

ASX Announcement

29 March 2011

BROOKFIELD SECURED BONDS SERIES B (ASX: BZB) 31 DECEMBER 2010 ANNUAL FINANCIAL REPORT

Please find attached for release to the market the 31 December 2010 Annual Financial Report of Brookfield Secured Bonds Series B Issuer Limited as issuer of Brookfield Secured Bonds Series B (BSB-sB).

Also attached is the 31 December 2010 special purpose financial report of Brookfield SX West Tower Landowning Trust (formerly known as Brookfield Multiplex SX West Tower Landowning Trust) to be released to the market in accordance with Listing Rule 4.7A.1.

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

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Brookfield Secured Bonds Series B Issuer Limited
Annual financial statements
For the year ended
31 December 2010

Brookfield Secured Bonds Series B Issuer Limited

ABN 44 139 569 529

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Brookfield Secured Bonds Series B Issuer Limited

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Directory

Brookfield Secured Bonds Series B Issuer Limited

For the year ended 31 December 2010

Directors of Brookfield Secured Bonds Series B Issuer Limited

Mr Ross A McDiven

Mr Timothy M Harris (Appointed 24 March 2010)

Mr Russell T Proutt

Mr Brian W Kingston (Resigned 24 March 2010)

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 B Issuer Limited

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For the year ended 31 December 2010

Introduction

The Directors of Brookfield Secured Bonds Series B Issuer Limited (Company) present their report together with the annual financial statements for the year ended 31 December 2010 and the Independent Auditor's Report thereon.

The company was incorporated and commenced operations on 21 September 2009. For the purposes of this report the comparative period is presented as the period from 21 September 2009 to 31 December 2009.

Directors

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

Name	Title
Mr Ross A McDiven (Director since 21 September 2009)	Executive Director
Mr Russell T Proutt (Director since 21 September 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>Ross McDiven is the Chief Executive Officer of the Brookfield Australia Investments Group (the Group).</p> <p>Ross was appointed as an executive director of Brookfield Australia Investments Limited on 18 January 1986 and Brookfield Funds Management Limited (BFML) on 18 August 2003 respectively. Ross has over 38 years' experience with the Group.</p> <p>He spent his early years with the Group in the Construction business and for 18 years led the company's operations in New South Wales. Ross was also responsible for overseeing significant growth of Brookfield Multiplex's Development operations and is now responsible for the Group's Construction, Development and Services businesses worldwide.</p> <p>During the past three years Ross has served as a Director of Brookfield Australia Investments Limited (delisted December 2007) and Brookfield Secured Bonds Series A Issuer Limited (BSBSA Issuer Ltd).</p>	Executive Director
Timothy M Harris	<p>Tim Harris is the Chief Financial Officer of Brookfield Australia Investments Group and was appointed as an Executive Director of Brookfield Capital Management Limited on 17 March 2010 and also performs that role for debt listed companies BSBSA Issuer Ltd and Brookfield Secured Bonds Series B Issuer Ltd (BSBSB Issuer Ltd)(both appointed March 2010). Tim joined the organisation in February 2009, prior to which he held various senior finance positions with the Westfield Group. Tim has also worked for Lion Nathan Australia, Southcorp Wines and The Walt Disney Company in London. Tim is a fully qualified Chartered Accountant having trained with Ernst & Young in London.</p>	Executive Director
Russell T Proutt	<p>Russell Proutt is the Chief Financial Officer of Brookfield Australia and was appointed as an Executive Director of Brookfield Capital Management Limited on 1 January 2010 and also performs that role for BFML (appointed 17/03/10) and for debt listed companies BSBSA Issuer Ltd (appointed 30/04/09) and BSBSB Issuer Ltd (appointed 02/09/09). Russell joined Brookfield Asset Management Inc., the parent company of Brookfield Australia Investments Limited, 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 B Issuer Limited

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For the year ended 31 December 2010

Information on Directors continued

Company Secretary

Neil D Olofsson	Neil has over 14 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Australia Investments Group Company Secretariat.
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Directors' and executives' equity interests

	Securities held at the start of the year	Changes during the year	Securities held at the end of the year
Mr Ross A McDiven	Nil	Nil	Nil
Mr Russell T Proutt	Nil	Nil	Nil
Mr Timothy M Harris	Nil	Nil	Nil
Mr Neil D Olofsson	Nil	Nil	Nil

Principal activities

The principal activities of the Company during the financial year relate to the issue of the Brookfield Secured Bonds Series B (BSBsB). The BSBsB 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 Melbourne CBD.

The face value of the BSBsB is \$100 per bond and totals \$65 million.

The Company did not have any employees during the year.

Review of operations

During the prior period the Company issued 650,000 BSBsB with a face value of \$100 per bond. The BSBsB have a three year term and interest rate of 8.79% per annum. Official quotation of the BSBsB on the Australian Securities Exchange (ASX) commenced on 26 November 2009.

The Company earned a net profit attributable to members of \$32,400 for the year ended 31 December 2010 (period ended 31 December 2009: \$nil).

Total interest payable in respect of the year ended 31 December 2010 was \$5,694,859 (period ended 31 December 2009: \$610,484). The value of the Company's net assets at the end of the financial year was \$32,410 (31 December 2009:\$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 year ended 31 December 2010 (period ended 31 December 2009: \$nil).

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 year 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.

Indemnification and insurance of officers and auditors

Brookfield Australia Investments 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.

Directors' Report continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

Indemnification and insurance of officers and auditors continued

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 Australia Investments 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 Australia Investments 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 Australia Investments 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 2010.

Dated at Sydney this 28 day of March 2011.

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 B Issuer Limited



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

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Secured Bonds Series B Issuer Limited
Level 22
135 King Street
SYDNEY, NSW 2000

28 March 2011

Dear Directors

Brookfield Secured Bonds Series B 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 B Issuer Limited.

As lead audit partner for the audit of the financial statements of Brookfield Secured Bonds Series B Issuer Limited for the financial year ended 31 December 2010, 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
DELOITTE TOUCHE TOHMATSU



A G Collinson
Partner
Chartered Accountants

Statement of Comprehensive Income

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

	Note	Year ended 31 Dec 2010 \$	Period from 21 Sept 2009 to 31 Dec 2009 \$
Interest income		5,741,144	610,484
Interest expense		(5,694,859)	(610,484)
Net profit before income tax		46,285	-
Income tax expense	5	(13,885)	-
Net profit for the year		32,400	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		32,400	-

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 B Issuer Limited

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As at 31 December 2010

	Note	31 Dec 2010 \$	31 Dec 2009 \$
Current assets			
Cash and cash equivalents		1,961,049	250,000
Trade and other receivables	6	977,407	2,430,854
Total current assets		2,938,456	2,680,854
Non-current assets			
Interest bearing receivables	7	65,000,000	65,000,000
Total non-current assets		65,000,000	65,000,000
Total assets		67,938,456	67,680,854
Current liabilities			
Trade and other payables	8	1,454,000	610,484
Non-interest bearing loans and borrowings	9	1,452,046	2,070,360
Total current liabilities		2,906,046	2,680,844
Non-current liabilities			
Interest bearing loans and borrowings	10	65,000,000	65,000,000
Total non-current liabilities		65,000,000	65,000,000
Total liabilities		67,906,046	67,680,844
Net assets		32,410	10
Equity			
Issued capital	12	10	10
Retained Earnings		32,400	-
Total equity		32,410	10

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 B Issuer Limited

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For the year ended 31 December 2010

	Year ended 31 Dec 2010		
	Issued capital \$	Retained Earnings \$	Total equity \$
Opening equity – 1 January 2010	10	-	10
Net profit	-	32,400	32,400
Other comprehensive income	-	-	-
Total comprehensive income for the year	10	32,400	32,410
Transactions with owners in their capacity as owners	-	-	-
Closing equity – 31 December 2010	10	32,400	32,410

	From 21 Sept 2009 to 31 Dec 2009		
	Issued capital \$	Retained Earnings \$	Total equity \$
Opening equity – 21 September 2009	-	-	-
Net profit	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Transactions with owners in their capacity as owners			
Shares issued	10	-	10
Closing equity – 31 December 2009	10	-	10

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 B Issuer Limited

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For the year ended 31 December 2010

	Note	Year ended 31 Dec 2010 \$	Period from 21 Sept 2009 to 31 Dec 2009 \$
Cash flows from operating activities			
Interest received		4,911,513	-
Interest paid		(4,865,228)	-
Net cash from operating activities	11	46,285	-
Cash flows from investing activities			
Loans to related entities		-	(65,000,000)
Net cash from investing activities		-	(65,000,000)
Cash flows from financing activities			
Net proceeds from related entity loans		1,664,764	250,000
Proceeds from borrowings external		-	65,000,000
Net cash from financing activities		1,664,764	65,250,000
Net increase in cash and cash equivalents		1,711,049	250,000
Cash and cash equivalents at the beginning of the year		250,000	-
Cash and cash equivalents at the end of the year		1,961,049	250,000

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 B Issuer Limited

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For the year ended 31 December 2010

1 Reporting entity

Brookfield Secured Bonds Series B Issuer Limited (the Company) is a public company incorporated and domiciled in Australia. The parent entity of the Company is Brookfield SX West Tower Holdings Trust (formerly Brookfield Multiplex SX West Tower Holdings Trust) (Holding Trust). The ultimate parent entity is Brookfield Asset Management Inc.(BAM), domiciled in Canada.

The Company was incorporated on 21 September 2009.

The Company has issued Brookfield Secured Bonds Series B (BSBsB), 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 Melbourne CBD.

The face value of the BSBsB is \$100 per bond and totals \$65 million.

The annual financial statements of the Company for the year ended 31 December 2010 were authorised for issue in accordance with a resolution of the Directors on 28 March 2011.

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.

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 B Issuer Limited

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For the year ended 31 December 2010

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 BSBsB 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.

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

For the year ended 31 December 2010

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	Year ended 31 Dec 2010 \$	Period from 21 Sept 2009 to 31 Dec 2009 \$
5 Income tax		
a Income tax expense		
Current income tax		
Current income tax expense	(13,885)	-
Income tax expense	(13,885)	-
b Numerical reconciliation of income tax benefit to prima facie tax payable		
Accounting profit before income tax	46,285	-
Prima facie income tax expense on profit using the domestic corporation tax rate of 30%	(13,885)	-
Income tax expense	(13,885)	-

	31 Dec 2010 \$	31 Dec 2009 \$
6 Trade and other receivables		
Amounts due from Brookfield Australia Investments Limited and its controlled entities ¹	977,407	2,267,457
Other receivables	-	163,397
Total trade and other receivables	977,407	2,430,854

¹ Amounts classified as current receivables from Brookfield Australia Investments Limited, a related party, and its controlled entities are unsecured, non-interest bearing and are repayable when called.

	31 Dec 2010 \$	31 Dec 2009 \$
7 Interest bearing receivables		
Amounts due from Brookfield SX West Tower Landowning Trust ¹	65,000,000	65,000,000
Total interest bearing receivables	65,000,000	65,000,000

¹ Interest is charged on amounts due from Brookfield SX West Tower Landowning Trust, a related party, at a rate of 8.79% p.a. Maturity date is 23 November 2012.

	31 Dec 2010 \$	31 Dec 2009 \$
8 Trade and other payables		
Interest accrual	1,440,115	610,484
Income tax payable to Holdco Australia (related party)	13,885	-
Total trade and other payables	1,454,000	610,484

	31 Dec 2010 \$	31 Dec 2009 \$
9 Non-interest bearing loans and borrowings		
Amounts due to Brookfield Australia Investments Limited and its controlled entities ¹	1,452,046	2,070,360
Total non-interest bearing loans and borrowings	1,452,046	2,070,360

¹ Amounts classified as non-interest bearing loans and borrowings due to Brookfield Australia Investments Limited, a related party, and its controlled entities are unsecured, non-interest bearing and are repayable on demand.

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

	31 Dec 2010 \$	31 Dec 2009 \$
10 Interest bearing loans and borrowings		
Non-current		
Brookfield Secured Bonds Series B	65,000,000	65,000,000
Total interest bearing loans and borrowings	65,000,000	65,000,000

BSBsB 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 111 Bourke Street, Melbourne, and various fixed and/or floating charges over the Company, Holding Trust and Brookfield SX West Tower Landowning Trust (Property Owner), a related party.

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 BSBsB can apply the funds towards meeting amounts due and payable in respect of the BSBsB.

The BSBsB have a face value of \$100, are denominated in Australian dollars and mature on 23 November 2012. Interest on the BSBsB is charged at 8.79% p.a.

	Year ended 31 Dec 2010 \$	Period from 21 Sept 2009 to 31 Dec 2009 \$
11 Reconciliation of cash flows from operating activities		
Profit after tax	32,400	-
Decrease in receivables	(829,631)	(610,484)
Increase in payables	829,631	610,484
Increase in tax payable to Holdco Australia	13,885	-
Net cashflow from operating activities	46,285	-

	31 Dec 2010 \$	31 Dec 2009 \$
12 Issued capital		
Ordinary shares	10	10

The number of ordinary securities on issue at 31 December 2010 is 10 shares (31 December 2009: 10 shares), with a total value of \$10. Each ordinary share entitles the shareholder to one vote.

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

13 Related party disclosure

Key management personnel

The Company does not employ in its own right.

Key management personnel are remunerated by BAM or its controlled entities.

During or since the end of the financial year, none of the key management personnel held shares in the Company or BSBsB, 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 not disclosed elsewhere in the financial statements are set out below:

	31 Dec 2010 \$	Period from 21 Sept 2009 to 31 Dec 2009 \$
Interest receivable by the Company from Brookfield SX West Tower Landowning Trust		
Interest income	5,694,859	610,484

14 Financial instruments

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), 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 the following groups and policies 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 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.
- Signing Authorities and Delegation Policy (SADP) – this policy aims to regulate the risk and expenditure approval framework for the Group by setting approval levels for all expenditures and represents the minimum required approvals that have been delegated to the employees of the Group.
- Credit risk is actively managed as detailed within the 'credit risk' section of Note 14.

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.

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

14 Financial instruments continued

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 BSBsB are also issued at a fixed interest rate.

For the year ended 31 December 2010, 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 Less than 1 year \$	Between 1 – 5 years \$	Over 5 years \$	Total \$m
31 December 2010						
Financial assets						
Cash and cash equivalents	-	1,961,049	-	-	-	1,961,049
Receivables	977,407	-	-	-	-	977,407
Interest-bearing receivables	-	-	-	65,000,000	-	65,000,000
Total financial assets	977,407	1,961,049	-	65,000,000	-	67,938,456
Financial liabilities						
Payables	1,454,000	-	-	-	-	1,454,000
Non-interest bearing liabilities	1,452,046	-	-	-	-	1,452,046
Interest-bearing liabilities	-	-	-	65,000,000	-	65,000,000
Total financial liabilities	2,906,046	-	-	65,000,000	-	67,906,046

31 December 2009						
Financial assets						
Cash and cash equivalents	-	250,000	-	-	-	250,000
Receivables	2,430,854	-	-	-	-	2,430,854
Interest-bearing receivables	-	-	-	65,000,000	-	65,000,000
Total financial assets	2,430,854	250,000	-	65,000,000	-	67,680,854
Financial liabilities						
Payables	610,484	-	-	-	-	610,484
Non-interest bearing liabilities	2,070,360	-	-	-	-	2,070,360
Interest-bearing liabilities	-	-	-	65,000,000	-	65,000,000
Total financial liabilities	2,680,844	-	-	65,000,000	-	67,680,844

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 2010				31 Dec 2009			
	+100 bps	Impact on Profit -100 bps	Impact on Equity +100 bps	Impact on Equity -100 bps	+100 bps	Impact on Profit -100 bps	Impact on Equity +100 bps	Impact on Equity -100 bps
Australian Dollar	19,610	(19,610)	-	-	2,500	(2,500)	-	-

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

14 Financial instruments continued

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 Australia Investments 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 BSBsB, the face value of which is secured by a first ranking mortgage over a 50% interest in an A grade office building located at 111 Bourke Street, Melbourne, and various fixed and/or floating charges over the Company, Holding Trust and Property Owner.

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 BSBsB can apply the funds towards meeting amounts due and payable in respect of the BSBsB.

Liquidity risks for which the Company may be exposed are regularly reviewed and monitored as part of the Brookfield Australia Investments 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 \$
31 December 2010					
Payables	1,454,000	-	-	-	1,454,000
Non-interest bearing liabilities	1,452,046	-	-	-	1,452,046
Interest bearing loans and borrowings	5,713,500	70,149,977	-	-	75,863,477
Total	8,619,546	70,149,977	-	-	78,769,523
31 December 2009					
Payables	610,484	-	-	-	610,484
Non-interest bearing liabilities	2,070,360	-	-	-	2,070,360
Interest bearing loans and borrowings	5,713,500	5,713,500	70,149,977	-	81,576,977
Total	8,394,344	5,713,500	70,149,977	-	84,257,821

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.

15 Auditor's remuneration

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

Notes to the Financial Statements continued

Brookfield Secured Bonds Series B Issuer Limited

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For the year ended 31 December 2010

16 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2010.

17 Capital and other commitments

No capital or other commitments existed at 31 December 2010.

18 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 year 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 B Issuer Limited

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For the year ended 31 December 2010

In the opinion of the Directors of Brookfield Secured Bonds Series B Issuer Limited:

- a the financial statements and notes set out on pages 8 to 19 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 2010 and of its performance for the year ended on that date; and
 - ii the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements; and
 - iii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- 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.

Signed in accordance with a resolution of the Directors of Brookfield Secured Bonds Series B Issuer Limited as required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 28 day of March 2011



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



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

We have audited the accompanying financial report of Brookfield Secured Bonds Series B Issuer Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 8 to 20.

Directors' Responsibility for the Financial Report

The directors of Brookfield Secured Bonds Series B Issuer Limited, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those 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 of the financial report that gives a true and fair view, 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Secured Bonds Series B Issuer Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Brookfield Secured Bonds Series B Issuer Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Brookfield Secured Bonds Series B Issuer Limited's financial position as at 31 December 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



A G Collinson
Partner
Chartered Accountants
Sydney, 28 March 2011

Brookfield SX West Tower Landowning Trust (formerly
Brookfield Multiplex SX West Tower Landowning Trust)
Special purpose financial report
for the year ended
31 December 2010

Brookfield SX West Tower Landowning Trust

ABN: 16 643 826 151

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Brookfield SX West Tower Landowning Trust

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Directory

Brookfield SX West Tower Landowning Trust

For the year ended 31 December 2010

Directors of the Trustee

Mr Anthony W Martin (Resigned 11 August 2010)
Mr Roderick S McDonald (Resigned 3 May 2010)
Mr James M McGreevy (Resigned 22 March 2010)
Ms Karen M Pedersen (Resigned 22 March 2010)
Mr Mark J Clapham (Appointed 3 May 2010)
Mr Timothy M Harris (Appointed 3 May 2010)
Mr Kurt A Wilkinson (Appointed 3 May 2010)

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

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

	Note	Year ended 31 Dec 2010 \$'000	Year ended 31 Dec 2009 \$'000
Revenues	4	12,933	1,575
Net gain on revaluation of investment property		9,758	2,856
Rates, taxes and property outgoings		(3,943)	(150)
Finance costs	4	(7,934)	(1,259)
Other expenses		(1,730)	–
Net profit attributable to unitholders		9,084	3,022
Other comprehensive income for the year		–	291
Total comprehensive income for the year attributable to unitholders		9,084	3,313

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

Statement of Financial Position

Brookfield SX West Tower Landowning Trust

As at 31 December 2010

	Note	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Current assets			
Cash and cash equivalents		1,174	283
Trade and other receivables	5	3,957	496
Other current assets		206	13
Total current assets		5,337	792
Non-current assets			
Investment property	6	123,455	111,750
Total non-current assets		123,455	111,750
Total assets		128,792	112,542
Current liabilities			
Trade and other payables	7	1,034	76
Non-interest bearing loans and borrowings	8	7,707	30
Total current liabilities		8,741	106
Non-current liabilities			
Interest bearing loans and borrowings	9	65,000	65,000
Total non-current liabilities		65,000	65,000
Total liabilities		73,741	65,106
Net assets		55,051	47,436
Equity			
Units on issue	10	44,414	44,414
Undistributed income	11	10,637	3,022
Total equity		55,051	47,436

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

Statement of Changes in Unitholder Interests

Brookfield SX West Tower Landowning Trust

For the year ended 31 December 2010

	Units on issue \$'000	Reserves \$'000	Undistributed income \$'000	Total \$'000
As at 1 January 2010	44,414	–	3,022	47,436
Profit for the year	–	–	9,084	9,084
Total comprehensive income for the year	–	–	12,106	12,106
Transactions with unitholders in their capacity as unitholders:				
Distributions	–	–	(1,469)	(1,469)
Total transactions with unitholders in their capacity as unitholders	–	–	(1,469)	(1,469)
As at 31 December 2010	44,414	–	10,637	55,051

	Units on issue \$'000	Reserves \$'000	Undistributed income \$'000	Total \$'000
As at 1 January 2009	–	(291)	–	(291)
Effective portion of changes in fair value of cash flow hedges	–	291	–	291
Other comprehensive income for the year	–	291	–	291
Profit for the year	–	–	3,022	3,022
Total comprehensive income for the year	–	291	3,022	3,313
Transactions with unitholders in their capacity as unitholders:				
Increase in units on issue	44,414	–	–	44,414
Total transactions with unitholders in their capacity as unitholders	44,414	–	–	44,414
As at 31 December 2009	44,414	–	3,022	47,436

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

Statement of Cash Flows

Brookfield SX West Tower Landowning Trust

For the year ended 31 December 2010

	Note	Year ended 31 Dec 2010 \$'000	Year ended 31 Dec 2009 \$'000
Cash flows from operating activities			
Receipts from customers		14,220	5,463
Payments to suppliers and employees		(5,620)	(311)
Interest paid		(7,933)	(649)
Net cash inflow from operating activities	13	667	4,503
Cash flows from investing activities			
Payments for investment properties		(2,336)	(15,377)
Net cash outflow from investing activities		(2,336)	(15,377)
Cash flows from financing activities			
Net proceeds from/(repayments of) loans with related parties		4,029	(33,309)
Distributions paid		(1,469)	–
Proceeds from issue of units		–	44,414
Net cash inflow from financing activities		2,560	11,105
Net increase in cash and cash equivalents		891	231
Cash at the beginning of the financial year		283	52
Cash at the end of the financial year		1,174	283

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

Notes to the Financial Statements

Brookfield SX West Tower Landowning Trust

For the year ended 31 December 2010

1 Reporting entity

Brookfield SX West Tower Landowner Pty Ltd (Trustee) is the trustee of Brookfield SX West Tower Landowning Trust (formerly Brookfield Multiplex SX West Tower Landowning Trust) (Trust). The Trust operates in Australia. The beneficial unit holder of the Trust is Brookfield Multiplex SX West Tower Holdings 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 2010 was authorised for issue in accordance with a resolution of the Directors of the Trustee on 28 March 2011.

The registered office and principal place of business of the Trustee and the Trust are as follows:

	Brookfield SX West Tower Landowner Pty Ltd	Brookfield SX West Tower Landowning Trust
Registered office	Level 22, 135 King Street, Sydney, NSW 2000	32 Lincoln Square, North Carlton, VIC 3053
Principal place of business	32 Lincoln Square, North Carlton, VIC 3053	32 Lincoln Square, North Carlton, VIC 3053

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*.

Due to the classification of certain intercompany loan balances as current at 31 December 2010, the Trust is in a net current liability position of \$3,404,000. The Trust has non-current assets of \$123,455,000 and a net asset position of \$55,051,000. 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, the financial statements have been prepared on a going concern basis.

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 in the report is presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated, in accordance with AASB 101 *Presentation of Financial Statements*, in order to make the financial statements more understandable.

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 6, investment property.

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

3 Significant accounting policies

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

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.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, financing costs and other incidental costs.

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 balance sheet 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.

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

3 Significant accounting policies continued

Investment property continued

Valuations continued

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. Under current income tax legislation, the Trust is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year, and any taxable capital gain derived from the sale of an asset acquired after 19 September 1985 is fully distributed to unitholders. 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.

New standard and interpretation 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 31 December 2010 but have not been applied preparing these financial statements:

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

3 Significant accounting policies continued

New standards and interpretations not yet adopted continued

AASB 9 *Financial Instruments* is effective from 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 the Statement of Comprehensive Income. The Trust has not yet decided when to adopt AASB 9 or determined the consequential impact of the amendment.

IAS 24 *Related Party Disclosures* modifies the definition of a related party and simplifies some disclosures for government related entities. As the Trust is not a government related entity these disclosure are not expected to have an impact and therefore the Trust have not opted for early adoption. The changes may however effect counterparties of the Trust which previously did not fall within the scope of a related party. The Trust has not yet decided when to adopt the IAS 24 changes or determined the consequential impact of the amendment.

IAS 32 *Classification of Rights Issues* addresses the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Trust has not entered into any arrangements that would fall within the scope of the amendments. However, if the Trust does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to IAS 32 will have an impact on the classification of those rights issues.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. If the Trust enters into any such transactions in the future, IFRIC 19 will affect the required accounting. In particular, under IFRIC 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

Comparatives

Where deemed necessary, the comparatives have been reclassified to achieve consistency with the current year.

	Year ended 31 Dec 2010 \$'000	Year ended 31 Dec 2009 \$'000
4 Revenues and expenses		
Revenues		
Property rental revenue	10,614	1,336
Recoverable outgoings	2,319	239
Total revenues	12,933	1,575
Finance costs		
Interest and finance charges - related parties	(5,696)	(610)
Interest and finance charges	(2,238)	(649)
Total finance costs	(7,934)	(1,259)
	31 Dec 2010 \$'000	31 Dec 2009 \$'000
5 Trade and other receivables		
Current		
Trade receivables	286	2
Amounts due from related entities	3,647	–
Other debtors	24	494
Total trade and other receivables	3,957	496

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

6 Investment property	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Partial ownership		
Southern Cross West, Melbourne, VIC (50%)	123,455	111,750
Total investment property	123,455	111,750

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 Colliers International at 30 June 2010. An internal valuation was carried out at 31 December 2010. The fair values are 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.

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 2010 \$'000	31 Dec 2009 \$'000
7 Trade and other payables		
Current		
Property accruals	97	56
Deferred revenue	937	13
Other creditors and accruals	–	7
Total trade and other payables	1,034	76

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

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For the year ended 31 December 2010

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
8 Non-interest bearing loans and borrowings		
Current		
Amounts due to related entities	7,707	30
Total non-interest bearing loans and borrowings	7,707	30

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
9 Interest bearing loans and borrowings		
Non-current		
Interest bearing liabilities	65,000	65,000
Total interest bearing loans and borrowings	65,000	65,000

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
10 Units on issue		
1,184 Ordinary Units issued at \$37,511.81 each	44,414	44,414
Total units on issue	44,414	44,414

Terms and conditions of ordinary capital

Ordinary units entitle 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 2010 \$'000	31 Dec 2009 \$'000
11 Undistributed income		
Undistributed profits at the beginning of the year	3,022	–
Net profit attributable to unitholders	9,084	3,022
Distributions recognised during the year	(1,469)	–
Undistributed profits at the end of the year	10,637	3,022

12 Distributions

Distributions from the Trust

During the year ended 31 December 2010, distributions paid or payable to unitholders of the Trust amounted to \$1,468,400 (2009: \$nil).

	Year ended 31 Dec 2010 \$'000	Year ended 31 Dec 2009 \$'000
13 Reconciliation of cash flows from operating activities		
Net profit for the year	9,084	3,022
Fair value adjustments	(9,758)	(2,856)
Straight-line rent	389	–
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other debtors	(284)	3,729
Decrease/(increase) in other receivables	278	(13)
Increase in trade and other payables	958	621
Net cash inflow from operating activities	667	4,503

Notes to the Financial Statements continued

Brookfield SX West Tower Landowning Trust

14

For the year ended 31 December 2010

14 Remuneration of auditors

During the current and comparative periods, all amounts paid to the auditor of the Trust, Deloitte Touche Tohmatsu, were borne by Brookfield Australia Investments Limited.

15 Contingent liabilities and assets

There are no contingent liabilities or assets requiring recognition at 31 December 2010 (2009: nil).

16 Capital and other commitments

There are no capital or other commitments at 31 December 2010 (2009: \$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

Brookfield SX West Tower Landowning Trust

For the year ended 31 December 2010

As stated in note 2 to the financial statements, in the Directors' opinion, the Trust is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report prepared to satisfy the Directors' reporting requirements under the Trust Constitution.

The financial report has been prepared in accordance with Accounting Standards and mandatory professional reporting requirements to the extent described in note 2.

In the opinion of the Directors of Brookfield SX West Tower Landowner Pty Ltd, 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 give a true and fair view of the financial position of the Trust as at 31 December 2010 and of its performance for the twelve month period ended on that date; and
 - ii comply with Australian Accounting Standards; and
- 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; and
- c the Trust has operated during year ended 31 December 2010 in accordance with the provisions of the Trust Constitution dated 28 April 2006; and
- d the register of unitholders has, during the year ended 31 December 2010, 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 28 day of March 2011



Timothy M Harris
Executive Director
Brookfield SX West Tower Landowner Pty Ltd

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Unitholders of Brookfield SX West Tower Landowning Trust

We have audited the accompanying financial report, being a special purpose financial report, of Brookfield SX West Tower Landowning Trust (the "Trust"), which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 the Trustee, Brookfield SX West Tower Landowner Pty Ltd, the responsible entity of Brookfield SX West Tower Landowning Trust, are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the Trust Constitution and are appropriate to meet the needs of the unitholders. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those 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 of the financial report that gives a true and fair view, 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.

Opinion

In our opinion, the financial report gives a true and fair view of the financial position of Brookfield SX West Tower Landowning Trust as at 31 December 2010 and its financial performance for the year then ended in accordance with the financial reporting requirements of the Trust Constitution.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the Trust Constitution. As a result, the financial report may not be suitable for another purpose.

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



A G Collinson
Partner
Chartered Accountants
Sydney, 28 March 2011