such observance or performance is necessary in connection with the exercise of such power;
- (b) to use reasonable endeavours to procure that any enforcing party appointed by the Trustee will be aware of the provisions of the Co-owners Agreement;
- (c) not to direct the Property Owner to withhold its consent in relation to any matter under the Co-owners Agreement, unless the Trustee (acting on the instructions of the Holders and subject to the Trust Deed) has undertaken that it or the Property Owner will continue to comply with and be bound by the terms of the Co-owners Agreement; and
- (d) to give the Co-owner a copy of any notice of breach or default given by it under the Security, unless to do so would breach any confidentiality laws.

Under the Mortgagee Deed, the Co-owner agrees:

- that it will promptly give the Trustee a copy of any notice of breach or default given by it to the Property Owner under the Co-owners Agreement;
- it will not object to or otherwise hinder the Trustee in exercising its rights in connection with any Security; and
- to the extent it is able to do so, provide it with all necessary access to the Property on reasonable request for the purpose of exercising its rights under the Mortgagee Deed.

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# Additional information continued

#### 8.8 Summary of the contract for sale

The Property Owner sold a 50% interest in the Property to the Co-owner in March 2008. Under the contract for sale, the Property Owner has provided warranties, for the period to March 2013, to the Co-owner in respect of certain structural and design works relating to the construction of the Property (**Structural Works**). The Property Owner is only liable under the warranties to the extent that a claim is not satisfied by Brookfield Multiplex Constructions Pty Ltd, the builder of the Property.

The warranties exclude any obligation of the Landlord under the Lease to carry out general maintenance of the leased Property during the term of the Lease or to carry out the normal maintenance obligations of an owner of a building.

If at any time prior to that date, the Structural Works are not as warranted, the Property Owner will at its cost rectify the Structural Works. If the Property Owner fails to complete such works within the period agreed by the parties, the Co-owner may undertake the works, and any costs incurred by the Co-owner will be a debt due from the Property Owner payable on demand. It is noted that this claim will be unsecured and consequently ranks behind claims of the Holders following an Event of Default and enforcement of the Security.

#### 8.9 Summary of the Lease

All of the Property¹ is leased to the Commonwealth of Australia under the terms of the Lease. The landlord is the Property Owner and the Co-owner (**Landlord**).

#### 8.9.1 Term

The Lease commenced on 2 November 2007 and expires on 31 October 2022. The Commonwealth of Australia has three five year options to renew the Lease.

#### 8.9.2 Rent

The rent payable under the Lease on the commencement date, 2 November 2007, was \$12,169,875 p.a. Rent is payable in equal monthly instalments.

Rental income is subject to fixed annual rent increases of 3.5% p.a. until November 2017. There is a market rent review in November 2017 and on the first day of any option lease. The rent agreed under a market review must not be less than the rent payable in the year immediately preceding the review date.

#### 8.9.3 Payments of outgoings

The Commonwealth of Australia is required to pay all charges for electricity, gas and water used by the Commonwealth of Australia except in relation to the air conditioning and ventilation systems, which must be paid by the Landlord.

The Commonwealth of Australia must also pay all charges for telephones and like services used on the Property.

#### 8.9.4 Capital expenditure

The Landlord is responsible for property management services, the structure and capital or structural work (except in limited circumstances).

The Landlord must maintain public liability insurance for no less than \$20,000,000 and plate glass insurance.

#### 8.9.5 No restriction on sale

The Lease does not contain restrictions on selling the Property.

#### 8.9.6 Landlord covenants

The Landlord is required to achieve a NABERS Energy for offices environmental rating which is:

- in relation to the building excluding the Landlord's fixtures and the Commonwealth of Australia's fittings, a 4.5 star base building rating; and
- in relation to the Landlord's fixtures and the Commonwealth of Australia's fittings, a 4.5 star tenancy rating,

and which must be maintained annually except if the failure to maintain is as a result of the Commonwealth of Australia's actions. If the Landlord does not comply with this obligation the default provisions may apply and give rise to a right for the Commonwealth of Australia to terminate the Lease.

The Landlord has also provided covenants in respect of the design and construction of the building, the property management services and the use and the operation of the building. If the Landlord is in default under one of the covenants:

- it may be liable for damages; and/or
- where the default is not capable of remedy or is capable of remedy but is not remedied by the Landlord within 30 days, the Commonwealth of Australia may terminate the Lease and exercise any of its other legal rights.

<sup>1</sup> Excludes retail component of Property which comprises less than 1% of total net lettable area of the Property.

#### 8.9.7 Rent abatement

The Commonwealth of Australia has a right to rent abatement (i.e. reduction) in circumstances including:

- a breach of the Landlord's covenant of quiet enjoyment;
- a failure of certain facilities to perform to a specified standard within two working days of notice. However, the right is limited, applying where certain conditions are met; and
- if the Property becomes wholly or partially unfit for the Commonwealth of Australia to occupy and use for office accommodation and public access arising from the day-to-day operations of the Commonwealth of Australia or is otherwise inaccessible.

#### 8.9.8 Lease termination

The Lease contains provisions giving the Commonwealth of Australia the right to terminate the Lease including:

- in circumstances where a hazardous substance or disease is discovered on the premises (not due to the Commonwealth of Australia) and an expert determines that it is unlikely to be safe to occupy the building within six months. If the Commonwealth of Australia reasonably elects to vacate the premises while the hazardous substance or disease is appropriately managed or removed, then the Landlord can be required to pay the reasonable relocation expenses of the Commonwealth of Australia;
- for failure of certain facilities to perform in accordance with a specified standard which is unlikely to be rectified within six months in the opinion of an expert;
- where the Property or the building is wholly or partially unfit for the Commonwealth of Australia to occupy and use for office accommodation and public access arising from the day-to-day operations of the Commonwealth of Australia or is otherwise inaccessible, for a period of six months or an expert certifies that it will be unfit for a period of six months; and
- if the Landlord is in default, being where the Landlord:
  - fails to commence repairs and maintenance within thirty days after receipt of notice from the Commonwealth of Australia or to proceed diligently to complete them;

- fails to comply with a requirement of the Lease (where the failure can be remedied and continues for not less than thirty days after receipt of notice from the Commonwealth of Australia); or
- the Landlord, being either of the Property Owner or Co-owner has an administrator or controller appointed or a resolution is passed or proceedings are commenced for the winding up of the Property Owner or Co-owner (unless the Property Owner or Co-owners financier (as applicable) enters into an agreement with the Commonwealth of Australia to perform the Landlord's obligations under the Lease within 30 days after the relevant insolvency event).

#### 8.9.9 Tenant covenants

The Commonwealth of Australia has agreed to do certain things under the Lease including:

- pay rent; and
- keep and maintain the building in good and tenantable repair and condition.

If the Commonwealth of Australia fails to comply with these requirements, the Landlord may terminate the Lease.

#### 8.10 Summary of the property management agreement

Under the property management agreement, the Property Manager has been appointed by the Landlord to perform property management services in relation to the Property, including lease administration and management, managing funds relating to the Property and building management, including arrangement of services, including rubbish removal, electricity and gas. The property management agreement has a term of ten years to October 2017. An annual fee is payable by the Landlord. The fee was \$150,000 in the first year of the property management agreement which commenced in October 2007 and increases by 3.5% on each anniversary of the commencement date of the agreement.

Either party may terminate the agreement if the other party fails to comply with the terms of the agreement within ten business days of notice.

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# Additional information continued

#### 8.11 Summary of the Offer Management Agreement

The Joint Lead Managers and the Issuer have entered into an offer management agreement dated on or about the date of the Original Prospectus (Offer Management Agreement). Under the Offer Management Agreement, the Joint Lead Managers have agreed to lead manage the Offer, including conducting the Bookbuild.

#### 8.11.1 Fees and expenses

The Issuer will pay a management fee to the Joint Lead Managers of 2.5% of the total proceeds of the Offer (potentially up to \$1.425 million), to be shared equally by the Joint Lead Managers. However, the management fee will not be payable for any proceeds in respect of BSB-sA issued to a related body corporate of the Issuer or to an entity managed by such a related body corporate, or otherwise to any investors unknown to the Joint Lead Managers. The Issuer will also pay the costs, charges and expenses incidental to the Offer, including the Joint Lead Managers' legal costs (up to a maximum of \$20,000 exclusive of GST) and any reasonable agreed out of pocket expenses of the Joint Lead Managers. Pursuant to the indemnity agreement (see Section 8.12), Brookfield Multiplex Limited has indemnified the Issuer for all costs relating to the Offer including costs payable under the Offer Management Agreement.

#### 8.11.2 Representations and warranties

Customary and usual representations and warranties are given by the parties in relation to matters such as the power to enter into the Offer Management Agreement, corporate authority and approvals and the Issuer's compliance with the *Corporations Act* and ASX Listing Rules in relation to making the Offer. The Issuer gives a number of further representations and warranties, including that the Prospectus will not contain any untrue, inaccurate, misleading or deceptive statements or omissions.

#### 8.11.3 Termination events

Each Joint Lead Manager may terminate the Offer Management Agreement by notice in writing to the Issuer and the other Joint Lead Manager on the occurrence of certain termination events (subject to, in the case of some termination events only, satisfaction of specified materiality thresholds). These include:

- a change in the law which does or is likely to prohibit, restrict or regulate the Offer;
- ASX does not approve the admission of the Issuer or the quotation of BSB-sA on ASX;

- the Issuer terminates or fails to comply with its obligations under a significant or material contract referred to in Section 8 of this Prospectus, without the consent of the Joint Lead Managers;
- the Issuer fails to lodge this Prospectus with ASIC or withdraws this Prospectus or the Offer;
- the Issuer is in default of any material terms and conditions under the Offer Management Agreement or breaches any representation or warranty or undertaking made or given by the Issuer under the Offer Management Agreement (subject to the ability of the Issuer to remedy that default or breach);
- the Issuer alters its constitution or the Trust Deed or the Terms are amended other than as contemplated under this Prospectus, without the prior written consent of the Joint Lead Managers;
- the Issuer disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus, without the prior consent of the Joint Lead Managers;
- there is an outbreak, or a major escalation, of hostilities or a major act of terrorism occurs in Australia, New Zealand, the United Kingdom, the United States of America or a number of other jurisdictions;
- a material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer;
- there is a material omission, or a misleading or deceptive statement, in the Prospectus, or it is unlikely that a forecast in the Prospectus will be met, or the Prospectus does not comply with all applicable laws, Regulations and Listing Rules;
- a statement in any confirmation certificate given under the Offer Management Agreement is untrue or incorrect in a material respect;
- any information supplied by or on behalf of the Issuer to the Joint Lead Managers in relation to BSB-sA, the Issuer, or the Offer is materially untrue, incorrect, misleading or deceptive;
- a Joint Lead Manager reasonably forms the view that a supplementary or replacement document (excluding this Prospectus) must be lodged with ASIC under section 719 of the *Corporations Act* and the Issuer fails to do so;
- a person whose consent is required to being named in the Prospectus withdraws their consent;

#### - ASIC:

- applies for an order under section 1324B of the Corporations Act in relation to the Prospectus and the application is not dismissed or withdrawn before the Issue Date;
- holds or gives notice of intention to hold a hearing in relation to the Prospectus; or
- applies for an order under Part 9.5 in relation to the Prospectus or ASIC commences any investigation or hearing under Part 3 of the ASIC Act 2001 (Cth) in relation to the Prospectus;
- any person gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
- a director of the Issuer (or other Brookfield Multiplex Group members) is charged with an indictable offence relating to a financial or corporate matter or is disqualified from managing a corporation;
- any governmental agency commences any public action against a member of the Brookfield Multiplex Group (including the Issuer) or any of the members' directors in their capacity as directors of the member;
- a member of the Brookfield Multiplex Group (including the Issuer) or a Director of the member engages in any fraudulent conduct or activity;
- insolvency of the Issuer and certain other liabilities in the Brookfield Multiplex Group;
- a change to the Board of Directors of the Issuer occurs;
- the Issuer charges, or agrees to charge, the whole, or a substantial part of, its business or property (other than as disclosed in the Prospectus);
- there is a suspension or limitation in trading in all securities quoted or listed on ASX, the New York Stock Exchange or the London Stock Exchange for at least one day on which that exchange is open for trading;
- the authorities declare a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom, or a disruption in commercial banking or securities settlement or clearance services in those places;
- any adverse change or disruption to the financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
- a prospective adverse change in taxation affecting the Issuer or BSB-sA.

#### 8.11.4 Indemnity

Subject to certain exclusions relating to, among other things, fraud, recklessness, wilful misconduct, material breach of the law or the Offer Management Agreement and gross negligence of the indemnified parties (to the extent not caused or contributed to by the Issuer), the Issuer indemnifies the Joint Lead Managers and certain affiliated parties against certain liabilities and losses incurred or sustained directly or indirectly as a result of certain events occurring in connection with the Offer.

#### 8.12 Costs of the Offer and ongoing costs

Pursuant to an indemnity agreement between the Issuer and Brookfield Multiplex Limited, all costs relating to the Offer will be borne by Brookfield Multiplex Limited. Pursuant to the Loan Agreement, the Property Owner must reimburse the Issuer for all costs incurred in connection with the Loan including ongoing fees, expenses and other costs incurred in connection with BSB-sA.

#### 8.13 Consents

Each of the parties (referred to as Consenting Parties) who are named below:

- (a) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in paragraphs (e) to (h) below;
- (c) has not authorised or caused the issue of this Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus;
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus (other than the reference to its name, a statement included in this Prospectus with the consent of that Consenting Party and as specified in paragraphs (e) to (h) below) and excludes and disclaims all liability or any damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred as a result of this Prospectus being inaccurate or incomplete in any way for any reason;
- (e) in the case of PricewaterhouseCoopers Securities Limited, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Investigating Accountant's Report in the form and context in which it appears in Section 5.4;

# Additional information continued

- (f) in the case of PricewaterhouseCoopers, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the tax information in the form and context in which it appears in Section 7;
- (g) in the case of Savills, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the overview of the valuation report in the form and context in which it appears in Section 4.9; and
- (h) in the case of Risk Management Group Pty Ltd, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of references to the technical due diligence report in the form and context in which they appear.

ioini and context in which they appeal.		
Role	Consenting Parties	
Joint Lead Managers	Westpac and Evans & Partners	
Investigating Accountant	PricewaterhouseCoopers Securities Limited	
Tax Adviser	PricewaterhouseCoopers	
Legal Adviser (Australia)	Mallesons Stephen Jaques	
Legal Adviser (New Zealand)	Russell McVeagh	
Trustee	Australian Executor Trustees Limited	
Registry	Registries Limited	
Property Valuer	Savills	
Technical Due Diligence Adviser	Risk Management Group Pty Ltd	
<b>Brookfield Arranger</b>	Brookfield Australia Funds Management Limited	
Property Manager	Multiplex Property Services Pty Limited	
Property Owner	Latitude Site C Landowning Pty Ltd as trustee of the Latitude Site C Landowning Trust	
Holding Trust	Latitude Site C Investments Pty Ltd as trustee of the Latitude Site C Investments Trust	

#### 8.14 Interest of advisers

The Joint Lead Managers are entitled to the fees set out in Section 8.11.1. The Joint Lead Managers will be responsible for any fees payable to the Syndicate Brokers.

PricewaterhouseCoopers Securities Limited has undertaken a review of the Financial Information disclosed in this Prospectus. In respect of this work, Brookfield Multiplex Limited estimates that it will pay approximately \$70,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Limited for work up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Limited under its normal time-based charges.

PricewaterhouseCoopers has acted as tax adviser to the Issuer in relation to the Offer and has prepared the tax opinion contained in Section 7. In respect of this work, Brookfield Multiplex Limited estimates that it will pay approximately \$26,500 (excluding disbursements and GST) to PricewaterhouseCoopers for work up to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers under their normal time-based charges.

Mallesons Stephen Jaques has acted as Australian legal adviser to the Issuer in relation to the Offer and has performed work in relation to drafting the Terms and related documents, advising on the due diligence and verification program and performing due diligence required on certain legal matters and in relation to the preparation of the Prospectus. In respect of this work, Brookfield Multiplex Limited estimates that it will pay approximately \$418,000 (excluding disbursements and GST) to Mallesons Stephen Jaques for work up to the date of this Prospectus. Further amounts may be paid to Mallesons Stephen Jaques under their normal time-based charges.

Russell McVeagh has acted as New Zealand legal adviser to the Issuer in relation to the Offer and has advised the Issuer in respect of the aspects of this Prospectus that relate specifically to the Offer of BSB-sA to the public in New Zealand under the mutual recognition regime for securities offerings. In respect of this work, Brookfield Multiplex Limited estimates that it will pay approximately NZ\$31,000 (excluding disbursements and GST) to Russell McVeagh for work up to the date of this Prospectus. Further amounts may be paid to Russell McVeagh under their normal time-based charges.

Australian Executor Trustees Limited is acting as trustee for Holders under the Trust Deed. In respect of this role, Brookfield Multiplex Limited estimates that it will pay an establishment fee of \$5,000 and the Property Owner estimates that it will pay an ongoing fee of \$25,000 p.a. (excluding disbursements and GST) and certain legal expenses to, or on behalf of, Australian Executor Trustees Limited.

Savills is acting as Property Valuer and has prepared the Independent Valuation Report. In respect of this work, Brookfield Multiplex Limited estimates that it will pay Savills a fee of approximately \$23,000 (excluding disbursements and GST).

Risk Management Group Pty Ltd is acting as Technical Due Diligence Adviser and has prepared the Technical Due Diligence report. In respect of this work, Brookfield Multiplex Limited estimates that it will pay Risk Management Group Pty Ltd a fee of approximately \$5,500 (excluding disbursements and GST).

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of the Issuer or broker to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
  - the formation or promotion of the Issuer;
  - the Offer; or
  - any property acquired or proposed to be acquired by the Issuer in connection with the formation or promotion of the Issuer or the Offer; or
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person in connection with the formation or promotion of the Issuer or the Offer.

#### 8.15 Interest of Directors

The current Directors of the Issuer are:

- Ross McDiven;
- Brian Kingston; and
- Russell Proutt.

As at the date of this Prospectus, no Director of the Issuer holds any BSB-sA.

The Directors (and their related parties) may acquire BSB-sA offered under this Prospectus.

No Director or proposed Director holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Issuer;
- the Offer; or
- any property acquired or proposed to be acquired by the Issuer in connection with the formation or promotion of the Issuer or the Offer.

Other than as set out in Section 8.14, at the time of lodgement of this Prospectus with ASIC, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of the Issuer or the Offer.

Directors receive nil remuneration for their services as a director of the Issuer.

Brookfield Multiplex Limited has entered into a Director's deed with each Director, under which (among other things) the Director is entitled to be indemnified by the Issuer (to the maximum extent permitted by law) against liabilities incurred as a director of the Issuer.

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# Additional information continued

#### 8.16 Foreign selling restrictions

As at the date of this Prospectus, no action has been taken to register or qualify BSB-sA or the Offer or otherwise to permit a public offering of BSB-sA outside Australia or New Zealand.

The distribution of this Prospectus (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this Prospectus outside Australia or New Zealand, then you should seek advice on, and observe any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In particular, BSB-sA have not been and will not be registered under the *US Securities Act* or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

Any offer, sale or resale of BSB-sA in the United States by any person (whether or not participating in the Offer) may violate the registration requirements of the *US Securities Act*. BSB-sA may be offered in a jurisdiction outside of Australia or New Zealand where such offer is made in accordance with laws of that jurisdiction.

The Issuer and the Joint Lead Managers reserved the right to offer BSB-sA under the Institutional Offer to any institutional investor outside Australia or New Zealand, where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this section and to have represented and warranted that it is able to apply for and acquire BSB-sA in compliance with those restrictions.

#### 8.17 Privacy statement

If you apply for BSB-sA, you will be asked to provide personal information to the Issuer (and the Joint Lead Managers or your Syndicate Broker, if you are a Broker Firm Applicant), the Brookfield Arranger and the Registry, on the Brookfield Arranger and Issuer's behalf.

The Issuer, the Brookfield Arranger, the Registry and the Joint Lead Managers (or your Syndicate Broker) will collect, hold and use that personal information to assess your Application, service your needs as a Holder, and provide facilities and services that you request and carry out appropriate administration. Information may be provided on a confidential basis to third party service providers (such as a mailing house), which may be located inside or outside of Australia, and otherwise as required or authorised by law.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the *Privacy Act* 1988 (Cth) and the *Privacy Act* 1993 (New Zealand), as applicable, you may request access to your personal information held by or on behalf of the Issuer. You can request access to your personal information or obtain further information about the Issuer's management practices by contacting the Registry or the Issuer. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact the Issuer or the Registry so that your records can be corrected.

#### 8.18 ASX relief

The Issuer has received in-principle confirmation from ASX that ASX would be likely to consider the Issuer's structure and the obligations or rights of any person in connection with BSB-sA are appropriate for the purposes of the Listing Rules.

#### 8.19 ASIC relief

The Issuer has received ASIC relief under section 951B(1)(a) of the *Corporations Act* to allow the Issuer to include the Brookfield Arranger's Financial Services Guide in this Prospectus.

#### 8.20 Credit ratings

None of BSB-sA, the Issuer and the Guarantor Security Providers are rated. The Property is leased to the Commonwealth of Australia which is rated AAA by Standard & Poor's, Aaa by Moody's and AAA by Fitch.

These credit rating references are current as at the date of this Prospectus but may be revised, withdrawn, suspended or downgraded by the relevant credit rating agency at any time. These credit rating references are not a recommendation by the relevant credit rating agencies to apply for BSB-sA offered under this Prospectus. None of Standard & Poor's, Moody's or Fitch have consented to the use of its credit rating reference in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the *Corporations Act*.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities (including BSB-sA). In as much as they do not comment as to market price or suitability for a particular investor, ratings may be changed, withdrawn or suspended at any time. Standard & Poor's, Moody's and Fitch do not hold an AFSL under the *Corporations Act*.

#### 8.21 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications are governed by the law applicable in New South Wales and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.



Terms

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# **Appendix A**

### Appendix A

#### **Terms**

#### 1 Form of BSB-sA

#### 1.1 Constitution under Trust Deed

BSB-sA are debt obligations of the Issuer constituted by, and owing under, the Trust Deed.

#### 1.2 Form

BSB-sA are issued in registered form by entry in the Register.

#### 1.3 Face Value

BSB-sA are issued fully paid with a Face Value of A\$100.00.

#### 1.4 Currency

BSB-sA are denominated in Australian dollars.

#### 1.5 Clearing System

The rights of a person holding an interest in the BSB-sA are subject to the rules and regulations of the Clearing System.

#### 1.6 Guarantee

BSB-sA are issued with the benefit of the guarantee set out in the Trust Deed pursuant to which the Guarantor Security Provider unconditionally and irrevocably guarantees payment to each Holder of all amounts at any time due for payment, or which will or may become due for payment, or which remain unpaid, by the Issuer to that Holder.

#### 1.7 No certificates

No certificates will be issued to Holders unless the Issuer determines that certificates should be available or are required by any applicable law.

#### 1.8 No other rights

The BSB-sA confer no rights on a Holder:

- (a) to vote at any meeting of shareholders of the Trustee, the Issuer or the Guarantor Security Provider;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer or the Guarantor Security Provider; or
- (c) to otherwise participate in the profits or property of the Issuer or the Guarantor Security Provider, except as set out in these Terms or the Trust Deed.

#### 2 Interest

Each BSB-sA bears interest (Interest) on its Face Value from (and including) the Issue Date to (but excluding) the Maturity Date or its Redemption Date (if applicable) at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

#### 3 General provisions applicable to Interest

#### 3.1 Calculation of Interest amount

The amount of Interest payable on each BSB-sA for an Interest Period is calculated according to the following formula:

Interest payable =  $\frac{\text{Interest Rate x A$100 x N}}{365}$ 

where

**N** means the number of days during that Interest Period.

#### 3.2 Notification of Interest payable

The Issuer must notify the Trustee and the Registrar of:

- (a) for each Interest Period, the amount of Interest payable; and
- (b) any amendment to the amount referred to in paragraph(a) arising from any extension or reduction in anyInterest Period.

The Issuer must give notice under this clause 3.2 ("Notification of Interest payable") as soon as practicable after it makes its calculations. However, it must give notice of the amount of Interest payable on each BSB-sA for the Interest Period by the fourth day of that Interest Period.

The Issuer may amend its calculation or determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period without prior notice but must notify the Guarantor Security Provider, the Trustee and the Registrar promptly after doing so.

#### 3.3 Determination final

The determination by the Issuer of all amounts, rates and dates falling to be calculated or determined by it under these Terms is, in the absence of manifest or proven error, final and binding on the Issuer, the Trustee, the Registrar and each Holder.

#### 3.4 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one Australian cent (with 0.5 of a cent being rounded up to 1 cent).

#### 4 Redemption and purchase

#### 4.1 Scheduled redemption

Each BSB-sA is Redeemable by the Issuer on the Maturity Date at its Face Value unless:

- (a) the BSB-sA has been previously Redeemed; or
- (b) the BSB-sA has been purchased by the Issuer and cancelled.

#### 4.2 Early redemption of a BSB-sA for taxation reasons

If, as a result of any change in, or amendment to, the laws of a Relevant Tax Jurisdiction, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, the Issuer is required to pay an Additional Amount or the Guarantor Security Provider would be required to increase the amount of any payment under the Guarantee if the Guarantee were called in respect of that BSB-sA, the Issuer may Redeem that BSB-sA in whole before the Maturity Date at its Face Value together with any Interest accrued on that BSB-sA to (but excluding) the Redemption Date.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 15 Business Days (and no more than 45 Business Days) notice to the Trustee, the Registrar and the Holders (and any stock exchange or other relevant authority on which the BSB-sA are quoted);
- (b) before the Issuer gives the notice under paragraph (a), the Trustee and Registrar have each received:
  - a certificate signed by two Authorised Officers of the Issuer; and
  - (ii) an opinion of independent legal advisers of recognised standing in the jurisdiction of incorporation of the Issuer and in the Relevant Tax Jurisdiction,

that the Issuer would be required under clause 8.2 ("Withholding tax"), or the Guarantor Security Provider under the Guarantee, to increase the amount of the next payment due in respect of the BSB-sA;

- (c) the proposed Redemption Date is an Interest Payment Date; and
- (d) no notice of Redemption is given earlier than 45 Business Days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay any Additional Amounts.

#### 4.3 Early redemption of a BSB-sA for loss of deductibility

If, as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, payment of Interest on a BSB-sA is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian income tax liability calculation, the Issuer may Redeem that BSB-sA in whole before the Maturity Date at its Face Value together with any Interest accrued on that BSB-sA to (but excluding) the Redemption Date.

However, the Issuer may only do so if:

- (a) the Issuer has given at least 15 Business Days (and no more than 45 Business Days) notice to the Trustee, the Registrar and the Holders (and any stock exchange or other relevant authority on which the BSB-sA are quoted);
- (b) before the Issuer gives the notice under paragraph (a), the Trustee and the Registrar have each received:
  - (i) a certificate signed by two Authorised Officers of the Issuer; and
  - (ii) an opinion of independent legal or tax advisers of recognised standing in the jurisdiction of incorporation of the Issuer,

that, as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, payment of Interest on a BSB-sA is not, or may not, be allowed as a deduction for the purposes of the Issuer's Australian income tax liability calculation;

- (c) the proposed Redemption Date is an Interest Payment Date; and
- (d) no notice of Redemption is given earlier than 45 Business Days before the Interest Payment Date occurring immediately before the earliest date on which the Issuer is not, or may not, be allowed to claim payment of Interest as a deduction for the purposes its Australian income tax.

# Terms continued

# 4.4 Early redemption of a BSB-sA at the option of the Issuer

The Issuer may Redeem all of the BSB-sA before the Maturity Date under this clause 4.4 ("Early redemption of a BSB-sA at the option of the Issuer") by paying to each Holder of a BSB-sA.

- (a) the Face Value of the BSB-sA; plus
- (b) any Interest accrued on the BSB-sA to (but excluding) the Redemption Date; plus
- (c) (subject to this clause 4.4 ("Early redemption of a BSB-sA at the option of the Issuer")) the Early Redemption Payment.

However, the Issuer may only do so if the Issuer has given at least 15 Business Days (and no more than 45 Business Days) notice to the Trustee, the Registrar and the Holders (and any stock exchange or other relevant authority on which the BSB-sA are quoted).

If, at the time any notice of Redemption is given under this clause 4.4 ("Early redemption of a BSB-sA at the option of the Issuer"), a Widespread Tax Event is then subsisting, no Early Redemption Payment will be payable under clause 4.4(c) on the Redemption Date.

#### 4.5 Effect of notice of redemption

Any notice of Redemption given under this clause 4 ("Redemption and purchase") is irrevocable.

#### 4.6 Late payment

If an amount is not paid under this clause 4 when due, then Interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the Interest Rate plus 2% per annum until the date on which payment is made to the Holder.

#### 4.7 Purchase

- (a) The Issuer, any of its Related Bodies Corporate or any third party nominated by the Issuer may, at any time, purchase BSB-sA in the open market or otherwise and at any price.
- (b) If purchases are made by tender for the BSB-sA, tenders must be available to all Holders.
- (c) BSB-sA purchased under this clause 4.7 ("Purchase") may be held, resold or cancelled at the discretion of the purchaser and (if the BSB-sA are to be cancelled, the Issuer), subject to compliance with any applicable law (and any stock exchange or other relevant authority on which the BSB-sA are quoted).

#### **5 Events of Default**

#### 5.1 Events of Default

An Event of Default occurs in relation to the BSB-sA if:

- (a) the Issuer or the Guarantor Security Provider does not pay any amount payable by it in respect of the BSB-sA on time and in the manner required under the Transaction Documents unless, in the case of a failure to pay on time, the Issuer or the Guarantor Security Provider pays the amount within 3 Business Days of the due date;
- (b) the Issuer or the Guarantor Security Provider becomes Insolvent;
- (c) a Transaction Document, or a transaction in connection with it, is or becomes (or is claimed to be) wholly or partly void, voidable or unenforceable or does not have (or is claimed not to have) the priority it is expressed to have ("claimed" in this clause 5.1 ("Events of Default") means claimed by the Issuer or the Guarantor Security Provider or anyone on its behalf); or
- (d) the Issuer or the Guarantor Security Provider:
  - (i) does not comply with its obligations under clause 12.1 ("Negative undertakings") of the Trust Deed; and
  - (ii) if the non-compliance can be remedied, does not remedy the non-compliance within 30 Business Days of being requested to do so by the Trustee; or
- (e) a Relevant Trust is terminated.

#### 5.2 Consequences of an Event of Default

If any Event of Default occurs and continues unremedied in relation to the BSB-sA, then the Trustee may:

- (a) declare by notice to the Issuer and the Guarantor Security Provider (with a copy to the Holders and the Registrar) that all BSB-sA are to be Redeemed at their Face Value (together with any accrued Interest) in which case such amounts become immediately due and payable; and
- (b) take any action which it is permitted to take under the Security or clause 24.4 ("Enforcement on direction") of the Trust Deed.

#### 5.3 Notification by the Issuer

If an Event of Default occurs, the Issuer must, promptly after becoming aware of it, notify the Trustee and the Registrar of the occurrence of the Event of Default (specifying details of it) and use its reasonable endeavours to promptly notify the Holders (and any stock exchange or other relevant authority on which the BSB-sA are quoted) of the occurrence of the Event of Default.

#### **5.4 Notification by the Trustee**

If an Event of Default occurs the Trustee must as soon as is reasonably practicable after becoming aware of the Event of Default:

- (a) (if the Issuer fails to do so under clause 5.3 ("Notification by the Issuer") notify all Holders of:
  - (i) the Event of Default;
  - (ii) any steps which the Trustee has taken, or proposed to take, under clause 5.2 ("Consequences of an Event of Default"); and
  - (iii) any steps which the Issuer or Guarantor Security Provider has notified the Trustee that it has taken, or proposed to take, to remedy the Event of Default; and
- (b) call a meeting of the Holders.

#### 5.5 Enforcement on direction

Subject to the Transaction Documents and to section 283DA(h) of the *Corporations Act*, the Trustee must take action to enforce the Transaction Documents in accordance with their terms where all the following conditions are met:

- (a) the Trustee is directed to take action by a Holder Resolution;
- (b) the Trustee is indemnified to its satisfaction, against:
  - all actions, proceedings, claims and demands to which the Trustee may render itself liable by taking such action;
  - (ii) all Costs which the Trustee may incur in taking the action; and
  - (iii) all management time spent by employees or officers of the Trustee in relation to such action which will be charged at the Trustee's standard hourly rates prevailing from time to time provided that such rates have been notified to the Issuer in writing; and
- (c) the action is permitted under the Transaction Documents.

#### 5.6 Holder's right to take action

No Holder is entitled to proceed directly against the Issuer or the Guarantor Security Provider to enforce any right or remedy under or in respect of any BSB-sA, these Terms, the Trust Deed or any Security (including a right such as taking any action to recover any Secured Money) unless the Trustee, having become bound to proceed, fails to do so within 10 Business Days (or such longer period as may be reasonable in the circumstances) and such failure is continuing.

#### 6 Title and transfer of BSB-sA

#### 6.1 Title

Title to BSB-sA passes when details of the transfer are entered in the Register.

#### 6.2 Effect of entries in Register

Each entry in the Register in respect of a BSB-sA constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Holder to pay principal, interest and any other amount in accordance with these Terms; and
- (b) an entitlement to the other benefits given to Holders under these Terms, the Trust Deed and the Guarantee in respect of the BSB-sA.

#### 6.3 Register conclusive as to ownership

Entries in the Register in relation to a BSB-sA constitute conclusive evidence that the person so entered is the absolute owner of the BSB-sA subject to correction for fraud or error.

#### 6.4 Non-recognition of interests

Except as required by law, the Issuer, the Guarantor Security Provider, the Trustee and the Registrar must treat the person whose name is entered in the Register as the holder of a BSB-sA as the absolute owner of that BSB-sA. This clause 6.4 ("Non-recognition of interests") applies whether or not a BSB-sA is overdue and despite any notice of ownership, trust or interest in the BSB-sA.

#### 6.5 Joint holders

Where two or more persons are entered in the Register as the joint holders of a BSB-sA then they are taken to hold the BSB-sA as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of any BSB-sA.

#### 6.6 Transfers in whole

BSB-sA may be transferred in whole but not in part.

#### 6.7 Transfer

A Holder may, subject to this clause 6.7 ("Transfer"), transfer any BSB-sA:

- (a) by a proper ASTC transfer according to the ASTC Operating Rules;
- (b) by a proper transfer under any other computerised or electronic system recognised by the *Corporations Act*;
- (c) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which BSB-sA are quoted; or
- (d) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

The Issuer must not charge any fee on the transfer of a BSB-sA.

# Terms continued

#### 6.8 Market obligations

The Issuer must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of a BSB-sA.

# 6.9 Issuer must request holding lock or refuse to register transfer

- (a) The Issuer must request the CS Facility Operator or the Registrar, as the case may be, to apply a holding lock to prevent a transfer of BSB-sA approved by and registered on the CS Facility's electronic sub-register or BSB-sA registered on an issuer-sponsored sub-register, as the case may be, if the *Corporations Act* or the ASX Listing Rules require the Issuer to do so.
- (b) The Issuer must refuse to register any transfer of BSB-sA if the Corporations Act or the ASX Listing Rules require the Issuer to do so.

# **6.10 Notice of holding locks and refusal to register transfer**

If, in the exercise of its rights under clause 6.9 ("Issuer must request holding lock or refuse to register transfer"), the Issuer requests the application of a holding lock to prevent a transfer of BSB-sA or refuses to register a transfer of BSB-sA, it must, within 5 Business Days after the date the holding lock is requested or the refusal to register a transfer, give written notice of the request or refusal to the Holder, to the transferee and the broker lodging the transfer, if any. Failure to give such notice does not, however, invalidate the decision of the Issuer.

#### **6.11 Delivery of instrument**

If an instrument is used to transfer BSB-sA according to clause 6.7 ("Transfer"), it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the BSB-sA.

#### 6.12 Refusal to register

The Issuer may only refuse to register a transfer of any BSB-sA if such registration would contravene or is forbidden by Applicable Regulation or the Terms.

If the Issuer refuses to register a transfer, the Issuer must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

#### 6.13 Transferor to remain Holder until registration

A transferor of a BSB-sA remains the Holder in respect of that BSB-sA until the transfer is registered and the name of the transferee is entered in the Register.

#### **6.14 Effect of transfer**

Upon registration and entry of the transferee in the Register the transferor ceases to be entitled to future benefits under the Trust Deed in respect of the transferred BSB-sA and the transferee becomes so entitled in accordance with clause 6.2 ("Effect of entries in Register").

#### 6.15 Estates

A person becoming entitled to a BSB-sA as a consequence of the death or bankruptcy of a Holder or of a vesting order or a person administering the estate of a Holder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the BSB-sA or, if so entitled, become registered as the holder of the BSB-sA.

#### 6.16 Transfer of unidentified BSB-sA

Where the transferor executes a transfer of less than all BSB-sA registered in its name, and the specific BSB-sA to be transferred are not identified, the Registrar may register the transfer in respect of such of the BSB-sA registered in the name of the transferor as the Registrar thinks fit, provided the aggregate of the Face Value of all the BSB-sA registered as having been transferred equals the aggregate of the Face Value of all the BSB-sA expressed to be transferred in the transfer.

#### 7 Payments

#### 7.1 Summary of payment provisions

Payments in respect of BSB-sA will be made in accordance with this clause 7 ("Payments").

#### 7.2 Payments subject to law

All payments are subject to applicable law, but without prejudice to the provisions of clause 8 ("Taxation").

#### 7.3 Payments on Business Days

If a payment:

- (a) is due on a BSB-sA on a day which is not a Business
   Day then the due date for payment will be adjusted in
   accordance with the Following Business Day Convention;
   or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following Business Day on which banks are open for general banking business in that place,

and in either case, the Holder is not entitled to any additional payment in respect of that delay.

#### 7.4 Payment of principal

Payments of principal will be made to each person registered at 10.00am on the relevant Redemption Date or Maturity Date (as applicable) as the Holder of a BSB-sA.

#### 7.5 Payment of Interest

Payments of Interest in respect of a BSB-sA will be made to each person registered at the close of business on the Record Date as the Holder of that BSB-sA.

#### 7.6 Payments to accounts

Monies payable by the Issuer to a Holder may be paid in any manner the Issuer decides, including by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them.

#### 7.7 Payments by cheque

The Issuer may decide that payments in respect of the BSB-sA will be made by cheque sent by prepaid post on the payment date, at the risk of the registered Holder, to the Holder (or to the first named joint holder of the BSB-sA) at its address appearing in the Register at the close of business on the Record Date. Cheques sent to the nominated address of a Holder will be taken to have been received by the Holder on the payment date and, no further amount will be payable by the Issuer in respect of the BSB-sA as a result of the Holder not receiving payment on the due date.

#### 7.8 Unsuccessful attempts to pay

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Holder but is unable to do so; or
- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque,

then, in each case, the amount is to be held on trust by the Issuer for the Holder in a non-interest bearing deposit with a bank selected by the Issuer until the Holder or any legal personal representative of the Holder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

#### 7.9 Payment to joint Holders

A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.

#### 7.10 Currency

The Issuer may decide that any payment in respect of a BSB-sA held by a NZ Holder will be made in NZ\$.

In that case:

- (a) the Issuer may convert the amount which would otherwise be payable by the Issuer in A\$ (A\$ Amount) into NZ\$ (NZ\$ Amount) at such rate (including the spot rate) as it reasonably considers appropriate. It may deduct its costs in connection with the conversion;
- (b) by the payment by the Issuer of the NZ\$ Amount to the NZ Holder, the Issuer will be taken to have fully satisfied its obligation to pay the NZ Holder the A\$ Amount in respect of the relevant BSB-sA; and
- (c) despite anything else in these Terms and the Transaction Documents, payment by the Issuer of the NZ\$ Amount to the NZ Holder may be made by the Issuer on the NZ Business Day immediately following the due date for payment if that due date for payment is not a NZ Business Day.

#### 8 Taxation

#### 8.1 No set-off, counterclaim or deductions

All payments in respect of the BSB-sA must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless prohibited by law.

#### 8.2 Withholding tax

Subject to clause 8.3 ("Withholding tax exemptions"), if a law requires the Issuer to withhold or deduct an amount in respect of Taxes from a payment in respect of the BSB-sA such that the Holder would not actually receive on the due date the full amount provided for under the BSB-sA, then:

- (a) the Issuer agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause 8.2 ("Withholding tax"), each Holder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

# Terms continued

#### 8.3 Withholding tax exemptions

No Additional Amounts are payable under clause 8.2(b) ("Withholding tax") in respect of any BSB-sA:

- (a) to, or to a third party on behalf of, an Holder who is liable to such Taxes in respect of such BSB-sA by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such BSB-sA or receipt of payment in respect of the BSB-sA provided that a Holder shall not be regarded as having a connection with Australia for the reason that the Holder is a resident of Australia within the meaning of the Australian Tax Act where, and to the extent that, such taxes are payable by reason of section 128B(2A) of the Australian Tax Act;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such Taxes by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;
- (c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the *Corporations Act*; or
- (d) to, or to a third party on behalf of an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details.

# 9 Limited recourse against the Issuer and the Guarantor Security Provider

#### 9.1 Limited recourse

The Issuer's liability and the Guarantor Security Provider's liability in connection with the Transaction Documents (including any transaction in connection with them) may be discharged from, and the recourse of the Trustee and the Holders is limited to, the Secured Property.

The realisation of the Secured Property and its application towards the Secured Money in accordance with the Transaction Documents constitutes a complete discharge of the Issuer's liability and the Guarantor Security Provider's liability to the Trustee and each Holder in connection with the Transaction Documents (including any transaction in connection with them).

#### 9.2 No proceedings

Neither the Trustee, a Holder or any person acting on their behalf may seek to recover any shortfall in the amounts which would otherwise be owing by the Issuer in connection with the Transaction Documents if clause 9.1 ("Limited recourse") did not apply (being the shortfall after the realisation of the Secured Property and its application towards the Secured Money). This includes bringing proceedings against the Issuer or the Guarantor Security Provider or applying to have Issuer or the Guarantor Security Provider wound up.

However, the Trustee, a Holder or any person acting on their behalf, may:

- (a) do anything necessary to enforce their rights in connection with the Secured Property; and
- (b) take proceedings to obtain:
  - an injunction or other order to restrain any breach of the Transaction Documents by the Issuer or the Guarantor Security Provider; or
  - (ii) declaratory relief or other similar judgment or order as to the obligations of the Issuer or the Guarantor Security Provider under the Transaction Documents.

#### 9.3 All Issuer's liabilities subject to limited recourse

Neither the Trustee nor any other person (including any Attorney appointed under a Security or any Receiver appointed to the Secured Property) may incur any liability on behalf of Issuer or the Guarantor Security Provider except a liability which is subject to this clause 9 ("Limited recourse against the Issuer and the Guarantor Security Provider").

#### 9.4 Overriding application

This clause 9 ("Limited recourse against the Issuer and the Guarantor Security Provider") applies despite any other provision of the Transaction Documents.

#### 10 General

#### 10.1 Time limit for claims

A claim against the Issuer for a payment under a BSB-sA is void unless made within 5 years from the date on which payment first became due.

#### 10.2 Voting

The Trust Deed contains provisions for convening meetings of the Holders to consider any matter affecting their interests including certain variations of these Terms which require the consent of the Holders.

#### 10.3 Amendments

The Trust Deed contains provisions for the amendment of these Terms.

#### **10.4 Notices**

The Trust Deed contains provisions for the giving of notices.

#### 10.5 Governing law

These Terms and the BSB-sA are governed by the laws in force in New South Wales.

### 11 Interpretation and definitions

#### 11.1 Interpretation

In these Terms, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a document includes all schedules or annexes to it:
- (d) a reference to a clause or paragraph is to a clause or paragraph of these Terms;
- (e) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (f) a reference to "Australian dollars", "A\$" or "Australian cent" is a reference to the lawful currency of Australia;
- (g) a reference to New Zealand dollars or NZ\$ is a reference to the lawful currency of New Zealand;
- (h) a reference to time is to Sydney, Australia time;
- a reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes;
- a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- a reference to a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the meaning of general words is not limited by specific examples introduced by including, for example or similar expressions;
- (m) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (n) an Event of Default is subsisting if it has not been remedied or waived in writing;
- (o) headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Terms.

#### 11.2 Definitions

A term which has a defined meaning in the Trust Deed has the same meaning when used in these Terms unless it is expressly defined in these Terms, in which case the meaning in these Terms prevails.

These meanings apply unless the contrary intention appears:

**Additional Amount** means an additional amount payable by the Issuer under clause 8.2 ("Withholding tax").

**Applicable Regulation** means such provisions of the *Corporations Act*, the ASX Listing Rules or the ASTC Operating Rules and any regulations or rules pursuant under or pursuant to any such provisions as may be applicable to the transfer.

**ASTC** means the ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

**ASTC Operating Rules** means the operating rules of ASTC.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Australian Tax Act** means the *Income Tax Assessment Act 1936* of Australia and, where applicable, the *Income Tax Assessment Act 1997* of Australia.

Authorised Officer means in respect of any party:

- (a) a director or company secretary of that company, or an officer of that company whose title contains the word "director", "chief", "head", "president", "manager" or "counsel" or a person performing the functions of any of them; or
- (b) any person nominated by that party as an authorised officer of that party for the purposes of the Transaction Document.

Bank Bill Rate means the average bid rate for Bills having a tenor of 3 years as displayed on the "AUDIRS" page of the Reuters Monitor System on the Issue Date. However, if the average bid rate is not displayed by 10.30am on that day, or if it is displayed but there is an obvious error in that rate, Bank Bill Rate means the rate set by the Issuer in good faith at approximately 10.30am on that day, having regard, to the extent possible, to the rates otherwise bid for Bills of a tenor of 3 years at or around that time.

The rate must be expressed as a percentage rate p.a. and be rounded up to the nearest fourth decimal place.

## Terms continued

**Bill** has the meaning it has in the *Bills of Exchange Act* 1909 (Cwlth) and a reference to the drawing, acceptance or endorsement of, or other dealing with, a Bill is to be interpreted in accordance with that Act.

**Bookbuild** means the process whereby certain investors and brokers lodge bids for the BSB-sA and, on the basis of those bids, the Issuer determines the margin on or before the Issue Date.

**BSB-sA** means a Brookfield Secured Bond Series A, being a debt obligation denominated in Australian dollars and issued, or to be issued, by the Issuer which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

#### **Business Day** means:

- (a) a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place); and
- (b) if a BSB-sA is to be issued or paid on that day, a day on which the Clearing System is operating.

#### Clearing System means;

- (a) the Clearing House Electronic Sub-register System operated by ASTC; or
- (b) any applicable securities trading and/or clearance system on which the BSB-sA may be lodged or approved for entry.

**Corporations Act** means the *Corporations Act 2001* of Australia.

**Costs** includes costs, charges and expenses, including those incurred in connection with advisers.

**CS Facility** has the same meaning as "prescribed CS Facility" in the *Corporations Act*.

CS Facility Operator means the operator of a CS Facility.

**Designation Notice** means a notice substantially in the form set out in Schedule 4 to the Trust Deed.

**Directors** means some or all of the directors of the Issuer acting as a board.

Early Redemption Payment means, in respect of a BSB-sA:

- (a) if the BSB-sA is redeemed before the first anniversary of the Issue Date, \$5;
- (b) if the BSB-sA is redeemed on or after the first anniversary of the Issue Date but before the second anniversary of the Issue Date, \$4; and
- (c) if the BSB-sA is redeemed on or after the second anniversary of the Issue Date but prior to the Maturity Date, \$2.

**Event of Default** means the happening of any event set out in clause 5.1 ("Events of Default").

**Face Value** means the nominal principal amount of each BSB-sA, being A\$100.00.

Following Business Day Convention means that the date is postponed to the first following day that is a Business Day.

**Guarantee** means the guarantee and indemnity by the Guarantor Security Provider under the Trust Deed.

**Guarantor Security Provider** means each of the Property Owner and the Holding Trust.

**Holder** means, in respect of a BSB-sA, the person whose name is entered on the Register as the holder of that BSB-sA.

**Holding Trust** means Latitude Site C Investments Pty Ltd ACN 105 321 168 in its capacity as trustee of the Latitude Site C Investments Trust.

**Holding Trust Charge** means the charge dated on or about the date of this deed between the Holding Trust and the Trustee.

**Holder Resolution** means a resolution passed at a meeting of Holders of the BSB-sA, duly called and held (or by postal ballot or written resolution) under the Meeting Provisions:

- (a) by more than 50% of the persons voting on a show of hands (unless paragraph (b) below applies);
- (b) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (c) if the meeting is by postal ballot or written resolution, then by Holders representing (in aggregate) more than 50% of the Face Value of all of the BSB-sA then outstanding.

#### A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the *Corporations Act*); or
- (b) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property; or
- (c) it is otherwise unable to pay its debts when they fall due.

Interest has the meaning given in clause 2 ("Interest").

Interest Payment Date means, in respect of a BSB-sA, the day which is 14 days after the last day of each Interest Period and including the Maturity Date or any Redemption Date for that BSB-sA, adjusted if necessary in accordance with the Following Business Day Convention. The first Interest Payment Date is 14 October 2009.

**Interest Period** means, for a BSB-sA, each of the following quarterly periods:

- (a) 1 January to 31 March (inclusive);
- (b) 1 April to 30 June (inclusive);
- (c) 1 July to 30 September (inclusive); and
- (d) 1 October to 31 December (inclusive),

in each year. However:

- (i) the first Interest Period commences on (and includes) the Issue Date and ends on (and includes) 30 September 2009; and
- (ii) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date of that BSB-sA (as applicable).

Interest Rate means the Bank Bill Rate plus the Margin.

Issue Date means the date on which the BSB-sA are issued.

**Issuer** means Brookfield Secured Bonds Series A Issuer Limited (ACN 136 866 969).

**Issuer Charge** means the charge dated on or about the date of this deed between the Issuer and the Trustee.

**Latitude Site C Investments Trust** means the Latitude Site C Investments Trust constituted pursuant to the trust deed dated 30 June 2003.

**Latitude Site C Landowning Trust** means the Latitude Site C Landowning Trust constituted pursuant to the trust deed dated 30 June 2003.

**Loan Agreement** means the loan agreement dated on or about the date of the Trust Deed between the Issuer and the Property Owner.

Margin means the margin determined through the Bookbuild.

**Maturity Date** means the date which is 3 years after the Issue Date, adjusted if necessary in accordance with the Following Business Day Convention.

**Meeting Provisions** means the provisions for meetings of the Holders set out in schedule 3 to the Trust Deed.

**Mortgagee Deed** means the mortgagee deed dated on or about the date of the Trust Deed between the Property Owner, the Trustee and another.

**NZ Business Day** means a Business Day on which banks are open for general banking business in Auckland (not being a Saturday, Sunday or public holiday in that place).

**NZ Holder** means a Holder who nominates an account at a New Zealand financial institution for the purposes of it receiving payments in respect of its BSB-sA.

**Offshore Associate** means an associate (as defined in section 128F of the *Australian Tax Act*) of the Issuer that is either:

- (a) a non-resident of Australia which does not acquire the BSB-sA in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the BSB-sA in carrying on a business at or through a permanent establishment outside Australia.

**Property Owner** means Latitude Site C Landowning Pty Ltd ACN 105 321 122 in its capacity as trustee of the Latitude Site C Landowning Trust.

**Property Owner Charge** means the charge dated on or about the date of the Trust Deed between the Property Owner and the Trustee.

**Property Owner Mortgage** means the real property mortgage in respect of the Property dated on or about the date of the Trust Deed and granted by the Property Owner in favour of the Trustee.

**Prospectus** means the prospectus dated on or about 5 June 2009.

**Receiver** includes a receiver or receiver and manager.

**Record Date** means, for payment of Interest, the date which is 8 calendar days before the relevant Interest Payment Date and if that day is not a Business Day then the previous day that is a Business Day.

**Redemption** means the redemption of a BSB-sA in accordance with clause 4 ("Redemption and purchase") and the words **Redeem, Redeemable** and **Redeemed** bear their corresponding meanings.

**Redemption Date** means, in respect of a BSB-sA, the date (other than the Maturity Date) on which the BSB-sA is Redeemed in whole.

**Register** means the register of Holders (established and maintained under clause 21 ("Register") of the Trust Deed) and, where appropriate, the term Register includes:

- (a) a sub-register maintained by or for the Issuer under the *Corporations Act*, the ASX Listing Rules or ASTC Operating Rules; and
- (b) any branch register.

# Terms continued

**Registrar** means Registries Limited (ABN 14 003 209 838) or any other person appointed by the Issuer to maintain the Register.

**Related Body Corporate** has the meaning given in the *Corporations Act*.

**Relevant Tax Jurisdiction** means Australia, or any relevant political sub-division.

Relevant Trust means each of:

- (a) Latitude Site C Investments Trust; and
- (b) Latitude Site C Landowning Trust.

Secured Money has the meaning it has in the Security.

**Secured Property** means all of the assets which from time to time are, or are expressed to be, the subject of the Security Interest created, or expressed to be created, pursuant to the Security.

Security means each of:

- (a) the Issuer Charge;
- (b) the Holding Trust Charge;
- (c) the Property Owner Charge;
- (d) the Property Owner Mortgage; and
- (e) any other Transaction Documents designated as such by the Trustee, the Issuer and the Guarantor Security Provider.

**Taxes** means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the Holder.

**Terms** means the terms and conditions of the BSB-sA as set out in schedule 2 to the Trust Deed.

#### **Transaction Documents** means:

- (a) the Trust Deed (including the Terms);
- (b) each Security;
- (c) the Loan Agreement;
- (d) the Mortgagee Deed; and
- (e) any other document designated as a Transaction Document in a Designation Notice.

**Trustee** means Australian Executor Trustees Limited (ABN 84 007 869 794) as trustee of the trust constituted under the Trust Deed.

**Trust Deed** means the deed entitled "Trust Deed" between the Issuer, the Guarantor Security Provider and the Trustee and dated on or about the Issue Date.

A **Widespread Tax Event** subsists at any time if, on the next occurring Interest Payment Date, the aggregate Face Value of the BSB-sA in respect of which the Issuer would be entitled to give a notice of Redemption under clause 4.2 ("Early redemption of a BSB-sA for taxation reasons") or clause 4.3 ("Early redemption of a BSB-sA for loss of deductibility") is greater than 50% of the aggregate Face Value of all BSB-sA at that time.



...... Glossary

Appendix B

\$, A\$	the lawful currency of Australia
ABN	Australian Business Number
AEST	Australian Eastern Standard Time
AFSL	Australian financial services licence
Allocation	the number of BSB-sA allocated to successful Applicants under the Offer
Applicant	a person who submits an Application
Application(s)	a valid application made under this Prospectus by using the applicable Application Form to apply for a specified number of BSB-sA
Application Form	the application form attached to, or accompanying, this Prospectus upon which an Application may be made
Application Payment	the monies payable on each Application, calculated as the number of BSB-sA applied for multiplied by the Face Value
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited (ABN 98 008 624 691) or the securities market, the Australian Securities Exchange, operated by it, depending on the context
Bank Bill Rate	the average bid rate for Bills having a tenor of 3 years as displayed on the "AUDIRS" page of the Reuters Monitor System on the Issue Date. However, if the average bid rate is not displayed by 10.30am on that day, or if it is displayed but there is an obvious error in that rate, Bank Bill Rate means the rate set by the Issuer in good faith at approximately 10.30am on that day, having regard, to the extent possible, to the rates otherwise bid for Bills of a tenor of 3 years at or around that time.  The rate must be expressed as a percentage rate p.a. and be rounded up to the nearest
	fourth decimal place.
Bill	has the meaning it has in the <i>Bills of Exchange Act 1909</i> (Cwlth) and a reference to the drawing, acceptance or endorsement of, or other dealing with, a <i>Bill</i> is to be interpreted in accordance with that Act.
Board	the board of directors of the Issuer
Bookbuild	the process described in Section 2.2.2 which was conducted to determine the Margin
Broker Firm Applicant	an Australian or New Zealand resident client of a Syndicate Broker who applies for an allocation from that Syndicate Broker under the Broker Firm Offer
Broker Firm Offer	the invitation made to Australian or New Zealand resident clients of the Syndicate Brokers to apply for an allocation of BSB-sA from the relevant Syndicate Broker under this Prospectus
Brookfield	Brookfield Asset Management, Inc.
Brookfield Arranger	Brookfield Australia Funds Management Limited (ABN 81 104 643 629, AFSL number 231115)

Brookfield Group	Brookfield Asset Management, Inc., its subsidiaries and each related body corporate and related entity. "Brookfield Group" includes the Brookfield Multiplex Group
Brookfield Multiplex Group	Brookfield Multiplex Limited (ABN 96 008 687 063) and Brookfield Multiplex Property Trust (ARSN 106 643 387) and each subsidiary and each sub-trust
Brookfield Multiplex Limited	Brookfield Multiplex Limited (ABN 96 008 687 063)
Brookfield Secured Bonds Series A or BSB-sA	mortgage debentures which are secured by the Security, including a first ranking mortgage over the Property Owner's 50% interest in the Property
Business Day	a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday) and, if a BSB-sA is to be issued or paid on that day, a day on which CHESS is operating
CHESS	Clearing House Electronic Sub-register System operated by an associate of ASX
Closing Date	the last day on which Applications will be accepted under the Offer, expected to be 10.00am on 3 July 2009 for Broker Firm Applicants
Collection Account	<ul> <li>an account in the name of the Issuer (with the Trustee as sole signatory) into which the following amounts are to be deposited:</li> <li>(a) all amounts received by the Issuer in connection with the Loan Agreement; and</li> <li>(b) all rent, collections and other income (including any business interruption insurance proceeds) (net of taxes) received by the Property Owner or the Holding Trust in respect of the Property</li> </ul>
Consenting Parties	each of the parties referred to in Section 8.13
Co-owner	Pitt Real Estate Netherlands B.V. (ABN 91 995 133 041), a wholly owned subsidiary of Credit Suisse Real Estate Fund International
Co-owners Agreement	the agreement between the Property Owner and the Co-owner dated 3 March 2008 which sets out the terms and conditions of their co-ownership arrangement in respect of the Property, as summarised in Section 8.6
Corporations Act	the Corporations Act 2001 (Cth)
Cth	Commonwealth of Australia
Directors	some or all of the directors of the Issuer
Early Redemption Payment	<ul> <li>the Early Redemption Payment is calculated on the following basis:</li> <li>(a) if Redemption occurs before the first anniversary of the Issue Date, \$5 per BSB-sA</li> <li>(b) if Redemption occurs on or after the first anniversary of the Issue Date but before the second anniversary of the Issue Date, \$4 per BSB-sA</li> <li>(c) if Redemption occurs on or after the second anniversary of the Issue Date but before the Maturity Date, \$2 per BSB-sA</li> </ul>
Evans & Partners	Evans and Partners Pty Ltd (ABN 85 125 338 785, AFSL No. 318075)
Event of Default	the happening of any event set out in clause 5.1 of the Terms

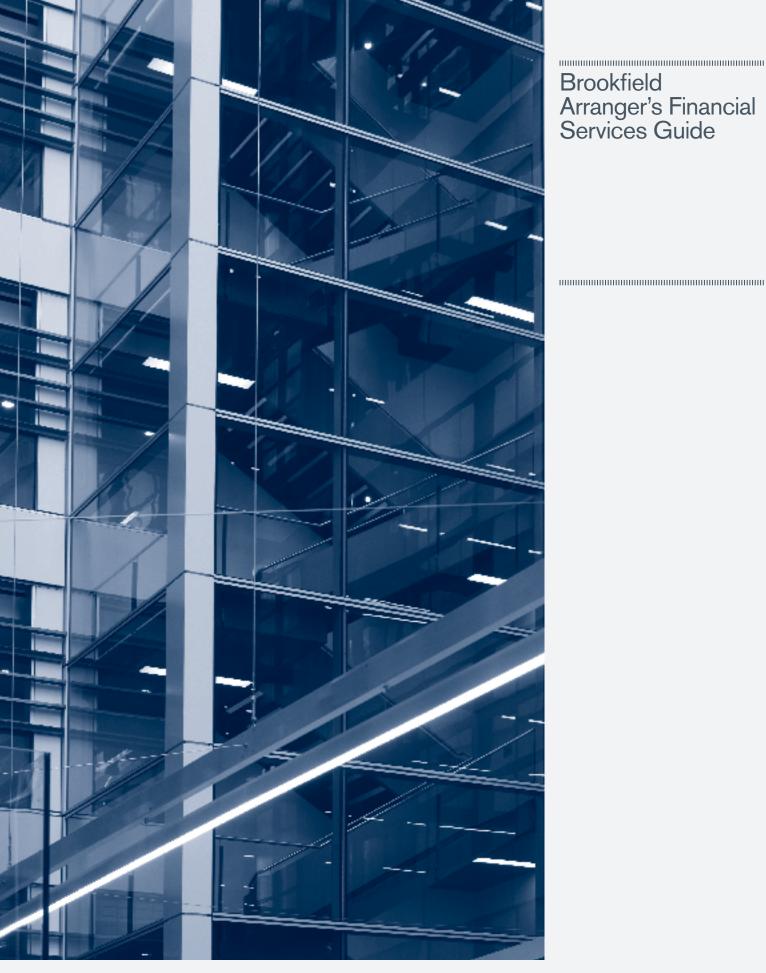
Exposure Period	the seven day period after the date the Original Prospectus was lodged with ASIC during which the <i>Corporations Act</i> prohibits the acceptance of Applications. This period may be extended by ASIC by up to a further seven days
Face Value	the nominal principal amount of each BSB-sA, being A\$100
Financial Information	has the meaning as set out in Section 5 of this Prospectus
GST	goods and services tax
Guarantee	the guarantee and indemnity granted by the Guarantor Security Providers under the Trust Deed
Guaranteed Money	has the meaning given to it in Section 8.3.4
Guarantor Security Providers	each of the Property Owner and the Holding Trust
Holder(s)	a person whose name is registered in the Register as a holder of BSB-sA
Holder Resolution	a resolution passed at a meeting of Holders duly called and held (or by postal ballot or written resolution) under the meeting provisions in the Trust Deed:
	<ul> <li>(a) by more than 50% of the persons voting on a show of hands (unless paragraph (b) below applies);</li> <li>(b) if a poll is duly demanded, then by a majority consisting of more than 50% of votes cast; or</li> <li>(c) if the meeting is by postal ballot or written resolution, then by Holders representing (in aggregate) more than 50% of the Face Value of all of BSB-sA then outstanding</li> </ul>
Holding Statement	a statement issued to Holders by the Registry which sets out details of their BSB-sA Allocation under the Offer
Holding Trust	Latitude Site C Investments Pty Ltd (ACN 105 321 168) as trustee of the Latitude Site C Investments Trust, which is indirectly wholly owned by Brookfield Multiplex Limited
Holding Trust Charge	the fixed and floating charge granted by Holding Trust in favour of the Trustee as summarised in Section 8.4.3
Institutional Investors	persons in Australia or New Zealand to whom offers of BSB-sA can be made without the need for a lodged prospectus, registration or other formality, who have been invited by the Joint Lead Managers to bid for BSB-sA
Institutional Offer	the invitation to certain Institutional Investors to bid for BSB-sA
Interest Cover Ratio (ICR)	the ratio calculated as Net Operating Income for a relevant period divided by the interest payable on BSB-sA for that period
Interest Payment Date	the day which is 14 days after the last day of each Interest Period, the Maturity Date and any Redemption Date (adjusted if necessary so that if the relevant day falls on a weekend or public holiday, interest will be paid on the next Business Day)  The first Interest Payment Date is expected to be 14 October 2009

Interest Period	<ul> <li>each of the following quarterly periods:</li> <li>1 January to 31 March (inclusive);</li> <li>1 April to 30 June (inclusive);</li> <li>1 July to 30 September (inclusive);</li> <li>1 October to 31 December (inclusive),</li> <li>in each year. However:</li> <li>the first Interest Period commences on (and includes) the Issue Date and ends on (and includes) 30 September 2009; and</li> <li>the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date of that BSB-sA (as applicable)</li> </ul>
Interest Rate	a fixed rate to be determined on the Issue Date comprising the Bank Bill Rate at that date plus the Margin
Issue Date	the date BSB-sA are issued to Holders under this Prospectus, which is expected to be 7 July 2009
Issuer	Brookfield Secured Bonds Series A Issuer Limited (ABN 38 136 866 969)
Issuer Charge	the fixed and floating charge to be granted by the Issuer in favour of the Trustee as summarised in Section 8.4.4
Joint Lead Managers	Westpac and Evans & Partners
Landlord	the Property Owner and the Co-owner
Lease	the lease between the Landlord and the Commonwealth of Australia in respect of the Property with registered number AD801780 as summarised in Section 8.9
Listing Rules	the listing rules of ASX with any modifications or waivers which ASX may grant to the Issuer from time to time
Loan	the loan from the Issuer to the Property Owner to be made on the Issue Date in accordance with the Loan Agreement, as summarised in Section 8.5
Loan Agreement	the loan agreement between the Issuer and the Property Owner, relating to the Loan, as summarised in Section 8.5
m	million
Margin	3.25%
Maturity Date	the date which is three years after the Issue Date (or the Business Day after that date, if the date falls on a day that is not a Business Day) and is expected to be 9 July 2012

Mortgagee Deed	mortgagee deed dated on or about the Issue Date entered into between the Trustee, the Property Owner and the Co-owner, as summarised in Section 8.7
Net Operating Income (NOI)	in relation to the Property means the Property Owner's 50% share of the gross rental income of the Property less any property operating expenses
NYSE	New York Stock Exchange
NZ\$	the lawful currency of New Zealand
NZCO	New Zealand Companies Office
Offer	the offer by the Issuer of BSB-sA under this Prospectus at an Issue Price of \$100 each, to raise \$57 million
Offer Management Agreement	the offer management agreement entered into between the Joint Lead Managers and the Issuer, as summarised in Section 8.11
Offer Period	the period from the Opening Date to the Closing Date
Opening Date	the day the Offer opens, being 19 June 2009
Original Prospectus	the original prospectus that was lodged with ASIC and NZCO on 5 June 2009, which has been replaced by this Replacement Prospectus
p.a.	per annum
Participating Broker	any participating organisation of ASX selected by the Joint Lead Managers
Permitted Debt	has the meaning given to that term in Section 3.3.6
Property	the property with the address 52 Goulburn Street, located at the corner of Pitt and Goulburn Streets, Sydney, New South Wales, being Lot 103 in Deposited Plan 1122122 known as Latitude East
Property Manager	Multiplex Property Services Pty Ltd (ABN 12 086 199 242)
Property Owner	Latitude Site C Landowning Pty Ltd (ACN 105 321 122) as trustee of the Latitude Site C Landowning Trust
Property Owner Charge	the fixed and floating charge to be granted by the Property Owner in favour of the Trustee, as summarised in Section 8.4.2
Property Owner Mortgage	the real property mortgage over the Property Owner's 50% interest in the Property to be granted by the Property Owner in favour of the Trustee, as summarised in Section 8.4.1
Prospectus	this prospectus that was (or will be) lodged with ASIC and NZCO on 19 June 2009 that replaces the Original Prospectus and, where the context requires, includes the Original Prospectus
Record Date	the date being 8 calendar days before the relevant Interest Payment Date (and if that day is not a Business Day then the previous day that is a Business Day) whereby Holders registered on the Register on that date will be entitled to a payment of interest for the corresponding Interest Period

Redemption	the redemption of BSB-sA in accordance with clause 4 of the Terms. <b>Redeem</b> , <b>Redeemable</b> and <b>Redeemed</b> have corresponding meanings
Redemption Date	any date on which BSB-sA are Redeemed prior to the Maturity Date in accordance with the Terms
Register	the official register of Holders being maintained by the Registry on the Issuer's behalf and including any sub-register established and maintained under CHESS
Registry	Registries Limited (ABN 14 003 209 836) or any other registry that the Issuer appoints to maintain the Register
Replacement Prospectus	the replacement prospectus that was (or will be) lodged with ASIC and NZCO on 19 June 2009 that replaces the Original Prospectus
Savills	Savills (NSW) Pty Ltd (ABN 93 002 647 225)
Section	a section of this Prospectus
Secured Property	all of the assets which from time to time are, or are expressed to be, the subject of a security interest created or expressed to be created pursuant to the Security
Security	each of the Issuer Charge, the Holding Trust Charge, the Property Owner Charge, the Property Owner Mortgage and any other security designated by the Trustee, the Issuer and the Guarantor Security Providers
Settlement Date	the Business Day immediately preceding the Issue Date, expected to be 6 July 2009
Special Resolution	(a) a resolution passed at a meeting of the Holders duly called and held under the Transaction Documents:
	(i) by at least 75% of the persons voting on a show of hands (unless paragraph (b) below applies); or
	(ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
	(b) a resolution passed by postal ballot or written resolution, by Holders representing (in aggregate) at least 75% of the principal amount outstanding on all of BSB-sA
Syndicate Broker	any of the Joint Lead Managers or Participating Brokers
Tax Event	occurs if:
	- as a result of any change in, or amendment to, the laws of a relevant tax jurisdiction, or any change in their application or official or judicial interpretation, the Issuer is required to pay an additional amount under clause 8.2 of the Terms; or
	<ul> <li>if as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date, interest on a BSB-sA is not, or may not be, allowed as a deduction for the purposes of Brookfield Group's Australian income tax liability calculation</li> </ul>
	See clauses 4.2 and 4.3 of the Terms for further information

Terms	the terms and conditions of BSB-sA, as set out in Appendix A
TFN	Tax File Number
Transaction Documents	<ul><li>(a) the Trust Deed (including the Terms);</li><li>(b) each Security;</li><li>(c) the Loan Agreement; and</li><li>(d) any other document designated as a Transaction Document</li></ul>
Trust Deed	the trust deed between the Issuer, each Guarantor Security Provider and the Trustee, dated on or about the Issue Date, as summarised in Section 8.3
Trustee	Australian Executor Trustees Limited (ABN 84 007 869 794, AFSL No. 240023)
TSX	Toronto Stock Exchange
US, USA or United States	United States of America
US Person	has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933 (United States), as amended
Westpac	Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233 714)
Widespread Tax Event	occurs if the Issuer would be entitled to Redeem greater than 50% of the aggregate Face Value of BSB-sA on issue as a result of the occurrence of a Tax Event See clauses 4.2 and 4.3 of the Terms for further information



...... **Brookfield** Arranger's Financial Services Guide

**Appendix C** 



# Appendix C Brookfield Arranger's Financial Services Guide

## Financial Services Guide

of Brookfield Australia Funds Management Limited (ABN 81 104 643 629, AFSL Number 231115) in relation to the offer of Brookfield Secured Bonds Series A

Brookfield Australia Funds Management Limited is liable and responsible for the contents of this Financial Services Guide, and Brookfield Secured Bonds Series A Issuer Limited has liability under the *Corporations Act* for the Prospectus.

This Financial Services Guide (**FSG**) dated 19 June 2009 is an important document we must give you under the requirements of the *Corporations Act 2001*. You should read it carefully and make sure you understand it. This FSG provides generic information about Brookfield Australia Funds Management Limited (**BAFML**, **we**, **our**) and the services we offer. This guide is intended to assist you in deciding whether to use any of the services offered.

#### **About this Financial Services Guide**

This FSG is intended to inform you of certain matters to assist you in deciding whether to use any of the products and/or services that we are authorised to provide. The matters covered in this FSG include:

- who we are;
- how we can be contacted;
- what services and types of products we are authorised to provide;
- details on how you can instruct us in relation to your investment;
- information about the capacity in which we act when providing services to you;
- fees and benefits we (and other related parties) are entitled to;
- how we handle your personal information; and
- details of our internal and external complaints handling procedures and how you can access them.

We are not authorised to provide you with any form of personal financial planning advice — it is your responsibility to obtain your own advice regarding the suitability of any products to your personal circumstances. As we do not provide personal advice we will not provide you with a Statement of Advice.

#### About us

We are an Australian Financial Services Licensee (**AFSL**) under the *Corporations Act* (Licence No. 231115). We are responsible for the financial services that we provide to you.

We are a related body corporate of Brookfield Secured Bonds Series A Issuer Limited (ACN 136 866 969) (Issuer), and we have entered into an agreement with the Issuer to offer to arrange for the issue of the Brookfield Secured Bonds Series A (BSB-sA) in accordance with section 911A(2)(b) of the *Corporations Act*.

Also, we are part of the Brookfield Multiplex Group.

#### Contact us

- by telephoning our Investor Relations team on 1800 570 000
- by emailing us at clientservices@brookfieldmultiplex.com
- by visiting our website at www.brookfieldmultiplex.com
- by writing to us at:
   Brookfield Multiplex
   Level 4, 1 Kent Street
   Sydney NSW 2000

#### Financial services we are authorised to provide

The services we are authorised to provide, and the financial products to which those services may relate, under our AFSL are as follows:

- 1. Providing general financial product advice for:
  - interests in managed investment schemes (excluding investor directed portfolio services).
- 2. Deal in a financial product by issuing, applying for, acquiring, varying or disposing of a financial product in respect of:
  - derivatives;
  - foreign exchange contracts;
  - own managed investment schemes; and
  - securities.
- 3. Deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of:
  - deposit and payment products including basic deposit products, deposit products other than basic deposit products, and non-cash payment products;
  - derivatives;
  - foreign exchange contracts;
  - general insurance products;
  - debentures, stocks or bonds issued or proposed to be issued by a government;
  - interests in managed investment schemes (excluding investor directed portfolio services); and
  - securities.
- 4. In a capacity as responsible entity, operate registered managed investment schemes (including incidental property), which only hold the following types of property:
  - derivatives;
  - direct real property; and
  - financial assets.

In relation to the issue of the BSB-sA, the service we are providing is dealing in a financial product by arranging for the issue of securities.

#### How can you instruct us?

You must specify to your adviser or to us exactly what you want us to do. You may give us instructions by telephone, facsimile, in writing or any other means that we agree with you.

#### In what capacity to do we act?

When providing the above financial services to you, we act in a principal capacity and not as a representative of any other person.

#### How we are paid for the services provided?

In accordance with our agreement with the Issuer, we will not receive any fees for arranging the issue of the BSB-sA.

In relation to our authorised financial services generally, we will not receive fees other than in relation to acting as responsible entity for the Onyx Property Trust, which is a wholly owned sub-trust in the Brookfield Multiplex Group.

#### How is my personal information dealt with?

We maintain a record of items of personal information that you have provided to us, for example, as recorded in your account opening forms, financial product application forms or transaction documents. All personal information (as defined in the *Privacy Act 1988* (Cth) and the *Privacy Act 1993* (New Zealand), as applicable, collected from you will be used and stored by us in accordance with our Privacy Policy. We are committed to ensuring the privacy of your personal information. If you would like a copy of our full Privacy Policy, please contact the Privacy Officer by email at privacy.officer@brookfieldmultiplex.com or visit our website at www.brookfieldmultiplex.com.

#### What should I do if I have a complaint?

You have the right to enquire into or complain about the operation of our products and services to the extent that it relates to you or your investment. If you have a concern or a complaint, please contact your financial planner or contact us directly by one of the methods set out earlier in this document.

We have established procedures to ensure that all enquiries and complaints are properly considered and dealt with. These procedures are set out in our Complaint Resolution Guide, a copy of which can be obtained by contacting the Complaints Officer by mail at:

Brookfield Multiplex Level 4, 1 Kent Street Sydney NSW 2000

# Appendix C

Brookfield Arranger's Financial Services Guide continued

If you are not satisfied with our handling of your complaint within 45 days or your initial communication, you can refer your complaint to the Financial Ombudsman Service (FOS), PO Box 579, Collins Street West, Melbourne Victoria 8007.

www.fos.org.au

Phone: 1300 780 808 Fax: 03 9613 6399 Email: info@fos.org.au

#### **Compensation arrangements**

We have in place professional indemnity insurance/alternative insurance arrangements to professional indemnity insurance that has been agreed to by the Australian Securities and Investments Commission. The insurance covers claims made in relation to the conduct of our representatives and employees, including those representatives and employees who no longer work for us but did work for us at the time of the relevant conduct.

#### General advice warning

Any financial product advice we provide is general advice and does not take into account your objectives, financial situation or needs (circumstances). Before acting on any such general advice, you should therefore consider the appropriateness of the advice having regard to your circumstances. We recommend that you obtain independent financial, legal and taxation advice and obtain and read the relevant product disclosure statement or prospectus before making any financial investment decision.

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# Corporate directory

#### Issuer

#### **Brookfield Secured Bonds Series A Issuer Limited**

Level 4 1 Kent Street Sydney NSW 2000

#### **Investigating Accountant**

#### **PricewaterhouseCoopers Securities Limited**

201 Sussex Street Sydney NSW 2000

#### **Tax Adviser**

#### **PricewaterhouseCoopers**

201 Sussex Street Sydney NSW 2000

#### Legal Adviser (Australia)

#### **Mallesons Stephen Jaques**

Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000

#### **Legal Adviser (New Zealand)**

#### Russell McVeagh

Level 30 Vero Centre 48 Shortland Street Auckland 1010 New Zealand

#### **Trustee**

#### **Australian Executor Trustees Limited**

Level 22 207 Kent Street Sydney NSW 2000

#### Registry

#### **Registries Limited**

Level 7 207 Kent Street Sydney NSW 2000

#### **Arrangers, Joint Lead Managers and Joint Bookrunners**

Westpac Banking CorporationEvans & Partners Pty LimitedLevel 332 Jolimont Terrace275 Kent Street EastMelbourne VIC 3002

Sydney NSW 2000

#### **Enquiries**

BSB-sA Information Line 1800 766 011 (within Australia) or +61 2 9290 9600 (within New Zealand) (Monday to Friday – 8.30am to 5.30pm AEST)

#### Website

www.brookfieldsecuredbonds.com

www.brookfieldsecuredbonds.com

