

# ASX Announcement

31 March 2010

**Brookfield Secured Bonds Series A Issuer Limited (ASX: BZA)  
31 December 2009 Annual Financial Report and Quarterly Reports**

**31 December 2009 Annual Financial Report**

Please find attached for release to the market the 31 December 2009 Annual Financial Report of Brookfield Secured Bonds Series A Issuer Limited as issuer of Brookfield Secured Bonds Series A (BSB-sA).

Also attached is the special purpose financial report of Latitude Site C Landowning Trust to be released to the market in accordance with Listing Rule 4.7A.1.

**Quarterly Reports**

Brookfield Secured Bonds Series A Issuer Limited is required to prepare and lodge quarterly reports with the Trustee and ASIC in accordance with Corporations Act.

The Trust Deed dated 7 July 2009 requires the first quarter to be for the period ended 14 October 2009. In order to provide a more accurate quarterly report, the reporting period has been adjusted to be in line with the quarterly financial period for Brookfield Secured Bonds Series A Issuer Limited.

The parties to the Trust Deed have agreed on the new quarterly reporting period ending 31 March, 30 June, 30 September and 31 December. Please find attached a copy of the Supplemental Deed Poll to this effect.

If securityholders have any questions concerning their BSB-sA holding they should contact the BSB-sA security registry on 1300 737 760 between 9.00 am and 5.00 pm Sydney time on business days.

-- ends --

**Media:**

Kerrie Muskens  
Ph: (02) 9322 2753

Brookfield Secured Bonds Series A Issuer Limited  
Annual financial statements  
For the period ended  
31 December 2009

# Brookfield Secured Bonds Series A Issuer Limited

ABN 38 136 866 969

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# Directory

## Brookfield Secured Bonds Series A Issuer Limited

For the period ended 31 December 2009

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

Mr Ross A McDiven  
Mr Timothy M Harris  
Mr Russell T Proutt

### **Registered Office**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

### **Auditor**

Deloitte Touche Tohmatsu  
Grosvenor Place, 225 George Street  
Sydney NSW 2000  
Telephone: (02) 9322 7000  
Fax: (02) 9322 7001

# Directors' Report

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### Introduction

The Directors of Brookfield Secured Bonds Series A Issuer Limited (the Company) present their report together with the annual financial statements for the period from the date of incorporation, 30 April 2009, to 31 December 2009 and the Independent Auditor's Report thereon.

During 2009, the Company commenced operations. Therefore there is no comparative period.

### Directors

The following persons were Directors of the Responsible Entity at any time during or since the end of the financial year:

Name	Title
Mr Ross A McDiven (Director since 30 April 2009)	Chairman
Mr Russell T Proutt (Director since 30 April 2009)	Executive Director
Mr Timothy M Harris (Director since 24 March 2010)	Executive Director
Mr Brian W Kingston (Resigned 24 March 2010)	Executive Director

### Information on Directors

Director	Experience	Special responsibilities
Ross A McDiven	<p>Mr McDiven is the Chief Executive Officer of the Brookfield Multiplex Group.</p> <p>Mr McDiven was appointed as an executive director of Brookfield Multiplex Limited on 18 January 1986 and Brookfield Multiplex Funds Management Limited on 18 August 2003 respectively. Mr McDiven has over 38 years' experience with the Brookfield Multiplex Group.</p> <p>He spent his early years at the Brookfield Multiplex Group in the Construction business and for 18 years led the company's operations in New South Wales. Mr McDiven was also responsible for overseeing significant growth of the Brookfield Multiplex Group Development operations and is now responsible for the Brookfield Multiplex Group Construction, Development and Services businesses worldwide.</p> <p>During the past three years Mr McDiven has served as a Director of Brookfield Multiplex Limited (delisted December 2007).</p>	Executive Director / Chairman
Timothy M Harris	<p>Mr Harris is the Chief Financial Officer of the Brookfield Multiplex Group. Mr Harris joined the organisation in February 2009, prior to which he held various senior finance positions with the Westfield Group. He has also worked for Lion Nathan Australia, Southcorp Wines and The Walt Disney Company in London. Mr Harris is a fully qualified Chartered Accountant having trained with Ernst &amp; Young in London.</p>	Executive Director
Russell Proutt	<p>Russell Proutt is the Chief Financial Officer of Brookfield Australia. Russell joined Brookfield Asset Management, the parent company, in 2006 and has held various senior management positions within Brookfield, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries as well as transactions involving Brookfield's restructuring fund, Tricap Partners.</p>	Executive Director

# Directors' Report continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### Information on Directors continued

#### Company Secretary

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Karen Pedersen	Ms Pedersen is the General Counsel and Group General Manager, Corporate for Brookfield Multiplex Limited. Ms Pedersen has been with the company for almost thirteen years.  Ms Pedersen is Company Secretary for Brookfield Multiplex Limited and Brookfield Multiplex Funds Management Limited.
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#### Directors' and executives' equity interests

	Securities held at the start of the period	Changes during the period	Securities held at the end of the period
Mr Ross A McDiven	Nil	Nil	Nil
Mr Russell T Proutt	Nil	Nil	Nil
Mr Timothy M Harris	Nil	Nil	Nil
Ms Karen M Pedersen	Nil	Nil	Nil

#### Principal activities

The Company was incorporated on 30 April 2009.

The principal activities of the Company during the financial period was the issue of the Brookfield Secured Bonds Series A (BSBsA). The BSBsA are limited recourse mortgage debentures which are secured by a first ranking mortgage over a 50% interest in an A grade office building located in the Sydney CBD.

The face value of the BSBsA is \$100 per bond and totals \$57 million.

The Company did not have any employees during the year.

#### Review of operations

During the period the Company issued 570,000 BSBsA with a face value of \$100 per bond. The BSBsA have a three year term and interest rate of 7.82% per annum. Official quotation of the BSBsA on the Australian Securities Exchange (ASX) commenced on 10 July 2009.

The Company earned a net profit attributable to members of \$nil for the period ended 31 December 2009.

Total interest paid or payable in respect of the period ended 31 December 2009 was \$2,156,977. The value of the Company's net assets at the end of the financial period was \$10.

#### Likely developments and expected results of operations

In the opinion of the Directors, further information has not been included in this report because the Directors believe that to do so would be likely to result in unreasonable prejudice to the Company.

#### Dividends from the Company

There were no dividends paid or declared during the period ended 31 December 2009.

#### Events subsequent to the reporting date

To the best knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the period that has significantly affected, or may affect, the Company's operations in future financial periods, the results of those operations or the Company's state of affairs in future financial periods.

# Directors' Report continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### Indemnification and insurance of officers and auditors

Brookfield Multiplex Limited has entered into deeds of access and indemnity with each of the Company's Directors, Company Secretary and other nominated Officers. The terms of the deeds are in accordance with the provisions of the *Corporations Act 2001* and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an Officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of the Company.

Under the deeds of access and indemnity, the Company has agreed to indemnify these persons (to the extent permitted by law) against:

- liabilities incurred as a director or officer of the Company or a company in the Group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the *Corporations Act 2001*; and
- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the *Corporations Act 2001*.

Brookfield Multiplex Limited has also agreed to effect, maintain and pay the premium on the director's and officer's insurance policy.

This policy does not seek to insure against liabilities (other than for legal costs) arising out of:

- conduct involving a wilful breach of duty in relation to the Company or a company in the Brookfield Multiplex Group; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*.

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office.

### Contract of insurance

Brookfield Multiplex Limited has paid or agreed to pay a premium in respect of a contract insuring the Directors and officers of the Company against a liability. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liabilities, as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

### Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the period ended 31 December 2009.

Dated at Sydney this 30 day of March 2010.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.



Ross A McDiven  
Executive Director  
Brookfield Secured Bonds Series A Issuer Limited



Timothy M Harris  
Executive Director  
Brookfield Secured Bonds Series A Issuer Limited

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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The Board of Directors  
Brookfield Secured Bonds Series A Issuer Limited  
Level 22  
135 King Street  
SYDNEY, NSW 2000

30 March 2010

Dear Directors

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Secured Bonds Series A Issuer Limited.

As audit partner for the audit of the financial statements of the Brookfield Secured Bonds Series A Issuer Limited for the period ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit .

Yours faithfully

  
DELOITTE TOUCHE TOHMATSU



J A Leotta  
Partner  
Chartered Accountants



# Statement of Comprehensive Income

## Brookfield Secured Bonds Series A Issuer Limited

For the period ended 31 December 2009

	Period from 30 Apr 2009 to 31 Dec 2009
	\$
Interest income	2,156,977
Interest expense	(2,156,977)
Net profit before income tax	-
Income tax expense	-
Net profit for the period from continuing operations	-
Other comprehensive income for the period	-
<b>Total comprehensive income for the period</b>	<b>-</b>

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

# Statement of Financial Position

## Brookfield Secured Bonds Series A Issuer Limited

As at 31 December 2009

	Note	31 Dec 09 \$
<b>Current assets</b>		
Cash and cash equivalents		1,104,646
Trade and other receivables	5	2,766,989
<b>Total current assets</b>		<b>3,871,635</b>
<b>Non-current assets</b>		
Interest bearing receivables	6	57,000,000
<b>Total non-current assets</b>		<b>57,000,000</b>
<b>Total assets</b>		<b>60,871,635</b>
<b>Current liabilities</b>		
Trade and other payables	7	1,398,511
Non-interest bearing loans and borrowings	8	2,473,114
<b>Total current liabilities</b>		<b>3,871,625</b>
<b>Non-current Liabilities</b>		
Interest bearing loans and borrowings	9	57,000,000
<b>Total non-current liabilities</b>		<b>57,000,000</b>
<b>Total liabilities</b>		<b>60,871,625</b>
<b>Net assets</b>		<b>10</b>
<b>Equity</b>		
Issued capital	11	10
<b>Total equity</b>		<b>10</b>

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

# Statement of Changes in Equity

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

	From 30 April 2009 to 31 December 2009		
	Shares on issue	Accumulated Profits/(Losses)	Total equity
	\$	\$	\$
<b>Opening equity – 30 April 2009</b>	-	-	-
Net profit	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>Transactions with owners in their capacity as owners</b>			
Shares issued	10	-	10
<b>Closing equity – 31 December 2009</b>	<b>10</b>	-	<b>10</b>

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

# Statement of Cash Flows

## Brookfield Secured Bonds Series A Issuer Limited

For the period ended 31 December 2009

	Note	Period from 30 Apr 2009 to 31 Dec 2009 \$
<b>Cash flows from operating activities</b>		
Interest received		1,033,467
Interest paid		(1,033,467)
<b>Net cash from operating activities</b>	10	-
<b>Cash flows from investing activities</b>		
Loans to related entities		(55,895,354)
<b>Net cash from investing activities</b>		<b>(55,895,354)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings external		57,000,000
<b>Net cash from financing activities</b>		<b>57,000,000</b>
Net increase in cash and cash equivalents		1,104,646
Cash and cash equivalents at 30 April 2009		-
<b>Cash and cash equivalents at 31 December 2009</b>		<b>1,104,646</b>

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### 1 Reporting entity

Brookfield Secured Bonds Series A Issuer Limited (the Company) is a public company incorporated and domiciled in Australia. The parent entity of the Company is Latituded Site C Investments Trust (Holding Trust). The ultimate parent entity is Brookfield Asset Management Inc., domiciled in Canada.

The Company was incorporated on 30 April 2009.

The Company has issued Brookfield Secured Bonds Series A (BSBsA), which are limited recourse mortgage debentures secured by a first property mortgage over a 50% interest in an A-grade office building located in the Sydney CBD.

The face value of the BSBsA is \$100 per bond and totals \$57 million.

The annual financial statements of the Company for the period ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors on 30 March 2010.

### 2 Basis of preparation

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with Australian equivalents to IFRS ensures that the financial statements and notes of the Company comply with IFRS.

The financial report has been prepared on the historical cost basis.

The financial statements were authorised for issue in accordance with a resolution of the Directors on 30 March 2010.

#### Use of estimates and judgements

The preparation of annual financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from those estimates.

### 3 Significant accounting policies

#### a Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised. Where amounts do not meet the recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

#### Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### b Expenses

##### Finance costs

Finance costs are recognised as expensed using the effective interest method. Financing costs are recognised as expenses in the period in which they are incurred.

Financing costs include:

- interest on borrowings;
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

#### c Income tax

The Company is a member of the Brookfield Holdco (Australia) Pty Ltd (Holdco Australia) income tax consolidated group.

Upon entry to the Holdco Australia tax consolidated group, the Company entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the Company in the case of default by Holdco Australia head company.

The tax sharing agreement also contains tax funding provisions. Pursuant to the tax funding provisions, the Company fully compensates the Holdco Australia head company for any current tax payable assumed. The Holdco Australia head company is not required to compensate wholly-owned Australian entities for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Holdco Australia head company under the tax consolidation legislation.

The amounts payable under the tax funding provisions are due upon receipt of the tax funding advice from the head entity which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay income tax instalments.

# Notes to the Financial Statements continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### 3 Significant accounting policies *continued*

#### d Cash and cash equivalents

For purposes of the Statement of Cash Flows, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

#### e Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses.

#### f Calculation of recoverable amount

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. Receivables that are not assessed as impaired or are not significant are placed into portfolios of assets with similar risk profiles and a collective assessment of impairment is performed.

#### g Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial period and which are unpaid. The amounts are unsecured and are payable when called.

#### h Interest bearing loans and borrowings

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

#### i Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

#### j New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application but have not been applied preparing these financial statements.

AASB 9 *Financial Instruments* effective date annual periods beginning on or after 1 January 2013 introduces new requirements for classifying and measuring financial assets. Debt instruments meeting both a business model test and a cash flow characteristics test are measured at amortised cost and investments in equity instruments can be designated as fair value through other comprehensive income with only dividends being recognised in profit or loss.

### 4 Segment reporting

The Company operates in a single segment, being the issuer of BSBsA in Australia. All items of the Statement of Comprehensive Income and Statement of Financial Position are derived from this single segment therefore no further segment reporting is required. The chief operating decision maker of the Company, the Board of Directors, reviews and assesses performance using information displayed as set out in these statements.

31 Dec 2009  
\$

### 5 Trade and other receivables

Amounts due from Brookfield Multiplex Limited and its controlled entities<sup>1</sup>

2,765,835

Other receivables

1,154

#### Total trade and other receivables

2,766,989

<sup>1</sup> Amounts classified as current receivables from Brookfield Multiplex Limited and its controlled entities are unsecured, non-interest bearing and are repayable when called.

# Notes to the Financial Statements continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

31 Dec 2009  
\$

<b>6 Interest bearing receivables</b>	
Amounts due from Latitude Site C Landowning Trust <sup>1</sup>	57,000,000
<b>Total interest bearing receivables</b>	<b>57,000,000</b>

<sup>1</sup> Interest is charged on amounts due from Latitude Site C Landowning Trust at a rate of 7.82% p.a.. Maturity date is 9 July 2012.

31 Dec 2009  
\$

<b>7 Trade and other payables</b>	
Interest accrual	1,123,510
Other payables	275,001
<b>Total trade and other payables</b>	<b>1,398,511</b>

31 Dec 2009  
\$

<b>8 Non-interest bearing loans and borrowings</b>	
Amounts due to Brookfield Multiplex Limited and its controlled entities <sup>1</sup>	1,659,680
Amounts due to Brookfield Multiplex Property Trust and its controlled entities <sup>2</sup>	813,434
<b>Total non-interest bearing loans and borrowings</b>	<b>2,473,114</b>

<sup>1</sup> Amounts classified as non-interest bearing loans and borrowings due to Brookfield Multiplex Limited and its controlled entities are unsecured, non-interest bearing and are repayable on demand.

<sup>2</sup> Amounts classified as non-interest bearing loans and borrowings due to Brookfield Property Trust and its controlled entities are unsecured, non-interest bearing and are repayable on demand.

31 Dec 2009  
\$

<b>9 Interest bearing loans and borrowings</b>	
<b>Non-current</b>	
Brookfield Secured Bonds Series A	57,000,000
<b>Total interest bearing loans and borrowings</b>	<b>57,000,000</b>

Brookfield Secured Bonds Series A are limited recourse mortgage debentures which are secured by a first ranking mortgage over a 50% interest in an A grade office building located at 52 Goulburn Street, Sydney, and various fixed and/or floating charges over the Company, Holding Trust and Latitude Site C Landowning Trust (Property Owner).

The Company operates a collection bank account whereby the Property Owner is required to deposit its share of all rental income, net of certain expenses and taxes, so that the Trustee of the BSBsA can apply the funds towards meeting amounts due and payable in respect of the BSBsA.

The BSBsA have a face value of \$100, are denominated in Australian dollars and mature on 9 July 2012. Interest on the BSBsA is charged at 7.82% p.a.

Costs relating to the issue of the BSBsA were paid for by the Brookfield Multiplex Group. Total issue costs incurred for the period ended 31 December 2009 were \$1.6m.

31 Dec 2009  
\$

<b>10 Reconciliation of cash flows from operating activities</b>	
Profit after tax	-
Increase in receivables	(1,123,510)
Increase in payables	1,123,510
<b>Net cashflow from operating activities</b>	<b>-</b>

# Notes to the Financial Statements continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

31 Dec 2009

\$

<b>11 Issued capital</b>	
Ordinary shares	10

The number of ordinary securities on issue at 31 December 2009 is 10 shares, with a total value of \$10. Each ordinary share entitles the shareholder to one vote.

### 12 Related party disclosure

#### Key management personnel

The Company does not employ in its own right.

The names of the key management personnel of the Brookfield Multiplex Group during the financial period were:

- Mr Ross McDiven (Chairman)
- Mr Russell Proutt (Director)
- Mr Tim Harris (Director)
- Mr Brian Kingston (Chief Executive Officer – resigned 24 March 2010)
- Ms Karen Pedersen (Company Secretary)

#### Key management personnel compensation

Key management personnel are remunerated by Brookfield Multiplex Limited.

#### Related party investments held by the company

During or since the end of the financial period, none of the key management personnel held shares in the Company or BSBsA, either directly, indirectly, or beneficially.

#### Directors' loans

No loans were made by the Company to the key management personnel and/or their related parties.

#### Transactions with related parties

Details of dealings with related parties are set out below:

31 Dec 2009

\$

<b>Interest received or receivable by the Company from Latitude Site C Landowning Trust</b>	
Interest income	2,156,977

### 13 Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including interest rate), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. It is the Company's policy that no trading in financial instruments shall be undertaken nor will the Company enter into transactions that could be construed as speculative.

The Company's principal financial instruments, comprise receivables, limited recourse mortgage debentures and cash.

The main purpose of these financial instruments is to provide funds for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. These financial risks are the responsibility of Brookfield Multiplex Limited in the context outlined below:

- Group Treasury – responsible for centrally managing the above risks both on a regional and global basis in accordance with the Group Treasury Risk Management Policy, which contains the written principles for management of the above risks. Transactions relating to debt funding, bonding facilities or exposures to other material financial risks should be signed off by Group Treasury prior to consideration by the following committee.
- Group Investment and Risk Committee (GIRC) – responsible for regulating the risk and capital approval framework for the Group.
- Brookfield Multiplex Investment Committee (BMIC) – responsible for approving the Group Treasury Risk Management policy.



# Notes to the Financial Statements continued

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

### 13 Financial instruments continued

Details of the significant accounting policies and methods, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

#### Market risk

##### Interest rate risk

The income, expenses and associated operating cash flows of the Company's financial assets and liabilities are substantially independent of changes in market interest rates. The Company's loans are provided to related parties. Interest bearing loans provided to related parties are at a fixed interest rate. The BSBsA are also issued at a fixed interest rate.

For the period ended 31 December 2009, the Company did not undertake any specific hedging of loan receivables or interest bearing liabilities.

The Company's exposure to interest rate risk at the reporting date and the periods in which they mature or, if earlier, reprice, for classes of financial assets and financial liabilities is set out below:

	Non-interest bearing \$	Floating interest rate \$	Fixed interest maturing in			Total \$m
			Less than 1 year \$	Between 1 – 5 years \$	Over 5 years \$	
<b>31 December 2009</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	1,104,646	-	-	-	<b>1,104,646</b>
Receivables	2,766,989	-	-	-	-	<b>2,766,989</b>
Interest-bearing receivables	-	-	-	57,000,000	-	<b>57,000,000</b>
<b>Total financial assets</b>	<b>2,766,989</b>	<b>1,104,646</b>	<b>-</b>	<b>57,000,000</b>	<b>-</b>	<b>60,871,635</b>
<b>Financial liabilities</b>						
Payables	1,398,511	-	-	-	-	<b>1,398,511</b>
Non-interest bearing liabilities	2,473,114	-	-	-	-	<b>2,473,114</b>
Interest-bearing liabilities	-	-	-	57,000,000	-	<b>57,000,000</b>
<b>Total financial liabilities</b>	<b>3,871,625</b>	<b>-</b>	<b>-</b>	<b>57,000,000</b>	<b>-</b>	<b>60,871,625</b>

#### Interest rate sensitivity

The Company's sensitivity to a 1% movement in Australian dollar interest rates in relation to cash and cash equivalents:

	31 Dec 2009			
	Impact on Profit		Impact on Equity	
	+100 bps	-100 bps	+100 bps	-100 bps
<b>Consolidated</b>				
Australian Dollar	11,046	(11,046)	-	-

#### Credit risk

Credit risk represents the loss that would be recognised if a counterparty failed to perform as contracted. Credit risk principally arises from the Company's loans to related parties within the Brookfield Multiplex Group.

The Company's maximum exposure to credit risk at the reporting date, in relation to each recognised financial asset, is the carrying value of the asset recognised in the Statement of Financial Position.

#### Liquidity risk

The Company is exposed to liquidity risk, being the risk of encountering difficulties in meeting obligations relating to the Company's financial liabilities. The Company's principal financial instruments relate to the BSBsA, the face value of which is secured by a first ranking mortgage over a 50% interest in an A grade office building located at 52 Goulburn Street, Sydney and various fixed and/or floating charges over the Company, Holding Trust and Property Owner.

# Notes to the Financial Statements continued

## Brookfield Secured Bonds Series A Issuer Limited

17

For the period ended 31 December 2009

### 13 Financial instruments continued

#### Liquidity risk continued

As part of its liquidity risk management, the Company operates a collection bank account whereby the Property Owner is required to deposit its share of all rental income, net of certain expenses and taxes, so that the Trustee of the BSBSA can apply the funds towards meeting amounts due and payable in respect of the BSBSA.

Liquidity risks for which the Company may be exposed are regularly reviewed and monitored as part of the Brookfield Multiplex Group's capital management policy.

The Company had no undrawn borrowing facilities at the reporting date.

#### Maturities of financial liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes both interest and principal cash flows.

	Less than 1 year \$	Between 1 – 2 years \$	Between 2 – 3 years \$	Over 3 years \$	Total \$
<b>31 December 2009</b>					
Payables	1,398,511	-	-	-	<b>1,398,511</b>
Non-interest bearing liabilities	2,473,114	-	-	-	<b>2,473,114</b>
Interest bearing loans and borrowings	4,457,400	4,457,400	61,475,400	-	<b>70,390,200</b>
<b>Total</b>	<b>8,329,025</b>	<b>4,457,400</b>	<b>61,475,400</b>	<b>-</b>	<b>74,261,825</b>

#### Fair value

No financial assets or liabilities have been designated at fair value through the Statement of Comprehensive Income. After initial recognition, loans and receivables and interest bearing liabilities are measured at amortised cost using the effective interest rate method, which approximates fair value.

### 14 Auditor's remuneration

During the current period, all amounts paid to the auditor of the Company, Deloitte Touche Tohmatsu, were borne by Brookfield Multiplex Limited.

### 15 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2009.

### 16 Capital and other commitments

No capital or other commitment existed at 31 December 2009.

### 17 Events occurring after the reporting date

To the best knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may affect, the Company's operations in future financial years, the results of those operations or the Company's state of affairs in future financial years.

# Directors' Declaration

## Brookfield Secured Bonds Series A Issuer Limited

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For the period ended 31 December 2009

In the opinion of the Directors of Brookfield Secured Bonds Series A Limited:

- a The financial statements and notes, set out on pages 8 to 17, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of the Company as at 31 December 2009 and of its performance, as represented by the results of its operations and their cash flows, for the period 30 April 2009 to 31 December 2009; and
  - ii complying with Australian Accounting Standards and the *Corporation Act 2001* in Australia and the Corporations Regulations 2001;
- b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors as required by section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 30 day of March 2010.



Ross A McDiven  
Executive Director  
Brookfield Secured Bonds Series A Issuer Limited



Timothy M Harris  
Executive Director  
Brookfield Secured Bonds Series A Issuer Limited

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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## **Independent Auditor's Report to the Members of Brookfield Secured Bonds Series A Issuer Limited**

We have audited the accompanying financial report of Brookfield Secured Bonds Series A Issuer Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 8 to 18.

### *Directors' Responsibility for the Financial Report*

The directors of Brookfield Secured Bonds Series A Issuer Limited, are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Auditor's Opinion*

In our opinion:

- (a) the financial report of Brookfield Secured Bonds Series A Issuer Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Brookfield Secured Bonds Series A Issuer Limited's financial position as at 31 December 2009 and of its performance for the period ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

~~DELOITTE TOUCHE TOHMATSU~~  
DELOITTE TOUCHE TOHMATSU



J A Leotta  
Partner  
Chartered Accountants  
Sydney, 30 March 2010

Latitude Site C Landowning Trust  
Special purpose financial report  
for the year ended  
31 December 2009

# Latitude Site C Landowning Trust

ABN: 83 927 919 636

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# Directory

## Latitude Site C Landowning Trust

For the year ended 31 December 2009

### **Directors of the Trustee**

Mr Ross A McDiven  
Mr James M McGreevy  
Ms Karen M Pedersen

### **Registered Office**

Level 22, 135 King Street,  
Sydney, NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Auditor**

Deloitte Touche Tohmatsu  
Grosvenor Place, 225 George Street,  
Sydney, NSW 2000  
Telephone: + 61 (0) 2 9322 7000  
Facsimile: + 61 (0) 2 9322 7001



# Statement of Comprehensive Income

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

	Note	Year ended 31 Dec 2009 \$'000	18 months ended 31 Dec 2008 \$'000
Revenue	4	8,505	9,450
Other income	4	19	19
Net (loss)/gain on revaluation of investment property		(11,678)	16,083
Rates, taxes and property outgoings		(1,114)	(11,620)
Finance costs	4	(3,707)	(3,181)
Other expenses		–	(2)
<b>Net (loss)/profit before income tax</b>		<b>(7,975)</b>	<b>10,749</b>
Income tax expense		–	–
<b>Net (loss)/profit attributable to unitholders</b>		<b>(7,975)</b>	<b>10,749</b>
Other comprehensive income for the period		–	–
<b>Total comprehensive income for the period attributable to unitholders</b>		<b>(7,975)</b>	<b>10,749</b>

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

# Statement of Financial Position

## Latitude Site C Landowning Trust

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As at 31 December 2009

	Note	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Current assets</b>			
Cash and cash equivalents		1,193	401
Trade and other receivables	5	4,350	73,620
Other assets	6	54	100
<b>Total current assets</b>		<b>5,597</b>	<b>74,121</b>
<b>Non-current assets</b>			
Trade and other receivables	5	2,119	717
Investment property	7	92,881	104,500
<b>Total non-current assets</b>		<b>95,000</b>	<b>105,217</b>
<b>Total assets</b>		<b>100,597</b>	<b>179,338</b>
<b>Current liabilities</b>			
Trade and other payables	8	772	132
Non-interest bearing loans and borrowings	9	2,851	80,450
Provisions		2,301	–
<b>Total current liabilities</b>		<b>5,924</b>	<b>80,582</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	10	57,000	71,907
<b>Total non-current liabilities</b>		<b>57,000</b>	<b>71,907</b>
<b>Total liabilities</b>		<b>62,924</b>	<b>152,489</b>
<b>Net assets</b>		<b>37,673</b>	<b>26,849</b>
<b>Equity</b>			
Units on issue	11	37,200	16,100
Undistributed profits	12	473	10,749
<b>Total equity</b>		<b>37,673</b>	<b>26,849</b>

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

# Statement of Changes in Unitholder Interests

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

	Units on issue \$'000	Undistributed profits \$'000	Total \$'000
<b>As at 1 January 2009</b>	<b>16,100</b>	<b>10,749</b>	<b>26,849</b>
Loss for the year	–	(7,975)	(7,975)
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>(7,975)</b>	<b>(7,975)</b>
Transactions with unitholders in their capacity as unitholders:			
Increase in units on issue	21,100	–	21,100
Distributions	–	(2,301)	(2,301)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>21,100</b>	<b>(2,301)</b>	<b>18,799</b>
<b>As at 31 December 2009</b>	<b>37,200</b>	<b>473</b>	<b>37,673</b>
	Units on issue \$'000	Undistributed profits \$'000	Total \$'000
<b>As at 1 July 2007</b>	<b>16,100</b>	<b>–</b>	<b>16,100</b>
Profit for the period	–	10,749	10,749
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>10,749</b>	<b>10,749</b>
Transactions with unitholders in their capacity as unitholders:			
Distributions	–	–	–
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>As at 31 December 2008</b>	<b>16,100</b>	<b>10,749</b>	<b>26,849</b>

The Statement of Changes in Unitholder Interests should be read in conjunction with the Notes to the Financial Statements.

# Statement of Cash Flows

## Latitude Site C Landowning Trust

For the year ended 31 December 2009

	Note	Year ended 31 Dec 2009 \$'000	18 months ended 31 Dec 2008 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		9,224	9,369
Payments to suppliers and employees		(1,272)	(11,592)
Interest received		19	19
Interest paid		(3,715)	(3,181)
<b>Net cash inflow/(outflow) from operating activities</b>	13	<b>4,256</b>	<b>(5,385)</b>
<b>Cash flows from investing activities</b>			
Payments for investment properties		(1,462)	(72,954)
<b>Net cash outflow from investing activities</b>		<b>(1,462)</b>	<b>(72,954)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans to related parties		(92,504)	(57,438)
Loans made to related parties		69,402	136,178
Share issue proceeds		21,100	–
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(2,002)</b>	<b>78,740</b>
Net increase in cash held		792	401
Cash at the beginning of the financial period		401	–
<b>Cash at the end of the financial period</b>		<b>1,193</b>	<b>401</b>

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

# Notes to the Financial Statements

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

### 1 Reporting entity

Latitude Site C Landowner Pty Ltd (Trustee) is the Trustee of Latitude Site C Landowning Trust (Trust). The Trust operates in Australia. The beneficial unit holder of the Trust is Latitude Site C Investments Trust. Brookfield Asset Management Inc., the ultimate Parent of the Trust and the Trustee, is domiciled in Canada.

The financial report of the Trust for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of the Directors of the Trustee on 30 March 2010.

The registered office and principal place of the Trust and the Trustee is Level 22, 135 King Street, Sydney, NSW 2000.

### 2 Basis of preparation

#### Statement of compliance

In the opinion of the Directors of the Trustee, the Trust is not a reporting entity because there are no users dependent on general purpose financial reports.

The financial report is a special purpose financial report prepared for the sole purpose of complying with reporting requirements to prepare and distribute a financial report to the unitholders and must not be used for any other purpose. The Directors of the Trustee have determined that the accounting policies adopted are appropriate to meet the needs of the relevant users.

This report has been prepared in accordance with the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 108 *Accounting policies, Changes in Accounting Estimates and Errors*.

During 2008, the Trust changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. In accordance with Australian Accounting Standards, the comparative period for a Statement of Comprehensive Income, Statement of Changes in Unitholder Interests and Statement of Cash Flows shall be a comparable period of the immediately preceding annual reporting period. For the purpose of this report, the comparative period for the aforementioned statements is the 18 months ended 31 December 2008.

Due to the classification of certain intercompany loan balances as current at 31 December 2009, the Trust is in a net current liability position of \$327,000. The Trust has non-current assets of \$95,000,000 and a net asset position of \$37,673,000. In accordance with AASB 101, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. As the net current liability position is due to classification of related party loans and the deficit will be funded by the net cash inflow from operating activities that the Trust generates over the year, the financial statements have been prepared on a going concern basis.

The financial statements (report) were authorised for issue by the Directors on 30 March 2010.

#### Basis of measurement

The report has been prepared on the historical cost basis except for investment property, which is stated at fair value.

All financial information presented in the report is presented in Australian dollars and has been rounded to the nearest thousand dollars, unless otherwise stated.

#### Use of estimates and judgements

Preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 7, investment property.

# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

### 3 Significant accounting policies

The significant policies set out below have been applied consistently to all periods presented in the financial report.

The presentation of the report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income. As a result of the amendments to this standard the Trust has made the following changes to the primary statements for the year ended 31 December 2009:

<b>Previous primary statement:</b>	<b>Current primary statement:</b>
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Unitholder Interests	Statement of Changes in Unitholder Interests
Cash Flow Statement	Statement of Cash Flows

#### Revenue recognition

##### Property rental revenue

Rental income from investment property earned under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives*, lease incentives granted are recognised by the Trust as an integral part of the total rental income and are amortised on a straight-line basis and deducted from rental income over the term of the lease.

Contingent rents are recorded as income by the Trust in the periods in which they are earned.

##### Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

#### Expenses

Expenses including rates, taxes and other property outgoings are brought to account on an accruals basis, and any related payables are carried at amortised cost.

##### Finance costs

Finance costs are recognised as expenses using the effective interest method. Financing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of inventories or investment properties under development. Where borrowings are specific to particular inventory assets or investment properties under development, the rate at which borrowing costs are capitalised is determined by reference to the actual borrowing costs incurred.

Financing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

##### Investment property

Investment property are properties held to earn long-term rental yields and/or for capital appreciation.

Land and buildings is considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in the value of the building component due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment property acquired is initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Investment property is subsequently carried at fair value based on the principles outlined below.

# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

### 3 Significant accounting policies continued

#### Investment property continued

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Trust if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

#### Valuations

Investment properties are stated at their fair value at the reporting date.

The investment properties of the Trust are internally valued at every reporting date and independently valued once every three years or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. These valuations are considered by the Directors when determining fair value.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and is determined:

- without any deduction for transaction costs the entity may incur on sale or other disposal;
- reflecting market conditions at the reporting date;
- reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;
- assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;
- ensuring that there is no double counting of assets or liabilities that are recognised as separate assets or liabilities; and
- without inclusion of uncommitted future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

Investment property is derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

Any gains or losses arising from a change in the fair value of investment property are recognised in the Statement of Comprehensive Income in the period in which they arise.

#### Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses.

Non-current receivables are measured at amortised cost using the effective interest rate method.

#### Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to the Trust prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

#### Non-interest bearing loans

All non-interest bearing loans are recognised at fair value of the consideration received less directly attributable transaction costs. Borrowings are classified as current liabilities unless the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. These borrowings are non-interest bearing loans from related parties and are callable on demand.

#### Distributions

The Trust seeks to fully distribute its taxable income to its unitholders. Distributions may also include capital gains arising from the disposal of investments and tax deferred income. Unrealised gains and losses on investments that are recognised as income (for example, fair value adjustments relating to investment properties) are usually retained and are generally not assessable or distributed until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

### 3 Significant accounting policies continued

#### New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied preparing these financial statements.

AASB 9 *Financial Instruments* effective date annual periods beginning on or after 1 January 2013 introduces new requirements for classifying and measuring financial assets, as follows, debt instruments meeting both a business model test and a cash flow characteristics test are measured at amortised cost and investments in equity instruments can be designated as fair value through other comprehensive income with only dividends being recognised in profit or loss.

### 4 Revenues and expenses

	Year ended 31 Dec 2009 \$'000	18 months ended 31 Dec 2008 \$'000
<b>Revenues</b>		
Property rental revenue	7,799	8,620
Recoverable outgoings	706	830
<b>Total revenues</b>	<b>8,505</b>	<b>9,450</b>
<b>Other income</b>		
Interest received	19	19
<b>Total other income</b>	<b>19</b>	<b>19</b>
<b>Finance costs</b>		
Interest and finance charges - related parties	3,705	3,181
Interest and finance charges - external parties	2	-
<b>Total finance costs</b>	<b>3,707</b>	<b>3,181</b>

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>5 Trade and other receivables</b>		
<b>Current</b>		
Amounts due from related entities	4,138	73,539
Other debtors	212	81
<b>Total current trade and other receivables</b>	<b>4,350</b>	<b>73,620</b>
<b>Non-current</b>		
Other debtors	2,119	717
<b>Total non-current trade and other receivables</b>	<b>2,119</b>	<b>717</b>
<b>Total trade and other receivables</b>	<b>6,469</b>	<b>74,337</b>

Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment is made when there is objective evidence that a trade receivable is impaired.

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>6 Other assets</b>		
<b>Current</b>		
Prepayments	54	100
<b>Total other assets</b>	<b>54</b>	<b>100</b>



# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

<b>7 Investment property</b>	Independent valuation date	Independent valuation \$'000	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>Partial ownership</b>				
Latitude Commercial (ATO), George Street, Sydney, NSW (50% ownership)	Jun 09	95,000	95,000	105,217
<b>Partial ownership</b>			<b>95,000</b>	<b>105,217</b>
<b>Impact of straight-lining of rental income disclosed as non-current receivables</b>			<b>(2,119)</b>	<b>(717)</b>
<b>Total investment property</b>			<b>92,881</b>	<b>104,500</b>

### Independent valuations

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or both. Property investments are stated at fair value. An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the investment property whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. In the current year, the investment property was valued externally by Savills. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after appropriate marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Trust's property investment. The valuation has been undertaken using a discounted cash flow approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rent and forecast net annual cash flows receivable from properties. The capitalisation rates utilised in the 31 December 2009 valuation was 7%.

Any gain or loss from a change in fair value is recognised in the Statement of Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred. Where independent valuations are undertaken prior to the reporting date, the assumptions on which the valuation is based are reviewed in light of the prevailing market conditions at the reporting date to ensure that any material change is reflected in the valuation.

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>8 Trade and other payables</b>		
<b>Current</b>		
Property accruals	57	42
Deferred revenue	710	32
Other creditors and accruals	5	58
<b>Total trade and other payables</b>	<b>772</b>	<b>132</b>

# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>9 Non-interest bearing loans and borrowings</b>		
<b>Current</b>		
Amounts due to related entities	2,851	80,450
<b>Total non-interest bearing loans and borrowings</b>	<b>2,851</b>	<b>80,450</b>

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>10 Interest bearing loans and borrowings</b>		
<b>Non-current</b>		
Amounts due to related entities	57,000	71,907
<b>Total interest bearing loans and borrowings</b>	<b>57,000</b>	<b>71,907</b>

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>11 Issued units</b>		
16,100,100 Ordinary Units issued at \$1 each	16,100	16,100
8,828,329 Ordinary Units issued at \$2.39 each	21,100	–
<b>Total</b>	<b>37,200</b>	<b>16,100</b>

### Terms and conditions of ordinary capital

Ordinary units entitles the holder to participate in distributions and the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held. On a show of hands every holder of ordinary units present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote.

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>12 Undistributed profits</b>		
Undistributed profits at the beginning of the period	10,749	–
Net (loss)/profit attributable to unitholders	(7,975)	10,749
Distributions recognised during the period	(2,301)	–
<b>Undistributed profits at the end of the period</b>	<b>473</b>	<b>10,749</b>

	31 Dec 2009 \$'000	31 Dec 2008 \$'000
<b>13 Reconciliation of net (loss)/profit to net cash flows from operating activities</b>		
Net (loss)/profit for the period	(7,975)	10,749
Fair value adjustments – loss/(gain)	11,678	(16,083)
<b>Change in operating assets and liabilities:</b>		
(Increase) in trade debtors	(131)	(81)
Decrease/(increase) in prepayments	43	(100)
Increase in trade and other payables	641	130
<b>Net cash inflow/(outflow) from operating activities</b>	<b>4,256</b>	<b>(5,385)</b>

# Notes to the Financial Statements continued

## Latitude Site C Landowning Trust

14

For the year ended 31 December 2009

### **14 Remuneration of auditors**

During the current and comparative periods, all amounts paid to the auditor of the Trust were borne by Brookfield Multiplex Limited.

### **15 Contingent liabilities and assets**

There are no contingent liabilities or assets requiring recognition at 31 December 2009 (2008: nil).

### **16 Capital and other commitments**

Total commitments and contingencies at reporting date were \$1,221,810 in relation to capital commitments for the investment property (18 months ended December 2008: \$nil).

### **17 Events occurring after the reporting date**

There have been no significant events or transactions that have arisen since the end of the financial year which, in the opinion of the Trustee, would significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust in future financial years.

# Directors' Declaration

## Latitude Site C Landowning Trust

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For the year ended 31 December 2009

As detailed in note 2 to the financial statements, the Trust is not a reporting entity because, in the opinion of the Directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the Directors' reporting requirements under the Trust Constitution.

In the opinion of the Directors of Latitude Site C Landowning Pty Limited, the Trustee of the Trust:

- a the Financial Statements and the notes to the Financial Statements, as set out on pages 4 to 14, are in accordance with the Trust Constitution, including:
  - i giving a true and fair view of the financial position of the Trust as at 31 December 2009 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - ii complying with Australian Accounting Standards;
- b there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- c the Trust has operated during year ended 31 December 2009 in accordance with the provisions of the Trust Constitution dated 30 June 2003; and
- d the register of unitholders has, during the year ended 31 December 2009, been properly drawn up and maintained so as to give a true account of the unitholders of the Trust.

Signed in accordance with a resolution of the Trustee.

Dated at Sydney this 30 day of March 2010



Ross A McDiven  
Executive Director  
Latitude Site C Landowning Pty Limited

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

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225 George Street  
Sydney NSW 2000  
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[www.deloitte.com.au](http://www.deloitte.com.au)

## **Independent Auditor's Report to the Unitholders of Latitude Site C Landowning Trust**

We have audited the accompanying financial report, being a special purpose financial report, of Latitude Site C Landowning Trust (the "Trust"), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in unitholder interests for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 4 to 15.

### *Directors' Responsibility for the Financial Report*

The directors of Latitude Site C Landowning Pty Ltd (the "Trustee"), as the Trustee of the Trust, are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 3 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the Trust Constitution and are appropriate to meet the needs of the unitholders. The responsibility of the directors of the Trustee also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 3, are appropriate to meet the needs of the unitholders. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Trustee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the unitholders for the purpose of fulfilling the Trustee's financial reporting requirements under the Trust Constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the unitholders, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

*Basis for Qualified Auditor's Opinion*

The financial report of Latitude Site C Landowning Trust for the 18 months ended 31 December 2008 has not been audited. We have been unable to perform alternative audit procedures to enable us to form an opinion on the comparatives for 31 December 2008. The results of the Trust for the year ended 31 December 2009 would be affected to the extent of any misstatement of the 31 December 2008 statement of financial position. Accordingly, we are not in a position to and do not express an opinion on the comparatives for 31 December 2008 or the statement of comprehensive income, statement of changes in unitholder interests and the statement of cash flows for the year ended 31 December 2009.

*Qualified Auditor's Opinion*

In our opinion, because of the significance of the above mentioned matter in relation to the results of the Latitude Site C Landowning Trust's operations for the year ended to 31 December 2009, we are not in a position to and do not express an opinion on the comparatives for 31 December 2008 and the results of its operations and its cash flows for the financial year ended 31 December 2009.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Latitude Site C Landowning Trust as at 31 December 2009 in accordance with the accounting policies described in Note 3 to the financial statements.

  
DELOITTE TOUCHE TOHMATSU



J A Leotta  
Partner  
Chartered Accountants  
Sydney, 30 March 2010

# Supplemental Deed Poll – Brookfield Secured Bonds Series A BSB-sA Trust

Dated 30 March 2010

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

Latitude Site C Investments Pty Ltd ACN 105 321 168 in its capacity as trustee of the  
Latitude Site C Investments Trust ("Guarantor Security Provider" and "Holding Trust")

Latitude Site C Landowning Pty Ltd ACN 105 321 122 in its capacity as trustee of the  
Latitude Site C Landowning Trust ("Guarantor Security Provider" and "Property Owner")

Australian Executor Trustees Limited ABN 84 007 869 794 ("Trustee")

# Supplemental Deed Poll – Brookfield Secured Bonds Series A BSB-sA Trust

## Details

**Interpretation** – definitions are contained in clause 5 of this supplemental deed poll

<b>Parties</b>	<b>Issuer, Holding Trust, Property Owner, Guarantor Security Provider and Trustee</b>	
<b>Issuer</b>	<b>Name</b>	<b>Brookfield Secured Bonds Series A Issuer Limited</b>
	<b>ABN</b>	38 136 866 969
	<b>Address</b>	Level 22, 135 King Street, Sydney NSW 2000
	<b>Fax</b>	+ 61 2 9322 2001
	<b>Attention</b>	Company Secretary
<b>Guarantor Security Provider and Holding Trust</b>	<b>Name</b>	<b>Latitude Site C Investments Pty Ltd</b>
	<b>ACN</b>	105 321 168
	<b>Capacity</b>	as trustee for the Latitude Site C Investments Trust
	<b>Address</b>	Level 22, 135 King Street, Sydney NSW 2000
	<b>Fax</b>	+ 61 2 9322 2001
<b>Guarantor Security Provider and Holding Trust</b>	<b>Name</b>	<b>Latitude Site C Landowning Pty Ltd</b>
	<b>ACN</b>	105 321 122
	<b>Capacity</b>	as trustee for the Latitude Site C Landowning Trust
	<b>Address</b>	Level 22, 135 King Street, Sydney NSW 2000
	<b>Fax</b>	+ 61 2 9322 2001
<b>Trustee</b>	<b>Name</b>	<b>Australian Executor Trustees Limited</b>
	<b>ABN</b>	84 007 869 794
	<b>Address</b>	Level 22, 207 Kent Street, Sydney NSW 2000
	<b>Fax</b>	+ 61 2 9028 5942
	<b>Attention</b>	Corporate Trust



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<b>Recitals</b>	<b>A</b>	Brookfield Secured Bonds Series A BSB-sA Trust ("Trust") is constituted under a trust deed dated 7 July 2009 (as amended) (" <b>Constitution</b> ").
	<b>B</b>	Clause 25.1 of the Constitution provides that the Security Providers and the Trustee may amend any Transaction Document (including the Terms) without the consent of the Holders if each Security Provider and the Trustee are each of the opinion such amendment is of a formal or technical or minor nature.
	<b>C</b>	the Security Providers and the Trustee wishes to amend the quarter period as set out in this Supplemental Deed Poll

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**Date of deed poll**    See Signing page

# Supplemental Deed Poll – Brookfield Secured Bonds Series A BSB-sA Trust

## General terms

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### 1 Acknowledgement of Reporting Period

The Parties acknowledged that the first quarter report as referred to under clause 12.4 was prepared for the quarter ended 30 September 2009.

The Parties acknowledged that each of the subsequent quarters are periods of 3 months under the Corporations Act.

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### 2 No redeclaration etc.

The Parties declares that it is not, by this supplemental deed poll:

- (a) redeclaring the Trust; or
- (b) causing the transfer, vesting or accruing of property in any person.

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### 3 Costs

All taxes, stamp duty, registration costs and other charges payable in relation to this supplemental deed poll are to be an expense of the Trust.

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### 4 Governing law

This supplemental deed poll is governed by the laws in force in New South Wales. Each person affected by it irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the courts of appeal from them.

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### 5 Interpretation

#### 5.1 Terms defined in the Constitution

The terms used in this supplemental deed poll have the same meaning as in the Constitution, unless the contrary intention appears.

#### 5.2 Definitions

These meanings apply in this supplemental deed poll unless the contrary intention appears:

**Constitution** means the trust deed dated 7 July 2009 (as amended) constituting the Trust.

**Corporations Act** means the Corporations Act 2001 (Cw/ith).

**Details** means the section of this supplemental deed poll entitled "Details".

**Parties** means the Issuer, the Guarantor Security Provider and the Trustee.

**Trust** means Brookfield Secured Bonds Series A BSB-sA Trust.

**5.3 Deed poll supplemental to Constitution**

This deed poll is supplemental to the Constitution.

**5.4 Headings**

Headings are inserted for convenience only and do not affect the interpretation of this supplemental deed poll.

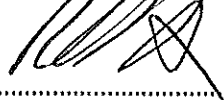
**EXECUTED** as a deed

# Supplemental Deed Poll – Brookfield Secured Bonds Series A BSB-sA Trust

Signing page

DATED: 30 March 2010

EXECUTED by **BROOKFIELD SECURED BONDS SERIES A ISSUER LIMITED** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

  
.....  
Signature of director

*Rossie Pruitt*  
.....  
Name of director (block letters)


*K. M. Pedersen*  
.....  
Signature of director/company secretary\*  
\*delete whichever is not applicable

**KAREN MAREE PEDERSEN**  
.....  
Name of director/company secretary\*  
(block letters)  
\*delete whichever is not applicable

EXECUTED by **LATITUDE SITE C INVESTMENTS PTY LTD** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

*K. M. Pedersen*  
.....  
Signature of director

**KAREN MAREE PEDERSEN**  
.....  
Name of director (block letters)

  
.....  
Signature of director/company secretary\*  
\*delete whichever is not applicable

**NEIL OLOFSSON**  
**COMPANY SECRETARY**  
.....  
Name of director/company secretary\*  
(block letters)  
\*delete whichever is not applicable

EXECUTED by **LATITUDE SITE C LANDOWNING PTY LTD** in accordance with section 127(1) of the Corporations Act 2001 (Cwlth) by authority of its directors:

*K. M. Pedersen*  
.....  
Signature of director

**KAREN MAREE PEDERSEN**  
.....  
Name of director (block letters)

  
.....  
Signature of director/company secretary\*  
\*delete whichever is not applicable

**NEIL OLOFSSON**  
**COMPANY SECRETARY**  
.....  
Name of director/company secretary\*  
(block letters)  
\*delete whichever is not applicable



THE COMMON SEAL of AUSTRALIAN EXECUTOR TRUSTEES LIMITED is duly affixed with the authority of

A handwritten signature in black ink, appearing to be "Glenn White".

.....  
Signature of Authorised Officer

**Glenn White**

.....  
Name of Authorised Officer (block letters)

A handwritten signature in black ink, appearing to be "Joanne Cochrane".

.....  
Signature of Authorised Officer

**JOANNE COCHRANE**

.....  
Name of Authorised Officer (block letters)