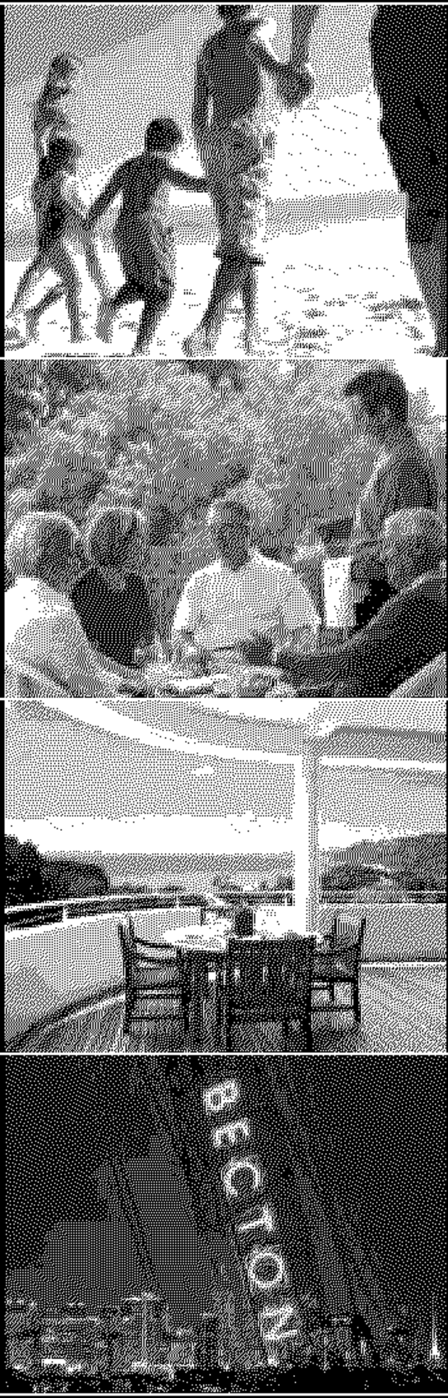
B|E|C|T|O|N

Becton Developments Limited

(to be renamed Becton Property Group Limited)
ABN 64 095 067 771



Prospectus

The Offer comprises -

the Underwritten Offer
of 30,000,000 Shares at $0.50 per Share; and 15,384,615 Convertible Notes (9.5% p.a. coupon) at $0.65 per Convertible Note

and

the Oversubscription Facility
which permits the Company to accept Applications for an additional: 60,000,000 Shares at $0.50 per Share; and 15,384,615 Convertible Notes (9.5% p.a. coupon) at $0.65 per Convertible Note.

The Offer (other than the Oversubscription Facility) is underwritten.

Important information

This is an important document that should be read in its entirety. If you do not understand it, you should consult your professional advisers.

Underwriter/Lead Manager and Financial Adviser
Austock

Legal Adviser
Freehills

IMPORTANT NOTICE

Lodgement and listing

This is a replacement prospectus. It replaces a prospectus lodged with ASIC on 20 May 2005. This Prospectus is dated 3 June 2005 and was lodged with ASIC on 3 June 2005. Neither the ASIC, APX nor the ASX take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The fact that ASX may admit the entity to its official list is not to be taken in any way as an indication of the merits of the entitiy. The Company will apply to the ASX for listing and quotation of the Shares and the Convertible Notes on the ASX within 7 days after the date of the prospectus dated 20 May 2005. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of the investor.

It is important that you read this Prospectus carefully and in full before deciding to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Unless expressly stated in this Prospectus, no person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital or the payment of a return on the Shares or the Convertible Notes.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares, the Convertible Notes or the Offer, or to otherwise permit a public offering of Shares or Convertible Notes, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Electronic Prospectus

This Prospectus is available in electronic form via www.becton.com.au. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons having received a copy of this Prospectus in its electronic form may, during the Offer Period, obtain a paper copy of the Prospectus (free of charge) by telephoning the Underwriter on 1800 806 362. Applications for Shares, Convertible Notes or both may only be made on the Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from www.becton.com.au. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Exposure period

The Corporations Act prohibits the Company from processing applications in the 7 day period after the date of lodgement of the prospectus dated 20 May 2005. This period may be extended by ASIC by up to a further 7 days. This period is an Exposure Period to enable the prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Photographs

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company.

Financial amounts

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

Glossary of Terms

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary of Terms.

Privacy

By filling out the Application Form to apply for Shares, Convertible Notes or both, you are providing personal information to the Company through the Company's service provider, the Share Registry, which is contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, Convertible Noteholder or both, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, as well as its related body corporates, which the Company considers may be of interest to you. If you do not want your personal information to be used for this purpose please contact the Company.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the shareholder register;
- the Trustee in relation to the Convertible Notes
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder and noteholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and Convertible Notes and for associated actions.

You may request access to your personal information held by (or on behalf of) the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to the Share Registry as follows:

ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne, VIC 3000

Contents

Key Offer Information

DETAILS OF THE OFFER

Shares	
Share Offer Price (per Share)	**$0.50**
Number of Shares currently on issue	**32,353,200**
Number of Shares in the Underwritten Offer[1]	**30,000,000**
Shares to be issued on conversion of 2005 Notes and 2006 Notes[2]	**35,426,947**
Shares to be issued to Becton Vendors under Share Sale Agreement[3]	**208,000,000**
Total Shares on issue after completion of the Offer and the Merger[4]	**305,780,147**
Market capitalisation at Share Offer Price[4]	**$152.9 million**
Enterprise value at the Share Offer Price[4,5]	**$175.3 million**
Convertible Notes	
Number of Convertible Notes in the Underwritten Offer[6]	**15,384,615**
Convertible Note Offer Price (per Convertible Note)	**$0.65**
Annual coupon[7]	**9.5%**

Notes:

1 The Oversubscription Facility (which includes the Employee Gift Share Offer) entitles the Company to accept applications for up to an additional 60 million Shares. The additional 60 million Shares are not included in these 30 million Shares.

2 This assumes a 50% conversion rate on 30 June 2005 of both the 2005 Notes and the 2006 Notes and a conversion price of $0.475.

3 This assumes a purchase price of $104 million for Becton under the Share Sale Agreement to be satisfied by the issue to the Becton Vendors of 208 million Shares at $0.50 per Share.

4 This does not include any Shares or Convertible Notes that may be issued under the Oversubscription Facility (which includes the Employee Gift Share Offer).

5 Enterprise value is the market capitalisation at the Share Offer Price plus the net debt set out in the Pro-forma Merged Statement of Financial Position as at 31 December 2004 of $22.4 million (refer section 7.7). Net debt of $22.4 million is based on non-project debt of $49.4 million less cash of $27.0 million.

6 The Oversubscription Facility entitles the Company to accept Applications for up to an additional 15,384,615 Convertible Notes. The additional 15,384,615 Convertible Notes are not included in these 15,384,615 Convertible Notes the subject of the Underwritten Offer.

7. The annual coupon on Convertible Notes is payable half-yearly in arrears, commencing 31 December 2005.

FORECAST DATA[1]

	Forecast FY2006[2]	
	AGAAP[3]	**A-IFRS[3]**
Forecast EBITDA	**$33.8 million**	**$32.6 million**
Forecast NPAT	**$20.9 million**	**$19.7 million**
Forecast NPAT before amortisation	**$21.3 million**	**$19.7 million**
Forecast basic earnings per Share before amortisation	**7.0 cents**	**6.5 cents**
Forecast enterprise value/EBITDA multiple	**5.2 times**	**5.4 times**
Forecast price earnings multiple based on NPAT before amortisation	**7.2 times**	**7.7 times**

Notes:

1 The forecast data in this table assumes total Shares on issue after completion of the Offer and the Merger of 305,780,147 Shares.

2 The forecast data is based on a number of estimates, assumptions and pro-forma adjustments that are subject to business, economic and competitive uncertainties and contingencies, with respect to future business decisions, which are subject to change and in many cases outside the control of the Company and the Directors. The forecast financial information presented in this Prospectus may vary from actual financial results and these variations may be material. Details of the forecast financial information, the assumptions on which they are based and management's discussion and analysis of them together with the associated risk factors are set out in sections 7 and 9 respectively. The Investigating Accountant's Report on forecast financial information is in section 8.

3 Due to the pending implementation of A-IFRS, forecast FY2006 financials have been presented in accordance with the requirements of both AGAAP and A-IFRS to allow comparability between the two accounting regimes. The differences between AGAAP and A-IFRS, in terms of the relevant accounting policies, are outlined in sections 7.8 and 7.9.

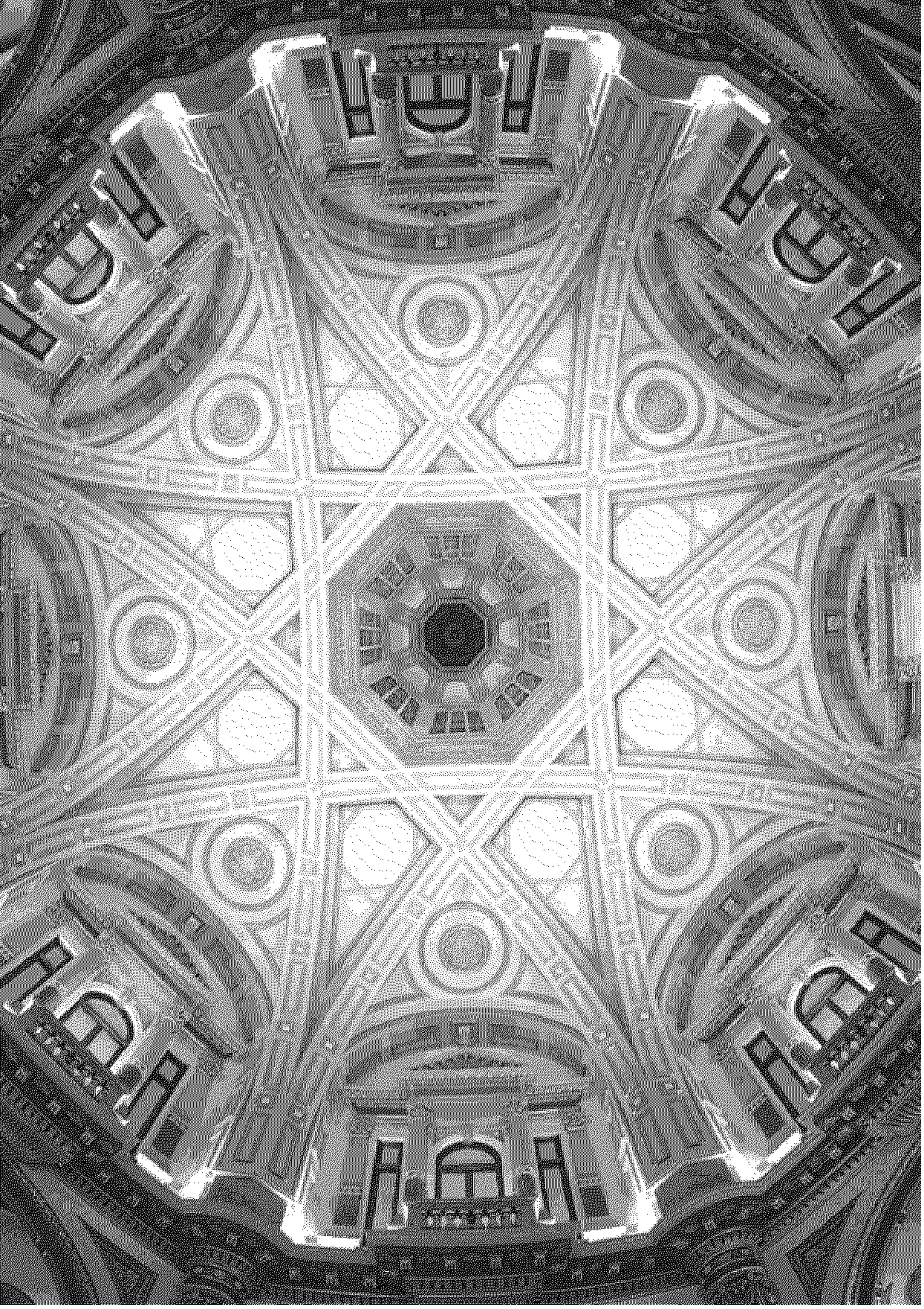
KEY DATES[1]

Prospectus date	**Friday, 3 June 2005**
Offer (including Priority Offer) opens	**Monday, 6 June 2005**
Meeting of Shareholders of Company	**11.00am Tuesday, 21 June 2005**
Priority Offer closes	**5.00pm Wednesday, 22 June 2005**
Offer (other than Priority Offer) closes	**5.00pm Friday, 24 June 2005**
Last date for lodging APX transfers	**5.00pm Friday, 24 June 2005[2]**
Allotment of Shares and Convertible Notes	**Monday, 27 June 2005**
Merger implementation date	**Friday, 1 July 2005**
Record date for transfer of listing to ASX	**7.00pm Monday , 4 July 2005**
Transaction confirmation statements expected to be dispatched	**Tuesday, 5 July 2005**
Trading of Shares and Convertible Notes on ASX expected to commence	**Friday, 8 July 2005**

Notes:

1 All dates are subject to change and are indicative only. All dates and times are Melbourne time. The Company reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer or to accept late Application Forms, either generally or in particular cases, without notifying any recipient of this Prospectus or any Applicant. Applicants are encouraged to submit their Application Forms as early as possible.

2 This assumes the Merger and Offer proceed.



Chairman's Letter

3 June 2005

Dear investor

I welcome the opportunity to invite you to become a security holder in Becton Developments Limited, which is to be renamed Becton Property Group Limited subject to shareholder approval.

Becton Developments and Becton Pty Ltd have agreed, subject to the approval of the shareholders of Becton Developments ("Shareholders"), to merge the two companies. Under the Merger, Becton Pty Ltd (the parent entity of Becton Group), will become a subsidiary of Becton Developments. Becton Developments will also undertake an underwritten capital raising of $25 million (with the ability to accept oversubscriptions for a further $30 million of Shares and $10 million of Convertible Notes) through the offer of Shares and Convertible Notes under this Prospectus to create a new listed diversified property group – Becton Property Group. The Merger will facilitate the raising of new capital to fund the growth of Becton Property Group, particularly in retirement and property funds management.

As part of the Merger, the Company will transfer its listing from the APX to the ASX. The securities issued under this Prospectus will be quoted on the ASX. Existing shareholders who hold shares as at 7.00pm on Monday 4 July 2005 will have their shares transferred to the ASX.

The offer of Securities under this Prospectus is conditional on Shareholders providing the required approvals by shareholder resolution. The meeting of shareholders of Becton Developments is at 11:00am on Tuesday, 21 June 2005 at Le Meridien at Rialto.

Becton Group, established in 1976, has an enviable history of successful, high quality residential and commercial property development. More recently Becton Group has diversified nationally into property funds management, the retirement sector and a holiday ownership club through Becton Investment Management, Becton Living and Accor Première Vacation Club respectively.

Becton Investment Management has grown rapidly and today has over $600 million in funds under management and rewarding relationships with over 5,500 investors throughout Australia.

Becton Living has two retirement properties in Melbourne that will, upon completion of construction, consist of 500 dwellings, and plans to develop and acquire more properties within Australia.

Accor Première Vacation Club – a joint venture between Becton Resorts and Accor Resorts, is Australia's first hotel branded holiday ownership club and currently has over 8,000 members.

Over the years, Becton Group, with its experienced management team, has demonstrated an ability to grow and diversify the business and its earnings streams. This growth is testament to its ability to foresee change and adapt accordingly to movements in property and economic cycles.

As an integrated property group, Becton Property Group will derive stable, recurrent income from property funds management, retirement and holiday ownership coupled with development and construction profits which typically display a higher risk and reward profile. These income streams will allow Becton Property Group to generate returns from the various stages in the property investment lifecycle.

The Directors and senior management team of Becton Group remain committed to its success following the Merger with all of those who are current owners of the business entering into voluntary share restriction agreements and, where necessary, appropriate employment contracts with Becton Property Group.

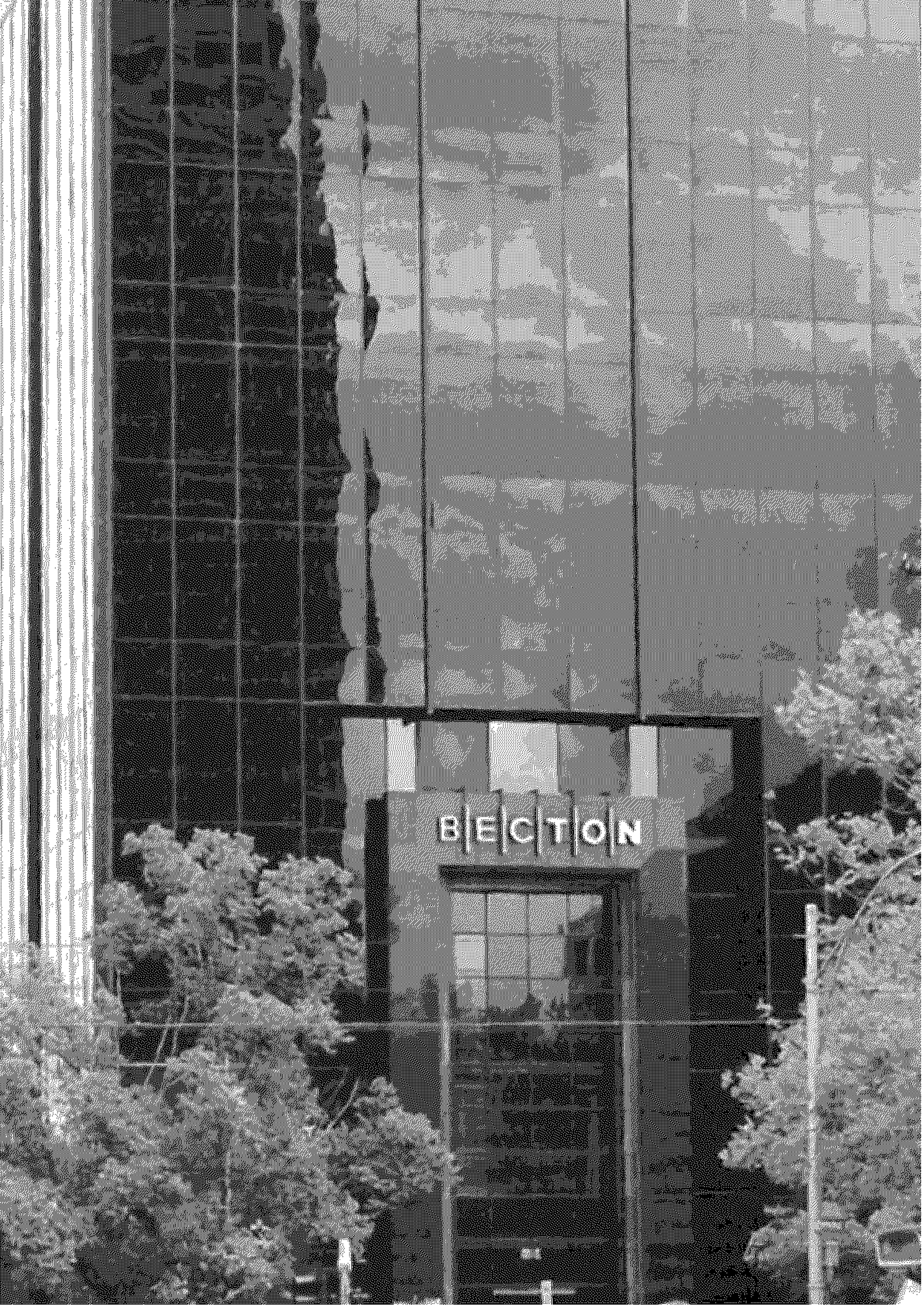
This Prospectus contains detailed information about the Offer, Becton Developments, Becton Group and Becton Property Group. I urge you to read it carefully before making your investment decision.

On behalf of the Directors of Becton Developments, I commend this investment opportunity to you and look forward to welcoming you as a Shareholder, Noteholder or both of the Company.

Yours sincerely

B J Pollock

Brian Pollock
Chairman


BECTON

Investment Overview

This summary is not intended to provide full information on the Securities offered under this Prospectus. In deciding to apply for Securities, you should read this Prospectus carefully in full. If you are in doubt as to the course you should follow, please consult your professional advisers.

Throughout this Prospectus you will see references to various Becton entities in different forms including:

- Becton – being Becton Pty Ltd, the parent entity of Becton Group;
- Becton Group – being the group of companies and trusts that operates the development and construction, retirement, property funds management and holiday ownership club businesses;
- Becton Developments – the public company listed on APX (and which will, following completion of the Offer, be listed on ASX) which has provided funding to Becton Group; and
- Becton Property Group – being Becton Developments following the Merger of Becton Developments and Becton Group and the completion of the Offer under this Prospectus.

Further details of these defined terms and abbreviations are included in the Glossary of Terms.

1.1 Business overview

Overview of Becton Developments

Becton Developments was established in November 2000 to raise funds from the public to finance the property development and construction activities of Becton Group. Between 2001 and 2003, Becton Developments raised $45.3 million through the issue of Shares ($11.6 million) and Unsecured Notes ($33.7 million). These Unsecured Notes are due to mature at 30 June 2005 ($7.8 million) and at 30 June 2006 ($25.9 million).

Becton Developments' shares were listed on the Australia Pacific Exchange on 24 January 2005.

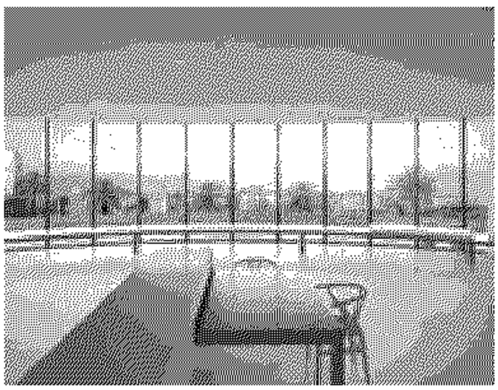
Becton Developments' sole investment is in $45.2 million of Performance Notes issued by Becton Constructions. These Performance Notes are due to mature at 30 June 2005 ($12.9 million) and at 30 June 2006 ($32.3 million).

Overview of Becton Group

Becton Group, established in 1976, has an enviable history of successful, high quality residential and commercial property development.

Today, Becton Group is a diversified property group involved in retirement, property funds management and a holiday ownership club as well as its ongoing activities in property development and construction.


CENTURY CITY WALK



Investment Overview (Cont'd)

Development and Construction

Becton Constructions' collection of award winning projects reflects its leadership in developing high quality residential and commercial properties. Becton Constructions has developed a significant portfolio of projects including some of the most prestigious properties in Australia.

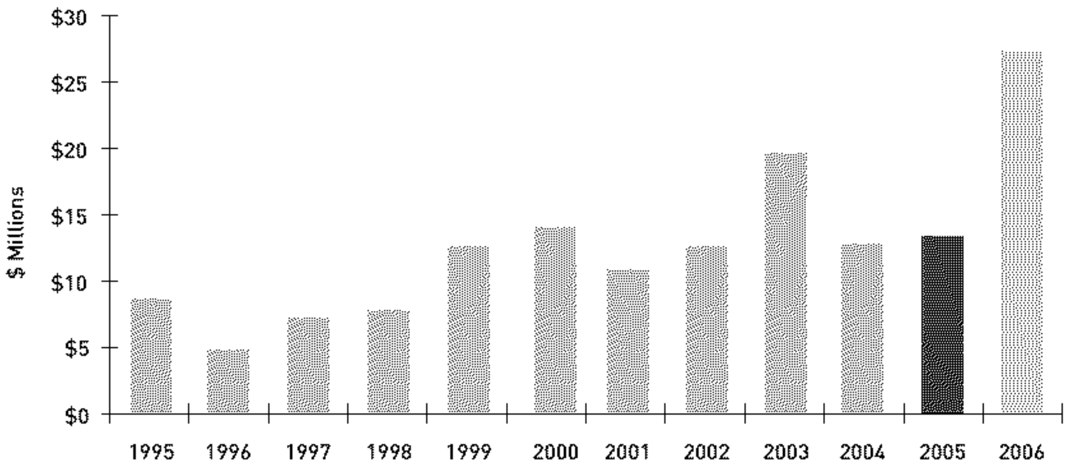
Becton Constructions' success is driven by:

Quality: Becton Constructions is a boutique developer, delivering quality product to a range of the residential, commercial and leisure markets.

Flexibility: Becton Constructions responds to the market place, undertaking extensive research and keeping abreast of customer needs. Through its development expertise, Becton Constructions modifies its projects during the construction phase to meet specific customer requirements.

Control: Becton Constructions has a policy of being relatively risk averse, managing foreseen project risk before it commits to design and construction. Becton Constructions seeks to control and manage all major risk areas in a project through a detailed "hands-on" approach.

Development & Construction - historical and forecast EBITDA (under AGAAP)



Note:

The historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004 adjusted to reflect the EBITDA associated with the development and construction activities of Becton Group. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBITDA for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.


CROWNE PLAZA

Investment Overview (Cont'd)

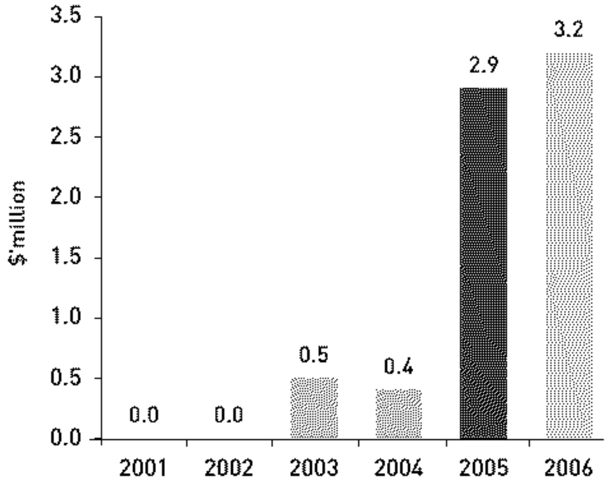
Property Funds Management

Becton Investment Management is Becton's specialist property funds management business. It was established in December 1999 to complement the development and construction business, diversify Becton Group's earnings and provide a more stable, recurrent income source. Since that time, Becton Investment Management has grown its retail property funds management business, which includes the acquisition of Glenmont Properties Limited in October 2004.

Becton Investment Management has arranged over 25 property financing and syndication vehicles holding assets valued in excess of $600 million. Currently, Becton Investment Management manages 21 public and two private investment vehicles on behalf of over 5,500 retail investors.

Becton Investment Management plans to continue building its range of property financing and syndication vehicles as well as establishing a series of wholesale property investment vehicles.

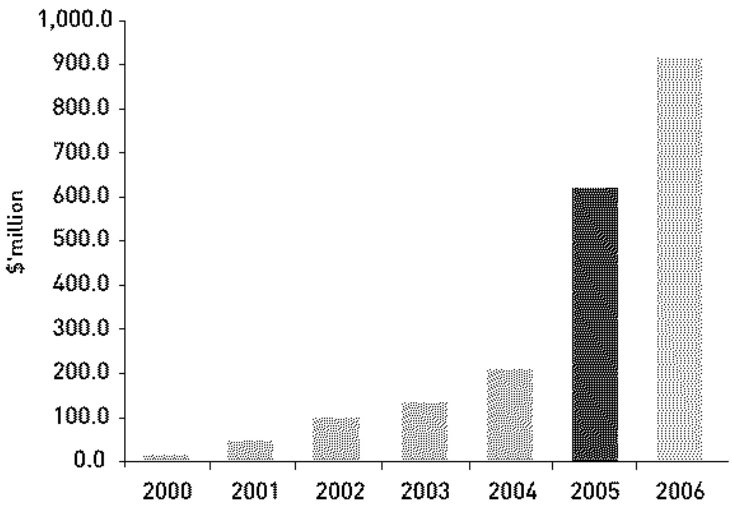
BIM - historical and forecast EBITDA (under AGAAP)



Note:

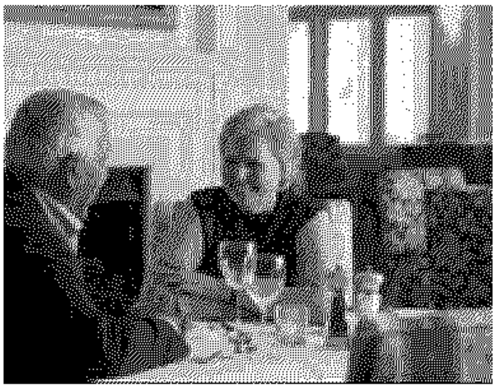
This historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

BIM - historical and forecast funds under management (FUM)



Note:

The historical FUM is based on actual FUM to 30 June 2004. The forecast FUM for FY2005 is based on actual FUM as at 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. 98% of forecast FUM for FY2005 is under management as at the date of this Prospectus. The balance of FY2005 forecast FUM is supported by acquisitions that are either contracted or the subject of advanced exclusive negotiations. The forecast FUM for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006.
The historical and forecast FUM is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7.



Investment Overview (Cont'd)

Retirement

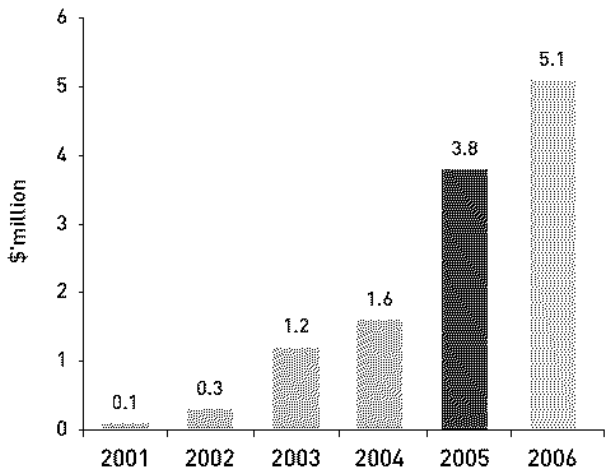
Becton Living is the vehicle for Becton's activity in the Australian retirement sector. It provides Becton with recurrent long-term management fees, a share of capital gains and a market position to participate in the consolidation of the fragmented retirement sector. The business also leverages Becton Group's development and construction capabilities in the creation of new properties and the repositioning of existing villages.

Becton Living presently owns and operates two substantial properties:

- Classic Residences Brighton commenced development in 1999 and will, when completed this year, comprise 376 residential apartments and villas and extensive community facilities.
- Menzies Malvern was acquired by Becton Living in 2004 and comprises 124 quality apartments and community facilities.

Australia's aging population over the medium and longer term will increase the demand for accommodation facilities for the elderly. This combined with Becton Group's innovative, hospitality based approach to the retirement sector will provide growth opportunities for this business in the future through a combination of new developments and acquisitions.

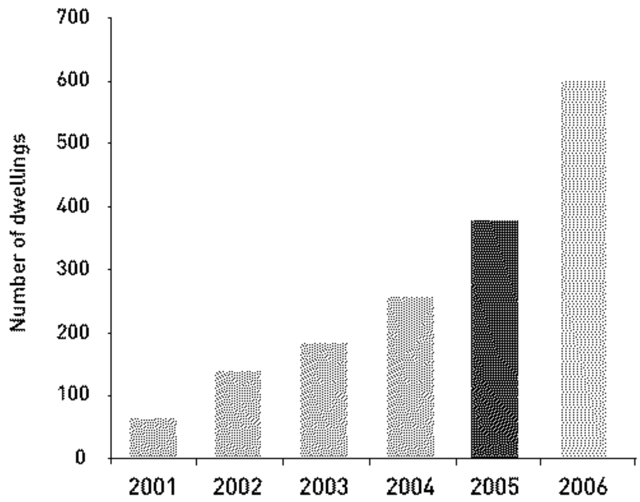
Becton Living - historical and forecast EBITDA (under AGAAP)



Note:

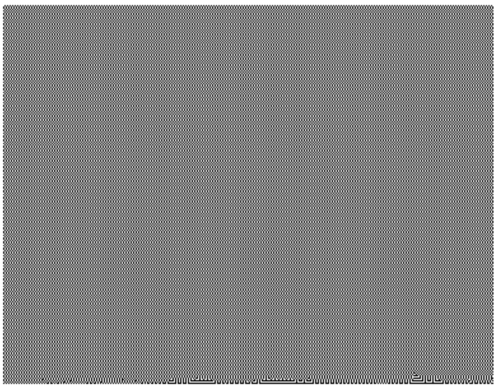
The historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBITDA for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

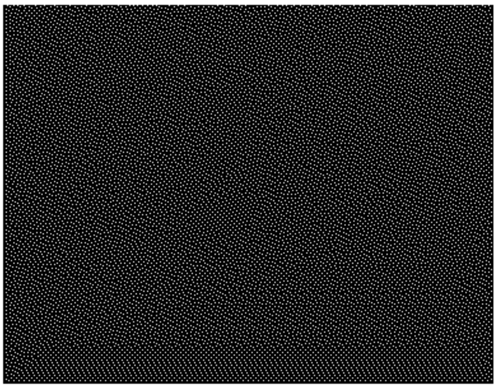
Becton Living - historical and forecast dwellings under management



Note:

The historical dwellings under management are based on actual dwellings to 30 June 2004. FY 2005 forecast dwellings under management are based on actual dwelling numbers as at 31 December 2004 and the Directors' forecasts for the six months ending 30 June 2005. 100% of forecast dwellings for FY2005 have been sold as at 30 April 2005. Forecast dwellings under management for FY2006 are derived from the Directors' forecasts for the 12 months ending 30 June 2006. The FY2006 forecast assumes the sale of 67 dwellings at Classic Residences Brighton, the sale of 4 dwellings at Menzies Malvern and the acquisition of a 150 unit mature retirement village. The forecast dwellings under management are based on a number of estimates and assumptions as described in section 7.





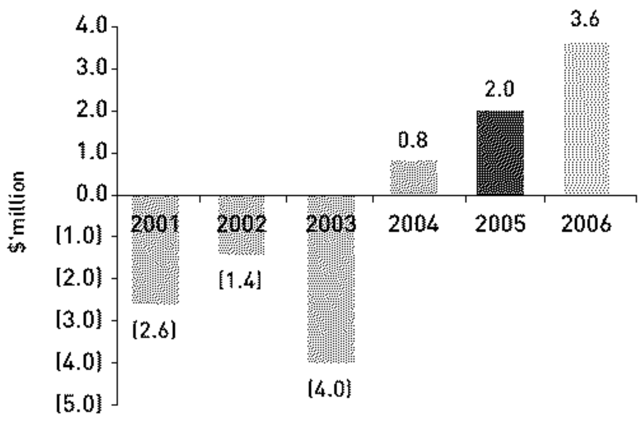
Investment Overview (Cont'd)

Holiday Ownership – APVC (50% interest)

Becton Resorts (a subsidiary of Becton) and Accor Resorts have created and developed Accor Première Vacation Club (APVC) through a joint venture. Accor Resorts is part of AAPC Asia Pacific (which comprises AAPC Australia Group and AAPC Asia Group). The ultimate holding group of AAPC Asia Pacific is Accor SA, which is a public limited company incorporated under the legislation of the Republic of France. Accor SA is one of the world's largest hotel and tourism enterprises. AAPC Australia Group is Australia's largest hotel management group featuring the hotel brand names Sofitel, Novotel, Mercure, All Seasons, Ibis and Formule 1.

The creation of APVC is strategically important for Becton Group due to the exposure it provides Becton Group to the regenerated and rapidly growing timeshare industry and potential synergies between timeshare development and Becton Group's development and construction division.

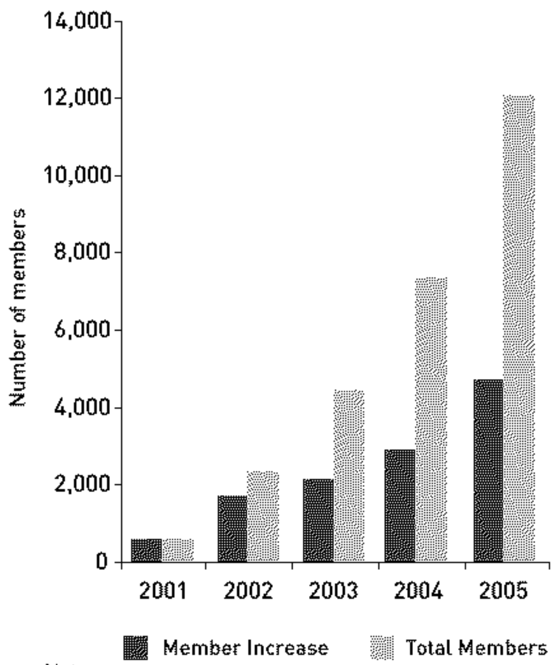
Holiday ownership - historical and forecast EBIT (under AGAAP) (Becton Resorts' 50% share only)



Note:

This historical EBIT has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBIT for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBIT for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006.
The historical and forecast EBIT is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBIT is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Holiday ownership - historical and forecast member numbers (100% of APVC)



Note:

Member increases and total member numbers are presented on a December year end basis. The historical member numbers to 31 December 2004 have been derived from APVC's management reporting systems. From 2001 to 2004, the cumulative annual growth rate in members was 69%. Forecast member numbers for calendar year 2005 are derived from Directors' forecasts for the 12 months ending 31 December 2005. Calender year 2005 assumes an annual growth rate of 64% from 31 December 2004 which is lower than the historical growth rates achieved. As at 31 March 2005, actual member numbers were 8,383.

Investment Overview (Cont'd)

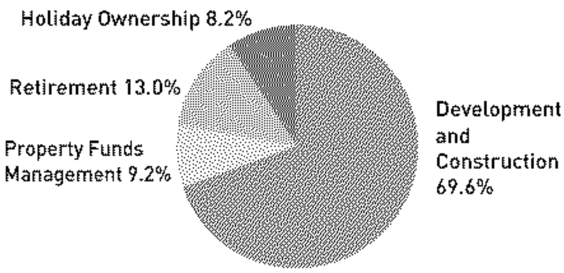
1.2 Investment Highlights

Historic performance and diverse earnings stream

Becton Group has a history of consistently generating earnings and has progressively diversified its earnings streams:

- Becton Group's income is diversified across business activities, property sectors and geographic locations within Australia;
- its stable, recurrent income from the property funds management and retirement businesses are coupled with income growth through APVC and higher returns associated with development and construction;
- Becton Constructions has achieved profit growth over the last 10 years through numerous property and business cycles; and
- over 80% of Becton Constructions' forecast EBITDA for 2006 is based on projects that are already under construction and the balance are programmed to commence construction before 30 June 2005.

Forecast EBITDA composition for the year ending 30 June 2006



Note:

This forecast EBITDA composition for FY 2006 is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is measured before corporate overhead of $5.4 million and is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Opportunities for earnings growth

Becton Property Group has identified a number of growth opportunities including:

- expanding and further diversifying its property funds management activities via:
  - the continued acquisition of properties;
  - potential acquisitions of other property funds management businesses;
  - the establishment of development equity funds and wholesale property funds; and
  - pursuing greater synergies between property funds management and property development and construction;
- pursuing growth in the retirement sector through the acquisition of both greenfield development sites and established operations;
- increasing member numbers in the holiday ownership club and pursuing greater synergies between timeshare and property development and construction; and
- securing appropriate new development and construction projects advantageously through property cycles.

Experienced management and Board

Following the Merger, Becton Property Group will have a Board and senior management team with:

- significant experience in finance and property markets;
- a commitment to the future with employment contracts and significant equity holdings in Becton Property Group;
- a cautious, disciplined and hands-on approach to risk management; and
- a majority of independent Directors.

Strategic objectives

The strategic objectives of Becton Property Group following the Merger are:

- *Creation of a major listed diversified property group*
  - actively seek to grow the business and further diversify earnings across the four businesses
- *Increase stable, recurrent earnings*
  - focus on increasing the stable, recurrent income derived from the four businesses
- *Leverage opportunities between divisions*
  - actively seek to leverage synergies between the four businesses in terms of sourcing opportunities and deriving income from the various stages of the property investment lifecycle
- *Grow through acquisition*
  - pursue further acquisitions, particularly in property funds management and the retirement sectors.

1.3 Summary of financial performance

The table below summarises the historical pro-forma merged financial performance of Becton and Becton Developments for FY2003 and FY2004 (as if the Merger had occurred on 1 July 2002) and the pro-forma forecast financial performance of Becton Property Group for FY2005 and the forecast financial performance of Becton Property Group for FY2006 under both AGAAP and A-IFRS accounting policies.

The Company's ability to achieve its forecasts is influenced by many factors, some of which are outside its control. The Directors cannot guarantee or assure Applicants that the forecasts will be achieved.

Pro-forma Merged Group - Financial Performance

	AGAAP				A-IFRS	
A$ Millions	**FY2003**	**FY2004**	**FY2005**	**FY2006**	**FY2005**	**FY2006**
	Pro-forma Merged Actual	**Pro-forma Merged Actual**	**Pro-forma Merged Forecast**	**Forecast**	**Pro-forma Merged Forecast**	**Forecast**
Revenue	110.6	90.2	124.1	229.5	72.5	213.9
EBITDA	17.3	10.5	17.4	33.8	9.0	32.6
EBIT	16.8	10.0	16.4	32.6	8.6	32.0
NPAT				20.9		19.7
NPAT - Excluding amortisation net of tax effect				**21.3**		**19.7**

Note:

The financial information in the above table has been derived from the audited financial statements of Becton Developments and Becton up to the period ended 30 June 2004. The forecast for FY2005 is derived from the actual results for Becton Developments and Becton for the six months ended 31 December 2004 and the Directors' forecasts for the six months ending 30 June 2005. The forecast for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historicals and forecasts are based on a number of estimates, assumptions and pro-forma adjustments as described in section 7.

1.4 Dividend policy

Subject to the availability of sufficient franking credits, the Company intends to pay a fully franked dividend of 2.5 cents per Share in respect of the 2006 financial year. From 2007 onwards, the dividend policy will be to pay out approximately 35% to 50% of net profit after tax. The Company can give no assurance as to the level of dividends, if any, or of the franking of those dividends. This is because such matters depend, among other factors, on the Company's profits, funding requirements and tax position.

See section 2.7(f) as to the method of payment of dividends.

1.5 Description of the Offer

Under the Underwritten Offer, 30,000,000 Shares and 15,384,615 Convertible Notes will be offered. The Oversubscription Facility gives the Company the ability to accept applications for an additional 60,000,000 Shares and 15,384,615 Convertible Notes in oversubscriptions (in addition to the 30,000,000 Shares and 15,384,615 Convertible Notes that are the subject of the Underwritten Offer).

Applicants may apply for Shares, Convertible Notes or both.

Investment Overview (Cont'd)

The Offer comprises:

- the Broker Firm Offer, consisting of the offer of Securities to Australian resident retail clients of the Underwriter or a broker appointed by the Underwriter (refer section 2.7(a));
- the Institutional Offer, consisting of the invitation to certain institutional and professional investors to whom securities may be offered without the need for a disclosure document under the Corporations Act (refer section 2.7(b));
- the Priority Offer, consisting of the priority offer of Securities to Eligible Participants (refer section 2.7(c)); and
- the Employee Share Gift Offer, consisting of the offer of Shares to certain Becton employees as determined by the Directors (refer section 2.7(d)).

The Offer does not contain a general public offer component.

All Shares being offered under this Prospectus will rank equally with each other. Refer to section 10.3 for further details of Share terms.

All Convertible Notes being offered under this Prospectus will rank equally with each other and ahead of all Shares. All Convertible Notes will also rank equally with the 2005 Notes and the 2006 Notes. Refer to section 2.3 and Appendix A for further details of Convertible Note terms.

1.6 Transfer to ASX

As part of the Merger, the Company will transfer its listing from the APX to the ASX. The Securities issued under this Prospectus will be quoted on the ASX. Shareholders who hold Shares as at 7.00pm on Monday 4 July 2005 will have their Shares transferred to the ASX. See section 2.14.

1.7 Use of proceeds

The proceeds of $25 million from the Underwritten Offer will be used as follows:

	$(millions)
Further support the funding of growth opportunities including acquisitions in the retirement and funds management sectors	7.1
Working capital	7.2
Repayment of existing debt	7.2
Fundraising and listing costs	3.5
Total	**25.0**

Any additional funds raised through the issue of Shares or Convertible Notes or both under the Oversubscription Facility (up to approximately $40 million through the issue of an additional 60 million Shares and approximately 15.4 million Convertible Notes) will be used to fund growth through acquisitions.

The Directors believe that the working capital available to the Company is sufficient to carry out its stated objectives as well as for its present requirements, that is, for at least the 12 months from the date of publication of this Prospectus.

1.8 Underwriting and Max Beck loan

The Offer (other than the Over Subscription Facility) is underwritten by Austock Corporate Finance Limited. The underwriting agreement is summarised in section 10.5.1.

Bongiorno Enterprises (Aust) Pty Ltd ACN 005 529 742, in its capacity as trustee of the BG Family Trust (**Bongiorno Enterprises**), has agreed with the Underwriter to sub-underwrite up to a maximum of 20,000,000 of the 30,000,000 Shares that are the subject of the Underwritten Offer. Bongiorno Enterprises is an entity associated with Joe Bongiorno.

Beck Corporation Pty Ltd (**Beck Corporation**), an entity associated with Max Beck, has entered into a loan agreement with Bongiorno Enterprises dated 19 May 2005. Under this loan agreement, Beck Corporation has agreed to provide to Bongiorno Enterprises a loan of up to $10 million on arms-length ordinary commercial terms to enable Bongiorno Enterprises to fulfil its sub-underwriting obligations.

The loan will have a term of 12 months. An initial facility fee equal to 2% of the facility limit will be payable by Bongiorno Enterprises to Beck Corporation, and interest will accrue on the loan at a rate of 1.5% p.a. over the 30-day bank bill rate and capitalise quarterly. Bongiorno is obliged to use all amounts received in respect of the shares the subject of the sub-underwriting arrangement (including the proceeds of sale) in reduction of amounts owing under the loan.

Bongiorno Enterprises will receive the underwriting commission and the management fee (which are described in section 10.5.1) in respect of that proportion of the Underwritten Offer that is ultimately issued to Bongiorno Enterprises pursuant to this sub-underwriting. The underwriting commission and the management fee payable to the Underwriter will be reduced by the amounts that are payable to Bongiorno Enterprises under this sub-underwriting arrangement.

If Bongiorno Enterprises acquires the maximum number of Shares under the Sub-Underwriting Agreement, then Bongiorno Enterprises' voting power in the Company (after the Merger and the Offer and assuming 50% conversion of the Notes including all those held by the Becton Vendors) will be 6.54%. If the Shares under the Offer are allotted prior to the Merger, then Bongiorno Enterprises' voting power in the Company for the period between allotment of the Shares under the Offer and the implementation of the Merger will be 32.08%. These percentages do not take into account any Shares to be issued under the Oversubscription Facility (including the Employee Share Gift Offer).

1.9 Taxation considerations

A summary of the Australian taxation consequences of an investment in the Securities is in section 10.6. As the taxation consequences of an investment will depend upon the investor's particular circumstances, it is the obligation of investors to make their own inquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

1.10 Investment risks

Applicants should be aware that there are risks associated with any investment in the Shares, Convertible Notes or both. In addition, there are a number of risk factors specific to the Company, Becton Group, the industries in which the Company (and following the Merger, Becton Property Group) operates and the general business environment. Such risk factors may impact on the performance and financial position of the Company. Applicants should read this Prospectus in full to appreciate the risk factors associated with an investment in the Company. Details of the key risk factors of which Applicants should be aware are set out in section 9.

1.11 How to apply for Shares and Convertible Notes

Details on how to apply for Shares, Convertible Notes or both are included in section 2. If you have any questions about how to invest in the Company, you should contact your stockbroker, solicitor, accountant or other independent financial adviser.

1.12 Inquiries

All inquiries in relation to this Prospectus should be directed to the Underwriter on 1800 806 362 between the hours of 9am and 5pm on Business Days up to the Closing Date.

For further details on the Offer, visit the Becton website at www.becton.com.au.

Details of the Offer

2.1 Description of the Offer

This Prospectus invites Applications:

(a) under the Underwritten Offer for:

- 30,000,000 Shares at $0.50 per Share; and
- 15,384,615 Convertible Notes at $0.65 per Convertible Note; and

(b) under the Oversubscription Facility for:

- 60,000,000 Shares at $0.50 per Share; and
- 15,384,615 Convertible Notes at $0.65 per Convertible Note.

Applicants may apply for Shares or Convertible Notes or both.

2.2 Share terms

A summary of the rights and obligations of the Shares is contained in section 10.3.

2.3 Convertible Note terms

The main terms of the Convertible Notes are:

Convertible Note Offer Price and face value	$0.65 per Convertible Note
Total number of Convertible Notes offered under Underwritten Offer	15,384,615
Annual coupon	9.5% per annum (cumulative)
Maturity date	30 June 2010
Interest period	Each 6 month period ending on 30 June and 31 December. The first interest payment period will be from the date of issue of the Convertible Notes until 31 December 2005.
Interest payments	Interest will accrue daily and be paid in arrears for the previous half year and must be paid within 7 days after each 30 June and 31 December. The last interest payment will be made in respect of the interest period ending on the maturity date.
Conversion Rights	1 Share per Convertible Note (plus additional Shares to compensate the Noteholder for bonus issues (an issue of securities by way of capitalisation of profits, reserves or capital redemption reserve fund but not by way of dividend) that the Company has made prior to conversion (if any)). Convertible Noteholders may, on not less than 14 days notice, request that the Company convert their Convertible Notes with effect on 30 June and 31 December of each year from 30 June 2007 until the maturity date. In addition, if the volume weighted average price of Shares is less than 65 cents at the time of conversion, the Company may elect, at its discretion, to pay the difference in cash.

Details of the Offer (Cont'd)

Early Conversion	Convertible Noteholders may request early conversion or redemption of some or all of the Convertible Notes on the occurrence of certain trigger events (including non-payment of the coupon payment for two consecutive periods, insolvency events, suspension of Shares from trading on a prescribed financial market for more than 20 consecutive business days, an announcement by the Company of its intention to sell all or substantially all of its business undertaking or assets, and a change of control in the Company). Where a Convertible Noteholder requests early conversion or redemption, the Company must do one (or a combination) of the following (as determined by the Company): - convert the Convertible Notes into Shares; - repurchase the Convertible Notes at their face value. On a change of control in the Company, the Company must convert the Convertible Notes into Shares if the Noteholder so elects.
Early redemption	The Company may redeem all or some of the Convertible Notes at their face value prior to the maturity date on the occurrence of an accounting or tax event (being an accounting or tax event that materially increases the costs of having the Convertible Notes on issue) or takeover event (certain takeover offers or schemes of arrangement occurring in relation to the Company). In the case of a takeover event, the Convertible Noteholder may elect that some or all of the Convertible Notes subject to early redemption be converted (in lieu of redemption). On a winding up of the Company, all Convertible Notes must be redeemed by the Company.
Redemption	The Convertible Notes will be redeemed at their face value on the maturity date (if they have not already been redeemed or converted).
Ranking	If the Company is wound up prior to repayment, the Convertible Notes will rank for repayment of principal and unpaid interest behind secured creditors but ahead of all shares in the capital of the Company. The Convertible Notes will rank equally with all other unsecured creditors, and any other 2005 Notes or 2006 Notes on issue.

The full terms of the Convertible Notes are in Annexure A to this Prospectus. A summary of the Convertible Note Trust Deed is in section 10.5.10.

Sandhurst Trustees Limited has been appointed by the Company pursuant to the Convertible Note Deed as trustee for the Convertible Noteholders.

Under the Convertible Note Deed, the Company must pay to the Trustee an annual fee of $20,000 plus GST. The Trustee is entitled to charge on a time basis at the Trustee's standard rates for any services in relation to any default or restructure of the Convertible Note arrangements. The Trustee is also entitled to be reimbursed for certain costs and expenses incurred by it as set out in the Convertible Note Deed.

The Trustee is a long established and respected trustee company, incorporated in Victoria 117 years ago and is a wholly owned subsidiary of Bendigo Bank Limited.

2.4 Purpose of the Offer

The purpose of the Offer is to:

- provide additional capital to the Company which will allow it to take advantage of growth opportunities including acquisitions in the retirement and property funds management sectors;
- raise funds to retire existing debt and provide additional working capital; and
- facilitate further ownership of Shares by employees.

2.5 Key dates[1]

Important dates:

Prospectus date	**Friday, 3 June 2005**
Offer (including Priority Offer) opens	**Monday, 6 June 2005**
Meeting of Shareholders of Company	**11.00am Tuesday, 21 June 2005**
Priority Offer closes	**5.00pm Wednesday, 22 June 2005**
Offer (other than Priority Offer) closes	**5.00pm Friday, 24 June 2005**
Last date for lodging APX transfers	**5.00pm Friday, 24 June 2005[2]**
Allotment of Shares and Convertible Notes	**Monday, 27 June 2005**
Merger implementation date	**Friday, 1 July 2005**
Record date for transfer of listing to ASX	**7.00pm Monday , 4 July 2005**
Transaction confirmation statements expected to be dispatched	**Tuesday, 5 July 2005**
Trading of Shares and Convertible Notes on ASX expected to commence	**Friday, 8 July 2005**

Notes:

1 All dates are subject to change and are indicative only. All dates and times are Melbourne time. The Company reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer or to accept late Application Forms, either generally or in particular cases, without notifying any recipient of this Prospectus or any Applicant. Applicants are encouraged to submit their Application Forms as early as possible.

2 This assumes the Merger and Offer proceeds.

2.6 Conditions to the Offer

Becton Developments and the Becton Vendors have signed the Share Sale Agreement setting out the terms of the Merger. The Merger will be implemented by Becton Developments acquiring all of the shares on issue in Becton from the Becton Vendors in exchange for the issue of Shares to the Becton Vendors as consideration.

The offer of Securities pursuant to this Prospectus is conditional on Shareholders passing the approvals required to implement the Merger and the Offer. If these approvals are not obtained, the Offer will not proceed. See section 5 for details of the Merger.

A Notice of Meeting and Explanatory Memorandum relating to the required Shareholder approvals, together with an Independent Expert's Report has been sent to Shareholders. These documents are available in electronic form via www.becton.com.au. The Shareholder meeting is scheduled for 11.00am on Tuesday, 21 June 2005 at Le Meridien at Rialto, 495 Collins Street, Melbourne.

Details of the Offer (Cont'd)

2.7 Structure of the Offer

There are four components to the Offer:

- the Broker Firm Offer open to Australian resident retail investors who have received a firm allocation from the Underwriter (or a broker appointed by the Underwriter);
- the Institutional Offer open to certain institutional and professional investors;
- the Priority Offer open to Eligible Participants; and
- the Employee Gift Share Offer.

The Broker Firm Offer, the Institutional Offer and the Priority Offer are part of the Underwritten Offer. The Employee Gift Share Offer is part of the Oversubscription Facility.

The Offer does not contain a general public offer component.

(a) Broker Firm Offer

The Broker Firm Offer of Shares and Convertible Notes is open to Australian resident retail investors who have received a firm allocation of Shares and/or Convertible Notes from the Underwriter (or a broker appointed by the Underwriter). The Broker Firm Offer opens on Monday, 6 June 2005 and closes at 5.00pm Melbourne time on Friday, 24 June 2005. The Company, in conjunction with the Underwriter, reserves the right to vary the closing date of the Broker Firm Offer without notice.

Applicants who have been offered a firm allocation of Securities by the Underwriter (or a broker appointed by the Underwriter) will be treated as a Broker Firm Applicant in respect of that firm allocation.

Broker Firm Applicants should complete and lodge the Application Form together with their Application Monies, in accordance with the instructions of the Underwriter (or a broker appointed by the Underwriter) from whom the firm allocation of Securities was received.

Broker Firm Applicants must not send their Application Forms to Becton Developments or the Share Registry.

If you elect to participate in the Broker Firm Offer through the Underwriter (or a broker appointed by the Underwriter), the Underwriter (or a broker appointed by the Underwriter) will act as your agent in submitting your Application Form and Application Monies. The Company, the Share Registry and the Underwriter take no responsibility for any acts or omissions by a broker appointed by the Underwriter in connection with your Application, Application Form or Application Monies.

Applications under the Broker Firm Offer for Shares must be for a minimum of 4,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($500).

Applications under the Broker Firm Offer for Convertible Notes must be for a minimum of 10,000 Convertible Notes ($6,500) and thereafter in multiples of 1,000 Convertible Notes ($650).

(b) Institutional Offer

The Institutional Offer of Shares and Convertible Notes is open only to institutional and professional investors. These are investors to whom the Offer may be made without the need for a disclosure document under the Corporations Act. The Institutional Offer opens on Monday, 6 June 2005 and closes at 5.00pm Melbourne time on Friday, 24 June 2005. The Company, in conjunction with the Underwriter, reserves the right to vary the closing date of the Institutional Offer without notice.

Application procedures for institutional investors will be advised to the institutional and professional investors by the Underwriter or a broker appointed by the Underwriter. The Company and the Underwriter will determine the allocation of Securities in the Institutional Offer among Applicants in the Institutional Offer. The Company and the Underwriter have absolute discretion regarding the basis of allocation of Securities in the Institutional Offer, and there is no assurance that any Applicant will be allocated any Securities, or the number of Securities for which they have applied.

(c) Priority Offer

The Priority Offer is open only to Eligible Participants. Approximately 7.5 million Shares and 7.5 million Convertible Notes have been reserved for Applicants under the Priority Offer. Under the Priority Offer, Eligible Participants are offered priority on their Applications for up to the number of Shares or Convertible Notes as determined by the Directors at their discretion and as informed to each Eligible Participant on their personalised Application Form.

Eligible Participants may apply for whole or part of their Priority Allocation, subject to a minimum of 4,000 Shares ($2,000) and thereafter in multiples of 1,000 Shares ($500) and a minimum of 10,000 Convertible Notes ($6,500) and thereafter in multiples of 1,000 Convertible Notes ($650). Eligible Participants who wish to apply for more Shares or Convertible Notes than their Priority Allocation may apply for the Shares and Convertible Notes the subject of the Priority Offer which have not been applied for by other Eligible Participants (see section 2.7(g) - Allocation Policy).

Applications under the Priority Offer may only be made by Eligible Participants by completing and submitting their personalised Priority Application Form in accordance with the instructions set out on the back of that form and Application Monies. Eligible Participants **must** use the Priority Application Form to ensure their Application for Securities is treated as one made under the Priority Offer.

Payment must be by cheque or bank draft in Australian Currency drawn on an Australian branch of a financial institution for the amount of the Application Money. Cheques or bank drafts should be made payable to "Becton Developments Securities Offer" and crossed "Not Negotiable". Do not forward cash. Receipts for payments will not be issued.

Completed Priority Application Forms and accompanying Application Monies should be mailed or delivered as set out below.

Mailed to: Austock Corporate Finance Limited
PO Box 263
Collins Street West,
Melbourne VIC 8007

Delivered to: Austock Corporate Finance Limited
Level 1, 350 Collins Street
Melbourne, VIC 3000

Completed Priority Application Forms and Application Monies must be received at this location no later than 5.00pm Melbourne time on Wednesday, 22 June 2005. Completed Priority Application Forms must not be sent to the Share Registry.

(d) Employee Gift Share Offer

The Employee Gift Share Offer has been established in recognition of the significant contribution of certain of Becton Group's employees. The Employee Gift Share Offer does not raise funds for the Company.

The Board has determined that each employee identified by the Board to participate in the Employee Gift Share Offer will be offered a specific allocation of Shares to be granted upon completion of the Offer. The Employee Gift Share Offer is being made under the terms of the Gift Plan (see section 10.4).

Employees eligible to participate in the Employee Gift Share Offer will not be required to make any payment for the Shares. If they wish to take up the Employee Gift Share Offer they must complete and return their personalised Application Form to the Company in accordance with the instructions on that Application Form.

If all employees eligible to participate in the Employee Gift Share Offer do so participate, approximately 500,000 Shares will be issued under the Employee Gift Share Offer to approximately 100 employees.

(e) Application Forms

An Application Form may only be distributed with a complete and unaltered copy of this Prospectus.

The Company will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete copy of this Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

If an Application Form has not been completed correctly, the Company may in consultation with the Underwriter either reject the Application Form or amend it as it determines appropriate and treat it as valid.

The Company's decision as to whether to reject the Application Form or treat it as valid and how to construe,

Details of the Offer (Cont'd)

amend or complete such Application Form is final.

The Company, in consultation with the Underwriter, reserves the right to reject any Application, including Applications that have not been correctly completed or are accompanied by cheques that are dishonoured.

A completed and lodged Application Form, together with payment in full for the number of Shares and/or Convertible Notes applied for, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of Shares and/or Convertible Notes specified in the Application Form or such lesser number of Shares and/or Convertible Notes taken up or as the Company determines. An Application Form does not need to be signed to be binding.

An Application must be made by completing a paper copy of the Application Form and must be accompanied by payment in Australian currency. Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

Cheques or bank drafts must be made payable to the "Becton Developments Securities Offer" and should be crossed and marked "Not Negotiable". The Company will not accept an Application Form electronically. Completed Application Forms and Application Monies must be received prior to the respective Closing Date for each component of the Offer.

Applicants with questions on how to complete their Application Form or who require additional copies of the Prospectus may contact the Underwriter on 1800 806 362.

(f) Electronic dividends

Any dividend on the Shares and the coupon on the Convertible Notes will only be paid by way of direct credit to a bank account nominated by the Applicant in the Application Form. By applying for Shares or Convertible Notes or both, each Applicant agrees to receive any dividends and the coupon only by way of direct credit to their nominated bank account. The Application Form requires each Applicant to provide details of their banking instructions to the Company. Shareholders and Convertible Noteholders who receive payment by direct credit will continue to receive a printed dividend or coupon statement or both (as the case may be) confirming the number of Shares or Convertible Notes or both held at the relevant record date, the amount of the dividend or coupon, the payment date and the details of the account into which the dividend or coupon was paid.

(g) Allocation Policy

Applicants who have received a firm allocation of Securities from the Underwriter (or a broker appointed by the Underwriter) and who participate through the Broker Firm Offer will be allocated the full number of Securities they apply for through the Broker Firm Offer up to the number of Securities the subject of their firm allocation.

A pool of Securities has been set aside exclusively for the Priority Offer. Initially, these Securities will be allocated so as to ensure that all Eligible Participants in the Priority Offer receive the number of Shares and/or Convertible Notes subscribed for up to their Priority Allocation. To the extent that there are additional Shares or Convertible Notes under the Priority Offer available after this initial allocation is made, Applicants who have applied for more than their predetermined Priority Allocation of Shares and/or Convertible Notes will have a priority entitlement (allocated at the discretion of the Board) to additional Securities offered under the Priority Offer for which Applications under the Priority Offer have not been received. To the extent that Eligible Participants do not apply for the total 7.5 million Shares and 7.5 million Convertible Notes to be offered under the Priority Offer, the remaining Securities will be allocated to investors in the Broker Firm Offer and Institutional Offer.

Successful Applicants will be notified in writing of the number of Securities allocated to them as soon as possible following the allocation of Securities after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares and/or Convertible Notes issued to them prior to trading in Shares or Convertible Notes. Applicants who sell Shares or Convertible Notes before they receive notice of the Shares and/or Convertible Notes issued to them do so at their own risk.

(h) Oversubscription Facility

Pursuant to the Oversubscription Facility, the Company has the ability to accept Applications for an additional

60,000,000 Shares and 15,384,615 Convertible Notes in oversubscriptions. The Employee Gift Share Offer is part of the Oversubscription Facility. The Oversubscription Facility is not underwritten.

(i) Overseas Applicants

The distribution of this Prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

The Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

2.8 Becton Vendors

All Shares issued to the Becton Vendors are issued to them subject to the disclosures in this Prospectus.

2.9 Voluntary escrow restrictions

(a) Becton Vendor Voluntary Restriction Deeds

It is a condition to completion of the Share Sale Agreement that each of the Becton Vendors enter into a Becton Vendor Voluntary Restriction Deed with Becton Developments. These deeds will, following completion of the Merger and the Offer, restrict them from disposing of or agreeing to dispose of the Shares to be issued to them under the Share Sale Agreement, subject to certain exceptions. The period for which the Becton Vendors will be subject to these restrictions on disposal are:

(1) in respect of 50% of the Shares to be issued to them under the Share Sale Agreement, the period commencing on 1 July 2005 and ending on:
- the date on which the preliminary statement of the annual results of Becton Property Group for the 12 months ended 30 June 2006 are released to the prescribed financial market on which Becton Property Group is listed as at the date of release; or
- if, as at 30 September 2006, Becton Property Group is not listed on the official list of a prescribed financial market, then 30 September 2006; and

(2) in respect of the remaining 50% of the Shares to be issued under the Share Sale Agreement, the period commencing on 1 July 2005 and ending on:
- the date on which the preliminary statement of the annual results of Becton Property Group for the 12 months ended 30 June 2007 are released to the prescribed financial market on which Becton Property Group is listed as at the date of release; or
- if, as at 30 September 2007, Becton Property Group is not listed on the official list of a prescribed financial market, then 30 September 2007.

(b) Share Sale Escrow Arrangements

The Merger will be implemented under the terms of the Share Sale Agreement dated 19 May 2005 between Becton Developments and the Becton Vendors. The Share Sale Agreement contains provisions under which the Becton Vendors are restricted from disposing or agreeing to dispose of the Shares received by them on completion of the Merger. The Shares are held by an independent escrow agent to provide security for claims made by Becton Developments under the Share Sale Agreement. The restrictions on disposal under the Share Sale Escrow Arrangements apply for the same periods as set out in section 2.9(a) in relation to the Becton Vendor Voluntary Restriction Deeds. Further details of the Share Sale Agreement are in section 10.5.3.

Further details of the escrow arrangements are in section 10.5.2.

2.10 Ownership structure

The following table shows the ownership structures of the Company currently, following the completion of the Merger, and following completion of both the Merger and the Underwritten Offer. It also assumes the conversion of certain existing Unsecured Notes currently on issue (which

Details of the Offer (Cont'd)

Unsecured Noteholders are entitled to convert on 30 June 2005).

Shares						
	Current		Post-Merger		Completion of Underwritten Offer	
	Shares	**%**	**Shares**	**%**	**Shares**	**%**
Becton Vendors[1]	6,129,700	18.9	226,739,384	82.2	226,739,384	74.2
Existing Shareholders	26,223,500	81.1	26,223,500	9.5	26,223,500	8.5
Conversion of Unsecured Notes[2]	-	-	22,817,263	8.3	22,817,263	7.5
Shares issued under Underwritten Offer[3]	-	-	-	-	30,000,000	9.8
Total	**32,353,200**	**100.0**	**275,780,147**	**100.0**	**305,780,147**	**100.0**

Note:

1 The number of Shares issued to the Becton Vendors has been calculated assuming a purchase price of $104 million for Becton under the Share Sale Agreement, to be satisfied by the issue to the Becton Vendors of 208 million Shares at an issue price of $0.50. This assumes that the Becton Vendors will not subscribe for Shares under the Offer. The Becton Vendors hold $5.99 million of Unsecured Notes and it is assumed all will be converted into Shares on 30 June 2005 (refer below).

2 Unsecured Noteholders can elect to convert their Unsecured Notes into Shares on 30 June 2005 at a 5% discount to the VWAP during the previous 10 days. This table assumes that 50% of 2005 Notes and 50% of 2006 Notes (including all of those Unsecured Notes held by the Becton Vendors) are converted into Shares at an assumed conversion price of $0.475 per Share. This represents approximately $16.8 million of debt being converted into equity.

3 This does not include any Shares to be issued under the Oversubscription Facility (including the Employee Share Gift Offer).

Unsecured Notes and Convertible Notes			
	$	**No. of Notes**	**%**
2006 Unsecured Notes not converted	12,949,000	12,949,000	45.7
Convertible Notes issued under Offer	10,000,000	15,384,615	54.3
Total issued Notes on completion of Offer	**22,949,000**	**28,333,615**	**100.0**

Note:

This assumes that completion of the Offer is not earlier than 1 July 2005. It assumes that 50% of the 2006 Notes (including all of the 2006 Notes held by the Becton Vendors) are converted into Shares at a conversion price of $0.475 per Share on 30 June 2005. This also assumes that 50% of the 2005 Notes are converted at an issue price of $0.475 per Share on 30 June 2005 and the remaining 50% are redeemed at a redemption price of $1 per Unsecured Note as at 30 June 2005.

2.11 Application Monies and refunds

Application Monies received will be held in trust pending issue of Shares and Convertible Notes offered under this Prospectus (or until Application Monies are refunded if the Offer does not proceed). Where no allocation is made or where the number of Shares or Convertible Notes issued to an Applicant is less than the number applied for, surplus Application Monies will be refunded to the relevant Applicant as soon as practicable and, in any event, within 14 days after the Closing Date. Interest will not be paid on refunded Application Monies.

No brokerage or stamp duty is payable by successful Applicants on the issue of Shares or Convertible Notes under the Offer.

2.12 ASX Listing

An application has been made to ASX for admission of the Company to the official list of ASX and for quotation of the Shares and the Convertible Notes on ASX.

Official quotation of Shares and Convertible Notes, if granted, will commence as soon as practicable after the issue of transaction confirmation statements to successful Applicants and is anticipated to commence on 8 July 2005.

If the Company is not admitted to the official list of ASX within 3 months of the date of this Prospectus, all Application Monies received will be refunded without interest.

ASX and its officers take no responsibility for this Prospectus or the investment to which it relates. Admission to the official list of ASX and quotation of the Shares and Convertible Notes on ASX are not to be taken as an endorsement of the Company by ASX.

2.13 Selling Shares, Convertible Notes and CHESS

The Company will apply to participate in the ASX's Clearing House Electronic Subregister System (CHESS), in accordance with the ASX Listing Rules and ASTC Settlement Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in a paperless form.

When the Shares and Convertible Notes become CHESS Approved Securities, holdings will be registered in one of two subregisters, an electronic CHESS subregister or an issuer sponsored subregister. All other Shares and Convertible Notes will be registered on the issuer sponsored subregister.

Following Settlement, Shareholders and Convertible Noteholders will be sent an initial statement of holding that sets out the number of Shares or Convertible Notes that have been allocated. This statement will also provide details of a Shareholder's or Convertible Noteholder's Holder Identification Number (HIN) or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders.

Shareholders and Convertible Noteholders will subsequently be issued statements showing any changes to their shareholding or noteholding. Certificates will not be issued.

2.14 Transfer to ASX

The Company has agreed with APX the following arrangements in relation to the transition of its listing from APX to ASX.

Subject to the Company obtaining the shareholder approvals required to implement the Merger and the Offer, Becton Developments will cease to be listed on APX following the conclusion of trading on Friday, 24 June 2005. Shareholders who hold shares in the Company as at the record date for transfer of listing to ASX (7.00pm on Monday, 4 July 2005) will be issued a holding statement setting out their new uncertificated holding on ASX.

2.15 Withdrawal of Offer

The Company reserves the right not to proceed with the Offer at any time before the issue of Securities to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.


BECTON

Becton Developments

3.1 History of Becton Developments

In January 1996, Becton Group undertook a private placement of performance notes in Becton Constructions to provide continued funding for its development and construction business. This was followed by a further issue of unsecured notes by Becton Group in 1998.

Subsequently, Becton Group established Becton Developments in November 2000 as a mezzanine funding vehicle for its development and construction activities. Shares in Becton Developments were first issued to the public in early 2001. Becton Developments is now 81% owned by third party investors and the remainder is owned by interests associated with the Becton Vendors.

Becton Developments has focused on the business of financing investments by Becton in property development. Between 2001 and 2003, Becton Developments raised a total of approximately $45.3 million through the issue of Shares and Unsecured Notes. The funds raised were invested in Performance Notes issued by Becton Constructions to the value of approximately $45.2 million.

At Becton Developments' Annual General Meeting on 23 November 2004, Shareholders approved the adoption of an amended constitution to enable the Company to apply for a listing on a recognised exchange. In addition, Shareholders and Unsecured Noteholders approved amendments to the terms of the 2005 Notes and 2006 Notes to:

(a) permit all Unsecured Noteholders to convert their Unsecured Notes into Shares on 30 June 2005; and

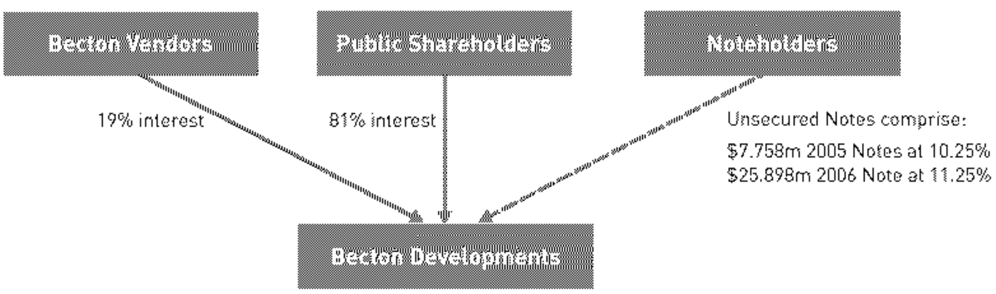
(b) give Becton Developments the right to allow Unsecured Noteholders to convert 2006 Notes into Shares as at 30 June 2006,

following the listing of the Company on a stock exchange approved by the Directors.

Shares in Becton Developments were listed on the Australia Pacific Exchange on 24 January 2005.

3.2 Current ownership structure

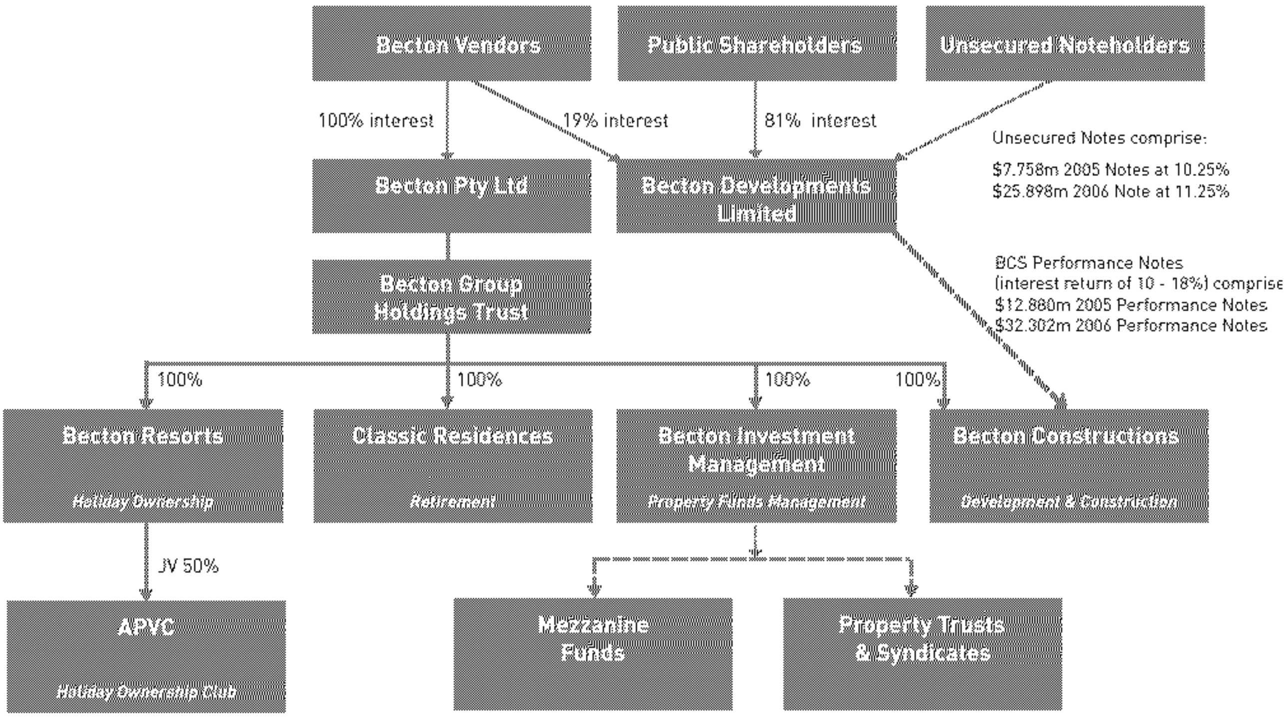
This is the current ownership and funding structure of Becton Developments:



Becton Developments (Cont'd)

3.3 Becton Development's current relationship with Becton Group

The diagram below is an illustration of the ownership and funding relationship between Becton Developments and Becton Group. The boxes immediately below the Becton Group Holdings Trust show the parent entities of the four businesses of Becton Group. There are a number of companies and trusts under these parent entities (other than in the case of Becton Resorts). These other companies and trusts have not been included in the diagram as it is intended as a simplified illustration of Becton Group.



3.4 Unsecured Notes

Becton Developments has issued Unsecured Notes comprising $7.758 million of notes expiring on 30 June 2005 and $25.898 million of notes expiring on 30 June 2006. Shareholders and Unsecured Noteholders have approved amendments to the terms of the 2005 Notes and 2006 Notes to allow the conversion by the Unsecured Noteholders of the Unsecured Notes into Shares at 30 June 2005.

Refer to section 10.5.9 for a summary of the key terms of the Unsecured Notes.

3.5 Performance Notes

Becton Developments has invested in Performance Notes issued by Becton Constructions to the value of $12.880 million expiring on 30 June 2005 and $32.302 million expiring on 30 June 2006. The Performance Notes are unsecured and pay an unconditional interest rate of 10% per annum. In addition, a conditional interest rate of up to 8% per annum is payable, determined by reference to the net profit of Becton Constructions in each year.

Following the Merger, these Performance Notes will become intercompany loans as described in section 7.7.

3.6 Returns on Performance Notes in 2005

The Board of Becton Group (on behalf of Becton Constructions) has informed Becton Developments that it will pay conditional interest on the Performance Notes at the full 8% for the year to 30 June 2005 (which would bring the total interest on the Performance Notes to 18% for the year to 30 June 2005).

3.7 Payment of dividend in 2005

Subject to the availability of sufficient franking credits, Becton Developments intends to pay a fully franked dividend of 7.5 cents per Share for FY2005. Holders of Shares as of the record date of Monday, 30 May 2005 will be entitled to this dividend.

3.8 Summary financial information

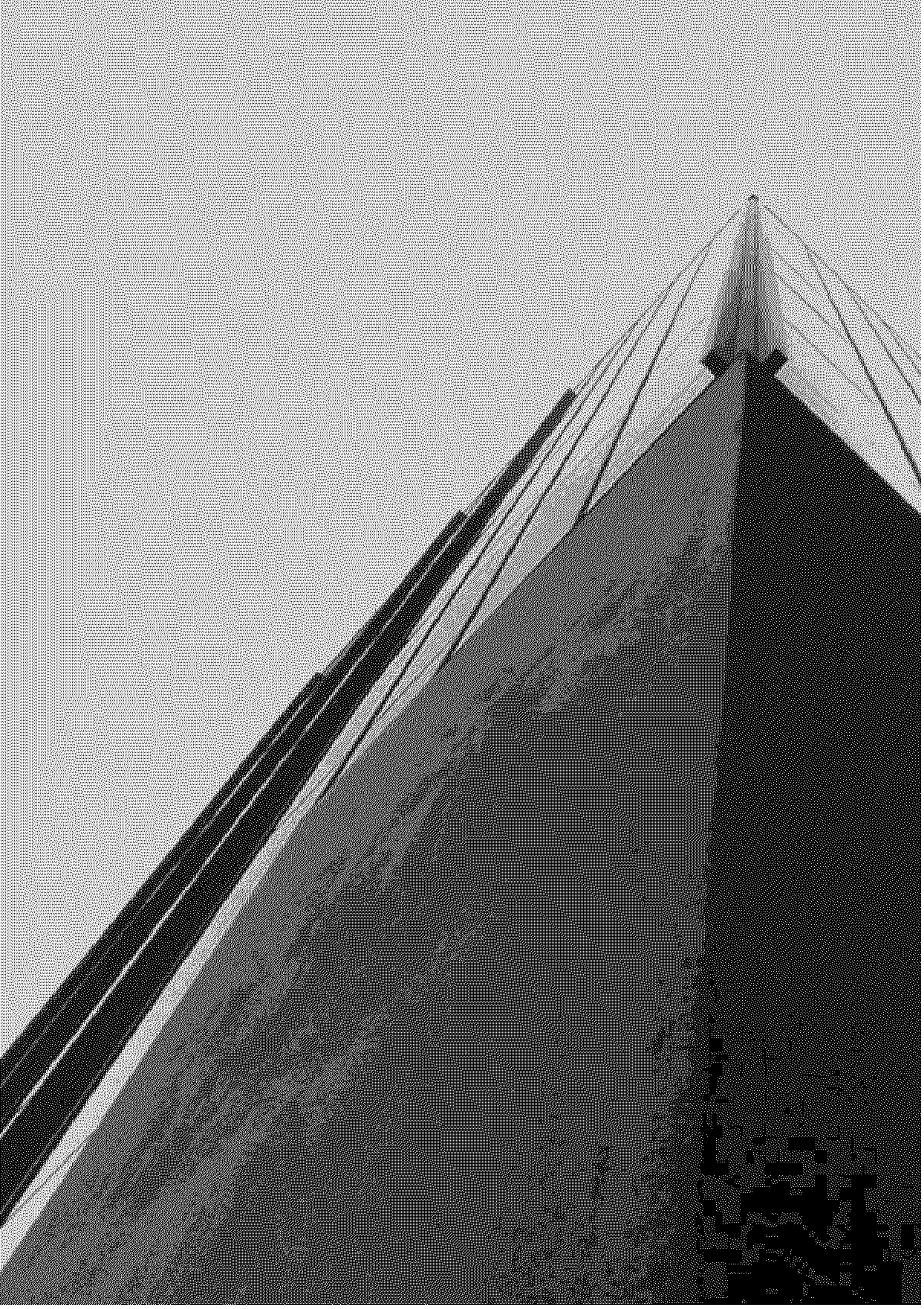
The table below summarises the historical financial performance of Becton Developments for FY2002, FY2003 and FY2004 and the six months ended December 2004. Detailed financial information relating to the pro-forma merged business is contained in section 7.

Becton Developments Ltd - Statement of Financial Performance

	12 Months Ended June 2002 $ M	12 Months Ended June 2003 $ M	12 Months Ended June 2004 $ M	Six Months Ended Dec. 2004 $ M
Revenue from ordinary activities	**4.2**	**7.0**	**4.6**	**4.1**
Employee benefits expense	(0.1)	(0.1)	(0.1)	0.0
Borrowing costs expense	(2.1)	(3.3)	(3.7)	(1.9)
Management fees	(0.4)	(0.7)	0.0	(0.3)
Other expenses from ordinary activities	(0.1)	(0.1)	(0.2)	(0.2)
Profit from ordinary activities before income tax	**1.5**	**2.8**	**0.6**	**1.7**
Income tax expense	(0.5)	(0.9)	(0.2)	(0.5)
Net profit	**1.0**	**1.9**	**0.4**	**1.2**

Note:

The financial information in the above table has been derived from the audited financial statements of Becton Developments for the years ended 30 June 2002, 30 June 2003 and 30 June 2004 and the reviewed financial statements for the six months ended 31 December 2004.



Becton Group

4.1 Brief history of Becton Group

Becton Group is a privately owned Australian group with a strong record in property development, retirement village ownership and management, holiday ownership club management and property funds management.

Established in 1976, Becton Group has developed an enviable record of successful property development, including some of Australia's most significant examples of urban renewal, premium commercial, residential and hotel development. Since establishment, Becton Group has developed an extensive portfolio of prestige commercial and residential projects. These include one of Australia's most significant CBD developments at 333 Collins Street, Melbourne.

Becton Group diversified in the early 1990's into residential and hotel development with projects that included:

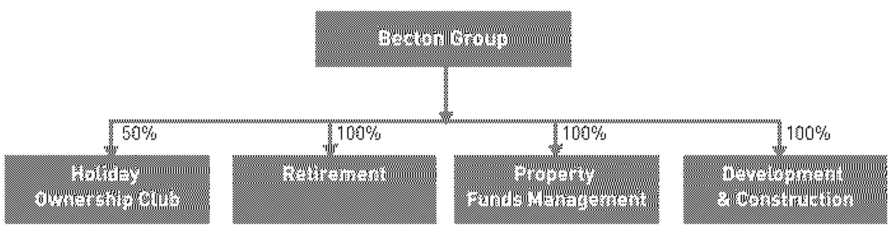
- Eastside (East Melbourne) comprising approximately 300 homes and a 140 room all suite Metro Inn Hotel so far, with further development proposed;
- the prestigious Copelen project in South Yarra, comprising 78 apartments and townhouses;
- College Square on Lygon, Melbourne, which is Australia's largest student accommodation facility with 630 self-contained apartments, home to 1,100 students; and
- Century City Walk, a 200 room Novotel Hotel, and a 10-screen cinema and entertainment complex at Glen Waverley, Melbourne.

Over the course of 1999 and 2000, Becton Group further diversified through the creation of three new businesses:

- Becton Investment Management (property funds management);
- Becton Living (retirement village ownership and management); and
- Accor Première Vacation Club (holiday ownership club management).

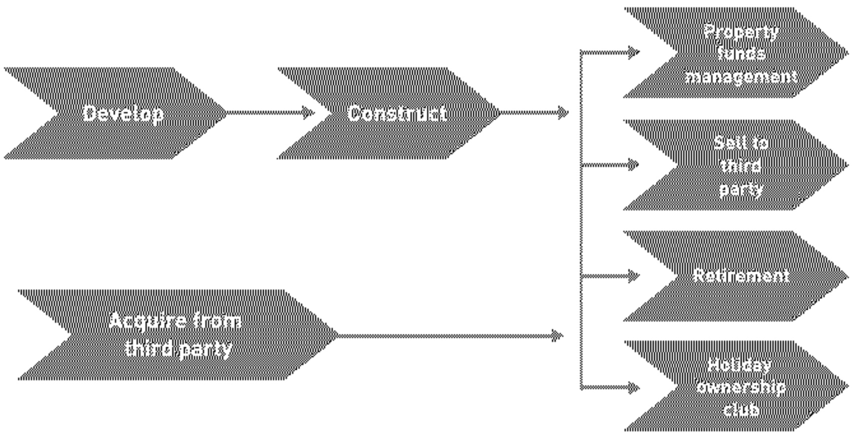
4.2 Operating structure of Becton Group

Becton Group comprises four businesses:



Becton Group (Cont'd)

4.3 Becton as an integrated property group



Becton income	
One-off income	Recurring income
Development & construction profits, acquisition fees, exit fees	Management fees, upgrades, refurbishments
Development & construction profits	
Development & construction profits	Deferred management fees, upgrades, refurbishments
Potential development profits	Membership sales, upgrades, fianancing

Capturing profits at each stage of the property investment lifecycle

The integrated model seeks to derive revenues and profits at various stages of the property investment lifecycle. For example, the construction and development business may earn development profits from the initial creation of a commercial property, which is then managed by the property funds management business, earning long term management fees over the life of the property.

Creation of a potential pipeline of investment opportunities for the property funds management division

The property funds management business may have the opportunity to purchase assets developed by Becton Group at more efficient pricing and earlier than they are offered to the open market.

Diverse income stream

Property fund management fees, retirement village fees and holiday ownership club income are more stable than profits arising from development and construction activities. By investing in a diversified, integrated property group, shareholders will benefit from Becton Property Group's various income sources with different cycles and risk and reward attributes.

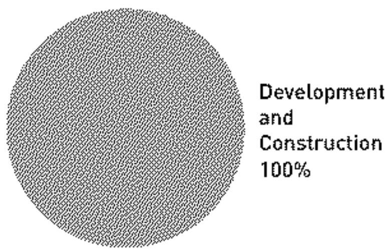
Leveraged opportunities between businesses

The initiatives of one business can provide benefits to another business within Becton. For example, if the retirement business develops a new facility, the development and construction business can be engaged to design and construct the asset and possibly to redevelop/refurbish the asset at a later date. Shareholders would benefit in this case from development and construction one-off profits and on-going retirement fee income.

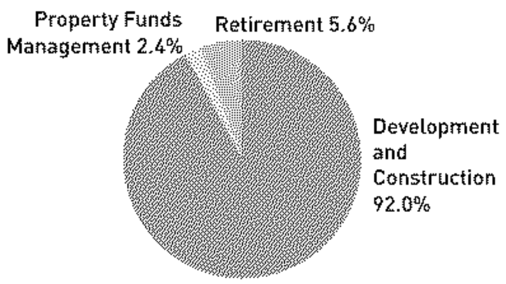
4.4 Diversification of earnings

The charts below illustrate the progression in Becton Group's EBITDA composition from its four businesses towards creating stable earnings.

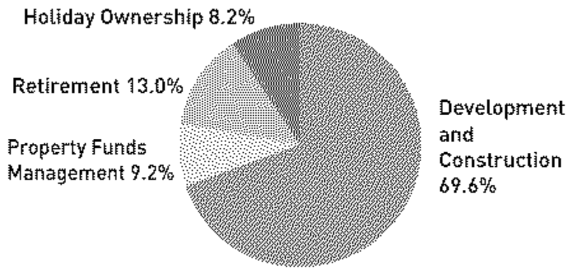
FY 2000



FY 2003



FY 2006 (Forecast)



Notes: EBITDA composition for FY2000 and FY2003 is based on the audited financial statements of Becton for the years ended 30 June 2000 and 30 June 2003 adjusted for a number of items as described in section 7. This historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is measured before corporate overhead and is presented on an AGAAP basis so that a comparison of these historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

4.5 Development and Construction

Highlights:

- boutique developer;
- history of successful commercial and residential projects;
- consistent earnings history; and
- pipeline of existing projects.

Business overview

With a stated commitment to developing commercial and residential properties of outstanding quality, Becton Constructions has established an outstanding record of achievement in property development and construction over the last three decades.

The attributes that set Becton Constructions apart from other construction and development businesses include:

- it is a boutique developer, undertaking a limited number of projects at any one time and striving to make them exceptional and profitable;
- delivery of quality product to a range of the commercial and residential markets;
- exclusive use of an experienced in-house sales and marketing team;
- exceptional after sales service to help generate repeat business and deliver customer and tenant satisfaction;
- market leadership in design, research and marketing, using the best available consultants and keeping abreast of trends in world markets, especially the United States;
- effectively and efficiently eliminating or quarantining project risks prior to commencing construction; and
- undertaking the construction of the majority of development projects with an in-house construction team. This approach delivers better quality control, more reliable feasibility analysis and timely implementation, and allows flexibility during the design and construction phases.

Becton Constructions' record is illustrated by the significant portfolio of projects it has developed and built, including some of the most prestigious properties in Australia.

Becton Group (Cont'd)

Becton Constructions' business philosophy

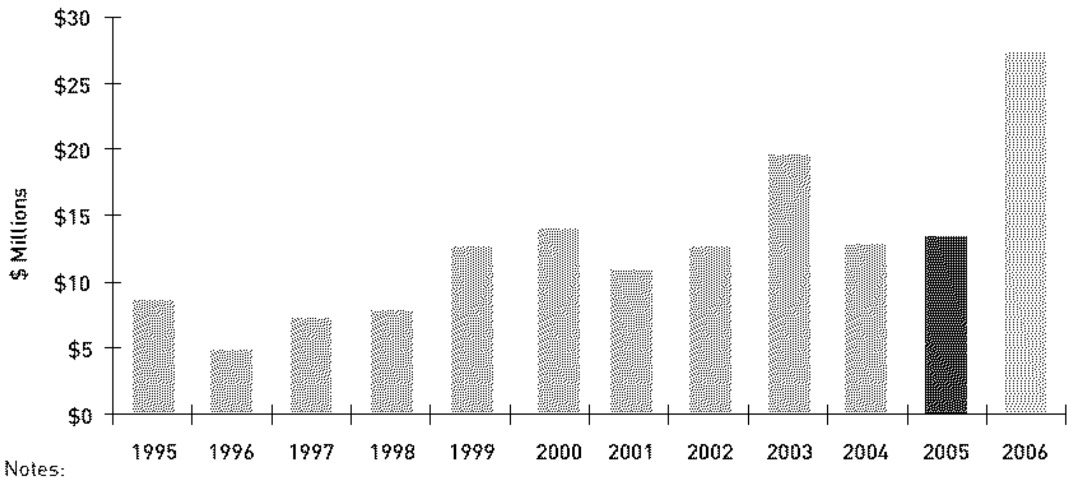
Becton Constructions' history of profitable property development reflects its commitment to its business philosophy.

Becton Constructions purchases land, designs and then constructs properties on the land and on completion (or before) sells the properties to third parties. Becton Constructions has demonstrated an ability to undertake this process repeatedly and profitably in a changing marketplace and over a number of business, economic and property cycles. Becton Constructions attributes its continued success to its flexibility and project control:

- Flexibility: Becton Constructions strives to respond to the marketplace and to direct its projects to meet or lead the market. It undertakes extensive and ongoing research, both qualitative and quantitative in an effort to achieve this goal. It undertakes the marketing and sale of its residential projects with its own staff allowing it to keep informed of its residential customers' needs. By building its own product, it is able to modify a project during construction to suit the end user's needs.
- Control: Becton Constructions believes that the high level of control it exercises over projects allows it to deliver on its undertakings both to its customers and to its financial stakeholders. As a developer and builder, Becton Constructions is relatively risk averse. As far as possible, project risks are mitigated before it commits to design and construction. In selecting projects, it actively seeks to analyse possible exit strategies should the market move unfavourably following acquisition.

Consistent earnings history

Development & Construction - historical and forecast EBITDA (under AGAAP)



Notes:

The historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004 adjusted to reflect the EBITDA associated with the development and construction activities of Becton Group. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBITDA for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Becton Constructions' project history

In its early days, Becton Constructions earned a reputation for quality residential developments. In 1980, predicting a market trend, Becton Constructions developed the first high-rise residential development on St Kilda Road - Fawkner Towers at 431 St Kilda Road. Becton Constructions has also maintained a strong interest in the hotel market, completing Parkroyal on St Kilda Road (now Parkview), Melbourne Sebel Hotel (now Grand Mercure), Melbourne Metro Inn, the Novotel, Glen Waverley and the Crowne Plaza Hotel, Newcastle.

From 1983 to the end of the speculative commercial construction boom in Melbourne around 1990, Becton Constructions concentrated on developing high quality commercial properties in Melbourne's central business district and along the St Kilda Road boulevard, including some of Melbourne's largest and most prestigious development projects:

1983	**Manchester Unity House, 332 St Kilda Rd**
1985	**Olderfleet Buildings, 485 Collins St**
1985	**Parkroyal Hotel, St Kilda Rd**
1986	**Becton Building, 470 St Kilda Rd**
1987	**Federal Police Headquarters, 383 Latrobe St**
1988	**Katherine Square, 517 Flinders Lane**
1988	**Fluor House, 312 St Kilda Rd**
1989	**Little Collins Place, 595 Little Collins St**
1990	**333 Collins Street**
1990	**Melbourne Sebel Hotel**

This strong commercial project background allowed Becton Constructions to undertake more diverse projects in later years:

1993	**School of Information Technology and Electrical Engineering, Melbourne University**
1994	**Australian Taxation Office (now the Fujitsu Centre), Cheltenham**
1996	**St Helena Shopping Centre, Diamond Creek**
1998	**Village 10/Century City Walk and Novotel Hotel, Glen Waverley**
1999	**Pharmacy Guild Headquarters, Canberra, ACT**
2001	**Crowne Plaza Hotel, Newcastle, NSW**
2003	**Walter Turnbull House, Canberra, ACT**

In mid 1992, Becton Constructions purchased the disused Jolimont railyards from the Victorian State Government and has since transformed it into the award winning Eastside residential development. The success of Eastside is due, in large part, to the vision of Becton Constructions and its ability to predict a trend accurately - this time to inner-city living. Location, design, innovation, facilities and quality all contribute to the continuing success of Eastside.

Becton Group (Cont'd)

Becton Constructions has also completed a number of other medium density residential developments including:

1994	**Kingsfold, 380 Toorak Rd, South Yarra**
1996	**3 Cromwell Rd, South Yarra**
1997	**The Copelen, Copelen St, South Yarra**
1998	**The Port, Port Melbourne**
2000	**Portside, Port Melbourne**
2001	**The Park, Port Melbourne (final stage completing in 2007)**
2002	**Breakwater Apartments, Newcastle, NSW**
2004	**Kensington Village, Kensington (multiple stages, ongoing)**
2004	**The Esplanade Apartments, St Kilda (due for completion in 2006)**
2004	**Tanti Avenue, Mornington (due for completion in 2007)**

Becton Constructions has also used its inner-urban medium density residential skills in other residential markets:

1996	**Student accommodation, Swinburne University**
1999-2001	**College Square on Lygon, student accommodation, University of Melbourne**
2000	**Classic Residences, retirement accommodation, Brighton (final stage completing in 2005)**
2004	**College Square on Swanston, student accommodation, University of Melbourne (due for completion in 2007)**

Becton Constructions' current projects

Current projects which will contribute to the operating results of Becton Constructions in the financial year ending on 30 June 2005 and beyond are:

i. The Park, Port Melbourne, Victoria, Stages 5A & 5B

The Park is a medium density inner city bayside residential development. Becton Constructions settled on 53 of the 55 apartments in Stage 5A by April 2005.

Marketing commenced in July 2004 for Stage 5B consisting of 42 apartments.

Stage 6 is the final stage of this development. Marketing of this stage will commence in June 2005.

ii. Classic Residences Brighton, Victoria, Stage 5B (final stage)

Classic Residences Brighton is a multi-stage retirement development located in Brighton, Victoria. Construction of the final stage of 66 apartments has commenced.

iii. Kensington, Victoria, Stage 1, 2 & 3

Becton Constructions has completed and settled the first of a multiple stage mixed private and public sector housing project in the Melbourne inner city suburb of Kensington. Settlement of this stage occurred in December 2004 with a gross realisation value of approximately $23 million.

Marketing of Stages 2 & 3 is well advanced and construction of Stage 2 commenced in September 2004. Stage 2 consists of 33 apartments with settlements due to occur around September 2005.

Stage 3 consists of 86 apartments with construction expected to commence before 30 June 2005.

*iv. **College Square on Swanston, Carlton, Victoria***
Becton Constructions is developing 553 student apartments on a site directly adjacent to Melbourne University. The development will be completed in two stages.

Construction of Stage 1 commenced in October 2004 with completion expected to occur in early 2006. Stage 1 consists of 266 apartments.

Full development of this site is expected to take in the order of 3 years. Stage 2 consists of a further 287 apartments.

*v. **The Esplanade, St Kilda, Victoria***
The Esplanade is a luxury residential apartment development on the waterfront in St Kilda. The project consists of 106 one, two and three bedroom apartments with some home offices. The project is now over 90% pre-sold. Construction commenced in late 2004 and is expected to be completed in mid 2006.

*vi. **Mornington, Victoria***
Becton Constructions purchased 2 hectares of prime bayside land located at 15 Tanti Avenue, Mornington (formerly the Sisters of Mercy site) in June 2004. The property has substantial street frontages and offers extensive views overlooking the bay, Mills beach and the Melbourne CBD skyline.

A 27 lot planning subdivision was approved by the Mornington Peninsula Council in late January 2005. An application for individual dwellings was subsequently lodged in February with the Council and a notice of decision is expected in May 2005. Marketing of this stage is expected to commence in mid 2005.

In addition, Council approved plans for 16 apartments with 25 car parking spaces in the existing three storey convent building.

*vii. **East Melbourne, Victoria***
On 1 June 2005, the Victorian Minister for Planning announced approval of Becton Constructions' development plans for the East Melbourne site. The approved plans provide for a 57 metre high tower including podium, 22 residential lots, approximately 5500 square metres of office space, cafe and associated parking.

*viii. **Canberra, ACT***

Becton Constructions is currently awaiting the introduction of legislation that provides a planning framework for the development of a high quality residential project involving between 50 -70 units in Canberra.

*ix. **Byron Bay, NSW***
Becton Constructions has a joint venture interest in, and has been appointed development manager of, a major land holding in Byron Bay, NSW. This 90ha site, purchased from Club Mediterranee, currently contains the operating "Byron Bay Beach Resort", a 9 hole golf course and enjoys approximately 2 kilometres of beach frontage.

Becton Constructions' first draft master plan for the site was rejected by the NSW Department of Infrastructure, Planning and Natural Resources in June 2004. Becton Constructions is now pursuing resolution of a number of planning matters affecting the property with the Byron Shire Council and the NSW State Government.

Management of risk

Becton Constructions' business philosophy, outlined above, is an important aspect of its attitude to risk. Becton Constructions is risk averse from a development point of view, putting its time and energies into effectively and efficiently eliminating or quarantining project risks prior to commencing construction.

- Through its in-house construction team, Becton Constructions retains construction risk when it builds its own projects. Occasionally Becton Constructions uses third party builders but the Becton Constructions team only works on Becton projects, ie. Becton does not undertake construction projects for others.

Becton Group (Cont'd)

- Control of time and costs are the most important aspects of risk management during construction. Becton Constructions has a track record of investing in top quality personnel and successful construction projects.
- High quality development and construction ensures projects of higher value and greater market support, as well as high levels of repeat business.
- Becton Constructions is committed to good industrial relations. The industry experience of all of the individuals in its team ensures commercially sound decisions are made in this regard.
- Maintaining its own sales team ensures Becton Constructions remains focused on the market at all times and, as a result, it takes its lead from market directions. The team is skilled and agile enough to turn its attention to a wide range of commercial or residential opportunities and this is reflected in both past projects and current work in progress. Becton Constructions has demonstrated success in all the market sectors it has focused on. A successful move to Canberra in both 1997 and 2002, Newcastle in 2001 and the current Byron Bay project are indicative of Becton Constructions' ability to conduct projects interstate and its willingness to move away from its home base to areas where strategic relationships or untapped opportunities exist.
- Becton Constructions seeks to ensure at all times that a mix of project types and locations are being worked on.

4.6 Property Funds Management

Highlights:

- established retail funds management business;
- growth opportunities including mezzanine financing, development equity and wholesale funds; and
- experienced management team.

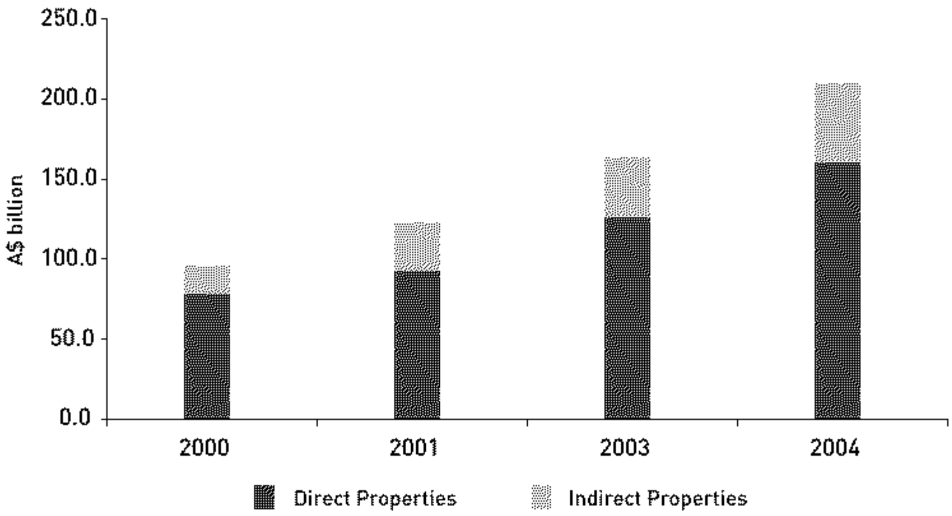
Industry overview

The Australian property funds management industry has grown substantially in recent years. In particular, total funds under management have exceeded $209 billion with over 1.1 million investors in 2004 (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005). This growth represents a 28 per cent increase in total assets from 2003 and an annual increase in excess of 20 per cent since 2000 (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005).

This rapid growth in the property funds management industry includes the expansion in direct as well as indirect property assets. Direct property funds increased their assets by 27 per cent from $126.5 billion last year to $161 billion (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005). Similarly, indirect property funds consisting of property securities and mortgage schemes saw their assets grow by 33 per cent from $36.5 billion in 2003 to $49 billion in 2004 (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005).

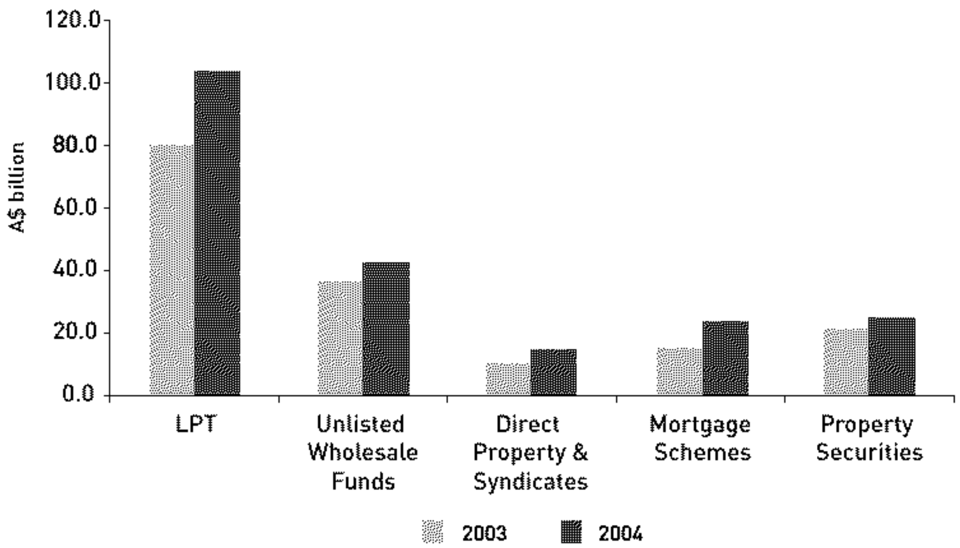
The diagrams opposite illustrate the growth in the property funds management industry, comprising both the direct and indirect property segments.

Direct vs Indirect Properties under Management 2000 - 2004



Source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005

Property Funds by Major Categories from 2003 - 2004



Source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005

The expansion in the Australian property funds industry has primarily been fuelled by the weight of available funds in the market. These available funds mainly comprise superannuation and retirement savings seeking exposure to the property sector. The introduction of rules into the Corporations Act which regulate managed investment schemes, the provision of financial services and licensing of financial services providers appear to have assisted in this expansion.

Becton Group (Cont'd)

It is anticipated by the management of the Company that the property funds management industry will continue to grow in future years. If it continues to grow at a relatively conservative annual growth rate of five per cent, the total funds under management in the property industry would reach $350 billion in 2015 (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005). A ten per cent growth rate would realise $590 billion by 2015 (source: Property Investment Research Pty Ltd, Australian Property Funds Industry Survey 2004-2005). The constraining factor on this growth is the lack of investment grade domestic property assets. Because of the lack of investment grade property assets in Australia, fund managers are increasingly purchasing property outside Australia.

Business overview

Becton Investment Management is Becton's specialist funds management business. Its current mandate is to:

- actively manage and maximise the performance of existing investor funds;
- raise equity capital and debt finance for the mezzanine and development funding market; and
- promote investment opportunities for investors to participate in the long term ownership of commercial property.

In October 2004, Becton Investment Management acquired Glenmont Properties Limited to significantly expand its managed property portfolio and Australian investor base. The combined Becton Investment Management/Glenmont Properties have arranged over 25 property financing and syndication vehicles holding assets valued in excess of $600 million. Currently, Becton Investment Management manages 21 public and two private investment vehicles on behalf of over 5,500 investors.

Fee income is generated through syndicate arrangement, property acquisition, trust management, property management, facilities management, project management and exit fees upon disposal of trust/syndicate properties.

Growth outlook

Opportunities exist for income growth through acquisition of existing fund managers, further property acquisitions and upgrades, refurbishment and re-development of properties within existing funds.

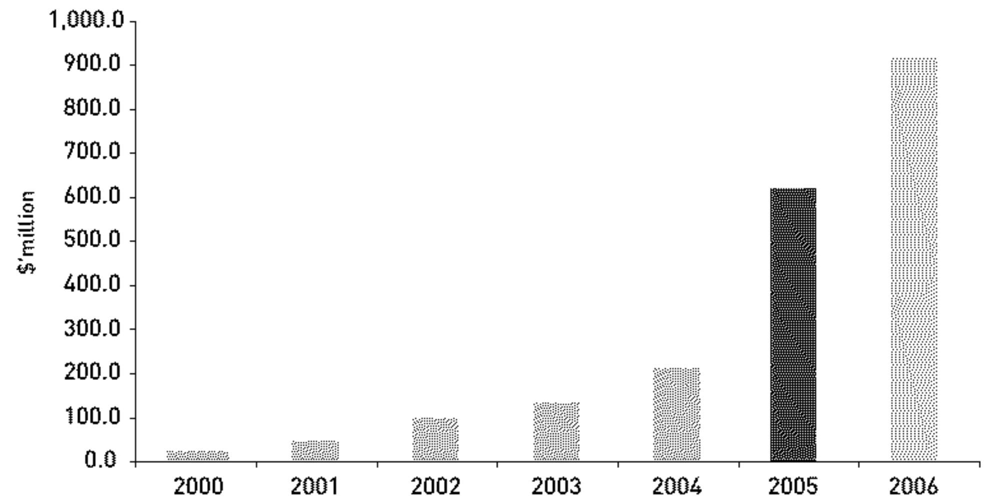
Becton Investment Management is also looking to grow its wholesale funds management business. To aid in this growth, Becton Investment Management recently appointed Arthur Apted as its Executive Chairman. Arthur was previously the Managing Director of the Industry Superannuation Property Trust (ISPT), having played a pivotal role in the creation and growth of that business.

Experienced team

Becton Investment Management has an experienced management team headed by Arthur Apted (Executive Chairman) and David Hinde (Managing Director). See section 6 for further details.

Funds under management

Set out in the chart below is the historical and forecast funds under management for Becton Investment Management.

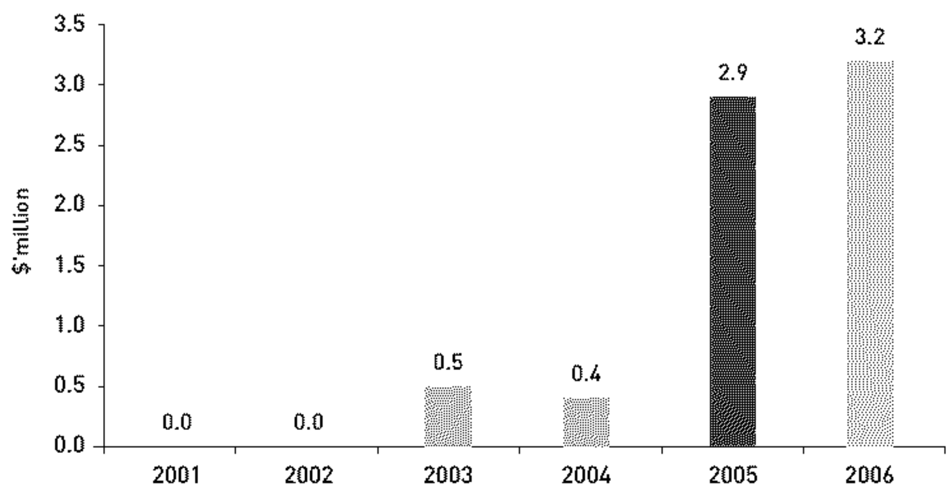


Notes:

The historical FUM is based on actual FUM to 30 June 2004. The forecast FUM for FY2005 is based on actual FUM as at 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. 98% of forecast FUM for FY2005 is under management as at the date of this Prospectus. The balance of FY2005 forecast FUM is supported by acquisitions that are either contracted or the subject of advanced exclusive negotiations. FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast FUM is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7.

Historical and forecast earnings

Set out in the chart below is the historical and forecast EBITDA for Becton Investment Management.



Note:

This historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Becton Group (Cont'd)

Property portfolio

The following table summarises the Becton Investment Management property portfolio as at 4 May 2005.

Property Asset	Vehicle	State	Sector	Independent Valuation ($'m)	Valuation Date	Maturity
Ampol, Mandurah	Synd.	WA	RE	1.9	Nov-02	2-Apr-07
Spotlight, Joondalup	Synd.	WA	RE	2.9	Oct-02	27-May-05
3M Building, Herdsman	Synd.	WA	CO	4.0	Sep-02	21-Jul-05
NLE House, West Perth	SPT	WA	CO	10.7	May-03	6-Apr-07
May Holman Centre, Perth	SPT	WA	CO	16.2	Dec-04	31-Dec-12
Veterans' Affairs, Adelaide	SPT	SA	CO	9.9	Jan-04	31-Oct-06
Subiaco Square SC	SPT	WA	RE	18.8	Apr-04	19-Dec-10
Southlands (50%)	SPT	WA	RE	37.0	May-05	15-May-09
Transport Building, Perth	SPT	WA	CO	9.7	Jun-01	22-Oct-11
111 St George's Tce, Perth	SPT	WA	CO	43.0	Dec-03	30-Jan-12
Energy House, Darwin	SPT	NT	CO	14.3	May-02	1-May-12
Havelock House, West Perth	SPT	WA	HC	21.2	Jul-02	28-Jul-12
AGL Centre, Eastwood	SPT	SA	CO	18.0	Dec-04	27-Jun-11
Mitre 10, Canning Vale	BIPT	WA	IN	4.1	Sep-04	18-Dec-12
Yates, Canning Vale	BIPT	WA	IN	2.8	Sep-04	18-Dec-12
Couriers Aust, Belmont	BIPT	WA	IN	3.8	Sep-04	18-Dec-12
Packcentre, Canning Vale	BIPT	WA	IN	1.5	Sep-04	18-Dec-12
Hellmann, Kewdale	BIPT	WA	IN	3.2	Sep-04	18-Dec-12
Envotec, Wangara	BIPT	WA	IN	4.5	Sep-04	18-Dec-12
Tradelink, Canning Vale	BIPT	WA	IN	3.2	Sep-04	18-Dec-12
Gro Market, Wetherill Park	BIPT	NSW	IN	4.0	Sep-04	18-Dec-12
Amcor, Moorabbin	BIPT	VIC	IN	10.0	Sep-04	18-Dec-12
Mitre 10, Hallam	BIPT	VIC	IN	10.0	Sep-04	18-Dec-12
Paperhouse, Hallam	BIPT	VIC	IN	12.4	Sep-04	18-Dec-12
Dana, Hallam	BIPT	VIC	IN	8.3	Sep-04	18-Dec-12
Brambles Wastemaster, Darwin	BIPT	NT	IN	4.0	Sep-04	18-Dec-12
Plexicor, Salisbury	BIPT	SA	IN	5.5	Apr-04	18-Dec-12
Brambles, Port Adelaide	BIPT	SA	IN	4.4	Nov-04	18-Dec-12
ERG, Balcatta	BIPT	WA	IN	14.7	Mar-05	18-Dec-12
Spearwood Distribution Centre	BIPT	WA	IN	24.5	Apr-05	18-Dec-12
Bunnings, Booval	BPRT	QLD	RE	11.5	Apr-04	1-Apr-14
Northpoint, Mackay	BPRT	QLD	RE	9.1	Apr-04	1-Apr-14
Lakes Central, Townsville	BPRT	QLD	RE	12.3	Apr-04	1-Apr-14
Northwest Plaza, McDowell	BPRT	QLD	RE	15.5	Oct-04	1-Apr-14

Property portfolio (Cont'd)

Property Asset	Vehicle	State	Sector	Independent Valuation ($'m)	Valuation Date	Maturity
Spotlight, Beckenham/Cannington	BPRT	WA	RE	4.3	Nov-04	1-Apr-14
Spotlight, Hobart	BPRT	TAS	RE	4.2	Nov-04	1-Apr-14
Spotlight, Hoppers Crossing	BPRT	VIC	RE	4.5	Nov-04	1-Apr-14
Spotlight, Morwell	BPRT	VIC	RE	2.4	Nov-04	1-Apr-14
Spotlight, Rockingham	BPRT	WA	RE	5.9	Nov-04	1-Apr-14
Spotlight, Tamworth	BPRT	NSW	RE	5.6	Nov-04	1-Apr-14
Spotlight, Whyalla	BPRT	SA	RE	2.1	Nov-04	1-Apr-14
Cavenagh House, Darwin	BOPT	NT	CO	13.9	Oct-03	2-Jan-14
Allianz House, Adelaide	BOPT	SA	CO	15.6	Oct-04	2-Jan-14
44 Sydney Avenue	BCT	ACT	CO	42.5	Aug-04	31-Aug-10
Crowne Plaza, Newcastle	NHHT	NSW	HT	42.3	Nov-04	31-Dec-11
33 Allara Street	BCT2	ACT	CO	25.3	Mar-05	Open ended
Total				**545.5**		

Other Investments

BDIF	BDIF	N/A	MS	61.0	N/A	Open ended
BDL - shares [1]	BDL	N/A	MS	15.9	N/A	Open ended
BDL - 2005 Notes [1]	BDL	N/A	MS	7.8	N/A	30-Jun-05
BDL - 2006 Notes [1]	BDL	N/A	MS	25.9	N/A	30-Jun-06
Total				**110.6**		

Note:

1 These investments will cease to be managed by BIM upon Merger as they will form part of the merged group.

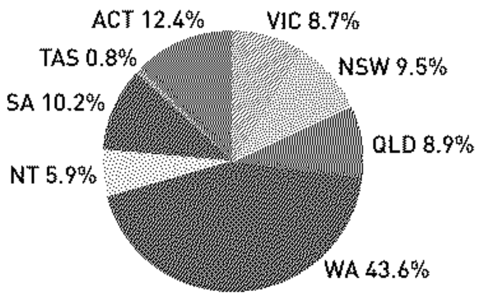
Key

Vehicle	Sector
Synd. - Syndicate (Unregistered scheme under management)	RE - Retail
SPT - Special Pupose Trust	IN - Industrial
BIPT - Becton Industrial Property Trust	CO - Commercial Office
BPRT - Becton Retail Property Trust	HC - Healthcare
BOPT - Becton Office Property Trust	HT - Hotel
BCT - Becton Canberra Trust	MS - Mortgage Scheme
BCT2 - Becton Canberra Trust 2	
NHHT - Newcastle Harbourfront Hotel Trust	
BDIF - Becton Developments Income Fund	
BDL - Becton Developments Limited	

Becton Group (Cont'd

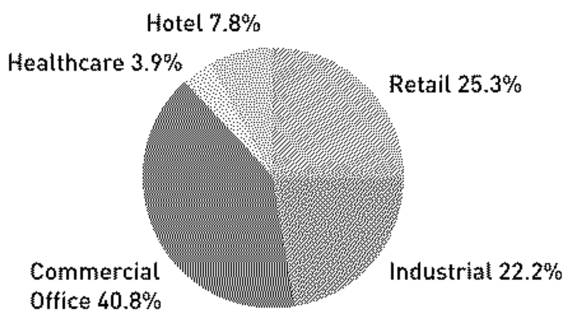
The following charts summarise the Becton Investment Management property portfolio as at 4 May 2005.

Portfolio diversification by value – Geographic



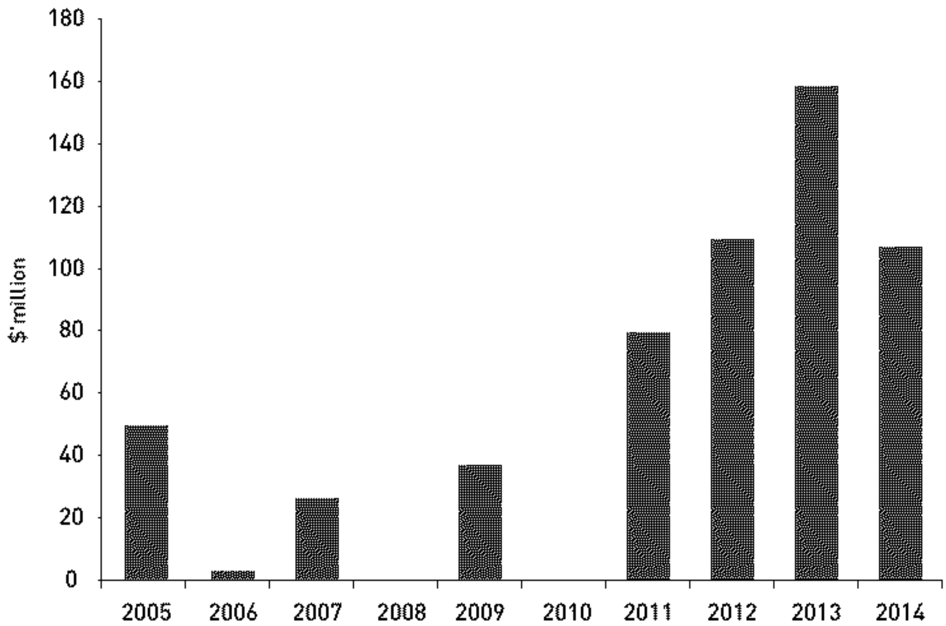
Source: Management information

Portfolio diversification by value - Sector



Source: Management information

Property trust and syndicate expiry profile by value



Note:

The expiry profile is based on the expiry date in the relevant trust deeds. FY2005 includes $49.6 million of funds expiring which relate to Becton Developments' Shares and Unsecured Notes which will cease to be managed by Becton Investment Management upon Merger as they will form part of the merged group.

4.7 Retirement

Highlights:

- established presence in the retirement sector with 2 properties that will consist of 500 dwellings;
- significant growth opportunities through new developments and acquisitions; and
- experienced management team.

Industry overview

The concept of retirement villages in Australia has existed in one form or another for many years. Initially, churches and other charitable organisations provided retirement accommodation, and they remain among the major providers. However, since the mid 1970s, private developers have entered the retirement market primarily in the resident funded sector.

Retirement villages can comprise from one to three levels of care (ie independent living, serviced or assisted living and nursing home accommodation). Typically, villages offer only independent living and serviced apartment accommodation with nursing home accommodation being undertaken by specialists.

Resident funded retirement villages are developed on the basis that "age friendly" accommodation is designed to provide facilities and services that appeal to and benefit "a retirement age demographic". Such facilities are entirely funded by the residents and generally cater for financially independent retirees. The standard of accommodation typically ranges from modest low density residential accommodation to stylish resort style accommodation.

Part of the attraction of retirement village living is the potential for independent living close to leisure facilities, social networks, security and support services.

Around 4% of Australia's elderly population currently live in a retirement village. This figure is significantly below the 12% rate experienced in the United States (source: Knight Frank Valuation Report). Based on this low penetration rate and the expanding aged population in Australia, the management of Becton Group believes there is significant growth potential in the Australian market, despite some cultural differences from the United States.

The need for retirement village development is highlighted by the following:

- by 2011 almost 18% of Melbourne's population will be over the age of 60 (source: Knight Frank Valuation Report).
- currently 12.3% of Australians are aged over 65 and this is forecast to increase to 20.3% by 2031 (source: Knight Frank Valuation Report).
- increased average life expectancy will underpin existing and future demand (source: Knight Frank Valuation Report).

Occupancy and fee structure

Several types of tenure/resident contracts/agreements have evolved:

- freehold or strata title;
- leasehold;
- loan/licence; and
- company title.

Typically, residents contract to pay on entry the price that represents the market value of their dwelling. The entry price is either paid in the form of a traditional acquisition price (in the case of a strata title property), a lease premium or rent in advance, a loan (either partly or fully refundable), or acquisition of shares (company title). In addition, within the

Becton Group (Cont'd)

resident contract there is usually a provision for payment of a "deferred management fee" (DMF). This DMF effectively covers the additional initial costs of establishing the village infrastructure (ie community centre, swimming pools, community equipment, village bus, etc.) and is typically payable upon departure from the dwelling.

The DMF includes the right to part of the capital growth associated with the dwelling. It is typically calculated as a percentage of either the entry price paid or exit sale price of the dwelling. The percentage normally accrues on either a monthly or annual basis concurrent to the term of occupancy. It is normally capped at between 20% and 35% (source: Knight Frank Valuation Report).

Business overview

Becton Living is the vehicle for Becton Group's investment in the retirement sector. The Classic Residences Brighton development which commenced in 1999 will, when completed, comprise 376 residential apartments and villas, a large community centre and 243 basement car parks. Several stages comprising a total of 310 dwellings have been completed to date. The final stage of 66 apartments has commenced construction and is due to be completed in late 2005.

Becton Living has recently acquired a high quality retirement facility in Melbourne called Menzies Malvern. This development consists of 124 purpose-built apartments, located on High Street near the intersection of High Street & Glenferrie Road, close to the Malvern Town Hall. Both the property ownership and management of Menzies Malvern have been taken over by Becton Living.

Becton Living's strategy for participation in the Australian retirement market is based on the pursuit of a limited number of niche sub-markets rather than trying to become a large scale generalist. Upper market quality will be common to all Becton Living's properties. Locational attributes, property size and service levels in particular will define Becton Living's sub-markets. Becton Living will focus on properties that have the highest probability of long term value growth.

Growth outlook

Becton Living is actively pursuing expansion opportunities within Australia through the acquisition of both greenfield development sites and established operations.

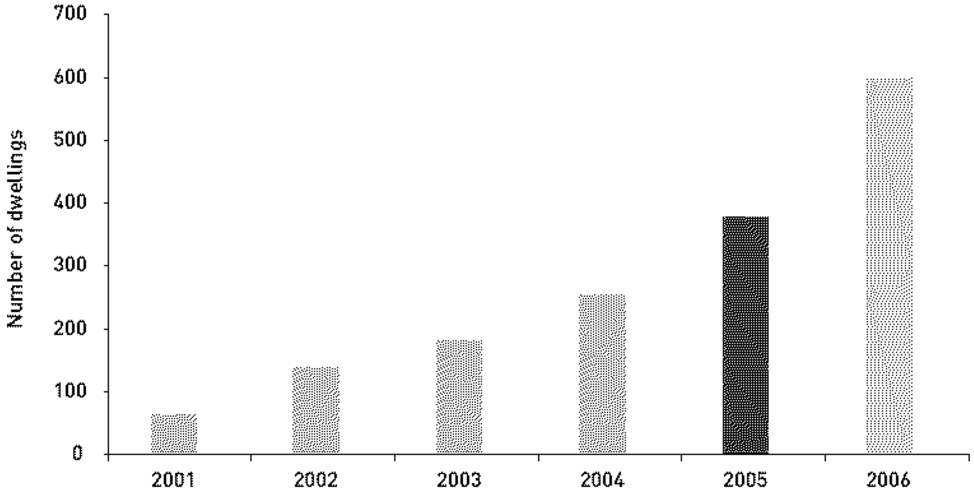
To aid in this growth, Becton Living recently appointed Dr Charles MacDonald as Executive Chairman. Charles is a leading figure in the retirement market having spent the last 5 years with FKP Australian Retirement Homes Limited. During his time at FKP Australian Retirement Homes Limited, Charles helped grow the business into the largest private sector owner and operator of retirement villages in Australia.

Experienced team

Becton Living has an experienced management team headed by Bruno Santi (Executive Director - Becton) and Dr Charles MacDonald (Executive Chairman – Becton Living). See section 6 for further details.

Dwellings under management

Set out in the chart below is the historical and forecast dwellings under management.

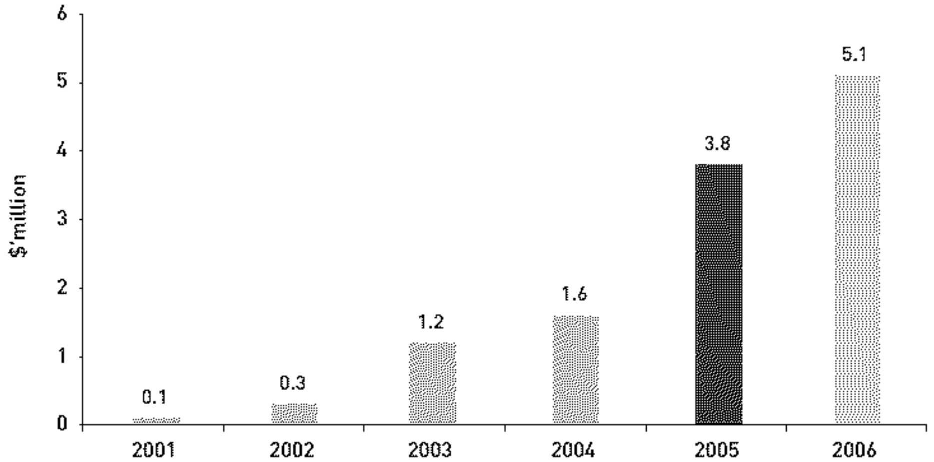


Note:

The historical dwellings under management are based on actual dwellings to 30 June 2004. Forecast dwellings under management are based on actual numbers as at 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. 100% of forecast dwellings for FY2005 have been sold as at 30 April 2005. Dwellings under management for FY2006 are derived from the Directors' forecasts for the 12 months ending 30 June 2006. The FY2006 forecast assumes the sale of 67 dwellings at Classic Residences Brighton, the sale of 4 dwellings at Menzies Malvern and the acquisition of a 150 unit mature retirement village.

Historical and forecast earnings

Set out in the chart below is the historical and forecast EBITDA for Becton Living.



Note:

The historical EBITDA has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBITDA for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBITDA for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006. The historical and forecast EBITDA is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBITDA is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Becton Group (Cont'd)

4.8 Holiday Ownership – APVC

Highlights:

- exposure to the fast growing worldwide timeshare industry;
- strong growth in member numbers; and
- experienced management team.

Industry overview - global

According to the World Tourism Organisation, timeshare is the fastest growing segment of the tourism and leisure industry worldwide (Source: Australian Timeshare & Holiday Ownership Council – Submission Regarding the Regulation of the Australian Timeshare Industry, February 2005). Over the past seven years, global growth has represented the equivalent of 14% per annum (Source: Australian Timeshare & Holiday Ownership Council – Submission Regarding the Regulation of the Australian Timeshare Industry, February 2005). The successful entry of leading international hospitality organisations, such as Marriott, Disney, Starwood, Hilton and Hyatt, has acted as a catalyst for growth in this sector.

The following statistics summarise the scale of the global timeshare industry:

- US$9.4 billion timeshare sales in 2002
- 6.7 million households own the rights to about 10.7 million timeshare weeks
- 5,425 timeshare resorts worldwide
- 325,000 timeshare accommodation units worldwide

Source: Australian Timeshare & Holiday Ownership Council – Submission Regarding the Regulation of the Australian Timeshare Industry, February 2005.

Industry overview – Australia

Australia has seen a resurgence in timeshare in the past four years, stimulated by the entry into the market of large reputable industry participants. The timeshare market in Australia is currently summarised as follows:

- $300 million timeshare sales in 2004;
- 130,000 households own the rights to about 160,000 timeshare weeks;
- 110 timeshare resorts in Australia.

Source: Australian Timeshare & Holiday Ownership Council – Submission Regarding the Regulation of the Australian Timeshare Industry, February 2005.

Business overview

Accor Première Vacation Club (APVC) has been created and developed through a joint venture between Becton Resorts (a subsidiary of Becton) and Accor Resorts. APVC is an innovative and flexible vacation and lifestyle club.

Accor Resorts is part of AAPC Asia Pacific (which comprises AAPC Australia Group and AAPC Asia Group). The ultimate holding group of AAPC Asia Pacific is Accor SA, which is a public limited company incorporated under the legislation of the Republic of France. Accor SA is one of the world's largest hotel and tourism enterprises. It directly, or indirectly through its subsidiaries throughout the world (including AAPC Asia Pacific) owns, operates or manages approximately 4,000 hotels and resorts in 90 countries worldwide. AAPC Australia Group is Australia's largest hotel management group, featuring the hotel brand names of Sofitel, Novotel, Mercure, All Seasons, Ibis and Formule 1.

Holiday Ownership - how it operates

- member pays upfront fee – typically $15,000 - $25,000;
- annual entitlement to holiday accommodation for approximately 80 years; and
- a "points based" system acts as a form of holiday currency that can be redeemed in exchange for holiday accommodation at various destinations.

APVC is a multi-resort, multi-location holiday ownership club. Timeshare is a form of pre-paid holiday plan, which entitles purchasers to holiday accommodation for a pre-determined period (up to 80 years). Purchase of a timeshare interest typically costs between $15,000 and $25,000, with an annual club fee of $400-$600 payable to cover member services and resort operating costs. APVC has resorts located throughout Australia, including Melbourne, Sydney, Palm Cove (Cairns), Coffs Harbour, Surfers Paradise, the Gold Coast, the Sunshine Coast, the Snowy Mountains, the Margaret River in Western Australia as well as Queenstown in New Zealand.

Members purchase membership of the holiday club, which managed by the responsible entity, owns and holds beneficial title to the apartments it acquires or develops.

As such, a member becomes a beneficial owner in the real estate owned now and in the future by the club. Title to the apartments can be freehold or leasehold. The assets of the club (including title to the club's apartments) are held on trust for members by the responsible entity and membership lasts for the life of the club, which is approximately 80 years from 10 October 2000.

The club is a "points-based" timesharing program. Members receive an annual entitlement of Premiere Points TM like a club currency, which they redeem to stay in the club properties. Members can choose the location, size of accommodation, length of stay and time of year for their stay in the club properties and simply use the number of Premiere Points TM required. For example, a club member could use 4 days in a 2 bedroom apartment on the Sunshine Coast this year and 9 days in a studio apartment in Melbourne the following year.

This form of product now accounts for most timeshare sales in Australia. Points-based timeshare schemes have been designed to meet consumer requirements for greater choice in available holiday destinations and greater flexibility in the way they take their holidays.

Member Services

APVC provides its members with the following additional services:

- holiday planning advice;
- reservations for club resort properties;
- a members-only web site; and
- regular newsletters and special offers.

APVC charges the club an annual management fee for the provision of these services.

Other services, provided by third parties, include:

- global timeshare exchange services – club members can exchange their annual accommodation entitlement for time at a non-APVC resort around the world (this service is facilitated by the Australasian branch of Interval International, a US based specialist); and
- cruise exchange service – this is like a regular timeshare exchange except that it gives club members access to cruises (this is facilitated by Ice Gallery, a US based specialist).

Resort operations

Resort management is handled primarily by third parties, including AAPC Asia Pacific. APVC pays management fees at market rates for this service.

Sales

APVC currently operates sales venues on the Gold Coast (where it is headquartered), Sydney, Melbourne, Canberra, Perth, Cairns, the Sunshine Coast and Coffs Harbour. Additional sales venues are planned.

Club memberships are sold by personal presentations to consumers at APVC's own sales centres and at club resorts.

Regulation

Timeshare is treated as a financial services product, subject to legislation overseen by the Australian Securities & Investments Commission. This has positive consequences including a high level of consumer disclosure, a comprehensive compliance process and higher training standards for sales staff.

APVC is a registered Managed Investment Scheme pursuant to the requirements of Chapter 5C of the Corporations Act. The Responsible Entity for the club, A.P.V.C. Limited, is a holder of an Australian Financial Services Licence (AFSL). Only holders of an AFSL are entitled to sell timeshare products.

Experienced management team

The senior management team is responsible for running the business on behalf of the joint venture partners, Becton Resorts and Accor Resorts. The Chief Executive Officer, Martin Kandel, reports to the Joint Venture Owners Committee, which comprises two representatives from each joint venture partner in addition to himself. Becton's representatives on the Board are Bruno Santi and Hamish Macdonald (with Jason Vanderzalm as alternate). Bruno Santi was a key player in the establishment of APVC, and has been pivotal in growing the business to where it is today. As a member of the Joint Venture Owners Committee, Bruno participates in the provision of commercial and strategic advice to the senior

Becton Group (Cont'd)

management team, and is involved in the major decision making of the business, including decisions relating to development and acquisitions.

Future developments

The creation of APVC was and continues to be strategically important for Becton due to the exposure it provides to the fast growing timeshare industry and potential synergies between timeshare development and Becton's development and construction business.

The pace of sales requires APVC to regularly place additional resort property into the vacation club in order to create a sufficient supply of accommodation to meet anticipated demand. Going forward, Becton believes that demand for additional resorts is likely to be increasingly met through the acquisition of development sites for the construction of purpose-built APVC resorts. Wherever relevant, APVC may draw upon the considerable development experience of Becton Constructions to meet this requirement.

Because the Australian population is highly urbanised, it is proposed to open sales centres in cities such as Adelaide and Wollongong in coming years and develop other processes, such as "roadshows", to penetrate smaller population clusters.

Expansion into New Zealand is envisaged in the near future, although the small population of that country necessarily limits the potential for ongoing growth.

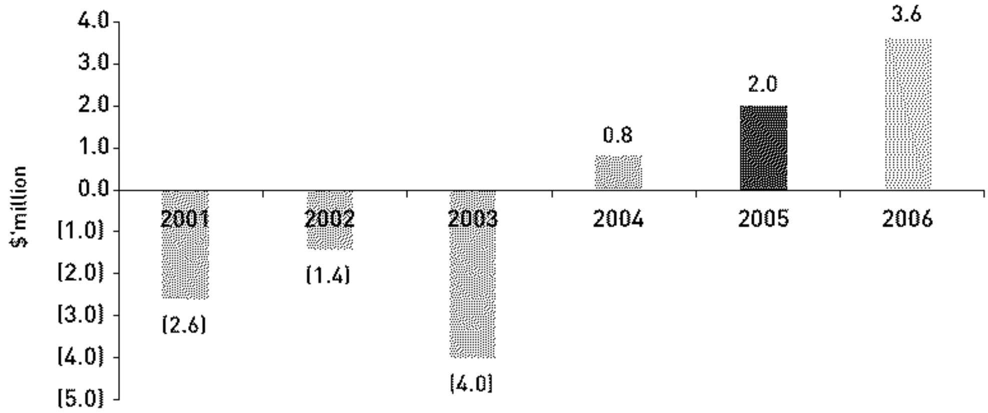
Strategically, the most attractive source for long term sustainable growth is potential expansion into selected Asian markets. Initially, this would be likely to focus on the highly concentrated urban markets of Singapore and Hong Kong. This may also entail the acquisition and development of resort properties in several countries which will not only create a viable product offering for the Asian markets but will also add continuing enhancement to the resort choices available to existing club members. This is an example of how the multi-resort club concept provides considerably greater value than the traditional single resort product.

Ultimately, the creation of an Asia-Pacific regional network of timeshare resorts could enable the joint venture to penetrate the rapidly emerging Chinese market and the tightly controlled Japanese market. No decision has yet been made to expand the APVC business into Asia.

Historical and forecast earnings

After commencing operations in October 2000, it has taken the APVC joint venture a number of years to reach profitability. In the initial years, the joint venture experienced typical teething issues experienced by businesses in a new industry. These teething issues have been overcome by recruiting an experienced management team, growing awareness by consumers and an ever improving product offering. APVC is now trading profitably and is experiencing significant growth in new members.

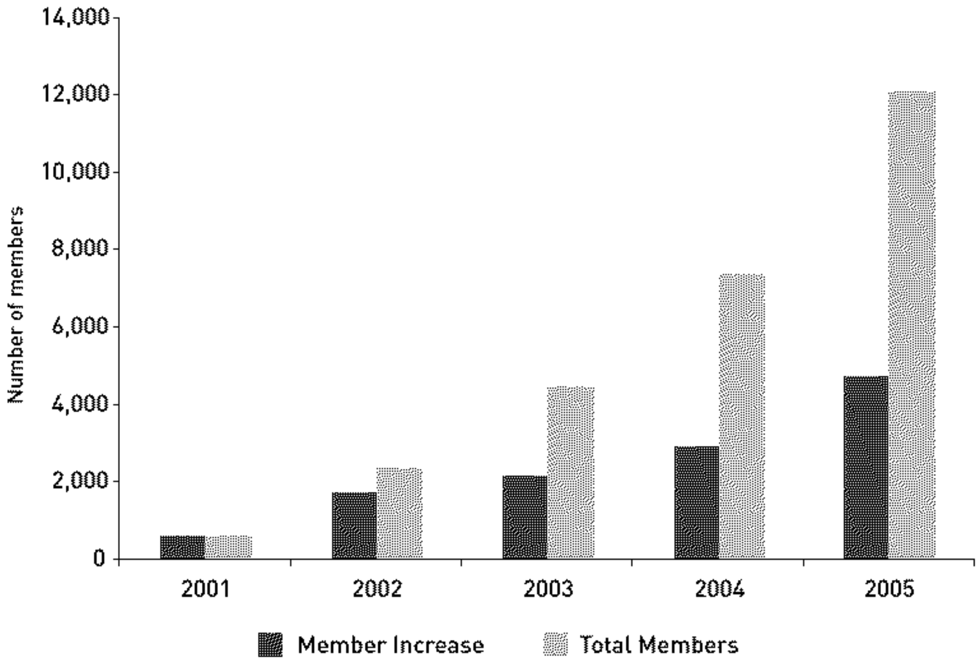
Set out in the chart below is a summary of APVC's historical and forecast EBIT for Becton Resorts (ie Becton Resorts' 50% share only):



Note:

This historical EBIT has been derived from the audited financial statements of Becton to 30 June 2004. The forecast EBIT for FY2005 is derived from the actual results for the six months ended 31 December 2004 and Directors' forecasts for the six months ending 30 June 2005. The forecast EBIT for FY2006 is derived from the Directors' forecasts for the 12 months ending 30 June 2006.
The historical and forecast EBIT is based on a number of estimates, assumptions and pro-forma adjustments as described in section 7. EBIT is presented on an AGAAP basis so that a comparison of the historical and forecast periods can be made on a consistent basis. The impact of the introduction of A-IFRS is outlined in section 7.

Historical and forecast member numbers (100% of APVC)

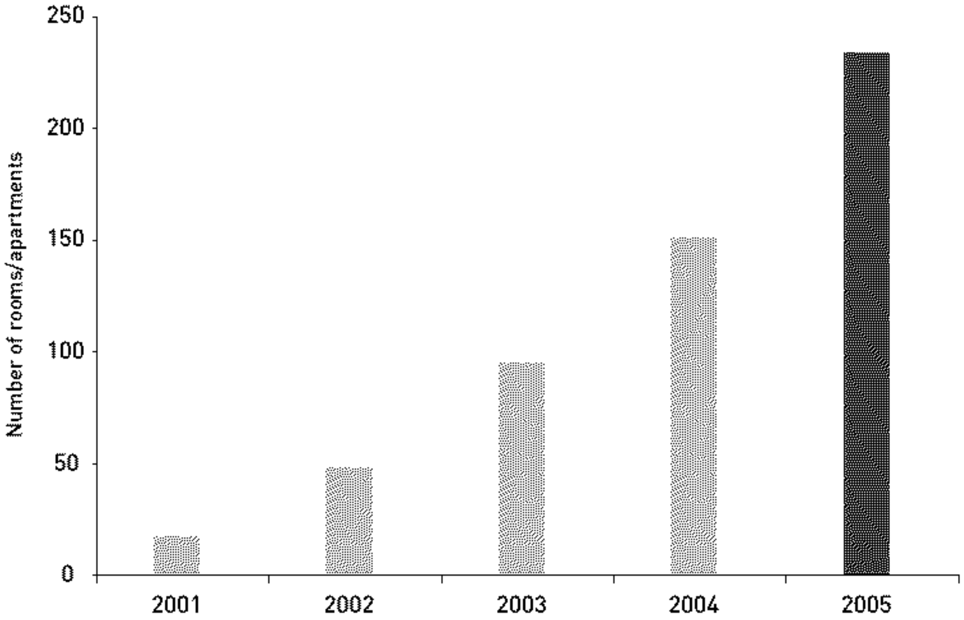


Note:

Member increases and total member numbers are presented on a December year end basis. The historical member numbers to 31 December 2004 have been derived from APVC's management reporting systems. From 2001 to 2004, the cumulative annual growth rate in members was 69%. Forecast member numbers for calendar year 2005 are derived from Directors' forecasts for the 12 months ending 31 December 2005. Calendar year 2005 assumes an annual growth rate of 64% from 31 December 2004 which is lower than the historical growth rates achieved. As at 31 March 2005, actual member numbers were 8,383.

Becton Group (Cont'd)

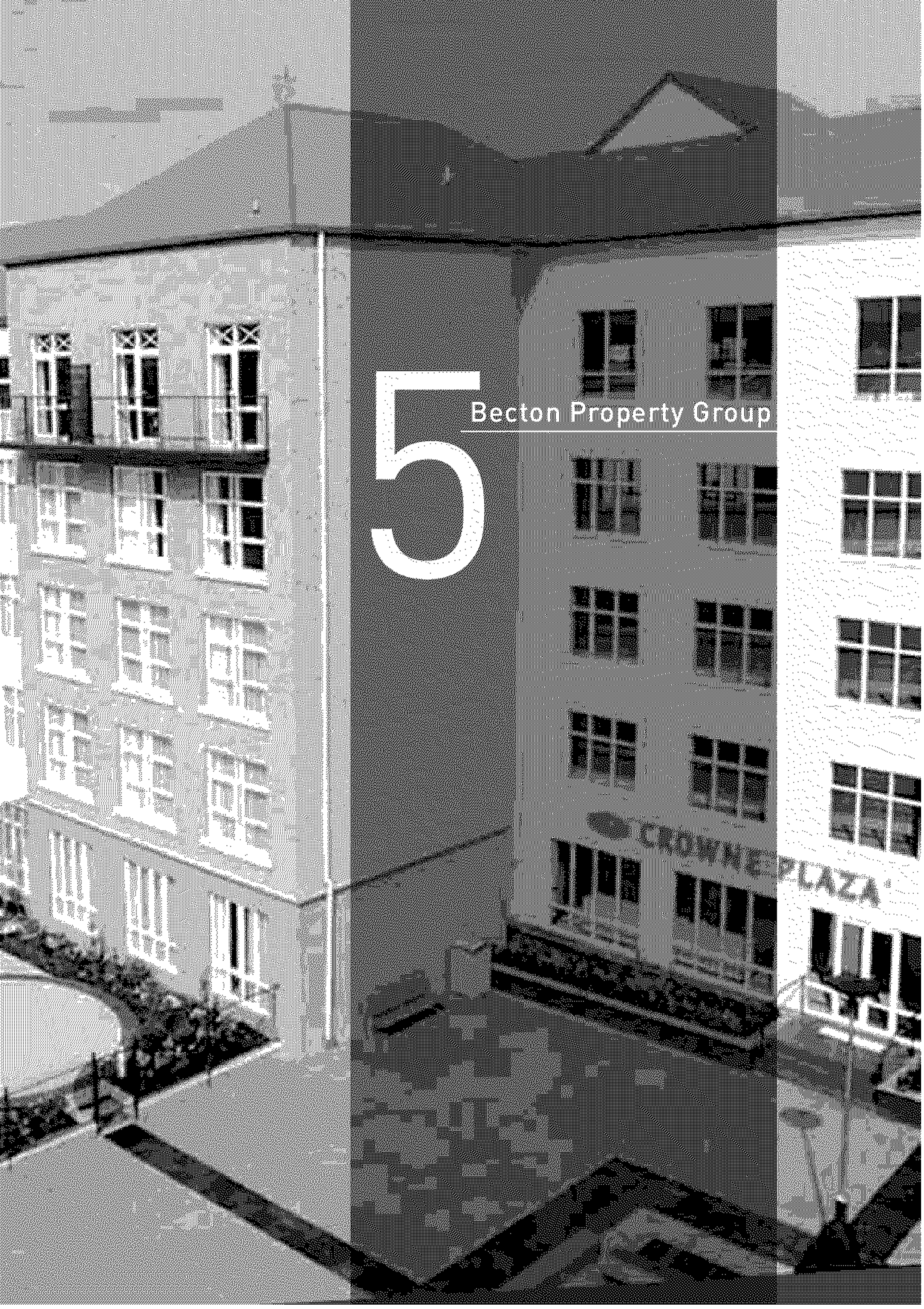
Number of rooms/apartments under management (100% of APVC)



Note:

Rooms/apartments numbers are presented on a December year end basis. The historical room/apartment numbers to 31 December 2004 have been derived from APVC's management reporting systems. Room/apartment numbers for calendar year 2005 are derived from the Directors' forecasts for the 12 months ending 31 December 2005.

5 Becton Property Group



Becton Property Group

5.1 Overview

On 30 March 2005, Becton Developments and Becton announced a proposed Merger of the two companies to create a new listed diversified property group in the form of Becton Property Group.

The Merger will facilitate the raising of new capital to fund the growth of Becton Property Group, particularly in the retirement and property funds management sectors.

The Merger will be implemented under the terms of the Share Sale Agreement dated 19 May 2005 between Becton Developments and the Becton Vendors. Under that agreement, Becton Developments agrees, subject to the satisfaction of certain conditions, to acquire Becton in return for Shares in Becton Developments. The key terms of the Share Sale Agreement are summarised in section 10.5.3.

5.2 Merger terms

Sale and purchase	The Becton Vendors will sell and Becton Developments will buy all of the shares in Becton.
Purchase price	The purchase price for the shares in Becton is $104 million. The purchase price is subject to proportionate adjustment in the event of a fall of more than 10% in the value of Becton between signing of the Share Sale Agreement and completion of the Merger.
Payment of purchase price	The purchase price will be satisfied by Becton Developments issuing 208 million Shares at a value of $0.50 per Share to the Becton Vendors.
Completion	Completion will take effect on 1 July 2005.
Conditions precedent to completion	Completion is conditional on: • Becton Developments (acting reasonably) being satisfied that there has not been a reduction in the value of Becton by more than 10% since signing of the Share Sale Agreement; • Shareholders providing the approvals required to implement the Merger; • satisfactory evidence being provided to Becton Developments of completion under the terms of the Becton Transfer Agreement resulting in Becton becoming the holding entity of Becton Group; • satisfactory evidence being provided to Becton Developments of completion of the transfer of Becton Group's interest in Essendon Airport out of Becton Group; and • satisfactory evidence being provided to Becton Developments of conversion of the Directors' Convertible Notes into ordinary shares in Becton.
Non-compete provisions	Each of the Becton Vendors and the Becton Executive Directors have agreed not to compete (subject to certain exceptions) with Becton Developments following the acquisition of Becton for various periods of time between 2 and 4 years from 1 July 2005.
Right to terminate	Either party has the right to terminate the Share Sale Agreement if the value of Becton falls by more than 40% between signing of the Share Sale Agreement and completion of the Merger.
Becton Vendor Voluntary Restriction Deeds	Each of the Becton Vendors will enter into the Becton Vendor Voluntary Restriction Deeds with Becton Developments which, following completion of the Merger and the Offer, will restrict them from disposing or agreeing to dispose of the Shares received by them on completion of the Merger for a specified period, subject to certain exceptions. The period for which disposal is restricted is described in section 2.9(a).
Share Sale Escrow Arrangements	The Shares received by the Becton Vendors on completion of the Share Sale Agreement will be held by an independent escrow agent for a specified period to provide security for claims made by Becton Developments under the Share Sale Agreement. The period for which the Shares will be held as security is described in section 2.9(b).

5.3 Strategic objectives of Becton Property Group

The key strategic objectives of Becton Property Group, as a whole, will be:

- ***Creation of a substantial listed diversified property group***
  Becton Property Group will actively seek to grow the business and further diversify earnings across its four businesses to create a substantial listed diversified property group.
- ***Increase recurrent earnings***
  Becton Property Group is already on a well defined path to progressively increasing the proportion of recurrent earnings it derives relative to the more variable earnings derived from its development and construction business.
- ***Leverage opportunities between businesses***
  Becton Property Group will seek to exploit synergies between its four businesses in terms of sourcing opportunities and deriving income from the various stages of the property investment lifecycle.
- ***Growth through acquisitions***
  While organic growth in each of its businesses will contribute significantly to earnings, Becton Property Group will also pursue further acquisitions, particularly in the property funds management and retirement sectors.

Becton Property Group's strategic objectives for each business include:

- ***Development & Construction***
  Becton Property Group will seek to leverage its strong position as a boutique developer, continuing to deliver product to the upper-end of the residential and commercial markets. In addition, it is seeking to leverage off initiatives in the other businesses as a source of further projects.
- ***Funds Management***
  Becton Property Group will seek to:
  - promote opportunities for investors to participate in the long term ownership of commercial property;
  - expand and further diversify the property portfolio currently under management and increase the recurrent income derived through the management of these assets;
  - increase fee income through further upgrades, refurbishment and re-development of properties within existing funds; and
  - create new differentiated opportunities for wholesale funds managers to invest with Becton Property Group.
- ***Retirement***
  Becton Property Group intends to create a significant portfolio of high quality retirement properties in a range of defined markets. Growth is anticipated from the acquisition of select existing properties and development of new properties on greenfield sites.
- ***Holiday Ownership***
  Becton Property Group intends to continue the growth of membership numbers by offering a wide range of choice and flexibility in holiday destinations and by progressively expanding the APVC sales network.

  To date, APVC has not provided project opportunities to Becton Constructions. However, it is anticipated by management of the Company that continued growth of APVC may generate some development opportunities for Becton Constructions.

Becton Property Group (Cont'd)

5.4 Independent Expert's Report

In accordance with the requirements of section 611(7) of the Corporations Act the independent Directors commissioned Horwath Corporate Advisory (Vic) Pty Ltd to prepare an Independent Expert's Report advising whether the Proposed Transaction is fair and reasonable to the non-associated shareholders of Becton Developments.

A Notice of Meeting, an Explanatory Memorandum and the Independent Expert's Report have been provided to Shareholders.

The executive summary of the Independent Expert's Report is included in section 5.5 below. The Independent Expert concludes that "in our opinion, the Proposed Transaction is fair and reasonable having regard to the Non-Associated Shareholders of BDL as a whole. In considering whether the Proposed Transaction is fair and reasonable, the Independent Expert has assessed, whether, on balance, the Non-Associated Shareholders of BDL will be better off or, at least no worse off, if the Proposed Transaction proceeds, taking into account all relevant circumstances".

The Independent Expert's Report was lodged, together with the Notice of Meeting and related Explanatory Memorandum, with the Australian Securities and Investments Commission on 20 May 2005. It is taken to be included in this Prospectus in accordance with section 712 of the Corporations Act. A copy of the Independent Expert's Report is available free of charge during the application period of this Prospectus. It may be obtained by contacting the Underwriter on 1800 806 362.
It is also available at www.becton.com.au. The Independent Expert's Report contains:

(a) the executive summary of the Independent Expert's Report (contained in section 5.5 below); and

(b) the Independent Expert's detailed report (which is approximately 100 pages) containing the following:
   - background to the Proposed Transaction;
   - scope of the Independent Expert's Report;
   - an overview of the companies involved in the Proposed Transaction as well as the industries in which they operate;
   - the valuation methodologies adopted;
   - an evaluation of the Proposed Transaction in terms of its fairness and reasonableness and whether the associated advantages outweigh the disadvantages; and
   - the conclusion that the Proposed Transaction is fair and reasonable to the non-associated Shareholders of Becton Developments as a whole.

The Independent Expert has not been involved in the preparation of this Prospectus. Accordingly, the Independent Expert accepts no responsibility for this Prospectus. The conclusions and opinions reached by the Independent Expert should not be relied on as meeting the needs of potential investors to this Offer.

The Independent Expert has consented to the inclusion of the executive summary of the Independent Expert's Report in this Prospectus.

HOWARTH CORPORATE ADVISORY (VIC) PTY LTD FINANCIAL SERVICES GUIDE

Horwath Corporate Advisory (Vic) Pty Limited ABN 82 065 203 492 ("Horwath Corporate Advisory") has been engaged to issue general financial product advice in the form of a report to be provided to you.

The Corporations Act 2001 requires Horwath Corporate Advisory to provide this Financial Services Guide ("FSG") in connection with its provision of a report ("Report") that is included in a document ("Disclosure Document") provided to members by the company engaging Horwath Corporate Advisory to prepare this report (the "Company"). The FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

The matters covered by the FSG include:

- who Horwath Corporate Advisory is and how to contact Horwath Corporate Advisory;
- what services Horwath Corporate Advisory is authorised to provide;
- how Horwath Corporate Advisory, staff and associates are remunerated in relation to general financial product advice;
- any relevant associations or relationships; and
- Horwath Corporate Advisory's complaints handling procedures and how you may access them.

The financial services Horwath Corporate Advisory is licensed to provide

Horwath Corporate Advisory holds Australian Financial Services Licence No. 222 438 authorising it to provide financial product advice to wholesale and retail clients on securities and interests in managed investments schemes.

Horwath Corporate Advisory provides general financial product advice by virtue of an engagement to issue the Report in connection with a financial product of another entity. The Report includes a description of the terms and circumstances of our engagement and identifies the entity that has engaged us. You have not engaged us directly but you will be provided with a copy of the Report as a security holder of the entity as a result of the circumstances surrounding Horwath Corporate Advisory's engagement to produce the Report.

Horwath Corporate Advisory provides the Report as a financial services licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Horwath Corporate Advisory's Report provides only general financial product advice. Horwath Corporate Advisory's Report does not provide personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

Before you act on this general advice you should consider the appropriateness of the advice having regard to your own objectives, financial situation and needs. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Payments to Horwath Corporate Advisory for services provided

Horwath Corporate Advisory charges fees for providing reports. The fees are agreed and paid by, on either a fixed fee or time cost basis and paid by the entity that engages us to provide a report.

Except for the fees referred to above, neither Horwath Corporate Advisory, nor any of its directors, employees or related entities receive any pecuniary or other benefit, directly or indirectly, for or in connection with the provision of a report.

Remuneration or other benefits received by our employees

All Horwath Corporate Advisory employees and directors receive salaries, bonuses and other benefits from Horwath Corporate Advisory. Any bonuses paid by Horwath Corporate Advisory to employees are based on overall productivity and are not directly connected with any engagement for the provision of a report.

Becton Property Group (Cont'd)

Referrals

Horwath Corporate Advisory does not pay commissions or provide any other benefits to any person for referring clients to us in relation to the reports that we are licensed to provide.

Associations and relationships

Horwath Corporate Advisory is wholly owned by, and operates as part of the professional advisory and accounting practice of, Horwath Melbourne. Horwath Corporate Advisory directors may be partners in the Horwath Melbourne Partnership.

From time to time Horwath Corporate Advisory and/or its related entities may provide professional services, including audit, taxation and financial advisory services, to financial product issuers in the ordinary course of business.

Independence

Horwath Corporate Advisory is independent of the entity that engages it to provide a report. The guidelines for independence in the preparation of reports are set out in Practice Note 42 issued by the Australian Securities Commission (the predecessor to the Australian Securities & Investments Commission) on 8 December 1993.

Horwath Corporate Advisory operates independently of the interstate members of Horwath International in Australia.

Complaints resolution

As the holder of an Australian Financial Services Licence, Horwath Corporate Advisory is required to operate a system for handling complaints from persons to whom Horwath Corporate Advisory provides financial product advice. Any complaints can be made, in writing, addressed to Vin Brown, Horwath Corporate Advisory (Vic) Pty Ltd, Level 5, 114 William Street, Melbourne, Victoria, 3000.

Upon receipt of a written complaint the matters raised will be investigated and as soon as practicable the complainant will be advised in writing of Horwath Corporate Advisory's determination.

A complainant not satisfied with the outcome of the above process, or Horwath Corporate Advisory's determination, has the right to refer the matter to Financial Industry Complaints Service Limited ("FICS") on 1300 78 08 08. FICS is an independent company established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting FICS directly at the address set out below:

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007

You can also contact the Australian Securities and Investments Commission (ASIC) on 1300 300 630 to make a complaint or obtain information about your rights.

If you believe your privacy has been compromised, please contact us immediately. We will respond to all complaints within two (2) days and aim to have them resolved within ten (10) days. Where this is not possible, you will be contacted and advised when it is likely your complaint will resolved.

Additionally, you are entitled to contact the Privacy Commissioner if you believe there has been an interference with your privacy. The Office of the Federal Privacy Commissioner can be contacted on 1300 363 992 or privacy@privacy.com.au

Horwath Corporate Advisory contact details

Telephone: 9670 0955
Facsimile: 9670 3002

Street address:
Level 5, 114 William Street
Melbourne VIC 3000

Postal address:
GPO Box 4736UU
Melbourne VIC 3000

E-mail: vin.brown@horwath.com.au

5.5 Executive summary of Independent Expert's Report

Horwath

20 May 2005

The Independent Directors
Becton Developments Limited
470 St Kilda Road
Melbourne VIC 3000

Dear Sirs,

BECTON DEVELOPMENTS LIMITED: INDEPENDENT EXPERT'S REPORT

1. Introduction

You have requested Horwath Corporate Advisory (Vic) Pty Limited ("Horwath Corporate Advisory") to prepare an Independent Expert's Report ("IER") for Becton Developments Limited ("BDL" or "the Company") advising whether the proposed merger ("the Proposed Transaction") of Becton Pty Ltd ("Becton"), the holding company of the Becton group of companies ("Becton Group"), and BDL is fair and reasonable to the non-associated shareholders of BDL.

The merger will be implemented by BDL acquiring all of the shares in Becton, in return for the issue of 208 million shares at $0.50 per share in BDL as consideration to the owners of Becton ("the Becton Vendors"), representing 74 percent of BDL's issued capital assuming the Proposed Transaction is approved and assuming 50 percent of the Unsecured Notes are converted into ordinary shares in BDL at 30 June 2005. The merger will be pursuant to a Share Sale Agreement between BDL and Becton that sets out the terms of the Proposed Transaction.

Subsequent to the Proposed Transaction, BDL will be renamed Becton Property Group Limited.

We understand that, after the Proposed Transaction, BDL will undertake a capital raising of up to $65 million by way of a prospectus for the issue of ordinary shares and convertible notes in BDL ("the Capital Raising"). Horwath Corporate Advisory notes that the Proposed Transaction may proceed even if the Capital Raising does not proceed.

2. Purpose and Scope of the Report

Section 611

Subject to certain exceptions, Section 606 does not allow the acquisition by a person of a relevant interest in the issued voting shares in a listed company if that person's or someone else's voting power in the company would increase, from either 20 percent or below to more than 20 percent or from a starting point that is above 20 percent and below 90 percent.

We understand that as a result of the Proposed Transaction, the voting power in BDL of the Becton Vendors will increase from below 20 percent to above 20 percent.

Note
1 The Unsecured Notes are the 2005 Notes and 2006 Notes. (Refer Section 3.3 of the IER).

Becton Property Group (Cont'd)

Section 611 provides an exception to Section 606 if the Proposed Transaction is approved by an ordinary resolution at a general meeting of shareholders where only shareholders that are not associated with parties to the Proposed Transaction vote on the resolution.

The Australian Securities & Investments Commission ("ASIC") Policy Statement 74 requires that shareholders voting on a Section 611 resolution must be sent a notice of meeting including, amongst other things, an analysis of the Proposed Transaction by the independent directors.

Our IER is prepared at the request of the independent directors of BDL for the purpose of advising whether the Proposed Transaction is fair and reasonable to the holders of BDL's ordinary securities whose votes are not to be disregarded in voting on the resolution to approve the Proposed Transaction for the purposes of Section 611(7) of the Corporations Act 2001. ("Non-Associated Shareholders").

APX Listing Rules

In addition to the requirements in Section 611, the Proposed Transaction requires shareholder approval pursuant to the APX Listing Rules 5.1 and 10.10.1.

We understand that the Non-Associated Shareholders will be asked to vote on the Proposed Transaction, (for Section 611(7) purposes), at a general meeting of the shareholders of BDL to be held on or about 21 June 2005. Furthermore, we understand that additional BDL shareholder approvals will be obtained at that meeting for other matters in connection with the Proposed Transaction and the Capital Raising. Our report is to accompany the notice of general meeting and the explanatory memorandum ("the Explanatory Memorandum") to be sent to BDL's shareholders in connection with those required approvals.

Other

Our procedures and enquiries do not include verification work nor constitute an audit in accordance with Australian Auditing Standards ("AUS"), nor do they constitute a review in accordance with AUS 902 applicable to review engagements.

We have not been engaged to undertake an independent review of management's financial forecasts of Becton Construction Services Trust ("BCS"), Becton Investments Management Limited ("BIML"), Classic Residences Pty Ltd ("Classic Residences") and Accor Première Vacation Club ("APVC") for the financial years ending 30 June 2005 and 2006 ("Forecasts") and projections of BCS for the financial years ending 30 June 2007 to 30 June 2013 ("Projections") and we have not undertaken such a review in accordance with AUS 804 applicable to audit of prospective financial information.

3. Opinion

In our opinion, the Proposed Transaction is fair and reasonable having regard to the Non Associated Shareholders of BDL as a whole.

In considering whether the Proposed Transaction is fair and reasonable, we have assessed, whether, on balance, the Non-Associated Shareholders of BDL will be better off or, at least no worse off, if the Proposed Transaction proceeds, taking into account all relevant circumstances. In arriving at this opinion, we have had regard to the following:

Fairness Criteria

In our assessment of the fairness of the Proposed Transaction, we have valued BDL and Becton. In valuing Becton, we have undertaken separate valuations of each of the businesses in the Becton Group comprising of BCS, BIML, Classic Residences and APVC.

In relation to BDL, the number of shares on issue before the Proposed Transaction are 32,353,200.

The number of shares on issue after the Proposed Transaction is as follows:

Table 1

	Percentage of Unsecured Notes assumed to convert					
	0%		50%		100%	
After Proposed Transaction	Shares	%	Shares	%	Shares	%
Becton Vendors	214,129,700	89.1	226,739,382	80.4	226,739,382	72.9
BDL Shareholders	26,223,500	10.9	26,223,500	9.3	26,223,500	8.4
Conversion of Unsecured Notes	-	-	29,122,016	10.3	58,244,213	18.7
Total	**240,353,200**	**100.0**	**282,084,898**	**100.0**	**311,207,095**	**100.0**

The number of shares after the Proposed Transaction assumes that the Proposed Transaction is approved by shareholders with the consideration being the issue of shares at a price of 50 cents per share. In addition, we have assumed that the Unsecured Noteholders elect to convert their Unsecured Notes into ordinary shares issued by the Company before completion at a price being a 5 percent discount to the Volume Weighted Average Price ("VWAP") during the previous 10 days.

In Table 1, we have assumed that the Unsecured Noteholders elect to convert their Unsecured Notes at 30 June 2005 on three bases:

- 0 percent assumes that none of the Unsecured Notes convert;
- 50 percent assumes that all the Becton Vendors convert their Unsecured Notes and 50 percent of the remaining noteholders convert their Unsecured Notes; and
- 100 percent assumes that all the noteholders convert their Unsecured Notes.

Based on the equity values for Becton and BDL, Horwath Corporate Advisory considered the value of a share of BDL before the Proposed Transaction and compared it to the value of a share in BDL after the Proposed Transaction.

Becton Property Group (Cont'd)

Horwath Corporate Advisory's assessment of the value per share of BDL before the Proposed Transaction is set out below:

Table 2

		Percentage of Unsecured Notes assumed to convert		
		0%	50%	100%
Net Assets		13,043	13,043	13,043
Add debt in relation to conversion of Unsecured Notes		-	19,822	33,655
Equity Value of BDL	$ 000	13,043	32,865	46,698
Number of shares - Becton Vendors		6,129	18,739	18,739
Number of shares - Others		26,224	55,346	84,468
Total Number of shares	000	32,353	74,085	103,207
Value per share	$	0.40	0.44	0.45

The equity value of BDL and the number of shares vary depending on the assumption of the percentage of Unsecured Notes that convert to equity.

Horwath Corporate Advisory's assessment of the value per share of BDL after the Proposed Transaction:

Table 3

		Percentage of Unsecured Notes assumed to convert					
		0%		50%		100%	
		Low	High	Low	High	Low	High
Equity Value of BDL	$ 000	13,042	13,042	32,865	32,865	46,698	46,698
Equity Value of Becton	$ 000	93,392	105,586	93,392	105,586	93,392	105,586
Equity Value of BDL after the Proposed Transaction	$ 000	106,434	118,628	126,257	138,451	140,090	152,284
Number of Shares on Issue after Proposed Transaction	000	240,353	240,353	282,085	282,085	311,207	311,207
Value per share after Proposed Transaction	$	0.44	0.49	0.45	0.49	0.45	0.49

The number of shares after the Proposed Transaction vary depending on the assumption of the percent of Unsecured Notes that convert to equity.

The valuations of BDL and Becton are on a stand-alone basis, in other words, no synergy benefits from the Proposed Transaction have been taken into account in our valuation of each entity.

In summary, our assessment of the value of a BDL share before and after the Proposed Transaction is in the table below:

Table 4

		Percentage of Unsecured Notes assumed to convert					
		0%		50%		100%	
Value per share of BDL		**Low**	**High**	**Low**	**High**	**Low**	**High**
Before Proposed Transaction	$	0.40	0.40	0.44	0.44	0.45	0.45
After Proposed Transaction	$	0.44	0.49	0.45	0.49	0.45	0.49

Based on Horwath Corporate Advisory's assessment of value per share as shown in table above, the value per share after the Proposed Transaction exceeds the value per share before the Proposed Transaction and accordingly, non-associated BDL shareholders would be more advantaged.

A party obtaining control of a company usually pays a premium over and above the fair market value of the shares of the company. PS 74 requires the independent expert to give an opinion as to whether the vendor, the company or any person will receive any premium for control as a result of the Proposed Transaction and whether there are any contracts or proposed contracts between the company, major shareholders or the vendors which are conditional upon or directly or indirectly dependent on approval of the Proposed Transaction.

Horwath Corporate Advisory notes that if the Proposed Transaction is approved, BDL will be acquiring control of Becton and in exchange for acquiring Becton, BDL will be issuing shares to the Becton Vendors and this shareholding will represent a controlling interest in BDL. In valuing the assets of Becton and BDL, Horwath Corporate Advisory has taken into account premium for control. As a consequence, the comparison detailed at table 4 above is based on a comparison that includes premium for control and as such, the consideration paid to the Becton Vendors includes a premium for control. Moreover, based on Horwath Corporate Advisory analysis of the fair value of the Becton and BDL assets, the Becton Vendors are considered to have paid a premium for control.

In determining the value of the equity of Becton, we have relied on the valuation opinions of Knight Frank Valuation Services (Vic) Pty Ltd ("Knight Frank") and Resort Capital Advisors Inc ("RCA"), in relation to the valuations of Classic Residences Pty Ltd and its subsidiaries ("Classic Residences") and the Accor Première Vacation Club joint venture ("APVC"), respectively, and extracted information where relevant for the purposes of this report. In relying on the valuations of Knight Frank and RCA, Horwath Corporate Advisory has satisfied itself that the Knight Frank and RCA valuers, responsible for the preparation of the respective valuation reports, have the required qualifications and experience to provide the valuation opinions contained therein and have no pecuniary interests in the associated properties or entities. Horwath Corporate Advisory has obtained written consent from Knight Frank and RCA to refer to their valuations in this IER.

In preparing this IER, Horwath Corporate Advisory has relied on management's Forecasts and Projections. Horwath Corporate Advisory has had regard to various ASIC Policy Statements relating to the use of prospective financial information, including Policy Statement 170 Prospective Financial Information ("PS 170"). Horwath Corporate Advisory notes that PS 170 relates to the use of prospective financial information in disclosure documents and Product Disclosure Statements.

Becton Property Group (Cont'd)

Horwath Corporate Advisory has not been engaged to undertake an independent review of management's Forecasts and Projections and has not undertaken such a review. In particular, Horwath Corporate Advisory has not been engaged to review the Forecasts and Projections in accordance with AUS 804 The Audit of Prospective Financial Information. Accordingly, Horwath Corporate Advisory does not express an opinion on the reasonableness of the assumptions underlying management's Forecasts and Projections, or their achievability.

Horwath Corporate Advisory has assumed that management's Forecasts and Projections provided by the Company have been prepared on a reasonable basis and are based on the information available to management at the time, and within the practical constraints and limitations of such Forecasts and Projections. It is assumed that management's Forecasts and Projections do not reflect any material bias or "management stretch". The achievability of management's Forecasts and Projections is not warranted or guaranteed by Horwath Corporate Advisory.

Details of the scope of work undertaken by Horwath Corporate Advisory in relation to management's Forecasts and Projections are set out in Section 2.4 of the IER.

Reasonableness Criteria

In addition to reviewing the fairness aspect of the Proposed Transaction, we have also considered the potential advantages and disadvantages to the Non-Associated Shareholders of BDL and considered whether the advantages outweigh the disadvantages. Summarised below are the advantages and disadvantages considered by Horwath Corporate Advisory:

Advantages

- **Ongoing operations** – Horwath Corporate Advisory notes that all of BDL's assets represent an investment in Performance Notes in a wholly owned subsidiary of Becton, Becton Construction Services Trust and its controlled entities ("BCS"), and as such, BDL is dependent upon the performance of Becton. Horwath Corporate Advisory also notes that the Performance Notes are due to expire in June 2005 and June 2006. Given the economic cost to Becton of BDL's Performance Notes, it is possible that Becton may find alternative sources of funding which are cheaper than BDL's Performance Notes. Accordingly, should the Performance Notes be redeemed, then BDL's core business activities will cease. Under this scenario, this may prejudice BDL's ability to remain a listed entity or alternatively necessitate it to participate in possible lower return investments. By comparison, the Proposed Transaction will give BDL shareholders the opportunity to directly own an interest in Becton's activities.

- **Stable diversified earnings and dividends** – The Proposed Transaction diversifies BDL's current income from interest on the Performance Notes to other diverse business activities such as funds management, Accor Première Vacation Club and management of retirement villages of Becton. This should result in more stable returns to shareholders plus growth from Becton's construction and development activities, which in turn should lead to comparatively greater surety of dividends.

- **Increased market capitalisation** – The Proposed Transaction will substantially increase BDL's market capitalisation from approximately $16 million to over $100 million. This will raise BDL's profile and as a consequence, the possibilities of increasing the liquidity in trading in BDL's shares by either attracting institutional or a higher level of retail investors.

Disadvantages

- **Diversification** - If the Proposed Transaction proceeds, current shareholders of BDL will be exposed to the operational, financial and economic risks of all Becton trading entities. The risk profile of Becton may not suit the risk profiles required by the current shareholders. These risks are discussed in Section 9 of the Explanatory Memorandum.
- **Dilution** – The issue of shares to the Becton Vendors in terms of the Proposed Transaction will significantly dilute the interests of the current shareholders of BDL within a range of 8 percent to 11 percent.
- **Risk of Dilution from the Capital Raising** – In addition, given Becton's growth opportunities and need for capital, this will necessitate BDL having to source further funds. As noted above, a Capital Raising of up to $65 million has been proposed. The Capital Raising may further dilute the shareholders of BDL.
- **Change in business** – BDL's business is currently that of passive net interest income. Becton's more diversified business activities may not suit the investment objectives of current shareholders of BDL.

Other Considerations

In considering whether or not to approve the Proposed Transaction, Non-Associated Shareholders ultimately need to consider the ramifications of retaining an investment in a small listed company with minimal liquidity and BDL's economic dependency on the Becton Group. The Proposed Transaction provides BDL shareholders with the opportunity to diversify its income stream as well as increase its market capitalisation. Based on Horwath Corporate Advisory's analysis, the Proposed Transaction meets the necessary financial criteria and should be carefully considered by the Non-Associated Shareholders.

At the date of our report, we were not aware of any other offers for BDL.

4. Other Matters

Our opinion is based on economic, market and other conditions prevailing at the date of this report.

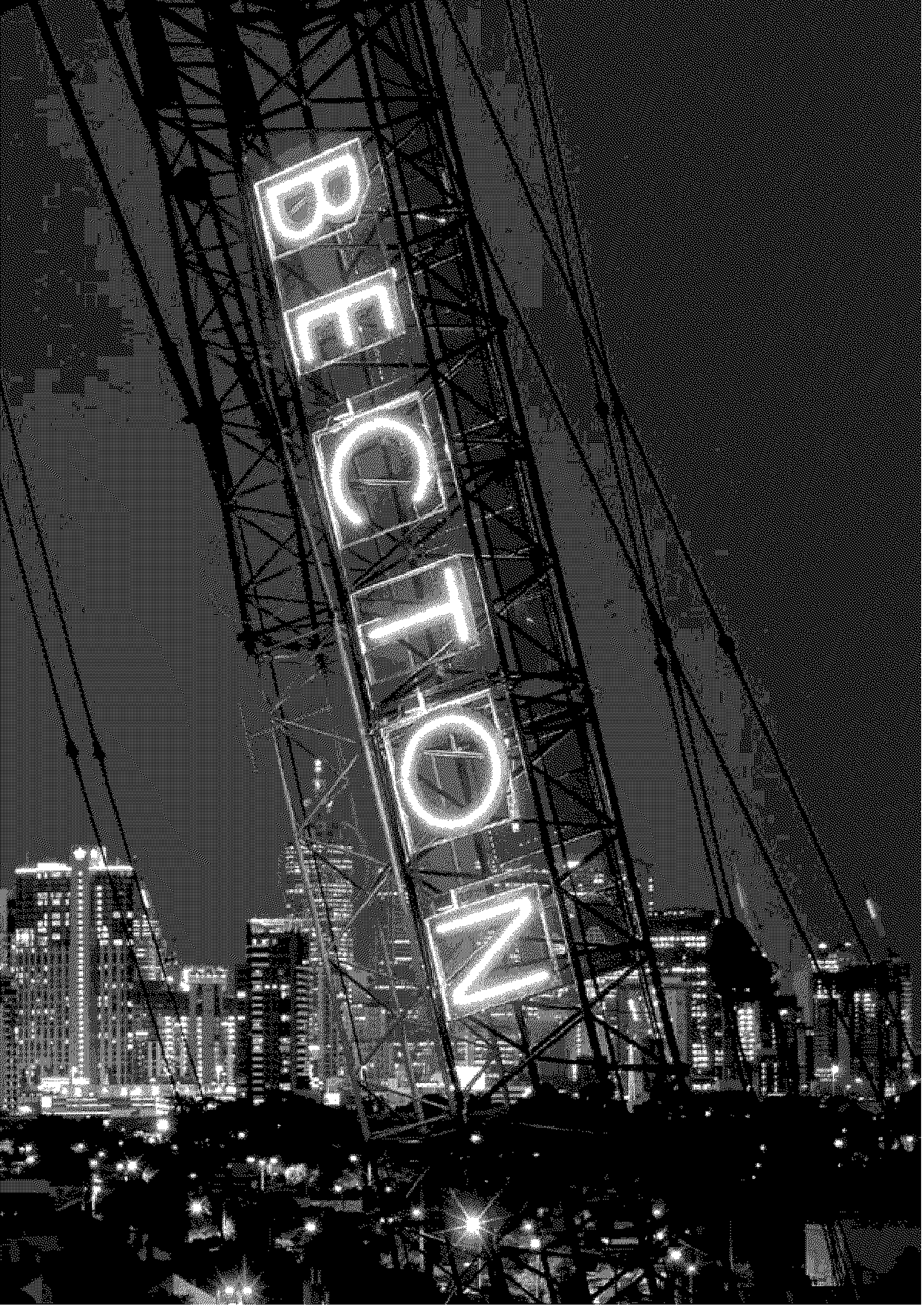
Our opinion should not be construed as a recommendation as to whether or not to vote in favour of, or against the Proposed Transaction. Approval or rejection of the Proposed Transaction is a matter for individual shareholders based on their own circumstances including their appetite for risk and their own investment objectives, investment portfolios and tax positions. Shareholders should also consult their own financial advisers.

This opinion should be read in conjunction with the full text of this report and appendices, which sets out our scope and findings.

Yours faithfully

HORWATH CORPORATE ADVISORY (VIC) PTY LTD

Roger D. Evans
Director and Authorised Representative


BECTON

Board and Management

6.1 Board of Directors

Each of the Directors of the Company has significant business and property skills and experience. The Board is comprised of the following people:

Brian Pollock - *Chairman*

Brian has over 35 years experience in superannuation, finance services and property investment. Following the completion of the Merger, Brian will become the Deputy Chairman of Becton Property Group. He currently holds directorships with Members Equity Portfolio Management Ltd (Chairman), Programmed Maintenance Services Limited, Macquarie Real Estate Equity Fund No.1 Pty Ltd, Macquarie Real Estate Equity Fund No.2 Pty Ltd, Macquarie Real Estate Equity Fund No.3 Pty Ltd and Macquarie Real Estate Equity Fund No.4 Pty Ltd. Age 59.

Max Beck - *Executive Director*

Max is the founder, executive chairman and ultimate majority beneficial owner of Becton. Following completion of the Merger, Max will become the chairman of Becton Property Group. He has over 40 years experience in the building and construction industry having started his own business in 1962. In addition to his current position as executive chairman of Becton and deputy chairman of the Royal Children's Hospital, Max has served on numerous public boards and committees, including the Melbourne Major Events Company Limited, the Melbourne Neuromuscular Research Centre, the organisational committee for the 2004 Prime Minister's Olympic dinner, the Melbourne Chapter of the Children's International Summer Villages and the 1996 Melbourne Olympic Bid. Age 63.

Robert Critchley - *Non-Executive Director*

Robert has more than three decades experience in the banking, finance and management consulting sectors. He has held senior positions with National Australia Bank, Citibank and Societe Generale. He is also chair of the Strathfield Group Limited, Noni B Limited, Corduke Limited and Trent Capital Limited as well as a director of Coates Hire Ltd. Age 61.

Robert has indicated to the Board that he is likely to reduce the number of board positions he holds and as such is likely to retire from the Board at some point prior to the annual general meeting in late 2005.

6.2 Proposed directors

The Board of Becton Developments proposes to invite the following existing directors of Becton to join the Board as Directors of the Company if the approvals required to implement the Merger are approved at the meeting of Shareholders on 21 June 2005. They will stand for re-election at the next AGM of the Company in accordance with the requirements of the Constitution.

William J. Conn - *Non-Executive Director*

Bill has an extensive background in investment banking. He is a director of the Grand Hotel Group Limited and Village Roadshow Limited, as well as a number of private companies. Bill is also a consultant to Merrill Lynch International (Australia) Limited. Age 59.

Michael Naphtali - *Non-Executive Director*

Michael is Chairman and Managing Director of Hind Consulting and Investment Pty Ltd, a specialised private and family business consultancy, and Principal of Hindal Corporate Pty Ltd, a corporate finance and investment firm specialising in mergers and acquisitions, capital raisings and business valuations. Age 56.

Board and Management (Cont'd)

Hamish Macdonald -
Director and Chief Executive Officer

Hamish is currently the Managing Director of Becton. Following completion of the Merger, Hamish will become the Chief Executive Officer of Becton Property Group. Hamish has many years of international, national and local experience in the property and construction industry gained with Civil and Civic and Lend Lease before joining Becton. He has driven the growth and diversification of Becton, having been in the senior management team for over a decade. Hamish holds a Bachelor of Building Degree (Honours), is an Associate of the Securities Institute of Australia and a member of the Australian Institute of Company Directors. Age 45.

Mark Taylor - *Finance Director*

Mark is the Finance Director of Becton. Following completion of the Merger, Mark will become the Finance Director of Becton Property Group. He is responsible for all finance and accounting matters in relation to Becton, including the funding of new projects and the raising of corporate debt and equity. Mark holds a Bachelor of Science (Honours) and postgraduate qualifications in accounting and treasury disciplines. He is a member of the Australian Institute of Chartered Accountants, the Australian Institute of Company Directors, the Finance and Treasury Association Limited and the Australian Institute of Management. Age 47.

6.3 Management

Becton's senior management team comprises the people listed below. Following completion of the Merger, these people will comprise the senior management team of Becton Property Group.

Max Beck - *Executive Director*

(see section 6.1)

Hamish Macdonald - *Chief Executive Officer*

(see section 6.2)

Mark Taylor - *Finance Director*

(see section 6.2)

Bruno Santi -
Executive Director, Becton Living and APVC

Bruno is actively involved in identifying new development opportunities and has been instrumental in Becton's expansion throughout Australia. Bruno's recent responsibilities have included the landmark development of the Pharmacy House building in Canberra and the development of Walter Turnbull House in Canberra, while overseeing Becton's interests in its retirement business and its joint venture with Accor Asia Pacific in the Accor Première Vacation Club. He has a law degree from the University of Melbourne. Age 47.

Paul Briggs -
Executive Director, Becton Constructions

Paul is an Executive Director of Becton Constructions. Paul has had 24 years of property development and construction experience. Starting with the acquisition of the landmark Eastside project from the Victorian State Government, Paul launched Becton into its residential development business in 1991 and has been responsible for a diverse range of commercial, residential, tourism and major infrastructure projects since that time. Paul holds a Master of Business, a Bachelor of Engineering and a Graduate Diploma in Property. Age 47.

Barry Shepherd -
Executive Director, Becton Constructions

Barry is an Executive Director of Becton Constructions. Barry has been in the property industry for more than 30 years and was one of the initial exponents of off-the-plan marketing for inner-city residential living. Barry is responsible for the sales and marketing of all new residential, retirement and student housing accommodation projects. He is also involved with site and project acquisition together with initial market analysis. Age 57.

Arthur Apted -
Executive Chairman, Becton Investment Management

Arthur joined Becton Investment Management in January 2005. Arthur has extensive experience as a director of industry and superannuation funds, Government businesses and establishing and managing industry funds with total assets of almost $3 billion. He has qualifications in economics, business administration, superannuation management and finance and investment. He is a Fellow of the Australian Property Institute and an Associate Member of the Securities Institute of Australia. Age 49.

David Hinde -
Managing Director, Becton Investment Management

David is responsible for the operations of Becton Investment Management. David has 17 years of experience gained across a number of national and international property and finance groups, including CB Richard Ellis, Lend Lease Corporation and MCS Property. David is a Chartered Accountant, an Associate of the Securities Institute of Australia and holds qualifications in the disciplines of property, accounting, investment and finance. Age 36.

Dr. Charles MacDonald -
Executive Chairman, Becton Living

Charles joined Becton in March 2005 with responsibility to grow the Becton Living business into Australia's premium retirement brand. He is a former General Manager of FKP Retirement and Investment Division, Chief Executive Officer and director of Australian Retirement Homes Limited, Chief Executive Officer of the Corrs Chambers Westgarth Lawyers Queensland Offices, and has held senior management roles at Coopers & Lybrand Chartered Accountants. Charles is a former member of the Retirement Village Association Ltd Board, the ATO Retirement Village Industry Partnership reviewing GST, and the Aged Care Queensland Board. Age 54.

Andy Asker -
Construction Manager, Becton Constructions

Andy Asker joined Becton as Construction Manager in 2001. He has over two decades experience in the building and construction industry. Andy has managed many major projects including Becton's $120 million Classic Residences Brighton and the $500 million Sydney International Airport Project. Other multi-million dollar construction projects have included a bakery process plant and the expansion of the Dandenong Plaza shopping centre. Andy's qualifications include a Certificate of Technology in Building Construction. Age 42.

Jason Vanderzalm - ***General Manager, Finance***

Jason has responsibility for all Becton Group finance and accounting functions, including internal and external reporting, taxation and joint venture operations. Jason joined Becton in June 1999 after nine years with PricewaterhouseCoopers where he reached the position of Senior Manager in audit and transaction services. Jason has a Bachelor of Economics (Accounting) and is a qualified Chartered Accountant. Age 37.

Andrew Metcalfe -
Company Secretary, Becton Developments

Andrew is a qualified accountant with over 19 years experience across a variety of industry sectors, having held the position of Company Secretary and CFO for a number of ASX listed entities and unlisted public entities in the energy, financial services, technology, property development, property trust, agriculture and waste industries. Andrew is a Certified Practicing Accountant and is a Fellow of the Chartered Institute of Secretaries and Administrators. He is currently Company Secretary for three ASX listed entities. Andrew's position with the Company is that of a part time consultant. Age 40.

Board and Management (Cont'd)

6.4 Employees of Becton Group

As part of the Merger, the employees of Becton Group will become employees of Becton Property Group. As at the date of this Prospectus, Becton Group directly employed 197 employees. Becton Group's key strengths are, in part, attributable to the quality and commitment of its employees.

The table below provides a breakdown of Becton Group's employees by business.

Business	Number of employees
Construction and Development	68
Property Funds Management	28
Retirement	73
Corporate	28
Total	**197**
APVC [1]	561
Byron Bay Beach Resort [2]	38

1 APVC is a 50/50 joint venture between Becton Resorts and AAPC Resorts.

2 The Byron Bay Beach Resort is managed by Becton Group.

6.5 Corporate governance

Becton Developments has in place corporate governance practices to ensure that the Company is effectively directed and managed, risks monitored and assessed, and appropriate disclosures made. The responsibilities of the Board include:

- formulating the strategic objectives of the Company and establishing goals designed to promote the achievement of those strategic objectives;
- ensuring that they maintain and inform themselves of the Company's business and financial status at all times;
- approving investments and ongoing evaluation of those investments, including regularly assessing the operational and financial risks in respect of investments;
- guiding and maintaining the Company's affairs and policies based on adequate and accurate information;
- obtaining expert advice on matters outside the expertise of the Company's internal resources;
- at all times exercising due care and diligence and sound business judgement in the performance of their duties;
- considering and approving the Company's annual budgets;
- ensuring that there are appropriate internal controls and ethical standards of behaviour adopted and met within the Company;
- ensuring that the business risks facing the Company are, wherever possible, identified and that appropriate monitoring and reporting controls are in place to manage these risks; and
- monitoring the performance of management against the goals and objectives established by the Board.

6.6 Board Committees

The Board of Becton Developments intends the following sub-committees be established by the expanded Board of Directors following completion of the Merger:

Audit and Compliance Committee

The purpose of an Audit and Compliance Committee is to review and monitor the financial affairs of the Company.

At the discretion of the committee, the external auditor and other members of the Board and management will be invited to Audit and Compliance Committee meetings. The Audit and Compliance Committee will consider any matters relating to the financial affairs of the Company and any other matter referred to it by the Board. The Audit and Compliance Committee will meet at least 2 times a year.

Following the Merger, the Audit and Compliance Committee will comprise Bill Conn (Chair), Brian Pollock and Michael Naphtali.

Human Resources Committee

The purpose of a Human Resources Committee is to ensure the Company attracts and retains the right people by offering competitive remuneration packages. The Committee will monitor and review:

- the remuneration arrangements for the CEO and other senior executives;
- the remuneration policies, personnel practices and strategies of the Company generally;
- any employee incentive scheme;
- the remuneration arrangements for non-executive members of the Board;
- the size and composition of the Board, and criteria for Board membership; and
- the membership of the Board and candidates for consideration by the Board.

The Human Resources Committee will meet at least 2 times a year.

Following the Merger, the existing Becton Human Resources Committee will resign and the Board of Becton Property Group will determine the membership of the Human Resources Committee.

Nominations committee

Any changes to directorships will, for the foreseeable future, be determined by the full Board subject to any applicable laws. Accordingly, a nominations committee has not yet been established.

6.7 Ethical standards

The Board believes that the success of the Company will be enhanced by the continuation of a strong ethical culture within the organisation. As the Company grows, the need to ensure that ethical standards remain has led the Board to embrace policies to ensure that all Directors, executives and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.

6.8 Continuous disclosure

Becton Developments is committed to complying with its continuous disclosure obligations. The Company's commitment to its continuous disclosure obligations promotes transparency and investor confidence, and will ensure Shareholders and the financial markets are provided with full and timely information about its activities. All information released persuant to the Company's continuous disclosure obligations will be posted as soon as possible following disclosure, on the Company's website, www.becton.com.au.

6.9 Communication to Securityholders

The Board aims to ensure that the Securityholders are informed of all the major developments affecting the Company's state of affairs. Information will be communicated to Securityholders through announcements to ASX, the Company's annual report, annual general meetings, half yearly results and the Company's website, www.becton.com.au.

6.10 Directors' and senior management's dealings in securities

Subject to the restriction agreements described in section 10.5.2, the Company requires that:

- no director or senior manager should buy or sell securities in the Company during stipulated non-trading periods (such as the period preceding the release of annual and half-yearly results or the holding of an annual general meeting) unless approval has been given to that director or senior manager to trade during the non-trading period by, in the case of Directors, the Chairman, in the case of senior management, the Company Secretary, and in the case of the Chairman, the Board;
- Directors and senior management are prohibited from trading in securities in the Company for a short term gain unless approval (as set out above) has been given; and

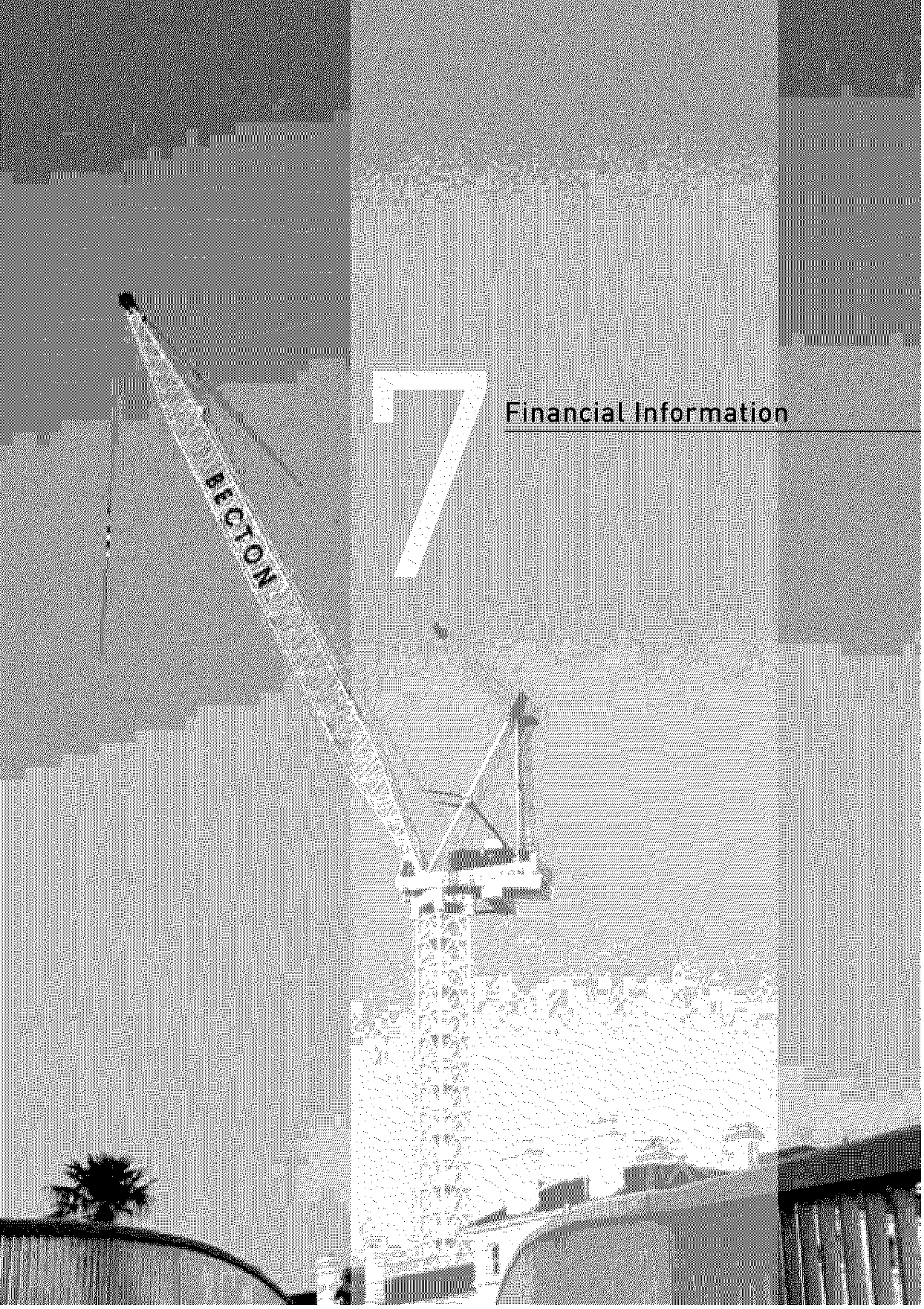
Board and Management (Cont'd)

- Directors and senior management be aware of and observe their obligations under the Corporations Act not to buy or sell in shares if in possession of price sensitive non-public information and to ensure that they do not communicate price-sensitive non-public information to any person who is likely to buy or sell securities in the Company or communicate such information to another party.

6.11 Independent professional advice

In fulfilling their duties, each Director dealing with corporate governance matters may obtain independent professional advice at the expense of the Company, subject to prior approval of the Chairman, whose approval will not be unreasonably withheld.

7 Financial Information



Financial Information

7.1 Introduction

The financial information contained in this Prospectus comprises:

- the aggregated pro-forma historical statements of financial performance for the years ended 30 June 2003 and 30 June 2004 of Becton Developments and Becton as if the two entities were merged from 1 July 2002 ("Pro-forma Merged Historicals"). The presentation of the Pro-forma Merged Historicals, enables a comparison of pre merger performance to the forecast performance of the merged business;
- the aggregated pro-forma forecast statement of financial performance for the year ending 30 June 2005 ("Pro-forma Merged Forecast"). The Pro-forma Merged Forecast comprises the actual results for the six months ended 31 December 2004 and forecast results for the six months ending 30 June 2005 as if the two entities were merged from 1 July 2004;
- the forecast statement of financial performance for the year ending 30 June 2006 ("Forecast"). The Forecast assumes that the merger of Becton Developments and Becton is effective from 1 July 2005; and
- the pro-forma merged statement of financial position as at 31 December 2004 of the merged group ("Pro-forma Merged Statement of Financial Position") which reflects the effects of the merger with Becton, the issue of securities under this Prospectus and other pro-forma adjustments set out in section 7.7, as if the entities merged on 31 December 2004.

The financial information contained in this Prospectus concerning Becton Group is based on financial information made available to Becton Developments by Becton Group.

Presentation of Financial Information

The Australian Accounting Standards Board (AASB) has adopted Australian equivalents to International Financial Reporting Standards, hereafter referred to as A-IFRS, which will apply to the merged group from 1 July 2004 and will be first reflected in the merged entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Due to the pending implementation of A-IFRS, the Pro-forma Merged Forecast, the Forecast and the Pro-forma Merged Statement of Financial Position referred to above have been presented in accordance with the requirements of both AGAAP and A-IFRS.

The Pro-forma Merged Historicals, the Pro-forma Merged Forecast and the Forecast have been adjusted as detailed in section 7.3, to eliminate the effects of unusual or non-recurring transactions to provide comparability with the ongoing operations in which potential investors are being invited to participate.

The Pro-forma Merged Historicals and Pro-forma Merged Forecast has been presented to the EBIT line only. This is because historically the merged group has operated under a different corporate structure and gearing. Accordingly, borrowing expenses, income tax and net profit figures are not considered to be meaningful or appropriate.

The financial information should be read in conjunction with the directors' assumptions in section 7.5, the summary of significant accounting policies in section 7.8, the Risk Factors in section 9 and other information contained in this Prospectus. The impact of the adoption of A-IFRS is set out in sections 7.2 and 7.9.

PricewaterhouseCoopers Securities Ltd has prepared an Investigating Accountant's Report in respect of the historical and forecast financial information included in this section. This report is included in section 8.

7.2 Summary Statements of Financial Performance

Set out below is a summary of the Pro-forma Merged Historicals, the Pro-forma Merged Forecast and the Forecast. The impact of items considered to be either non-recurring or unusual due to their nature has been eliminated - see section 7.3.

A-IFRS will apply to the merged group from 1 July 2004 and will be first reflected in the merged entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Summary of the Pro-forma Merged Group Financial Performance

	AGAAP				A-IFRS	
	FY2003	FY2004	FY2005	FY2006	FY2005	FY2006
	Pro-forma Merged	Pro-forma Merged	Pro-forma Merged		Pro-forma Merged	
A$ Millions	Actual	Actual	Forecast	Forecast	Forecast	Forecast
Revenue						
Development & Construction	103.9	82.1	96.6	202.7	46.0	187.0
Property Funds Management	3.1	3.2	13.9	15.1	13.9	15.1
Retirement	3.6	4.9	13.6	11.7	12.6	11.8
Holiday Ownership (1)	-	-	-	-	-	-
Total Revenue	**110.6**	**90.2**	**124.1**	**229.5**	**72.5**	**213.9**
EBITDA						
Development & Construction	19.6	12.8	13.4	27.3	6.2	25.9
Property Funds Management	0.5	0.4	2.9	3.2	2.9	3.2
Retirement	1.2	1.6	3.8	5.1	2.7	5.3
Holiday Ownership (1)	-	-	2.0	3.6	2.0	3.6
Corporate Overhead (2)	(4.0)	(4.3)	(4.7)	(5.4)	(4.8)	(5.4)
Total EBITDA	**17.3**	**10.5**	**17.4**	**33.8**	**9.0**	**32.6**
Depreciation	(0.5)	(0.5)	(0.5)	(0.6)	(0.4)	(0.6)
Amortisation	-	-	(0.5)	(0.6)	-	-
EBIT	**16.8**	**10.0**	**16.4**	**32.6**	**8.6**	**32.0**
Net Interest				(3.3)		(3.3)
Income Tax				(8.4)		(9.0)
NPAT				**20.9**		**19.7**
NPAT - Excluding amortisation net of tax effect				**21.3**		**19.7**

Notes:

1 Becton holds a 50% interest in the APVC joint venture. Accordingly, Becton accounts for APVC as an associate and only recognises its share of APVC's net profit or loss. APVC reported a net loss in FY2003 and a net profit in FY2004 which are not recognised by Becton as the equity investment in APVC was previously fully provided against.

2 Corporate overhead represents the general overhead expenses of operating Becton Property Group which are not directly attributable to a specific business unit.

Financial Information (Cont'd)

Set out below is a summary of the Pro-forma Merged Forecast which has been reviewed by PricewaterhouseCoopers Securities Ltd as set out in their Investigating Accountant's report in section 8 of this Prospectus. The impact of items considered to be non-recurring or unusual due to their nature has been eliminated. Refer to section 7.3 for details.

Merged Group - Financial Performance

	AGAAP		
A$ Millions	**FY2005 - H1 Pro-forma Merged Actual**	**FY2005 - H2 Pro-forma Merged Forecast**	**Full Year Pro-forma Merged Forecast**
Revenue			
Development & Construction	20.3	76.3	96.6
Property Funds Management	6.4	7.5	13.9
Retirement	6.6	7.0	13.6
Holiday Ownership (1)	-	-	-
Total Revenue	**33.3**	**90.8**	**124.1**
EBITDA			
Development & Construction	3.5	9.9	13.4
Property Funds Management	1.1	1.8	2.9
Retirement	1.8	2.0	3.8
Holiday Ownership (1)	1.0	1.0	2.0
Corporate Overhead (2)	(2.6)	(2.1)	(4.7)
Total EBITDA	**4.8**	**12.6**	**17.4**
Depreciation	(0.2)	(0.3)	(0.5)
Amortisation	(0.3)	(0.2)	(0.5)
EBIT	**4.3**	**12.1**	**16.4**

Notes:

1 Becton holds a 50% interest in the APVC joint venture. Accordingly, Becton accounts for APVC as an associate and only recognises its share of APVC's net profit or loss.

2 Corporate overhead represents the general overhead expenses of operating the Becton Property Group which are not attributable to a specific business unit.

7.3 Adjustments to pro-forma historical and forecast financial performance

The Pro-forma Merged Historicals and the Pro-forma Merged Forecast and the Forecast have been adjusted as set out below:

Merged Group - Reconciliation to Reported Financials

	AGAAP				A-IFRS	
A$ Millions	FY2003	FY2004	FY2005	FY2006	FY2005	FY2006
	Pro-forma Merged	Pro-forma Merged	Pro-forma Merged		Pro-forma Merged	
	Actual	Actual	Forecast	Forecast	Forecast	Forecast
Reported EBITDA (1)	**13.3**	**11.3**	**8.9**	**21.0**	**12.7**	**32.6**
Adjustments -						
Development & Construction						
(a) Fair Value Adjustments	-	-	5.3	12.8	-	-
Property Funds Management						
(b) Equity Participation Agreement	-	-	0.8	-	0.8	-
(c) Bad Debt Write Off	-	-	1.9	-	1.9	-
Holiday Ownership						
(d) APVC Loan Provisions	4.0	(0.8)	-	-	(7.4)	-
Corporate Overhead						
(e) Executive Long Service Leave	-	-	-	-	0.5	-
(f) Employee Share Gift	-	-	0.5	-	0.5	-
Adjusted EBITDA	**17.3**	**10.5**	**17.4**	**33.8**	**9.0**	**32.6**
Interest Expense						
(g) Amortisation Loan Costs	-	-	-	0.3	-	0.3
Income Tax						
(h) Tax Expense	-	-	-	(3.2)	-	-

Notes:

1 Reported EBITDA has been adjusted to eliminate the profit effect of existing transactions between Becton Developments and Becton. Refer page 81 for detail.

Financial Information (Cont'd)

Description of the adjustments:

Development and Construction

(a) ***Fair value adjustments*** - the Pro-forma Merged Forecast and Forecast excludes the impact of fair value acquisition accounting in relation to the corporatisation of Becton. Corporatisation refers to the replacement of Becton Group Holdings Trust as the ultimate parent entity by Becton Pty Ltd effective from 1 July 2004. While the corporate restructure did not change the ultimate beneficial ownership of Becton, AGAAP requires the transaction to be accounted for as an acquisition. A-IFRS will not require acquisition accounting for the corporatisation of Becton. The effects of the AGAAP accounting treatment on reported EBITDA is that the value of development projects is uplifted to fair value by $32 million at 1 July 2004. This reduces the reported profit margin on the projects in subsequent periods as the fair value uplift is amortised through cost of sales as each development is completed. The effect of the amortisation reduces construction margin by $5.3 million in FY2005 and by $12.8 million in FY2006.

Property Funds Management

(b) ***Equity participation agreement*** - FY2005 excludes a $0.8 million expense relating to a long term incentive agreement with an executive of Becton Investment Management.

(c) ***Bad debt write off*** - FY2005 excludes the impact of a $1.9 million bad debt write off in relation to an investment loss made by a fund managed by Becton Investment Management. Becton Investment Management agreed to cover the loss as the fund is in its development stage. This expense is anticipated to be non-recurring.

Holiday Ownership

(d) ***APVC loan provisions*** - In FY2003, the directors of Becton assessed that based upon losses incurred in that period by APVC that a further $4.0 million provision was required on the funds loaned to APVC. In FY2004, $0.8 million of the provision was reversed as APVC recorded a net profit. The entire remaining loan provision of $7.4 million has been reversed in FY2005 as APVC is now expected to have sustained profitability. The provision was reversed for AGAAP as a fair value adjustment without any effect on the profit and loss, but for A-IFRS has been reversed through profit and loss. The movements in the loan provision have been excluded so as to not affect the comparability of operations.

Corporate overhead

(e) ***Executive long service leave*** - FY2005 A-IFRS excludes a $0.5 million expense relating to the first time accrual of long service leave for certain Becton Executive Directors. The Becton Executive Directors have reached an agreement with Becton which recognises the length of past service and the entitlement to long service leave. There is no effect on FY2005 AGAAP as the liability was recorded as a fair value adjustment at the time of the Becton corporatisation.

(f) ***Employee Share Gift*** - FY2005 excludes a $0.5 million expense relating to a one-off gift of shares to certain Becton employees to be provided on the merger with Becton Developments. The expense includes the associated employee's tax liability.

Net interest

(g) ***Amortisation loan costs*** - FY2006 interest excludes $0.3 million of costs incurred by Becton Developments in historical fund raisings that are being amortised over the life of the existing debt. A portion of these borrowings will be replaced by funds raised pursuant to this Prospectus and it is not presently anticipated that the remaining funds will be replaced with securities that will incur equivalent arrangement costs.

Income tax

(h) ***Taxation adjustment*** - An adjustment has been made to FY2006 income tax expense for $3.2 million to remove the effect of $10.7 million of permanent differences that will arise for AGAAP from the fair value accounting for the corporatisation of Becton. The permanent differences comprise the amortisation of the uplift in project fair value and goodwill.

Elimination of existing transactions

The following adjustments have been made to the Pro-forma Merged Historicals and Pro-forma Merged Forecast to reflect the aggregation of Becton and Becton Developments. The adjustments have been made to eliminate the effect of existing transactions between Becton and Becton Developments.

- ***Performance Note Interest*** - Becton Developments reported Performance Note interest revenue based on its $45.2 million investment in Becton Constructions Performance Notes and Becton Constructions had a corresponding interest expense. The amount of revenue and expense eliminated on a merged basis are $6.9 million, $4.5 million and $8.1 million in FY2003, FY2004 and FY2005, respectively.
- ***Management Fees*** - Becton Investment Management presently receives management fee revenue from Becton Developments who has a corresponding expense. The amount of revenue and expense eliminated on a merged basis are $0.7 million, $nil, and $0.7 million in FY2003, FY2004 and FY2005, respectively.

7.4 Management discussion and analysis of historical and pro-forma merged forecast financial performance

7.4.1 Comparison of FY2004 relative to FY2003 (AGAAP)

Development and Construction - Revenue reduced from $103.9 million in FY2003 to $82.1 million in FY2004 with a corresponding decrease in EBITDA from $19.6 million to $12.8 million. The decrease is attributable to delays in the commencement of the College Square and The Esplanade projects resulting from the planning approvals process.

Property funds management - Revenue and EBITDA were stable at approximately $3 million and $0.5 million, respectively.

Retirement - Revenue increased from $3.6 million in FY2003 to $4.9 million in FY2004 as a result of further unit sales at Brighton which increased the number of deferred management fee contracts from 182 in FY2003 to 255 in FY2004. EBITDA increased by $0.4 million in line with the increase in revenue.

Holiday Ownership - As described in section 7.2, APVC incurred a loss in FY2003 and a net profit in FY2004, however, Becton had already fully provided for its equity investment in APVC and in accordance with equity accounting does not recognise its share of that net profit or loss until the previous losses are recovered.

7.4.2 Comparison of pro-forma forecast FY2005 relative to FY2004 (AGAAP)

Development and Construction - Revenue is forecast to increase from $82.1 million in FY2004 to $96.6 million in FY2005. The major projects contributing to this increase in revenue are The Esplanade and College Square (Stage 1). EBITDA is forecast to increase slightly from $12.8 million in FY2004 to $13.4 million in FY2005.

Property Funds Management - Revenue is forecast to increase from $3.2 million in FY2004 to $13.9 million in FY2005. The increase is attributable to both organic growth and the acquisition of Glenmont in October 2004 which provided an additional $335 million funds under management. Total funds under management are expected to increase from $210 million in FY2004 to $618 million at the end of FY2005 as a result of organic growth and the acquisition of Glenmont. The increase in EBITDA from $0.4 million to $2.9 million reflects the increase in funds under management.

Retirement - Revenue is forecast to increase from $4.9 million in FY2004 to $13.6 million in FY2005 as a result of the progressive completion and sale of apartments at Classic Residences Brighton and the acquisition of Menzies Malvern in late August 2004, a 124 unit village. The increase in EBITDA from $1.6 million to $3.8 million is in line with the increase in DMF contracts.

Financial Information (Cont'd)

Holiday Ownership - Becton's forecast share of the joint venture EBIT in FY2005 is expected to be $2.0 million. The increase in forecast profitability is attributable to a 64% increase in new memberships compared to the prior year and improved control over sales and marketing costs.

7.4.3 Comparison of Pro-forma Forecast FY2006 relative to FY2005 (AGAAP)

Development and Construction - revenue is forecast to increase from $96.6 million in FY2005 to $202.7 million in FY2006 due to the advanced progression of the developments at The Esplanade, College Square (Stage 1 and Stage 2), The Park, Brighton and Mills Point, Mornington. EBITDA is forecast to increase in line with construction revenue from $13.4 million in FY2005 to $27.3 million in FY2006.

Property Funds Management - revenue is forecast to increase from $13.9 million in FY2005 to $15.1 million in FY2006 due to an additional three month contribution to revenue in FY2006 from the Glenmont acquisition and organic funds under management growth of $300 million.

Retirement - revenue is forecast to decrease from $13.6 million to $11.7 million due to fewer apartment sales at Menzies as existing stock is progressively sold down. EBITDA increases from $3.8 million to $5.1 million reflecting the full year effect of deferred management fees from the Menzies acquisition, new dwellings becoming occupied at Brighton during FY2006 and the assumed acquisition of a new village in FY2006.

Holiday Ownership - Becton's forecast share of joint venture EBIT is forecast to increase from $2.0 million in FY2005 to $3.6 million in FY2006 due to growth in new member sales from the full year effect of the new sales office in Perth, a new sales office in Auckland from January 2006 and the redeveloped Melbourne sales centre. Also contributing to EBIT are incremental efficiencies in sales and marketing costs and the growth in the loan book net interest from the increasing membership sales.

7.5 Basis of Preparation of Pro-forma Merged Forecast and Forecast

7.5.1 Preparation of Pro-forma Merged Forecast and Forecast

The Pro-forma Merged Forecast and the Forecast represent the Directors' best estimate of the trading results for FY2005 and FY2006 for the merged entity. In preparing the Pro-forma Merged Forecast for FY2005, consideration has been given to the actual results for Becton Developments and Becton for the six months ended 31 December 2004 as well as the assumptions as to the possible future financial performance for the six months ending 30 June 2005.

The Pro-forma Merged Forecast and the Forecast have been prepared in accordance with AGAAP and A-IFRS to provide a means of comparison with past performance. Becton Developments and Becton will be reporting their actual results for FY2005 under AGAAP. The merged entity will report earnings on an A-IFRS basis for FY2006 and subsequent reporting periods.

The Pro-forma Merged Forecast and the Forecast are based on the Directors' assessment of current economic and operating conditions and a number of assumptions concerning future events, including the general and specific assumptions set out in this section. The Directors believe that they have prepared the Pro-Forma Merged Forecast and the Forecast with due care and attention and consider all assumptions, when taken as a whole, to be reasonable at the date of this Prospectus.

However, actual financial results may differ from the Pro-forma Merged Forecast and the Forecast and any differences may be material. Accordingly, Becton Developments and its directors cannot and do not guarantee that the Pro-forma Merged Forecast and the Forecast or any prospective statement in the Prospectus will be achieved. Events and outcomes may differ in quantum and timing from the assumptions, with a material consequential impact on the Pro-forma Merged Forecast and the Forecast.

The general and specific assumptions used to compile the Pro-Forma Merged Forecast and the Forecast are set out below. This information is provided to assist investors in assessing the likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will actually occur.

The Pro-forma Merged Forecast and the Forecast should be read together with the best estimate assumptions underlying its preparation set out in section 7.5.2, the sensitivity analysis in section 7.6, risk factors set out in section 9, the Investigating Accountant's Report on historical and forecast financial performance set out in section 8 and other information contained in this Prospectus.

7.5.2 Pro-forma Merged Forecast and the Forecast assumptions

The material assumptions made by the Directors in preparing the Pro-forma Merged Forecast and the Forecast are set out below:

General assumptions

- no change in the funding or capital structure, other than that arising from the Merger of Becton Developments and Becton and the Offer of Securities under this Prospectus;
- no material acquisitions, disposals or restructuring of the business during the Forecast Period except as otherwise referred to in the specific assumptions;
- no significant change in the legislative regimes and regulatory environments (including taxation) in the jurisdictions in which Becton Developments and Becton or their clients operate;
- no material changes in Australian Accounting Standards, Statements of Accounting Concepts or other mandatory professional reporting requirements, being Urgent Issues Group interpretations and the Corporations Act, other than the adoption of current A-IFRS. The material impacts flowing from the adoption of current A-IFRS are discussed in section 7.9;
- Becton Developments' and Becton's significant accounting policies remain consistent with those disclosed in section 7.8;
- no material change in competitive activity in the markets in which Becton Developments and Becton operate;
- no significant amendment to or termination of any material agreement or arrangement relating to Becton Developments' or Becton's businesses. The parties to those agreements and arrangements are assumed to continue to comply with the terms of all material agreements and arrangements;
- no material changes in industrial, political or economic conditions with respect to the property industry and the Australian economy; and
- no loss of key personnel.

Specific assumptions

Development and Construction

Development and construction revenue and profit is only recognised for projects where Becton has presently:

- commenced construction; or
- received planing approval.

The total forecast revenue for each development and construction project is based on:

- the known sale proceeds for existing contracted pre-sales; or
- where a dwelling is not currently pre-sold, sales revenues are estimated based on recent sales for that project or for similar projects with sales rates based upon present demand.

For AGAAP, construction and development revenue is recognised on a percentage complete basis. For each project with revenue for the Forecast Period greater than $10 million, the estimated percentage complete for FY2005 and FY2006 is summarised below. The percentage complete is a factor of the combination of construction progress and the level of pre-sales.

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AGAAP

Development project	FY2005 forecast - percentage complete	FY2006 forecast - percentage complete
The Esplanade	35%	95%
College Square (Stage 1)	40%	100%
College Square (Stage 2)	-	33%
The Park (Stage 5A)	95%	100%
The Park (Stage 5B)	-	88%
The Park (Stage 6)	-	81%
Kensington Gower St South	-	77%
Brighton (Stage 5B)	26%	72%

For A-IFRS, construction and development revenue is recognised on settlement of the dwelling. For each project with forecast revenue greater than $10 million, the estimated percentage of revenue from settlements occurring in the Forecast Period is summarised below.

A-IFRS

Development project	Percentage of revenue in FY2005	Percentage of revenue in FY2006
The Esplanade	-	75%
College Square (Stage 1)	-	100%
College Square (Stage 2)	-	-
Kensington Henry St North	-	84%
Brighton (Stage 5B)	-	62%
The Park (Stage 5A)	98%	2%
The Park (Stage 5B)	-	-
The Park (Stage 6)	-	-
Kensington Gower St South	-	77%

The Pro-forma Merged Forecast and Forecast include an assumption of costs for each project including estimates of development costs having regard to existing construction contracts and costs incurred on previous comparable projects. The profit margin on development projects is recognised on the same basis as revenue set out above.

Retirement

Revenue is derived from deferred management fees (DMF) and other fees associated with the management of retirement dwellings. DMF revenue reflects the fee entitlement specified by existing contracts between Becton and the resident of the unit. There are a number of different contract types which vary as to the annual DMF accrual percentage and whether the DMF is based on the entry or exit value of the unit.

Revenue forecasts are based on:

- 378 existing DMF arrangements relating to 258 units at Brighton and 120 units at Menzies;
- 71 new DMF arrangements for dwellings expected to be sold in FY2005 and FY2006 comprising 67 at Brighton and 4 at Menzies; and
- FY2006 includes a contribution to EBITDA of approximately $1.35 million from the acquisition of existing mature retirement dwellings. This is assumed to be achieved by acquiring the management rights to a 150 dwelling village.

Property Funds Management

Revenue and EBITDA forecasts for the Property Funds Management business incorporate:

- management fees ranging from 0.5% to 0.6% per annum based on the gross asset value of existing property and property to be acquired
- syndicate fee income (net of associated costs) and additional management fees for:
  - o property acquisitions for retail property trusts of $121.3 million in FY2005 and $125 million in FY2006 (as at 20 May 2005, for FY2005, BIM has already acquired $108.1 million of new property for its managed funds. In addition BIM is in exclusive due diligence on a further $68.7 million of properties, and has offers submitted for $64.5 million of additional property)
  - o property project investments for development equity funds of $100.0 million in FY2006 (BIM is progressing negotiations with two prominent development groups who have expressed strong interest in using BIM's development equity funding structure to provide funding for a number of different projects located around Australia as well as progressing a wholesale development funding vehicle in its own right)
  - o management fees arising from property acquisitions for wholesale property trusts of $75 million in FY2006 (BIM is currently finalising the structure and documentation of a new diversified wholesale property fund)
  - o accrued exit fees of $1.0 million in each of FY2005 and FY2006.

Holiday Ownership

Revenue and EBIT forecasts for the APVC joint venture incorporate:

- 4,808 new members in 2006 (3,583 new members in 2005). Financial years 2005 and 2006 assume a cumulative annual growth rate of 34%, significantly lower than the historical growth rates achieved. As at 31 March 2005, the club has total members of 8,383;
- average revenue per new member in FY2005 and FY2006 equivalent to actual revenue per new member for the six month period to 31 December 2004; and
- operating costs such as product costs and sales and marketing are to remain relatively consistent with the prior year, as a percentage of sales.

Corporate overhead

Corporate overhead for FY2005 and FY2006 is based on historical corporate overhead, adjusted for expected changes such as assumed increases in salaries, headcount and other costs associated with operating a publicly listed entity. An inflation factor of 3% per annum has been included in the FY2006 forecast.

Net interest

Forecast net interest expense in FY2005 is based upon existing facilities and interest rates. The net interest forecast of $3.3 million in FY2006 is comprised of the following:

- Unsecured Notes - $1.45 million interest expense relating to $12.9 million of 2006 Notes at 11.25%, based upon a 50% conversion rate by existing holders as at 30 June 2005.

Financial Information (Cont'd)

- Convertible Notes - $0.95 million interest expense relating to $10.0 million of Convertible Notes at 9.5% issued pursuant to this prospectus (this assumes no Convertible Notes are issued pursuant to the Oversubscription Facility).
- Bank debt - $1.5 million interest expense relating to bank debt with an average balance over the Forecast Period of $17.5 million and a balance at 30 June 2006 of $13.6 million at an average rate of 8.5% p.a. This debt relates to the funding of the Glenmont and Menzies acquisitions.
- Related party loan - $0.5 million interest expense relating to a related party loan at approximately 7.5% p.a.
- Cash at bank - $1.35 million of interest income relating to an average cash balance over the Forecast Period of $18 million at 7.5% p.a. The cash balance in FY2006 is primarily a result of the funds raised under the Underwritten Offer. It is assumed that the funds will be applied against debt until used to fund future acquisitions.
- Amortisation of loan establishment costs in relation to existing debt arrangements of $0.25 million in both FY2005 and FY2006.

A portion of Becton's interest bearing debt relates to development and construction projects and in accordance with Becton's accounting policies set out in section 7.8, the interest on those borrowings is capitalised into the carrying value of construction and development projects and recognised in project profits.

Depreciation

Depreciation relates to furniture and equipment, fixtures and fittings as well as areas designated as common areas within Becton's retirement villages. Depreciation is based on the useful lives of depreciable assets.

Amortisation

The assets of Becton to be amortised during the Forecast Period differ between AGAAP and A-IFRS. For the purposes of the AGAAP forecast, amortisation comprises:

- amortisation of the Becton brand name acquired in 1994 at $0.05 million per annum in FY2005 and FY2006; and
- amortisation of goodwill in relation to the acquisition of Glenmont in October 2004 of $0.42 million in FY2005 and $0.53 million in FY2006.

For the purposes of A-IFRS there are no assets that require systematic amortisation. Intangible assets, including goodwill, will be subject instead to periodic impairment testing.

Offer assumptions

Allotment of securities pursuant to this Prospectus is anticipated to occur on 30 June 2005 with Becton Developments receiving $21.5 million net of related costs (assuming no Securities are issued pursuant to the Oversubscription Facility). It is assumed that no further fund raisings will be undertaken during the Forecast Period. It has been assumed that a DRP is not operational during the Forecast Period.

7.6 Sensitivity analysis of forecast financial information

The Pro-forma Merged Forecast and the Forecast are based on certain economic and business assumptions about future events. A summary of the best estimate assumptions underlying the Pro-forma Merged Forecast and the Forecast are set out in section 7.5.2.

The Pro-forma Merged Forecast and the Forecast are considered to be sensitive to movements in a number of key assumptions. A summary of the likely impact of movements in certain key assumptions on those forecasts is set out below. However, the changes in the key assumptions set out below are not intended to be indicative of the complete range of variations that may occur.

Care should be taken in interpreting this information. This analysis treats each movement in an assumption in isolation from possible movements in other assumptions, which may not be the case. Movements in one assumption may have off-setting or compounding effects on the other variables, the effects of which are not reflected in the following analysis. In addition, it is also possible that more than one assumption may move at any one point in time, giving rise to cumulative, or off-setting effects, which are also not reflected in this analysis. Typically, Becton Developments and Becton Group would respond to any material adverse change in conditions by taking appropriate action to minimise, to the extent possible, any adverse effect on profits and dividends. The effect on any such mitigating action has been excluded from the following analysis.

Sensitivity analysis

		AGAAP		A-IFRS	
	Change	Impact on NPAT - FY2005	Impact on NPAT - FY2006	Impact on NPAT - FY2005	Impact on NPAT - FY2006
Development & Construction - Revenue	+ / - 5%	$3.4m	$7.1m	$1.6m	$6.5m
Development & Construction - Costs	+ / - 5%	$2.9m	$6.1m	$1.4m	$5.6m
Property Funds Management - New retail property acquired	+ / - $20m property trust acquisitions	$0.4m	$0.4m	$0.4m	$0.4m
Holiday Ownership - New club members	+ / - 5%	$0.2m	$0.2m	$0.2m	$0.2m
Retirement - DMF revenue	+ / - 20 DMF contracts	$0.2m	$0.2m	$0.2m	$0.2m
Retirement - DMF revenue	+ / - acquisition of 150 unit mature village	NA	$0.9m	NA	$0.9m
Corporate overhead costs	+ / - 5%	$0.2m	$0.2m	$0.2m	$0.2m
Interest rates	+ / - 1%	$0.5m	$0.5m	$0.5m	$0.5m

		AGAAP		A-IFRS	
Cents	**Change[1]**	Impact on EPS - FY2005	Impact on EPS - FY2006	Impact on EPS - FY2005	Impact on EPS - FY2006
Unsecured Notes - conversion rate	+ / - 10%	NA	0.1 cent	NA	0.1 cent

		AGAAP		A-IFRS	
	Delay[2]	Impact on NPAT - FY2005	Impact on NPAT - FY2006	Impact on NPAT - FY2005	Impact on NPAT - FY2006
Development & Construction - Top 3 projects	3 months	$1.5m	$3.3m	$0.0m	$8.3m
Development & Construction - Top 3 projects	6 months	$2.5m	$6.6m	$0.0m	$15.7m

Notes:

1 The forecast basic EPS assumes a conversion rate of 50% of Unsecured Notes as at 30 June 2005. If the actual conversion rate of Unsecured Notes is 60% and all other things remain the same, basic EPS would decrease by 0.1 cent per share.

2 The time delay in this sensitivity analysis does not necessarily result in permanent loss of profits but may affect the timing of the recognition of development and construction project profits from one year to the next.

Financial Information (Cont'd)

7.7 Pro-forma Merged Statements of Financial Position

The Pro-forma Merged Statements of Financial Position have been prepared based on the reviewed statement of financial position of Becton Developments and Becton as at 31 December 2004 as if the Merger occurred at that date.

Pro-forma Merged Statement of Financial Position

	AGAAP				A-IFRS
A$ Millions	Becton Developments as at 31 December 2004	Proforma Merged as at 31 December 2004	A-IFRS Adjustments		Proforma Merged as at 31 December 2004
Current Assets					
Cash assets	0.5	27.0			27.0
Receivables	1.9	36.4	(21.8)	(a)	14.6
Performance Notes	12.9	-			-
Inventories	-	82.6	15.4	(c)	98.0
Other Assets	-	1.4			1.4
	15.3	**147.4**	**(6.4)**		**141.0**
Non Current Assets					
Receivables	-	22.2	(13.6)	(b)	8.6
Performance Notes	32.3	-			-
Deferred tax assets	-	1.1			1.1
Investments	-	34.1	11.7	(d)	45.8
Fixed Assets	-	5.2			5.2
Intangibles	-	14.1	0.1	(e)	14.2
	32.3	**76.7**	**(1.8)**		**74.9**
Total Assets	**47.6**	**224.1**	**(8.2)**		**215.9**

Note:

Refer page 90 for notes to these statements

Pro-forma Merged Statement of Financial Position (Cont'd)

A$ Millions	AGAAP Becton Developments as at 31 December 2004	AGAAP Proforma Merged as at 31 December 2004	A-IFRS Adjustments		A-IFRS Proforma Merged as at 31 December 2004
Current Liabilities					
Payables	0.5	29.0			29.0
Project Debt	-	18.0			18.0
Short term loans (Allara St. & Menzies apartments)	-	17.4			17.4
Unsecured Notes - 2005	7.8	-			-
Beck Loan	-	2.5			2.5
Current tax liability	-	0.1			0.1
Provisions	-	0.6			0.6
Other	0.4	0.3			0.3
	8.7	**67.9**			**67.9**
Non Current Liabilities					
Project Debt	-	26.6			26.6
Project Debt - Related Party	-	7.2			7.2
Unsecured Notes - 2006	25.9	12.9			12.9
Convertible Notes	-	10.0			10.0
Beck Loan	-	7.5			7.5
Loans - Glenmont and Menzies		16.5			16.5
Deferred tax liabilities	-	8.0	(1.5)	(f)	6.5
Provisions	-	1.0			1.0
	25.9	**89.7**	**(1.5)**		**88.2**
Total Liabilities	**34.6**	**157.6**	**(1.5)**		**156.1**
Net Assets	**13.0**	**66.5**	**(6.7)**		**59.8**
Shareholder's Capital					
Issued Capital	11.6	64.3	(2.6)	(h)	61.7
Retained Earnings	1.4	1.5	(4.1)	(g)	(2.6)
Outside equity interest	-	0.7	-		0.7
Total Shareholder's Capital	**13.0**	**66.5**	**(6.7)**		**59.8**

Note:

Refer page 90 for notes to these statements

Financial Information (Cont'd)

The following adjustments have been made to the actual reviewed pro-forma statements of financial position as at 31 December 2004:

- Cash - incorporates existing cash balances of Becton Group of $9.0 million and the effects of the funds raised pursuant to this Prospectus of $21.5 million (assuming no Securities are issued pursuant to the Oversubscription Facility) net of capital raising costs and the redemption of $3.9 million of 2005 Notes.
- Performance Notes - the $45 million asset of Becton Developments and liability of Becton Group are eliminated as a result of the Merger.
- Unsecured Notes - assumes the conversion of 50% of the 2005 Notes ($3.9m), redemption of 50% of the 2005 Notes ($3.9m) and conversion of 50% of the 2006 Notes ($12.9m).
- Convertible Notes - the capital raising assumes a $10 million Convertible Note issue (ie no Convertible Notes are issued pursuant to the Oversubscription Facility).
- Directors' loans - assumes $15 million of loans from Becton's directors are converted to equity in Becton prior to the Merger.
- Issued capital of $64.3 million comprises the existing issued capital of Becton Developments and the assumed new equity issued to acquire the shares in Becton adjusted for the following:
  - $16.8 million of new equity from the conversion of 2005 and 2006 Unsecured Notes;
  - $15.0 million of new equity from the conversion of directors' loans; and
  - $11.5 million of new equity from the public capital raising net of associated costs (assuming no Shares are issued pursuant to the Oversubscription Facility).
- The Pro-forma Merged Statement of Financial Position excludes the effects of fair value adjustments that will arise under AGAAP as a result of the corporatisation of Becton on 1 July 2004. These fair value adjustments will reverse on transition to A-IFRS.

The following A-IFRS adjustments have been made to the Pro-Forma Merged Statements of Financial Position:

(a) Receivables (current) - current receivables have been reduced by $21.8 million, due to a reversal of development project receivables previously recognised in accordance with AGAAP for which revenue recognition is deferred under A-IFRS until the dwellings are settled.

(b) Receivables (non-current) - non-current receivables have been reduced by $13.6 million. The reduction is due to the A-IFRS accounting policy for the DMF receivable being measured at present value resulting in a $1.9 million decrease and a $11.7 million reclassification of a loan to APVC which is now classified as an investment (refer description below on "investments").

(c) Inventories - inventories have been increased by $15.4 million. The increase in inventories is due to the reversal of development costs previously amortised to cost of sales under AGAAP, which will be deferred until the settlement of the projects under A-IFRS.

(d) Investments - investments have increased by $11.7 million due to the reclassification of the loan to APVC.

(e) Intangibles - intangibles have been increased by $0.1 million. This relates to the reversal of goodwill amortisation under AGAAP that will not occur in the six month period to 31 December 2004 under A-IFRS.

(f) Deferred tax liabilities - deferred tax liabilities are the subject of a net reduction of $1.5 million reflecting changes in the carrying amount of assets under A-IFRS and the different approach to determining tax liabilities under A-IFRS.

(g) Retained earnings - the net impact of the A-IFRS adjustments described above is reflected on transition to A-IFRS as a reduction in retained earnings.

(h) Issued capital - the balance of $61.7 million under A-IFRS reflects the existing equity in Becton and the assumed new equity issue required to complete the Merger adjusted for the following:

- $16.8 million of new equity from the conversion of 2005 and 2006 Unsecured Notes;

- $15.0 million of new equity from the conversion of the directors' loans; and
- $11.5 million of new equity from the public fund raising net of associated costs (assuming no Securities are issued pursuant to the Oversubscription Facility).

7.8 Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of the financial information contained within section 7 of this Prospectus are set out below. These policies have been consistently applied to all periods presented.

The accounting policies are in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act and where relevant A-IFRS. The A-IFRS accounting policies are considered to be the same as AGAAP, unless otherwise stated.

The financial information has been prepared in accordance with the historical cost convention unless otherwise indicated.

Principles of consolidation

The consolidated financial statements of Becton Group incorporate the assets and liabilities of all entities controlled by Becton and the results of all controlled entities for the period while controlled by Becton. Becton and its controlled entities together are referred to in this financial report as "Becton Group". The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during the financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year for which control existed.

Investments in joint ventures are accounted for as set out below.

Income tax - AGAAP

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Tax consolidation legislation

Becton and its wholly-owned Australian controlled entities have decided to implement tax consolidation as of 1 July 2004. The Australian Tax Office has not yet been notified of this decision as Becton is not required to do so until the date of lodging its 2005 income tax return (likely to be 1 December 2005).

The deferred tax balances recognised by the parent entity in relation to the wholly-owned entities joining the tax consolidated group are measured based on their carrying amounts at the level of the tax consolidated group before the implementation of the tax consolidation regime, with one exception. The deferred tax balances relating to assets that had their tax values reset on joining the tax consolidated group, have been remeasured based on the carrying amount of those assets at the tax-consolidated group level and their reset tax values. The re-measurement adjustments to these deferred tax balances are also recognised in the consolidated financial statements as income tax expense or revenue, or as direct debits to the asset revaluation reserve to the extent the adjustments relate to the revaluation of assets.

Income tax - A-IFRS

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the company income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Financial Information (Cont'd)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on the tax rates which are enacted or substantively enacted in Australia. The relevant tax rates are applied to cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary difference and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Inventories

(i) Projects in progress and completed buildings (current assets constructed by the consolidated entity)

The cost of projects in progress and completed buildings include the direct development costs as incurred.

Direct development costs includes the cost charged by the construction entity to the development entity which incorporates an element of construction margin calculated in accordance with the "revenue and income recognition on projects in progress and completed buildings" note below.

(ii) Land for redevelopment

The cost of land for redevelopment includes:

- the original purchase price of property purchased for development and resale;
- marketing costs associated with the promotion of developments for which the land was purchased; and
- direct holding costs such as rates, taxes and borrowing costs incurred during development, provided that the addition of these costs does not result in a book value exceeding that which would enable profit to be recognised when the property is sold.

Land for redevelopment is reduced proportionally as property settlements occur.

Revenue and income recognition on projects in progress and completed buildings - AGAAP

The income and revenue recognition policy with respect to both development and construction projects is determined by using the percentage of completion method. Where revenue and profit can be reliably estimated, sales revenue and expenses are adjusted in line with the percentage of completion of construction. For development projects this method is applied after the directors:

(i) have given due consideration to the expected market value of each property upon completion; and

(ii) only if substantial pre-sales exist for the finished property.

Any loss on projects is recognised as soon as it is foreseeable. All other revenue (eg. interest, management fees, commissions etc) is recognised when it is earned.

Revenue and income recognition on projects in progress and completed buildings - A-IFRS

Revenue is recognised on a settlement basis where Becton performs the roles of both constructor and developer. Where Becton performs only the construction role, and revenue and profit can be reliably estimated, sales revenue and expenses are adjusted in line with the percentage of completion of construction method.

Any loss on projects is recognised as soon as it is foreseeable. All other revenue (eg. interest, management fees, commissions etc) are recognised as they are earned.

Revenue recognition on deferred management fees (DMFs) - AGAAP

DMFs are accrued by Becton on each resident agreement. The amount reflected as a receivable at year end reflects the entity's entitlement to DMFs from residents at that date. No allowance is made for resident turnover, inflation or discount factors.

Revenue recognition on deferred management fees (DMFs) - A-IFRS

DMFs are accrued by Becton on each resident agreement. The amount reflected as a receivable at period end reflects the entity's present value entitlement to DMFs from residents at that date. Consideration is given to expected future growth in value of the dwelling and expected resident turnovers based upon statistical life expectancies to estimate the timing of future receipts. Cashflow is discounted to present value using a risk adjusted discount factor.

Depreciation of plant and equipment

Plant and equipment is depreciated on either a reducing balance or straight-line basis over its expected useful life to Becton. Estimates of remaining useful lives are made on a regular basis for all assets with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	3 - 11 years
Motor vehicles	5 years
Retirement village common property	25 years

Profits and losses on disposal of plant and equipment are taken into account in determining the profit for the year.

Retentions

Monies are retained from payments due to subcontractors in accordance with individual subcontract agreements for a specified period in relation to any claims that may arise as a result of work performed.

These retentions are recorded in the accounts as other creditors.

Cash

Cash includes cash on hand and deposits held at call with financial institutions, which are readily convertible to cash on hand and subject to an insignificant risk of changes in value, net of bank overdrafts.

Intangibles

Brand names - Brand names represent the value of the exclusive use of the Becton business name acquired by Becton Group for $1 million. It is being amortised on a straight-line basis over 20 years, which represents the period of expected benefits.

Goodwill - AGAAP - Where an entity is acquired, the net identifiable assets are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill and amortised on a straight line basis over the period during which the benefits are expected to arise, not exceeding 20 years.

Goodwill - A-IFRS - Goodwill represents the excess of the cost of an acquisition over the fair value of Becton's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing.

Impairment - A-IFRS - Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its

Financial Information (Cont'd)

recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Receivables

All receivables are recognised at the amounts receivable as they are due for settlement, no more than 90 days from the date of recognition. Collectability of receivables is reviewed on an ongoing basis with debts that are known to be uncollectible written off.

Investments

Interests in unlisted securities, other than controlled entities in the consolidated financial statements, are brought to account at cost. Interests in joint venture entities are accounted for as set out below.

Payables

Payables represent liabilities to trade and other creditors for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually payable within 30 days of recognition.

Interest bearing liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of payables.

Borrowing costs

Borrowing costs are recognised as expenses in the period they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs include interest on externally borrowed funds, discounts or premiums relating to borrowings, finance lease charges and ancillary costs incurred in connection with the arrangement of borrowings. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

Joint venture entities

Interests in joint venture entities are accounted for using equity accounting. Under this method of accounting, the share of the profits or losses of a joint venture entity is recognised in the statement of financial performance, and the share of movements in reserves is recognised in the statement of financial position.

Profits or losses on transactions with the joint venture entities and transactions with the joint venture entities are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture entities on consumption or sale, unless they relate to an unrealised loss that provides evidence of impairment of an asset transferred.

Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

Employee benefits

(i) ***Wages and salaries and annual leave*** - Liabilities for wages and salaries, annual leave and rostered days off expected to be settled within 12 months of the reporting date are recognised, and are measured as the amount expected to be paid when the liabilities are settled.

(ii) ***Long service leave*** - A liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with the leave policy above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employees departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) ***Employee benefit on-costs*** - Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iv) ***Profit sharing and bonus plans*** - A liability for employee benefits in the form of profit sharing and bonus plans is recognised when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the financial report; or
- Past practice gives clear evidence of the amount of the obligation.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Earnings per share

Basic earnings per share - Basic earnings per share is calculated by dividing the profit attributable to equity holders of Becton, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share - Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

7.9 International Financial Reporting Standards

General

The Australian Accounting Standards Board (AASB) has adopted Australian equivalents to International Financial Reporting Standards, hereafter referred to as A-IFRS, which will apply to the merged group from 1 July 2004 and will be first reflected in the merged entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities reporting in accordance with A-IFRS for the first time will be required to restate their comparative financial statements to reflect the application of A-IFRS to that comparative period. Most adjustments required on transition to A-IFRS will be made, retrospectively, against opening retained earnings at 1 July 2004.

The differences in accounting policies between AGAAP and A-IFRS are set out in section 7.8.

Reconciliation of AGAAP and A-IFRS

Outlined in the table below is a summary of the effects of the key differences between AGAAP and A-IFRS on the respective Pro-forma Merged Forecast and Forecast.

Key differences in the Pro-forma Merged Statement of Financial Position between AGAAP and A-IFRS are explained in section 7.7.

Financial Information (Cont'd)

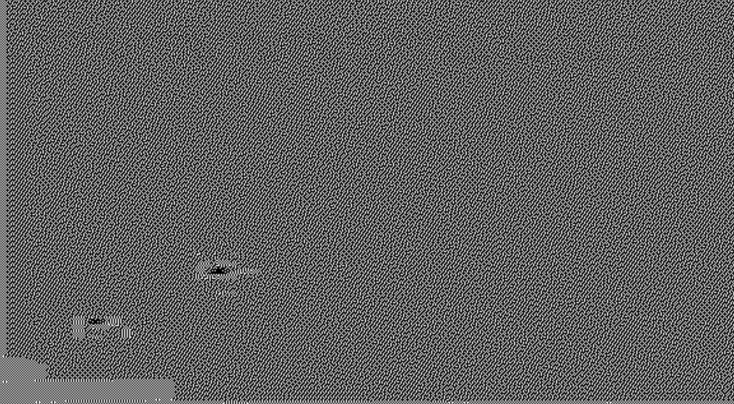
Reconciliation between AGAAP & A-IFRS for FY 2005 and FY 2006

	FY2005			FY2006		
A$ Millions	AGAAP	A-IFRS	Difference	AGAAP	A-IFRS	Difference
Revenue						
Development & Construction	96.6	46.0	(50.6)	202.7	187.0	(15.7)
Property Funds Management	13.9	13.9	-	15.1	15.1	-
Retirement	13.6	12.6	(1.0)	11.7	11.8	0.1
Holiday Ownership	-	-	-	-	-	-
Total Revenue	**124.1**	**72.5**	**(51.6)**	**229.5**	**213.9**	**(15.6)**
EBITDA						
Development & Construction	13.4	6.2	(7.2)	27.3	25.9	(1.4)
Property Funds Management	2.9	2.9	-	3.2	3.2	-
Retirement	3.8	2.7	(1.1)	5.1	5.3	0.2
Holiday Ownership	2.0	2.0	-	3.6	3.6	-
Corporate Overhead	(4.7)	(4.8)	(0.1)	(5.4)	(5.4)	-
Total EBITDA	**17.4**	**9.0**	**(8.4)**	**33.8**	**32.6**	**(1.2)**
Depreciation	(0.5)	(0.4)	0.1	(0.6)	(0.6)	-
Amortisation	(0.5)	-	0.5	(0.6)	-	0.6
EBIT	**16.4**	**8.6**	**(7.8)**	**32.6**	**32.0**	**(0.6)**
Net Interest				(3.3)	(3.3)	-
Income Tax				(8.4)	(9.0)	(0.6)
NPAT				**20.9**	**19.7**	**(1.2)**
NPAT - Excluding amortisation net of tax				**21.3**	**19.7**	**(1.6)**

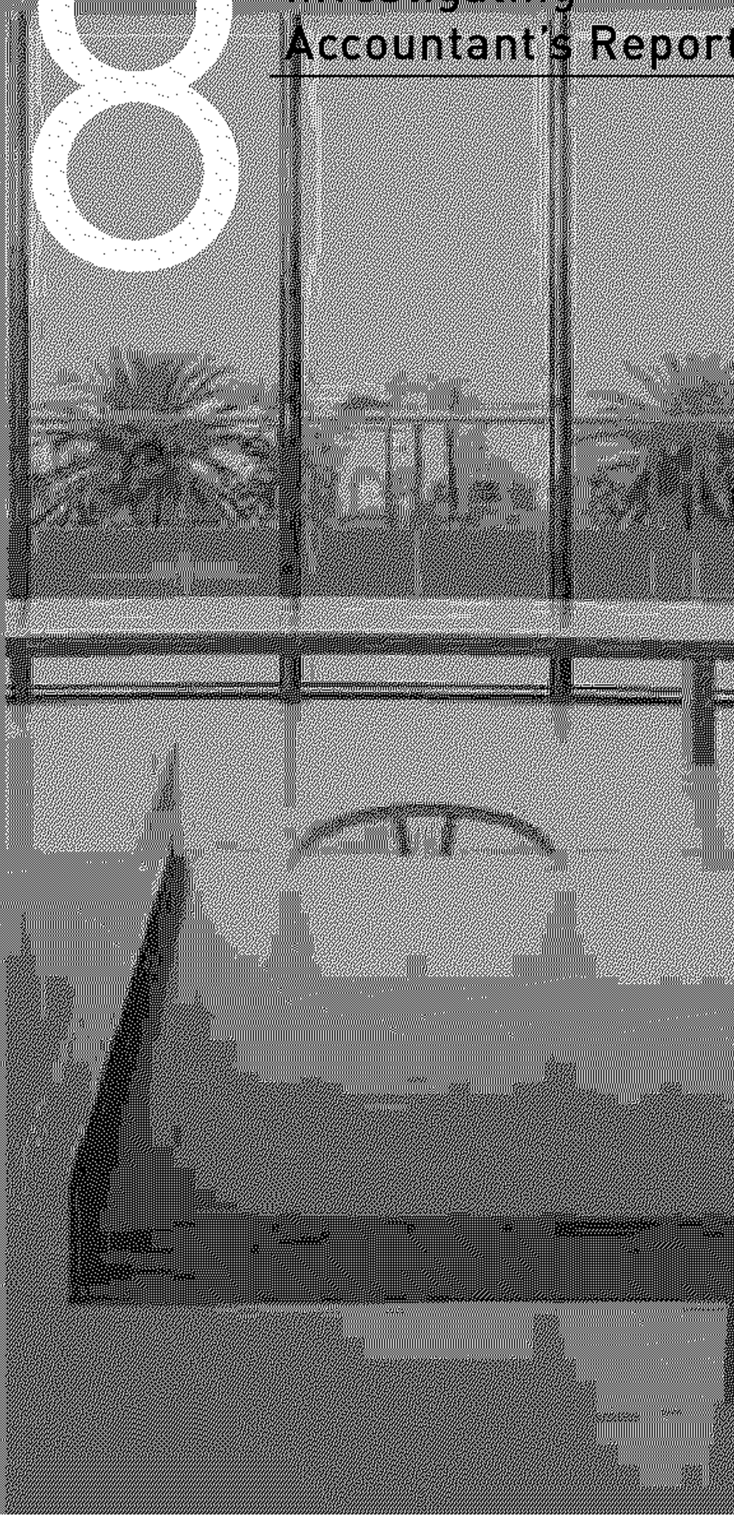
Note: Based on the Pro-Forma Merged Forecast and Forecast

Description of the differences:

- ***Development & Construction***
  - FY2005 - A-IFRS revenue is $50.6 million lower than AGAAP revenue due to projects such as College Square (Stage 1) and The Esplanade not settling until after 30 June 2005. There is a corresponding impact on EBITDA.
  - FY2006 - A-IFRS revenue is $15.7 million lower than AGAAP revenue due to projects such as 25% of The Esplanade, College Square (Stage 2), The Park (Stage 6) and Mills Point, Mornington, not settling until after 30 June 2006. There is a corresponding impact on EBITDA.
- ***Retirement***
  - FY2005 - AGAAP revenue and EBITDA is $1 million higher than A-IFRS. This difference is primarily due to the DMF accrual in relation to A-IFRS requiring discounting to present value.
- ***Depreciation & Amortisation***
  - FY2005 & FY2006 - AGAAP amortisation is higher than A-IFRS as it includes amortisation of goodwill relating to the acquisition of Glenmont. There is no equivalent amortisation under A-IFRS.



8 Investigating Accountant's Report



Investigating Accountant's Report

PRICEWATERHOUSECOOPERS

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The Directors
Becton Developments Limited
Level 7, 470 St Kilda Road
MELBOURNE VIC 3004

3 June 2005

Subject: Investigating Accountant's Report on Historical and Forecast Financial Information

Dear Sirs

We have prepared this report on historical and forecast financial information of Becton Developments Limited ("Becton Developments") and the pro-forma merged entity comprising Becton Developments and Becton Pty Ltd ("Becton") for inclusion in a Prospectus to be dated on or around 3 June 2005 relating to the offer to the public to raise up to $65 million in Shares and Convertible Notes including an oversubscription amount capped at $30 million in Shares and $10 million in Convertible Notes.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd is wholly owned by PricewaterhouseCoopers and holds the appropriate Australian Financial Services Licence.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to prepare an Investigating Accountant's Report ("the Report") covering the following information in section 7 of the Prospectus:

Historical financial information

(a) the pro-forma merged historical statements of financial performance ("Pro-Forma Merged Historicals") combining Becton Developments and Becton (the "Merged Entity") for the financial years ended 30 June 2003 and 30 June 2004 and the six months ended 31 December 2004 prepared in accordance with AGAAP; and

(b) the statement of financial position of Becton Developments and the pro-forma merged statement of financial position as at 31 December 2004 of the Merged Entity ("Pro-Forma Merged Statement of Financial Position") prepared in accordance with AGAAP and A-IFRS;

(collectively, the "Historical Financial Information").

Forecast financial information

(c) the aggregated pro-forma merged forecast statement of financial performance for the Merged Entity ("Pro-forma Merged Forecast") for the financial year ended 30 June 2005 prepared in accordance with AGAAP and A-IFRS; and

(d) the forecast statement of financial performance for the Merged Entity ("Forecasts") for the financial year ended 30 June 2006 prepared in accordance with AGAAP and A-IFRS;

(collectively, the "Forecast Financial Information").

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

Scope of review of Historical Financial Information

The Historical Financial Information set out in section 7 of the Prospectus has been extracted from the audited financial statements of Becton Developments and Becton for the financial years ending 30 June 2003 and 30 June 2004 and from the Half-Year Report for the six months to 31 December 2004, which were reviewed by PricewaterhouseCoopers who issued unmodified opinions on the financial statements. The Directors are responsible for the preparation of the Historical Financial Information, including determination of the adjustments and pro-forma transactions.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance of Becton Developments and Becton for the relevant historical period;
- a review of work papers, accounting records and other documents;
- a review of the assumptions and the pro-forma transactions used to compile the pro-forma statements of financial performance and pro-forma statements of financial position;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia or where relevant A-IFRS, and the accounting policies adopted by Becton Developments and Becton discussed in section 7 of the Prospectus; and
- enquiry of directors, management and others.

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

Investigating Accountant's Report (Cont'd)

Review statement on Historical Financial Information

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

- the Pro-forma Merged Historicals and the Pro-forma Merged Statement of Financial Position have not been properly prepared on the basis of the pro-forma transactions;
- the pro-forma transactions do not form a reasonable basis for the preparation of the Pro-forma Merged Historicals and the Pro-forma Merged Statement of Financial Position; and
- the Historical Financial Information, as set out in section 7 of the Prospectus does not present fairly:
  (a) the historical statements of financial performance for the Merged Entity for the financial years ended 30 June 2003 and 30 June 2004 and the six months to 31 December 2004; and
  (b) the historical statement of financial position for Becton Developments and the Pro-forma Merged Statement of Financial Position at 31 December 2004,

in accordance with the recognition and measurement principles prescribed in AGAAP or where relevant A-IFRS, and accounting policies adopted by Becton Developments and Becton discussed in section 7 of the Prospectus.

Scope of review of Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Forecast Financial Information, including the best estimate assumptions on which they are based.

Our review of the best estimate assumptions underlying the Forecast Financial Information was conducted in accordance with Australian Auditing Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to adequately evaluate whether the best estimate assumptions provide a reasonable basis for the Forecast Financial Information. These procedures included discussion with the directors and management of Becton Developments and Becton and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that the best estimate assumptions do not provide a reasonable basis for the preparation of the Forecast Financial Information and whether, in all material respects, the Forecast Financial Information is properly prepared on the basis of the assumptions and are presented fairly in accordance with the recognition and measurement principles prescribed in AGAAP or where relevant A-IFRS and the accounting policies of Becton Developments, Becton and the proposed Merged Entity discussed in section 7 of the Prospectus so as to present a view of the Merged Entity which is consistent with our understanding of Becton Developments, Becton and the Merged Entity's past, current and future operations.

The Forecast Financial Information has been prepared by the directors to provide investors with a guide to the potential future financial performance of the proposed Merged Entity based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast Financial Information. Actual results may vary materially from the Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the risk factors set out in section 9 of the Prospectus.

Our review of the Forecast Financial Information, that is based on best estimate assumptions is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast Financial Information included in the Prospectus.

Review statement on the Forecast Financial Information

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

(a) the best estimate assumptions set out in section 7 of the Prospectus do not provide a reasonable basis for the preparation of the Forecast Financial Information;

(b) the Forecast Financial Information is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in AGAAP or A-IFRS, and the accounting policies adopted by Becton Developments, Becton and the proposed Merged Entity discussed in section 7 of the Prospectus; and

(c) the Forecast Financial Information is unreasonable.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of Becton Developments, Becton and the proposed Merged Entity. If events do not occur as assumed, actual results and distributions achieved by Becton Developments, Becton and the proposed Merged Entity may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

Subsequent events

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

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the proposed transaction other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received. PricewaterhouseCoopers is the independent auditor of Becton Developments and Becton.

Yours faithfully

Peter Fekete
Authorised Representative of PricewaterhouseCoopers Securities Ltd

Investigating Accountant's Report (Cont'd)

PRICEWATERHOUSECOOPERS SECURITIES LTD FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 3 June 2005

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by Becton Developments Limited ("Becton Developments") to provide a report in the form of an Investigating Accountant's Report in relation to historical and forecast financial information (the "Report") for inclusion in a Prospectus dated 3 June 2005.

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

2. This Financial Services Guide

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

3. Financial services we are licensed to provide

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

4. General financial product advice

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

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

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees have been determined in accordance with our usual hourly rates and are disclosed in section 10.

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

6. Associations with issuers of financial products

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

7. Complaints

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

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service ("FICS"), an external complaints resolution service. You will not be charged for using the FICS service.

8. Contact Details

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

Mr Peter Fekete
Level 12, 333 Collins Street, Melbourne, Vic, 3000

9 Risk Factors

Risk Factors

9.1 Becton Property Group

Neither the Directors, the Company, the Becton Vendors nor any person associated with the Company or Becton Group guarantee the performance of the Company, the performance of the Securities offered under this Prospectus or the market price at which the Securities will trade.

The business activities of the Company, and after the Merger the business activities of Becton Property Group, are subject to risks and there are many factors which may impact the future performance of the Company. These risks are both specific to the Company and also relate to the general business and economic climate. These risks should be considered carefully by investors before making a decision to apply for Securities as they may adversely affect the value of the Company's assets and Securities. Some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Company and cannot be mitigated.

The principal risks include, but are not limited to, those detailed below. Prior to making an investment decision, prospective investors should consider the following risk factors, as well as the other information in this Prospectus.

9.1.1 Business specific risks

Becton Constructions

The principal risks relating to the development and construction business include:

(a) Construction and delivery risk

There is a risk that construction costs and the duration of a project will exceed budget. If this occurs, Becton Constructions' returns on the project could be reduced.

To a large extent these risks are mitigated by the fact that Becton Constructions builds its own projects, using its own professional construction team of employees, sub-contractors and consultants, all of whom work regularly for Becton Constructions and with whom considerable trust has been established. Becton Constructions is a well respected contractor with substantial experience in completing large projects within strict cost constraints. Further, the building price agreed between the in-house builder and the in-house developer is determined by an independent external quantity surveyor.

(b) Market risk

When Becton Constructions undertakes to develop a property, it does so on the basis that it will be able to on-sell the property on completion. As most projects take months, and sometimes years, to complete, there is a risk that the market for that type of property may change. An increase in the supply of similar properties or a decrease in demand for that particular type of property may affect the ability of Becton Constructions to on-sell the property.

In general, Becton Constructions seeks to achieve appropriate levels of pre-sales of a property prior to commencing construction. Where these pre-sales have not been achieved, a high degree of confidence in the likely sale price and likely purchasers will be in place.

Becton Constructions is aided in its management of market risk by senior debt providers who routinely seek a significant percentage of pre-sales or evidence of take-out before advancing finance facilities.

(c) Risk of sales default

As part of its risk management strategy, Becton Constructions often enters into contracts of sale in respect of properties before they have been constructed.

There is a risk that the purchasers who have bought properties under a pre-sale agreement may not settle the balance of their legally binding contracts for sale for one reason or another.

Sales contracts used by Becton Constructions are legally binding and generally require that the purchaser provide the highest, non-refundable deposit allowed by prevailing legislation. In the event of default, Becton Constructions is entitled to certain remedies arising from breach of contract, including retention of the deposit, resale of the property and recovery from the original purchaser of any loss which may have occurred.

(d) Town planning and permit risk

All development and construction projects require town planning development approval from the relevant authorities. There is a risk that a project may not gain the necessary town planning permits to allow it to proceed, or that future stages of a commenced project may not complete as originally expected.

Becton Constructions' knowledge of prevailing planning conditions and its highly skilled consultants' input ensures this risk is understood and, to the extent possible, quantified prior to commitment to any project.

Becton Constructions has a joint venture interest, and has been appointed development manager, of a major land holding in Byron Bay as described in section 4.5. For the reasons described in that section, there is a risk that the requisite planning approvals will not be obtained to develop this site in the manner proposed by Becton Constructions.

(e) Environmental risks

Some of the projects which Becton Constructions undertake, involve the re-development of land which has been contaminated from previous usage. The re-development of such land involves decontaminating the land to the satisfaction of the relevant environmental authorities. This is particularly the case when industrial land is redeveloped for residential purposes. Before undertaking such a project, Becton Constructions assesses the extent of the contamination of the site, the requirements of the environmental authorities and the cost of decontaminating the site to the required specifications. To this end, Becton Constructions relies heavily on its consultant team to assist in managing the risk, and, as in all areas of uncertainty in the construction business, allows for contingencies in the process. Pre-acquisition testing generally lowers the environmental risks to manageable and quantifiable proportions.

(f) Natural disaster

A risk exists that projects may be delayed or costs may be overrun substantially as a result of natural disasters such as flooding, storm damage and the like. It is usual that building contracts include insurance cover for each project for such events where economically viable.

(g) Industrial relations risk

There is a risk that construction union activity could delay the delivery of a project or increase the cost of a project. Becton Constructions manages this risk by maintaining sound relationships with the relevant building unions and officials and continually monitoring and managing those relationships while ensuring that its employees and contractors are dealt with in accordance with applicable award and legislative requirements. Furthermore, continued focus by the Federal Government on industrial relations reform may adversely affect the industrial relations and union relationship in the construction sector.

(h) Reliance on sub-contractors

Various risks may arise from Becton Constructions' practice of using sub-contractors to complete significant parts of its construction and development projects. There is a risk that sub-contractors may fail to perform the contract, may become insolvent in the course of the project, or may have insufficient indemnity insurance to cover any potential claim that may arise against them. In most cases however, as Becton Constructions is the head contractor, it has the ability to either replace the sub-contractor or step in and assume management of most of the sub-contractor's operations and staff.

(i) Responsibility for design

Where Becton Constructions assumes design responsibility, there is a risk that design problems or defects may result in rectification or other costs or liabilities which Becton Constructions cannot recover.

Property Funds Management

The principal risks relating to the property funds management business include:

(a) Property investment

Many of the risks commonly associated with property investment apply to the business of Becton Investment Management.

Risk Factors (Cont'd)

The business of Becton Investment Management could be affected by its ability to acquire quality property. The market for quality property is competitive. Yields are being bid down as a weight of money continues to flow into the commercial property market. Failure to purchase suitable property may reduce the profitability of Becton Investment Management.

The business of Becton Investment Management could also be affected by the risks of fluctuating property values due to factors such as:

- a general downturn in the property market;
- a failure of tenants to meet their financial obligations;
- the tenants of properties not exercising options available under existing leases which may result in vacancies and a loss of rental income. Becton Investment Management has the ability to mitigate this risk by either sourcing replacement tenants or redeveloping the properties as appropriate, and many of these risks and opportunities are identified and understood prior to acquisition; and
- interest rate fluctuations beyond those forecast.

(b) Capital raising risk

The business of Becton Investment Management may be affected by its ability to raise capital to fund the acquisition of property or to finance property development. The ability to raise capital may be affected by factors including:

- general economic risks such as interest rate changes, employment participation rates and levels of consumer confidence;
- changes to government policies, including, for example, changes to taxation that affect property investment (depreciation etc); and
- a general downturn in the property market.

Such factors may have the effect of reducing the attractiveness of property funds management products to the retail market reducing Becton Investment Management's ability to raise capital.

(c) Property fund management risk

If property funds that are managed by Becton Investment Management, or in which Becton Investment Management invests, perform poorly, this may cause a loss to Becton Investment Management whether financially or by damage to Becton Investment Management's reputation.

(d) Past transactions of acquired businesses

In October 2004, Becton Investment Management acquired Glenmont Properties Limited. As outlined in section 4.6, opportunities exist for Becton Investment Management to grow its property funds management business in this way through the acquisition of existing funds managers. Fund managers acquired by Becton Investment Management may have, prior to Becton Investment Management's ownership, effected transactions which may cause loss to Becton Investment Management in the future, whether financially or by damage to Becton Investment Management's reputation.

Retirement

The principal risks relating to the retirement living business include:

(a) Property risk

The business of Becton Living could be affected by its ability to continue to acquire or develop retirement village property to create a sufficient supply to meet anticipated growth. To ensure sufficient supply, Becton Living is actively pursuing expansion opportunities through both greenfield development and the acquisition of established operations.

(b) Market risk

There is a risk that buyer demand for the type of retirement village dwellings offered by Becton Living may decline due to adverse economic conditions, such as increases in inflation or interest rates. This would affect Becton Living's ability to achieve expected sale prices and sale rates.

Becton Living's business may also be affected by increased competition from providers of retirement villages or alternative retirement living products. However, because of Australia's expanding aged population and the relatively low proportion of that population currently living in retirement villages, the management of Becton Living believes that there is growth potential in the market.

Holiday ownership - APVC

(a) Property risk

The business of APVC could be affected by its ability to continue to acquire or develop additional resort property so as to create a sufficient supply of accommodation to meet anticipated growth. However, Becton Group believes that in the future the demand for additional resort property is likely to be met through the acquisition of development sites for the construction of purpose-built APVC resorts.

(b) Market risks

The business of APVC could be adversely affected by a decline in buyer demand for the holiday ownership products offered by APVC as a result of adverse economic conditions, such as increases in inflation or interest rates. APVC's business may also be adversely affected by increased competition from providers of alternative holiday ownership products.

(c) Management risk

The management of resort property is handled primarily by third parties. If resort properties are not managed effectively and maintained to an appropriate standard, this may impact on the business of APVC, whether financially or by damage to APVC's reputation.

9.1.2 General business risks

Becton Property Group's business is also subject to the following general risks:

(a) Dependence on key personnel

Becton Property Group is reliant on a number of key personnel employed by Becton Property Group or consulting to Becton Property Group. Loss of such personnel may have a materially adverse impact on the performance of Becton Property Group. While there can be no assurance given as to the continued availability of such key personnel, Becton Property Group has put in place employment contracts with key senior executives, and consultancy agreements with consultants.

(b) Acquisitions, joint ventures and Shareholder dilution

Becton Property Group will be assessing strategic acquisitions and joint ventures as one of its growth strategies. Becton Property Group intends to pursue strategic acquisitions of businesses that complement its existing business. There can be no assurance that Becton Property Group will be able to successfully identify, acquire or integrate such businesses.

The consideration payable in respect of any such acquisition may consist wholly or partly of new Shares issued to the vendors, in which case the shareholdings of existing Shareholders will be diluted. Further, Becton Property Group may seek to raise additional capital, in order to fund acquisitions, or for other purposes, by new issues of Shares or other securities. This would also have the effect of diluting the holdings of existing security holders. Becton Property Group may elect to fund acquisitions using existing or new bank facilities. The Directors will adopt prudent financial practices in assessing the appropriate funding mix.

Subject to relevant joint venture agreements, Becton Property Group will not be able to control the actions of joint venturers, and therefore cannot guarantee that joint ventures will be operated or managed in accordance with Becton Property Group's preferred direction or strategy.

(c) Competition

The sectors in which Becton Property Group currently operate are competitive. There can be no assurance that the actions of competitors or changes in consumer preferences will not adversely affect Becton Property Group's performance.

(d) Intellectual property

Becton Property Group is not aware of any current challenges to any trademarks which, on current evidence, pose a material risk to Becton Property Group's business. If there is a challenge to a trademark registration in a major market for Becton Property Group's brands, it may have a material effect upon the operating and financial performance of Becton Property Group.

Risk Factors (Cont'd)

(e) Brand factors

Becton Property Group's products and services are sold under a number of brands. Becton Property Group's brands and its image are key assets to Becton Property Group. Should the brand or image be damaged in any way or lose its market appeal, Becton Property Group's business could be adversely impacted.

(f) Force majeure

Acts of terrorism and events of force majeure may affect Becton Property Group's business (including, for example, the projects undertaken by Becton Constructions) and insurance may not fully cover these risks.

(g) Share Sale Agreement

As described in section 5, the Merger will be implemented under the terms of the Share Sale Agreement dated 19 May 2005 between Becton Developments and the Becton Vendors. Under the Share Sale Agreement, the Becton Vendors provide certain warranties in relation to Becton Group. As is usual in such transactions, the ability of the Purchaser to claim for breach of warranty is subject to certain limitations. The key terms of the Share Sale Agreement are summarised in section 10.5.3.

9.2 General risks

(a) Security price variations

Both the Shares and Convertible Notes offered under this Prospectus are to be quoted on the ASX, where their price may rise or fall in relation to the Share Offer Price and Convertible Note Offer Price, respectively. The Shares issued under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX. The value of the Securities will be determined by the stock market and will be subject to a range of factors beyond the control of Becton Property Group, and the Directors and officers of Becton Property Group. Such factors include, but are not limited to, the demand for and availability of Securities, movements in domestic interest rates, exchange rates, fluctuations in the Australian and international stock markets and general domestic and economic activity.

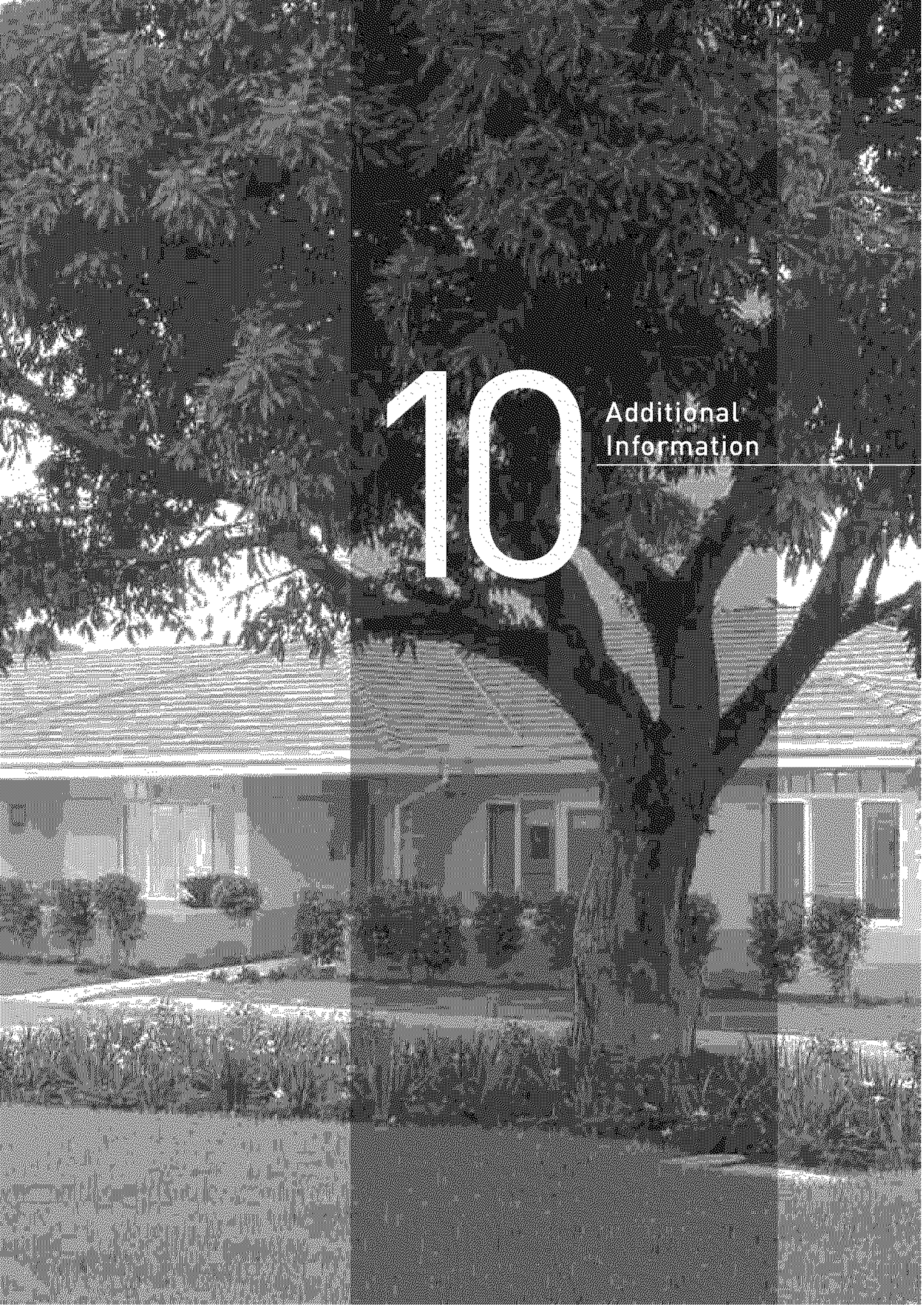
Returns from an investment in Securities may also depend on general stock market conditions as well as the performance of Becton Property Group. There can be no guarantee that an active market in Securities will develop, that the market price of the Shares will not decline below the Share Offer Price or that the market price of the Convertible Notes will not decline below the Convertible Note Offer Price.

(b) Economic factors

Changes in economic and business conditions or government policies in Australia or internationally may impact the fundamentals upon which the projected growth of Becton Property Group's target markets or its costs structure and profitability will rely. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are outside the control of Becton Property Group and may result in material adverse impacts on the business or its operating results.

(c) Regulatory risk

Changes in relevant taxes (including the GST), legal and administrative regimes and government policies both in Australia and overseas may adversely affect the financial performance of Becton Property Group. Any change to the current rate of company income tax in jurisdictions where Becton Property Group operates will impact on shareholder returns. Any change to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on profit margins and the level of franking credits available to frank any future dividends.



10 Additional Information

10 Additional Information

10.1 Registration

The Company was incorporated in Victoria on 24 November 2000 as a public company.

10.2 Share capital

At the date of this Prospectus, the number of fully paid Shares is 32,353,200.

10.3 Rights attaching to shares

There is only one class of shares in the Company, fully paid ordinary shares.

The rights attaching to the Shares are:

(a) set out in the Constitution of the Company; and

(b) in certain circumstances, regulated by the Corporations Act, the APX Listing Rules (prior to listing on the ASX), the ASX Listing Rules (upon listing on the ASX), the APX Business Rules (prior to listing on the ASX), the ASTC Settlement Rules (upon listing on the ASX) and the general law.

The principal rights, liabilities and obligations of the Shareholders are summarised below. Where a right, liability or obligation contained in the Constitution is inconsistent with the APX Listing Rules (prior to listing on the ASX), or the ASX Listing Rules (upon listing on the ASX), the provisions of the APX Listing Rules or the ASX Listing Rules (as the case may be) will take precedence over the Constitution.

10.3.1 Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and one vote on a poll for each fully paid Share held (with adjusted voting rights for partly paid Shares). Voting at any meeting of Shareholders is by a show of hands unless a poll is demanded. A poll may be demanded by at least 3 shareholders entitled to vote on the resolution, shareholders with at least 5% per cent of the votes that may be cast on the resolution of the poll, or the chairperson.

10.3.2 Dividends

The profits of the Company, which the Directors may from time to time determine to distribute by way of dividend, are divisible amongst the members in proportion to the number of shares held by them, subject to the rights attaching to the shares with special dividend rights. No shares with special dividend rights are currently on issue.

In addition, the Directors may:

- direct payment of the dividend wholly or partly by the distribution of specific assets, including paid-up shares or other securities of the Company or of another body corporate, either generally or to specific members; and
- unless prevented by the APX Listing Rules (prior to listing on the ASX) or the ASX Listing Rules (upon listing on the ASX), direct payment of the dividend to particular members wholly or partly out of any particular fund or reserve or out of profits derived from any particular source, and to the other members wholly or partly out of any other particular fund or reserve or out of profits derived from any other particular source.

10.3.3 Lien on shares

The Company has a first lien on:

- each partly paid share for all unpaid calls and instalments due on that share;
- each share for any amounts the Company is required by law to pay and has paid in respect of that share; and
- all monies due and remaining outstanding to the Company pursuant to loans made by the Company to any member under any employee incentive scheme in respect of the share.

The Directors may sell a share on which the Company has a lien, where the lien is presently payable, if the Company provides the member with written notice demanding payment 14 business days before the date of the sale.

10.3.4 Issue of other shares

The Directors may (subject to the restrictions on the issue of shares imposed by the Constitution, the APX Listing Rules (prior to listing on the ASX) or the ASX Listing Rules (upon listing on the ASX) and the Corporations Act) issue, grant options in respect of, or otherwise dispose of further shares on terms and conditions (including preferential, deferred or special rights, privileges or conditions, or restrictions) as they see fit.

10.3.5 Variation of class rights

The procedure set out in sub-section 246B(2) of the

Corporations Act must be followed for any variation of rights attached to the shares. Under that sub-section, with the consent in writing of the holders of at least three quarters of the issued shares in the particular class, or the sanction of a special resolution passed at a meeting of the holders of shares in that class, the rights attached to a class of shares may be varied or cancelled. In either case, the holders of not less than ten per cent of the votes in the class of shares whose rights have been varied or cancelled may apply to a court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

10.3.6 Transfer of shares

Shareholders may transfer shares by a written transfer instrument in the usual form or by a proper transfer effected in accordance with the APX Business Rules and APX requirements (prior to listing on ASX) and ASTC Settlement Rules and ASX requirements (upon listing on ASX). All transfers must comply with the Constitution, the APX Listing Rules and the APX Business Rules (prior to listing on ASX), the ASX Listing Rules and ASTC Settlement Rules (upon listing on ASX) and the Corporations Act. The Directors may refuse to register a transfer of shares in circumstances permitted by the APX Listing Rules or APX (prior to listing on ASX) or the ASX Listing Rules and ASX (upon listing on the ASX). The Directors must refuse to register a transfer of shares where required to do so by the APX Listing Rules (prior to listing on the ASX) or the ASX Listing Rules (upon listing on the ASX).

10.3.7 General meeting and notices

Each shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution or the Corporations Act.

10.3.8 Winding up

Subject to any special resolution or preferential rights attaching to any class or classes of shares, members will be entitled on a winding up to a share in any surplus assets of the Company in proportion to the shares held by them.

10.3.9 Directors' appointment & removal

The Company is required to have a minimum of 3 Directors. The maximum may be fixed by the Directors. Directors are elected at annual general meetings of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company. Retirement will occur on a rotational basis so that if the number of Directors (excluding the Chief Executive Officer or any Director appointed to fill a casual vacancy) is 5 or less, then 2 of the remaining directors must retire from office or, if the number is more than 5, one third of those Directors must retire from office. In addition, any Director who has held office for 3 or more years or 3 or more annual general meetings (excluding the Chief Executive Officer) must retire at each annual general meeting of the Company.

10.3.10 Directors - voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the chairman of the Board does not have a second or casting vote. Where only two Directors are present or qualified to vote and the votes are equal on a proposed resolution, the proposed resolution is taken as having been lost.

10.3.11 Directors - remuneration

The Directors shall be paid by way of fees for services the maximum aggregate sum as may be approved from time to time by the Company in general meeting. Any change to that aggregate sum needs to be approved by shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying out their duties.

10.3.12 Officers' indemnity

The Company, to the extent permitted by law, indemnifies each officer of the Company on a full indemnity basis against any liability (including costs and expenses) incurred by that person as an officer of the Company or a related body corporate of the Company.

The Company, to the extent permitted by law, may insure a Director or any officer of the Company. The Company may also insure such person for costs and expenses incurred by that person in defending or resisting proceedings whether criminal or civil and whatever the outcome.

Additional Information (Cont'd)

10.3.13 Stapling

The Directors may, subject to the law and APX Listing Rules (prior to listing on ASX) and the ASX Listing Rules (upon listing on APX), cause the stapling of any security to each Share (Stapled Security). While stapling applies:

- each Stapled Security must be registered in the security register;
- no offer of Shares for subscription or sale may be made unless an offer is made at the same time to the same person for an identical number of securities to which the Shares are stapled;
- the Directors must not consolidate, sub-divide, cancel or otherwise reorganise any Shares unless at the same time there is a corresponding consolidation, subdivision, cancellation or other reorganisation of the securities to which the Shares are stapled; and
- the Directors must not register the transmission or transfer of Shares unless it also causes the transmission or transfer (as the case may be) of a corresponding number of the securities to which the Shares are stapled.

10.3.14 Amendment

The Constitution may be amended only by a special resolution passed by at least three quarters of the votes cast by Shareholders entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution must be given.

10.4 Gift Plan

The Company wishes to show its recognition of the significant contribution of certain employees of Becton Group by offering approximately $250,000 worth of Shares (based on the Share Offer Price) to certain employees under an Employee Gift Share Offer (Gift Plan) approved by the Board.

Eligible Employees comprise those approved by the Board of Becton. They will not be required to make any payment for the Shares.

The offer of Shares under the Gift Plan will close at 5.00pm on Friday, 24 June 2005.

Other key provisions of the Gift Plan are as follows:

- any Shares issued under the Gift Plan will rank equally with all other Shares;
- the Company will apply for official quotation of Shares provided to participants under the Gift Plan;
- subject to the rules relating to the operation of the Gift Plan on a non-discriminatory basis, the Board reserves the right to refuse participation in the plan for any employees; and
- subject to the APX Listing Rules (before the Company lists on ASX) and the ASX Listing Rules (upon the Company listing on the ASX), the Board may at any time by resolution amend the rules of the Gift Plan.

10.5 Material contracts

The Directors consider that there are a number of contracts which are significant or material to the Company or Becton Group or of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Shares, Convertible Notes or both. The main provisions of each such contract are summarised below. These summaries do not purport to be complete and are qualified in their entirety by reference to the text of the contracts themselves.

10.5.1 Underwriting Agreement

The Underwritten Offer is underwritten by the Underwriter pursuant to an underwriting agreement dated 19 May 2005 between the Company and the Underwriter.

Conditions precedent

The obligation of the Underwriter to underwrite the Offer is conditional upon:

(a) the Company giving to the Underwriter a due diligence report and a written opinion from the Company's solicitors in relation to the methodology, nature and extent of the due diligence investigations;

(b) the due diligence report and opinion and each report to the Company by its advisers in connection with the due diligence investigations being expressed to be for the benefit of the Underwriter;

(c) any subsequent amendments to the Prospectus being agreed to by the Underwriter;

(d) the Company lodging the Prospectus with ASIC; and

(e) Shareholders approving the issue of the securities under the Underwritten Offer.

Commission, fees and expenses

Under the agreement, subject to completion of the Offer, the Vendors and the Company have agreed to pay to the Underwriter:

- an underwriting commission equal to 4% of the total amount raised under the Underwritten Offer; and
- a management fee equal to 1% of the total amount raised under the Underwritten Offer less the amount paid as a retainer in respect of the amount due for co-ordinating and assisting with the drafting of the Prospectus.

In addition to the fees described above, the Company has agreed to pay the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

Termination Events

The Underwriter may terminate its obligations by notice to the Company in the following circumstances provided that (except for the last mentioned termination event in the list below) in the reasonable opinion of the Underwriter, one of the following events has or would have a material adverse effect on the Offer or could create a criminal liability for the Underwriter, its officers or employees, or could lead to liability for the Underwriter, its officers or employees under the Corporations Act:

- ASX refuses or fails to grant unconditional approval, or conditional approval subject only to conditions within the control of the Company or the Underwriter, for official quotation of the Shares in the Offer; or
- the Company or any of its subsidiaries becomes insolvent or becomes externally administered (or steps are taken towards making it externally administered);
- ASIC issues a stop order or an interim stop order under section 739 of the Corporations Act or applies for an order under section 1324B of the Act (to disclose information or publish advertisements) and the application is not dismissed or withdrawn before the Closing Date;
- the Standard & Poors ASX 200 Share Price Index is at the close of business on any three consecutive Business Days prior to the proposed issue date more than 10% below the level of that index at the close of business on the last Business Day before the date of signing the agreement;
- the Company is in default under the agreement or in breach of warranty and the default or breach is either incapable of remedy or is not remedied within 5 Business Days after it occurs;
- a director, chief executive officer, chief financial officer or chief operating officer of the Company or any of its subsidiaries is charged with an indictable offence relating to a financial or corporate matter.
- the Company or any of its subsidiaries passes or takes steps to pass a resolution to give financial assistance in connection with the aquisition of its shares without the consent of the Underwriter;
- the Company or any of its subsidiaries alters its capital structure or its constitution without the consent of the Underwriter;
- the Company or any of its subsidiaries charges or agrees to charge the whole or a substantial part of its business or property without the consent of the Underwriter;
- the Company or any of its subsidiaries ceases or threatens to cease to carry on its business or dispenses or or agrees to dispense of a substantial part of its business;
- certain changes of law occur, or a policy is adopted by certain agencies, which does or is likely to prohibit or restrict or have a material adverse effect on the success of the Offer;
- a material contract of the Company (referred to in this section 10.5 of the Prospectus) is without the consent of the Underwriter materially breached by the Company or a subsidiary of the Company, terminated, significantly altered or amended or is found to be void or voidable;
- there is a major outbreak or escalation of hostilities involving Australia, the United States of America, or Japan;
- any person (other than the Underwriter) who consented to being named in, or to the issue of, the Prospectus withdraws that consent;
- the Company or any of its subsidiaries fails to comply with its constitution, any law, a requirement of the ASX Listing Rules or a requirement, order or request made by ASIC or any governmental agency;

Additional Information (Cont'd)

- any materially adverse change occurs in the financial or trading position of the Company or any of its subsidiaries;
- any event occurs which has, or is likely to have, a materially adverse affect on the Underwritten Offer; or
- official interest rates in Australia are increased by more than 1% per annum above their level as at the close of business on the date before the date of signing the agreement.

Warranties

The agreement contains certain warranties by the Company relating to matters such as conduct by the Company and information provided by the Company in relation to the Prospectus and the Offer.

Sub-underwriting and Max Beck loan

Bongiorno Enterprises (Aust) Pty Ltd ACN 005 529 742, in its capacity as trustee of the BG Family Trust (**Bongiorno Enterprises**), has agreed with the Underwriter to sub-underwrite up to a maximum of 20,000,000 of the 30,000,000 Shares that are the subject of the Underwritten Offer. Bongiorno Enterprises is an entity associated with Joe Bongiorno.

Beck Corporation Pty Ltd (**Beck Corporation**), an entity associated with Max Beck, has entered into a loan agreement with Bongiorno Enterprises dated 19 May 2005. Under this loan agreement, Beck Corporation has agreed to provide to Bongiorno Enterprises a loan of up to $10 million on arms-length ordinary commercial terms to enable Bongiorno Enterprises to fulfil its sub-underwriting obligations. The loan will have a term of 12 months. An initial facility fee equal to 2% of the facility limit will be payable by Bongiorno Enterprises to Beck Corporation, and interest will accrue on the loan at a rate of 1.5% p.a. over the 30-day bank bill rate and capitalise quarterly. Bongiorno is obliged to use all amounts received in respect of the shares the subject of the sub-underwriting arrangement (including the proceeds of sale) in reduction of amounts owing under the loan.

Bongiorno Enterprises will receive the underwriting commission and the management fee described above in respect of that proportion of the Underwritten Offer that is ultimately issued to Bongiorno Enterprises pursuant to this sub-underwriting. The underwriting commission and the management fee payable to the Underwriter will be reduced by the amounts that are payable to Bongiorno Enterprises under this sub-underwriting arrangement.

If Bongiorno Enterprises acquires the maximum number of Shares under the Sub-Underwriting Agreement, then Bongiorno Enterprises' voting power in the Company (after the Merger and the Offer and assuming 50% conversion of the Notes including all those held by the Becton Vendors) will be 6.54%. If the Shares under the Offer are allotted prior to the Merger, then Bongiorno Enterprises' voting power in the Company for the period between allotment of the Shares under the Offer and the implementation of the Merger will be 32.08%. These percentages do not take into account any Shares to be issued under the Oversubscription Facility.

10.5.2 Voluntary escrow arrangements

(a) Becton Vendor Voluntary Restriction Deeds

Each of the Becton Vendors and their controlling entities will prior to completion of the Merger enter into the Becton Vendor Voluntary Restriction Deeds with Becton Developments which, following completion of the Merger, will restrict them from disposing or agreeing to dispose of the Shares received by them on completion of the Merger as consideration under the Share Sale Agreement, subject to certain exceptions. The period for which the Becton Vendors will be subject to these restrictions on disposal are:

(1) in respect of 50% of those Shares received as consideration under the Share Sale Agreement, the period commencing on 1 July 2005 and ending on:

- the date on which the preliminary statement of the annual results of Becton Property Group for the 12 months ended 30 June 2006 is released to the prescribed financial market on which Becton Property Group is listed as at the date of release; or
- if, as at 30 September 2006, Becton Property Group is not listed on the official list of a prescribed financial market, then 30 September 2006; and

(2) in respect of the remaining 50% of those Shares received as consideration under the Share Sale Agreement, the period commencing on 1 July 2005 and ending on:

- the date on which the preliminary statement of the annual results of Becton Property Group for the 12 months ended 30 June 2007 is released to the prescribed financial market on which Becton Property Group is listed as at the date of release; or
- if, as at 30 September 2007, Becton Property Group is not listed on the official list of a prescribed financial market, then 30 September 2007.

There is an exception to the restrictions on disposal where the disposal arises in connection with:

(1) the acceptance of a takeover bid in respect of all of the Shares made under chapter 6 of the Corporations Act; or

(2) the transfer or cancellation of Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act.

(b) Share Sale Escrow Arrangements

The Merger will be implemented under the terms of the Share Sale Agreement dated 19 May 2005 between Becton Developments and the Becton Vendors. The Share Sale Agreement contains provisions under which the Becton Vendors are restricted from disposing or agreeing to dispose of the Shares received by them on completion of the Merger. The Shares are held by an independent escrow agent to provide security for claims made by Becton Developments under the Share Sale Agreement. The restrictions on disposal under the Share Sale Escrow Arrangements apply for the same periods as set out in section 10.5.2(a) in relation to the Becton Vendor Voluntary Restriction Deeds.

10.5.3 Share Sale Agreement

On 19 May 2005, Becton Developments, the Becton Vendors and the Becton Executive Directors entered into a Share Sale Agreement in relation to the acquisition by Becton Developments, or a wholly owned subsidiary of Becton Developments, of all of the issued shares in Becton. The Becton Vendors are companies associated with each of the Becton Executive Directors.

Purchase price

The purchase price for the shares in Becton is $104 million. The payment of the purchase price will be satisfied by the issue of 208 million Shares at a value of $0.50 per Share to the Becton Vendors. The Shares will be issued to the Becton Vendors in accordance with the respective proportions in which they hold shares in Becton.

Adjustment to purchase price

If at any time between the signing of the Share Sale Agreement and completion of the Merger, an event or series of events occurs which Becton Developments reasonably believes has or is likely to have the effect of reducing the value of the shares in Becton by more than 10%, then Becton Developments must prepare a revised valuation of the shares in Becton. The revised valuation will be prepared, as far as reasonably practicable, using the same methodology and principles used by the Independent Expert for the purposes of preparing the Independent Expert's Report.

The revised valuation prepared by Becton Developments will be provided to the Independent Expert to opine as to whether the revised valuation is fair and reasonable to the non-associated shareholders of Becton Developments.

If the Independent Expert opines that the revised valuation is not fair and reasonable to the non-associated shareholders of Becton Developments, then the Share Sale Agreement will terminate immediately. If the Independent Expert opines that the revised valuation is fair and reasonable to the non-associated shareholders of Becton Developments, then:

- if the value of the shares in Becton under the revised valuation is equal to 90% or more of the purchase price, then completion of the Merger will occur at the purchase price of $104 million;
- if the value of the shares in Becton under the revised valuation is equal to 60% or more but less than 90% of the purchase price, then the purchase price will be reduced to reflect the revised valuation and completion will occur at the purchase price so reduced; and
- if the value of the shares in Becton under the revised valuation is equal to less than 60% of the purchase price, then either Becton Developments or the Becton Vendors may terminate the Share Sale Agreement within 15 business days of receipt of the revised

Additional Information (Cont'd)

valuation on 2 business days' notice. If neither Becton Developments nor the Becton Vendors elect to terminate, then the purchase price will be reduced to reflect the revised valuation and completion will occur at the purchase price so reduced.

Completion

Completion of the Merger under the Share Sale Agreement will take effect on 1 July 2005.

Conditions precedent

Completion is conditional on:

- Becton Developments (acting reasonably) being satisfied that there has not been a reduction in the value of the shares in Becton by more than 10% since signing of the Share Sale Agreement;
- Shareholders providing the approvals required to implement the Merger;
- satisfactory evidence being provided to Becton Developments of completion under the terms of the Becton Transfer Agreement resulting in Becton becoming the holding entity of Becton Group;
- satisfactory evidence being provided to Becton Developments of completion of the transfer of Becton Group's interest in Essendon Airport out of Becton Group; and
- satisfactory evidence being provided to Becton Developments of conversion of the Directors' Convertible Notes into ordinary shares in Becton.

If any of the conditions listed above (other than the first - in which case the process set out above in "adjustment to purchase price" will apply) are not satisfied by 1 July 2005 or such later date as agreed, any party may terminate the Share Sale Agreement immediately by written notice to the other parties.

Non-compete

Each of the Becton Vendors and the Becton Executive Directors have agreed not to compete with Becton Developments for a period of either 2 or 4 years from effective completion of the Merger on 1 July 2005. The restriction on competition is subject to certain exceptions. These exceptions include passive minority shareholdings, employment arrangements, property development which has a gross realisable value of less than $20 million or which has first been offered to Becton Developments, and activities relating to certain specified properties owned by certain of the Becton Vendors as at the date of the Share Sale Agreement.

Warranties and indemnities

The Becton Vendors provide certain warranties in relation to Becton. As is usual in such transactions, the ability of Becton Developments to claim for breach of warranty is subject to certain limitations including time and monetary limitations. The time periods within which a warranty claim may be made are:

- 18 months from 1 July 2005 (non-tax warranties);
- 4 years and 30 days of lodgement of the income tax return for the period which includes 30 June 2005 (tax warranties other than in respect of Part IVA of the Tax Act); and
- 6 years and 30 days of lodgement of the income tax return for the period which includes 30 June 2005 (tax warranties in respect of Part IVA of the Tax Act).

Tax claims

The Becton Vendors indemnify Becton Developments against any tax liability arising from a tax assessment received by Becton or any of its subsidiaries which relates to an act or omission of, or a circumstance affecting Becton or any of its subsidiaries before 1 July 2005, to the extent that Becton has not made provision for such liability in its accounts. Tax claims must be made within the time periods applicable to tax warranties as set out above.

Security for claims

The Shares received by the Becton Vendors on completion of the Merger are held by an independent escrow agent to provide security for claims made by Becton Developments under the Share Sale Agreement. These arrangements are summarised in section 2.9(b) and 10.5.2(b).

Maximum amount of claim

The maximum amount which Becton Developments can recover under the Share Sale Agreement is limited to 80% of the purchase price.

Several liability

The liability of each of the Becton Vendors is several, not joint. If the Becton Vendors are liable to pay any amount under or in relation to the Share Sale Agreement, each Becton Vendor is severally liable to pay that portion of the amount calculated in accordance with the respective proportions in which it holds shares in Becton.

Guarantee
Each of the Becton Executive Directors guarantees the performance by the Becton Vendor with which it is associated, of that Becton Vendor's obligations under the Share Sale Agreement.

10.5.4 Becton Transfer Agreement

Prior to the Becton Transfer Agreement, the holding entity of Becton Group was Becton Group Holdings Trust (BGHT) - a unit trust whose units were held by the Becton Vendors. The BGHT Transfer Agreement effects the 'corporatisation' of BGHT by transferring all the units held by the Becton Vendors to Becton Pty Ltd (Becton). In consideration for the transfer of their units in BGHT, the Becton Vendors will be issued ordinary Becton shares in the proportion in which they had previously held units in BGHT.

10.5.5 APVC joint venture deed

Under the APVC Joint Venture Deed, Becton Resort Development Pty Ltd ACN 092 451 351 (Becton Resorts), a subsidiary of Becton Group, has entered into a joint venture arrangement with Accor Resorts Management Pty Ltd (Accor Resorts), a subsidiary of AAPC Asia Pacific. The ultimate holding vehicle of AAPC Asia Pacific is Accor SA, which is a public limited company, incorporated under the legislation of the Republic of France. Accor SA is one of the world's largest hotel and tourism enterprises. It directly, or indirectly through its subsidiaries throughout the world (which include AAPC Asia Pacific), owns, operates or manages approximately 4,000 hotels and resorts worldwide.

The APVC Joint Venture Deed governs the Becton Resorts and Accor Resorts arrangement to participate in the holiday timeshare industry in markets including Australia, New Zealand and the South Pacific. Under the APVC Joint Venture Deed, Accor Resorts and Becton Resorts have established the Accor Première Vacation Club (APVC). APVC operates a timeshare based program with property locations throughout Australia and New Zealand. APVC is responsible for management of its members and management of the properties owned.

Each of Becton Resorts and Accor Resorts owns 50% of APVC. Becton Resorts and Accor Resorts are each entitled to receive their respective proportions of the revenue of APVC.

Becton Resorts and Accor Resorts agreed to provide initial funding of $5 million plus the value of the initial five apartments to be owned by APVC. Neither Becton Resorts nor Accor Resorts is obliged to provide any additional funding to APVC. However, Becton Resorts and Accor Resorts are liable to pay their respective proportion of the outgoings, losses and liabilities of APVC. The performance of Becton Resorts and Accor Resorts is guaranteed by the parent entities of each company.

Each of Becton Resorts and Accor Resorts appoint two directors to the board of APVC. APVC is managed through an "Owners Committee" consisting of two Accor Resorts representatives, two Becton Resorts representatives, and the chief executive officer of APVC. The owners committee is empowered to determine a range of issues concerning APVC's business.

10.5.6 Lease agreement - 470 St Kilda Road premises

Becton Constructions Services Pty Limited (Lessee) occupies 973 square metres on Level 7 at 470 St Kilda Road Melbourne by a lease granted by 470 St Kilda Road Pty Limited (Lessor).

The Lessor is owned by Max Beck and Michael Buxton. Max Beck is a director of Becton and Becton Developments and a vendor under the Share Sale Agreement. The lease commenced on 1 December 1998 for a term of five years, with three further terms of five years. The rent is reviewed to market on each second anniversary of the commencement date The permitted use under the lease is "Professional Offices".

The obligations of the lessee and the lessor as set out in the lease are generally standard.

10 Additional Information (Cont'd)

10.5.7 Beck Loan Agreement

On 30 June 2004, Becton Group Holdings Trust (BGHT) a subsidiary of Becton, entered into a agreement with Beck Corporation Pty Ltd (Beck Corporation) to borrow $12.5 million (Beck Loan Agreement).

Under the terms of the Beck Loan Agreement, BGHT must repay $2.5 million to Beck Corporation on 30 June annually from 2004 to 2008 (ie for 5 years). Interest is paid on the outstanding amount owed, from time to time, at an interest rate equal to 2% plus the 90 day bank bill rate. Interest is calculated and payable on 30 June and 31 December until the outstanding principal is repaid.

10.5.8 Financing facilities

Becton Property Group has entered into a number of financing facilities to fund developments and acquisitions (including the acquisition of Menzies Malvern by Classic Residences and the acquisition of Glenmont Properties Limited by Becton Investment Management).

Where Becton Property Group enters into facilities to fund developments, the financier's security is limited to a mortgage over the land, a charge over the building contract, rights under a tripartite deed under which the financier has step-in rights in relation to the project and other limited guarantees from members of Becton Group in certain cases. Accordingly, the financier's security is typically limited to the particular development.

10.5.9 Unsecured Notes

Set out below is a summary of the key terms of the Unsecured Notes on issue at the date of this Prospectus.

Details	2005 Notes	2006 Notes
Issuer	Becton Developments	Becton Developments
Number of Unsecured Notes	7,758,000	25,897,600
Face Value per Unsecured Note	$1.00	$1.00
Interest Rate	10.25%	11.25%
Maturity Date	30 June 2005	30 June 2006
Interest Payment Terms	Half yearly in arrears payable on 30 June and 31 December	Half yearly in arrears payable on 30 June and 31 December
Security	Unsecured	Unsecured
Ranking	Rank behind all secured debt, but equally with all other unsecured debt and ahead of all equity	Rank behind all secured debt, but equally with all other unsecured debt and ahead of all equity
Redemption Rights	Are redeemable at their face value on the maturity date	Are redeemable at their face value on the maturity date
Buy-back Rights	Becton Developments has the right to offer to buy back some or all of them before maturity	Becton Developments has the right to offer to buy back some or all of them before maturity
Conversion Rights	Unsecured Noteholders can elect to convert into Shares at 30 June 2005	Unsecured Noteholders can elect to convert into Shares at 30 June 2005. Becton Developments reserves the right to allow Unsecured Noteholders to convert 2006 Notes into Shares as at 30 June 2006

10.5.10 Convertible Note Trust Deed

Deed

The Convertible Note Deed is between the Company and the Trustee and is dated 19 May 2005 and is governed by the laws of Victoria.

Schedules 1 and 2 of the Convertible Note Deed, containing the conditions on which the Convertible Notes are issued and the rules relating to meetings of Convertible Noteholders are attached to this Prospectus in Annexure A.

Trustee

The Trustee agrees to its appointment as trustee for the Convertible Noteholders on the terms contained in the Convertible Note Deed.

The Company must pay to the Trustee an annual fee of $20,000 plus GST. The Trustee is entitled to charge on a time basis at the Trustee's standard rates for any services in relation to any default or restructure of the Convertible Note arrangements. The Trustee is also entitled to be reimbursed for certain costs and expenses incurred by it as set out in the Convertible Note Deed.

The Trustee's liability is limited except in the event of fraud, negligence or wilful misconduct.

Convertible Notes

All Convertible Notes rank equally. The Convertible Note Deed and the conditions of issue of the Convertible Notes are binding on the Company, the Trustee and Convertible Noteholders. Convertible Notes are taken to be issued to a Convertible Noteholder when that Convertible Noteholder is recorded in the register as the holder of the Convertible Notes.

Convertible Noteholders may convene meeting

Convertible Noteholders holding not less than 10% in value of the Convertible Notes may convene a meeting of Convertible Noteholders:

(a) to consider the financial statements that were laid before the last preceding annual general meeting of the Company; and

(b) to give to the Trustees directions in relation to the exercise of the Trustee's powers.

Default

If the Company defaults in the performance of its obligations under the Convertible Note Deed or the Company is subject to an insolvency event, the Trustee may take action on behalf of Noteholders to institute proceedings to enforce payment of the Convertible Notes and recover any other money owing in respect of the Convertible Notes. Subject to the Corporations Act, the Trustee has an absolute discretion to waive or excuse any breach (whether anticipated or actual) except non-payment of the principal amount.

Retirement, Removal and Appointment of Trustee

The Trustee may retire upon 60 days notice to the Company, but such retirement shall not take effect until a new trustee has been appointed in accordance with the Convertible Note Deed. A new trustee may be appointed by the Company without the need for approval of Convertible Noteholders, provided that the new trustee is a trustee company complying with the requirements of the Corporations Act.

The Trustee may be removed by the Company on 30 days notice if the Company reasonably forms the view that the Trustee is in material breach of its obligations under the Convertible Note Deed and the breach is not capable of remedy or is not remedied within 10 business days after receiving written notice from the Company requiring that the default be remedied.

The Convertible Noteholders may at any time by resolution remove the Trustee and appoint a new trustee.

The Company must take all reasonable steps to replace the Trustee if the Trustee:

(a) has ceased to exist;

(b) has not been validly appointed;

(c) cannot be a trustee company pursuant to the Corporations Act; or

(d) has failed or refused to act as trustee.

Amendment

The Company and the Trustee are entitled to amend or add to the Note Deed without any need for Convertible Noteholders approval, if in the opinion of the Trustee such

Additional Information (Cont'd)

amendment or addition is of a formal or technical nature, is made to correct a manifest error, is required to enable the Notes to be listed or remain listed on a stock exchange and is otherwise not likely to be materially prejudicial to the interests of the Noteholders or is necessary to comply with a statute or the requirements of a statutory body.

The Company and the Trustee may make any amendment to the Note Deed with the sanction of an extraordinary resolution of Noteholders representing more than 50% in value of Notes represented at that meeting.

Register

The Company must establish and maintain or cause to be established and maintained a Register of Unsecured Noteholders in accordance with the Corporations Act.

Trustee capacity

The Trustee's duties and obligations are owed to the Convertible Noteholders only in their capacity as Convertible Noteholders. Any liability arising under or in connection with the Trust Deed can be enforced only to the extent to which the Trustee is entitled to and is in fact indemnified for that liability out of the property of the trust. The Trustee is entitled to accept and rely upon certificates signed by officers of the Company as to any matter or fact as conclusive evidence of the matter stated.

The Trustee is not required to keep itself informed as to the performance or observance by the Company of its obligations under the Trust Deed (or any other document to which the Company is a party). This includes no requirement to inspect the books of or review the credit worthiness of the Company or to investigate whether a default has occurred. Except as required by the Trust Deed, the Trustee is not required to furnish any notices, information, reports or accounts to Convertible Noteholders but may in its discretion do so.

10.6 Taxation

10.6.1 Introduction

This is a general description of the Australian tax consequences for Applicants who acquire Shares or Convertible Notes under the Offer. The categories of Applicants considered in this summary are limited to individuals, companies (other than life insurance companies) and complying superannuation funds who are residents of Australia for tax purposes and who hold their Shares and/or Convertible Notes on capital account.

These comments do not consider the consequences for Applicants who hold their Shares and/or Convertible Notes on revenue account or as trading stock or Applicants who are exempt from Australian income tax.

The views expressed in this summary:

- are based on legislation, interpretations and administrative practices currently in force as at the date of this Prospectus;
- are, of necessity, general in nature and not intended to be an authoritative or exhaustive statement of the legislation applicable to all Applicants; and
- should not be relied upon as a substitute for professional advice as the taxation implications for an Applicant may differ from those contained herein, depending on the Applicant's particular circumstances.

Each Applicant should seek their own independent taxation advice in respect of their individual situation before they decide to invest in Shares and/or Convertible Notes.

10.6.2 Ordinary Shares

Classification of Shares for tax purposes

The Shares will be classified as equity for Australian income tax purposes. This means that returns paid on the Shares will be treated as frankable dividends.

Receipt of dividends on Shares

Individual Shareholders

Shareholders who are individuals must include dividends received in respect of their Shares in their assessable income. To the extent that a dividend is franked, Shareholders will be required to include in their assessable income the amount of the dividend as well as the franking credit attaching to that dividend. The Shareholder is then entitled to a franking offset equal to the franking credit attaching to the dividend (subject to the holding period rule). If the franking offset exceeds the tax that would otherwise be payable on the Shareholder's total taxable income, the individual will be entitled to receive a refund of the excess.

Corporate Shareholders
Resident Corporate Shareholders must also include in their assessable income the amount of the dividend received in respect of Shares plus any franking credit attaching to that dividend. The Corporate Shareholder is then entitled to a franking offset equal to the franking credit attached to the dividend (subject to the holding period rule).

While a Corporate Shareholder is not entitled to a refund of excess tax offset amounts, the Corporate Shareholder can:

- convert an excess tax offset amount into an equivalent amount of tax loss which may then be carried forward by the Corporate Shareholder and deducted in a later income tax year (subject to other relevant legislative conditions being satisfied); or
- choose the amount of prior year tax losses they wish to deduct (within certain parameters) in order to fully utilise available franking offsets.

An unfranked dividend will be treated as assessable income of a Corporate Shareholder with no gross up amount included and therefore no corresponding tax offsets.

A Corporate Shareholder must record a credit in its franking account for the amount of the franking credit attaching to the dividend received.

Complying Superannuation Fund Shareholders
Broadly, the tax treatment of dividends received by resident Complying Superannuation Fund Shareholders will be the same as for individuals.

Complying Superannuation Fund Shareholders must include in their assessable income the dividend received as well as any franking credits attaching to the dividend. Income tax will be payable at the income tax rate applicable to the fund. The Shareholder is then entitled to a franking offset equal to the franking credit attaching to the dividend (subject to the holding period rule) or to a refund of an excess tax offset amount in the same way as an individual.

Tax offset integrity measures for all types of Shareholders

There are integrity measures in the Tax Act which may apply to deny tax offsets to Shareholders.

Holding Period Rule
A Shareholder who receives a franked dividend must hold their Shares "at risk" for at least a 45 day period to obtain the tax offset. Generally, this requires a Shareholder not to have substantially eliminated the risks of loss and opportunities for gain in respect of the Shares. If the holding period rule is not satisfied, Shareholders will not be required to include the franking credit amount in their assessable income and will be denied the tax offset in relation to the franking credit.

Individuals whose tax offset entitlements do not exceed $5,000 for the year, and Complying Superannuation Funds which have elected to apply a formula-based tax offset ceiling are excluded from the holding period rule.

Once the holding period rule has been satisfied for a Shareholder's Shares, it will be satisfied for all future dividends in respect of those Shares.

Shareholders are strongly recommended to seek their own tax advice as to how the holding period rule might apply to them.

Related payments rule
If a Shareholder is under an obligation, or may reasonably be expected, to pass on the benefit of a franked dividend to another person, they may be subject to the related payments rule.

This rule impacts on the period of time during which shares must be held at risk.

A Shareholder who believes the related payments rule may apply to their circumstances should seek their own independent taxation advice.

Additional Information (Cont'd)

Dividend streaming rules

The dividend streaming rules may apply to deny a Shareholder a tax offset where one group of equity holders receive greater tax offset benefits than another group of equity holders.

The dividend streaming rules should not apply to deny tax offset benefits to a Shareholder.

Disposal of Shares

Capital gains tax implications

The disposal of Shares by a Shareholder will trigger a CGT event for the Shareholder. A Shareholder will make a capital gain to the extent the proceeds received from the disposal exceed the cost base of their Shares. A capital loss will arise to the extent the reduced cost base of the Shares exceeds the proceeds received on disposal. The amount of capital gain or loss arising may differ for a Shareholder who does not deal at arm's length in relation to the acquisition or the disposal of their Shares.

The Shareholder will be required to include in their assessable income the net capital gain arising from the disposal. A net capital loss may be used to offset capital gains.

Concessional CGT treatment for individuals and superannuation funds

An individual Shareholder or Complying Superannuation Fund Shareholder may be entitled to discount a taxable capital gain arising from the disposal. The capital gain may be reduced by 50% for individual Shareholders and 33.3% for Complying Superannuation Fund Shareholders. The availability of the CGT discount is subject to the Shareholder disposing of the Shares at least 12 months after the date of acquisition (the 12 month holding rule) as well as certain other legislative requirements. The CGT discount is not available to Corporate Shareholders.

10.6.3 Convertible Notes

Classification of Convertible Notes for tax purposes

The Convertible Notes will be classified as debt for Australian income tax purposes. Accordingly, coupons paid in respect of the Convertible Notes will not be frankable distributions.

The Convertible Notes will also be considered traditional securities for income tax purposes.

Receipt of coupons on Convertible Notes

Coupons received by a Holder in respect of their Convertible Notes must be included in their assessable income in the income year in which the relevant coupon payment occurs.

Disposal or redemption of the Convertible Notes

Where the Holder disposes of, or otherwise transfers, Convertible Notes prior to any conversion into Shares, any gain on disposal or transfer will be included in the Holder's assessable income. Any capital gain that would otherwise arise is disregarded meaning the Holder is not entitled to claim a CGT discount.

Similarly, a Holder who makes a loss on disposal or transfer of the Convertible Notes will be entitled to claim a deduction for that revenue loss. Again, no CGT consequences will arise.

The gain or loss on disposal is calculated as the difference between the consideration received by the Holder and the cost to the Holder of acquiring the Convertible Notes.

The above consequences should also apply where the Convertible Notes are redeemed by Becton Developments prior to their conversion into Shares. These consequences may be altered if a Note Holder does not act at arm's length with the other relevant party in relation to the acquisition or disposal of the Convertible Notes.

Conversion of Convertible Notes

Under the terms of issue, Holders have the right to convert some or all of their Convertible Notes to Shares in specified circumstances. The conversion of Convertible Notes by the Holder should not give rise to a taxing event for CGT purposes and should not give rise to assessable income for the Holder.

The cost base of the Shares acquired on conversion will be determined by reference to the cost of the Convertible Note at the time of the Conversion (and any incidental costs relating to the conversion).

A subsequent disposal of Shares after being converted from Convertible Notes will be a CGT event for the Holder. The tax implications for Shareholders upon disposal of Shares are discussed above. For the purposes of the 12 month holding rule, the Holder is taken to have acquired the Shares at the date of Conversion.

10.6.4 Employee Shares

Shares issued to Gift Offer Employees under the terms of the Employee Gift Share Offer should not be considered as "qualifying shares" for income taxation purposes. Accordingly, any discount received by the Gift Offer Employee upon receipt of Shares must be included in the employee's assessable income in the year in which the shares are issued.

As for individual Shareholders, upon a subsequent disposal of the Shares, Employee Shareholders should be entitled to a 50% CGT discount on a capital gain resulting (subject to the 12 month holding rule discussed earlier). The cost base of the Shares will include an amount equal to the market value of the shares at the time of acquisition.

Employees should seek their own taxation advice in relation to the Employee Gift Share Offer.

10.6.5 Other taxation issues

Stamp duty
No stamp duty will be payable on the issue of Shares or Convertible Notes pursuant to the Offer. Under current stamp duty legislation it is not expected that in the ordinary course of trading, stamp duty would be payable on any subsequent transfer of Shares or Convertible Notes or conversion of the Convertible Notes.

Goods and Services Tax
Under current Australian law, goods and services tax will not be payable in respect of any issue or transfer of Shares or Convertible Notes.

Quotation of tax file numbers or Australian Business Numbers
Although disclosure of Tax File Numbers or Australian Business Numbers (for Applicants who purchase Shares or Convertible Notes in the furtherance of an enterprise), to Becton Developments is not compulsory, failure to do so may result in an amount of tax being withheld from the unfranked portion of dividends or coupon payments (at the top individual marginal tax rate plus the Medicare levy, being currently 48.5%).

Where an amount of tax has been withheld from an unfranked dividend payment or coupon payment, an investor is entitled to a credit for the tax withheld in their income tax return for the year in which the tax is withheld.

10.7 Interests of Directors and remuneration

Other than as stated in this section 10.7 and elsewhere in this Prospectus:

(a) no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director to induce them to become, or to qualify as, a director of the Company;

(b) none of the following persons:
- a Director of the Company;
- each person named in the Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus;
- a promoter of the Company; or
- a stockbroker to the issue of the Securities,

holds or held at any time during the last two years an interest in:
- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Securities; or
- the Offer of the Securities,

or was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer of the Securities.

Additional Information (Cont'd)

10.7.1 Interests of Directors

The Directors are not required to hold any Shares under the provisions of the Company's Constitution.

Set out on page 124 are details of the interests of the Directors in Shares and Unsecured Notes in the Company immediately before the lodgement of the Prospectus with the ASIC. Interests include those held directly or otherwise.

	Shares		
Director[1]	**Existing**	**Post-Merger**[2]	**Unsecured Notes**
Max Beck[3]	3,000,000	156,911,561	4,000,000
Brian Pollock	-	-	-
Robert Critchley	120,000	456,842	160,000
Proposed director			
Hamish Macdonald	602,143	22,791,621	400,000
Mark Taylor	1,595,714	15,069,403	1,200,000
William J. Conn	3,000,000	11,421,053	4,000,000
Michael Naphtali	42,000	159,895	56,000
Total	**8,359,857**	**206,810,375**	**9,816,000**

Notes

1 Directors and proposed directors may hold these interests in Shares and Unsecured Notes shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

2 This column shows Shares held by Directors and proposed directors following the completion of the Merger and Offer. It includes Shares received by certain Directors and proposed directors under the Share Sale Agreement. Certain of the Directors (being Max Beck) and proposed directors (being Messrs Macdonald and Taylor) are Becton Vendors and will receive consideration for the sale of their shares in Becton to Becton Developments pursuant to the Share Sale Agreement as described in section 5 and 10.5.2. The column also comprises Shares that all Directors and proposed directors will receive on conversion of all the Unsecured Notes currently held by them (as shown in the column titled "Unsecured Notes"). The Directors and proposed directors have informed the Company that they propose to convert all of their Unsecured Notes on 30 June 2005. The column assumes that none of the Directors nor the proposed directors subscribe for Shares in the Offer.

3 See also sections 1.8 and 10.5.1 in relation to the loan to be provided to a sub-underwriter by Max Beck.

The Directors are entitled to apply for Shares and Convertible Notes under the Offer.

The Directors shall be paid by way of fees for services the maximum aggregate sum as may be approved from time to time by the Company in general meeting. Any change to that aggregate sum needs to be approved by Shareholders. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying out their duties.

For the current financial year, it is expected that non-executive Directors' fees will not exceed $200,000 in total.

10.7.2 Remuneration of Directors and senior executives

Becton Developments' proposed Chief Executive Officer, Hamish Macdonald and a further four senior executives (Mark Taylor, Paul Briggs, Bruno Santi and Barry Shepherd) are employed under executive employment agreements (EEAs).

Max Beck who will on completion of the Merger become the Executive Chairman of Becton Property Group will not have an employment contract nor receive remuneration as an employee or a director of the Company.

Executive Directors

Hamish Macdonald's total remuneration package consists of base salary of $550,000 (including superannuation), and a bonus entitlement based on net profit before tax (but only to the extent that the Forecast in the Prospectus is exceeded in FY2006). The remuneration package is subject to an annual review. The Chief Executive Officer's employment will be for a period of two years from 1 July 2005. His employment may be terminated after the initial term by either party giving three months notice. In circumstances where the Company terminates the Chief Executive Officer's employment he is entitled to 12 months' base salary plus any other entitlements. The Chief Executive Officer is subject to non-compete obligations for a period of six months following termination of his employment. In addition, following termination of his employment, the Chief Executive Officer has continuing obligations to preserve the confidentiality of the Company's confidential information.

Mark Taylor's total remuneration package consists of base salary of $350,000 (including superannuation), and a bonus entitlement based on net profit before tax (but only to the extent that the Forecast in the Prospectus is exceeded in FY2006). The remuneration package is subject to an annual review. The Finance Director is subject to a continuing employment contract terminable by either party on three months notice. Mark Taylor is subject to a three month non-compete period post termination.

Other senior executives

The key terms of the EEAs of the three other senior executives are:

- none of these senior executives have a total remuneration package (inclusive of superannuation) exceeding that of the Chief Executive Officer;
- each of these senior executives have been appointed for an initial period of 12 months from 1 July 2005;
- either party may terminate employment after the initial term by giving three months' notice. In the circumstances where the Company terminates an executive's employment the executive is entitled to 12 months' base salary plus any other accrued entitlements;
- each of these senior executives are subject to non-compete obligations for a period of six months following termination of their employment; and
- each of these senior executives has continuing obligations to preserve the confidentiality of the Company's confidential information following termination of their employment.

Non-executive Directors

The constitution provides that non-executive Directors are entitled to remuneration, not exceeding in aggregate a maximum sum which is fixed by the Company in general meeting. At the Company's 2005 annual general meeting, the Company will seek approval of a resolution determining that the non-executive Directors be paid remuneration of a maximum aggregate sum of $300,000 per annum.

All Directors may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or in connection with the business of the Company.

10.8 Interests of experts and advisers

Austock Corporate Finance Limited has acted as Underwriter, Lead Manager and Financial Adviser in relation to the Offer. The Company has agreed to pay Austock Corporate Finance Limited the amounts referred to in section 10.5.1 for these services.

Freehills has acted as legal adviser to the Company in connection with the Offer and has also performed work in relation to legal due diligence. The Company has agreed to pay $600,000 for such services to the date of this Prospectus. Further amounts may be paid to Freehills in accordance with its usual time based charge out rates.

PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Report on the historical and forecast financial information included in this Prospectus. PricewaterhouseCoopers Securities Ltd has also performed due diligence enquiries in relation to historical and forecast financial information. The Company has agreed to pay $725,000 for such services to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its usual time based charge out rates.

Additional Information (Cont'd)

Horwath Corporate Advisory (Vic) Pty Ltd has acted as independent expert in advising whether the Merger is fair and reasonable to the non-associated shareholders of the Company. The Company has agreed to pay $80,000 for these services to the date of this Prospectus. Further amounts may be paid to Horwath Corporate Advisory (Vic) Pty Ltd in accordance with its usual time based charge out rates.

Knight Frank Valuations Services (Vic) Pty Ltd has, at the request of the Company, prepared a valuation of Classic Residences in connection with the preparation of the Independent Expert's Report. The Company has agreed to pay $15,000 for these services to the date of this Prospectus. Further amounts may be paid to Knight Frank Valuations Services (Vic) Pty Ltd in accordance with its usual time based charge out rates.

Resort Capital Advisers Inc has, at the request of the Company, prepared a valuation of APVC in connection with the preparation of the Independent Expert's Report. The Company has agreed to pay $40,000 for these services to the date of this Prospectus. Further amounts may be paid to Resort Capital Advisers Inc in accordance with its usual time based charge out rates.

Property Investment Research Pty Ltd prepared the Australian Property Funds Industry Survey 2004-2005 referred to in this Prospectus. The Company has paid a subscription fee of $4,000 to Property Investment Research Pty Ltd in respect of the information contained in this survey.

Unless stated otherwise, all such payments have been paid or are payable in cash. The Company is also generally obligated to pay the out-of-pocket expenses of the advisers listed above which are included in the amounts stated.

10.9 Consents

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, have not been withdrawn by the following parties:

- Austock Corporate Finance Limited has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Underwriter, Lead Manager and Financial Adviser to the Offer in the form and context it is so named.
- Freehills has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's legal adviser in the form and context so named.
- PricewaterhouseCoopers Securities Ltd has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as investigating accountant to the Company in relation to historical and forecast financial information in the form and context so named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report on historical and forecast financial information in the form and context in which it is included.
- PricewaterhouseCoopers has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the auditor to the Company in the form and context so named.
- Horwath Corporate Advisory (Vic) Pty Ltd has given and not withdrawn prior to the lodgement of this Prospectus, its written consent to be named in this Prospectus as Independent Expert to the Company in relation to whether the Merger is fair and reasonable to the non-associated shareholders of the Company in the form and context so named, and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Expert's Report (including the executive summary of the Independent Expert's Report in section 5.5) in the form and context in which it is included.
- Knight Frank Valuations Services (Vic) Pty Ltd has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements attributed to it.

- Resort Capital Advisors Inc has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements attributed to it.
- Property Investment Research Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of references to its Australian Property Funds Industry Survey 2004-2005 in the form and context in which they are included.
- Each member of Becton Group has given, and not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of a statement made by it, or a statement said in this Prospectus to be based on a statement made by it.
- ASX Perpetual Registrars Limited has given and has not withdrawn its written consent to be named as the Share Registry in the form and context in which it is named.
- Sandhurst Trustees Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the trustee in relation to the Convertible Notes and Unsecured Notes issued by Becton Developments Limited in the form and context so named.
- Each of Messrs Hamish Macdonald, Mark Taylor, William J. Conn and Michael Naphtali consent to be named in this Prospectus as proposed directors of the Company.
- Each of Messrs Beck, Pollock, Critchley, Macdonald, Taylor, Conn and Naphtali consent to the statements in section 10.7.1 as to their intentions relating to the conversion of their Unsecured Notes.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the entities and persons referred to above expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus. This applies to the maximum extent permitted by law and does not apply to any matter to the extent to which it is given above.

10.10 Costs of the Offer

If the Offer proceeds, the total estimated costs in connection with the offer (including advisory, legal, accounting, tax and administrative fees, as well as printing, advertising and other expenses) are currently estimated to be approximately $3.5 million.

10.11 Litigation and claims

So far as the Directors are aware, there is no current or threatened civil ligation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

10.12 ASIC and APX relief

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper prospectus lodged with the ASIC and the publication of notices referring to an electronic Prospectus, subject to compliance with certain provisions.

The APX has provided in principle confirmation to the Company that:

- the Merger will be treated as a Class 1 transaction and not a "reverse takeover" as provided for under APX Listing Rule 10.5.1; and
- the Merger will not result in the suspension of the Company's Shares under APX Listing Rule 10.13.

10.13 Statement of Directors

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in section 7, there have not been any circumstances that have arisen that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

Additional Information (Cont'd)

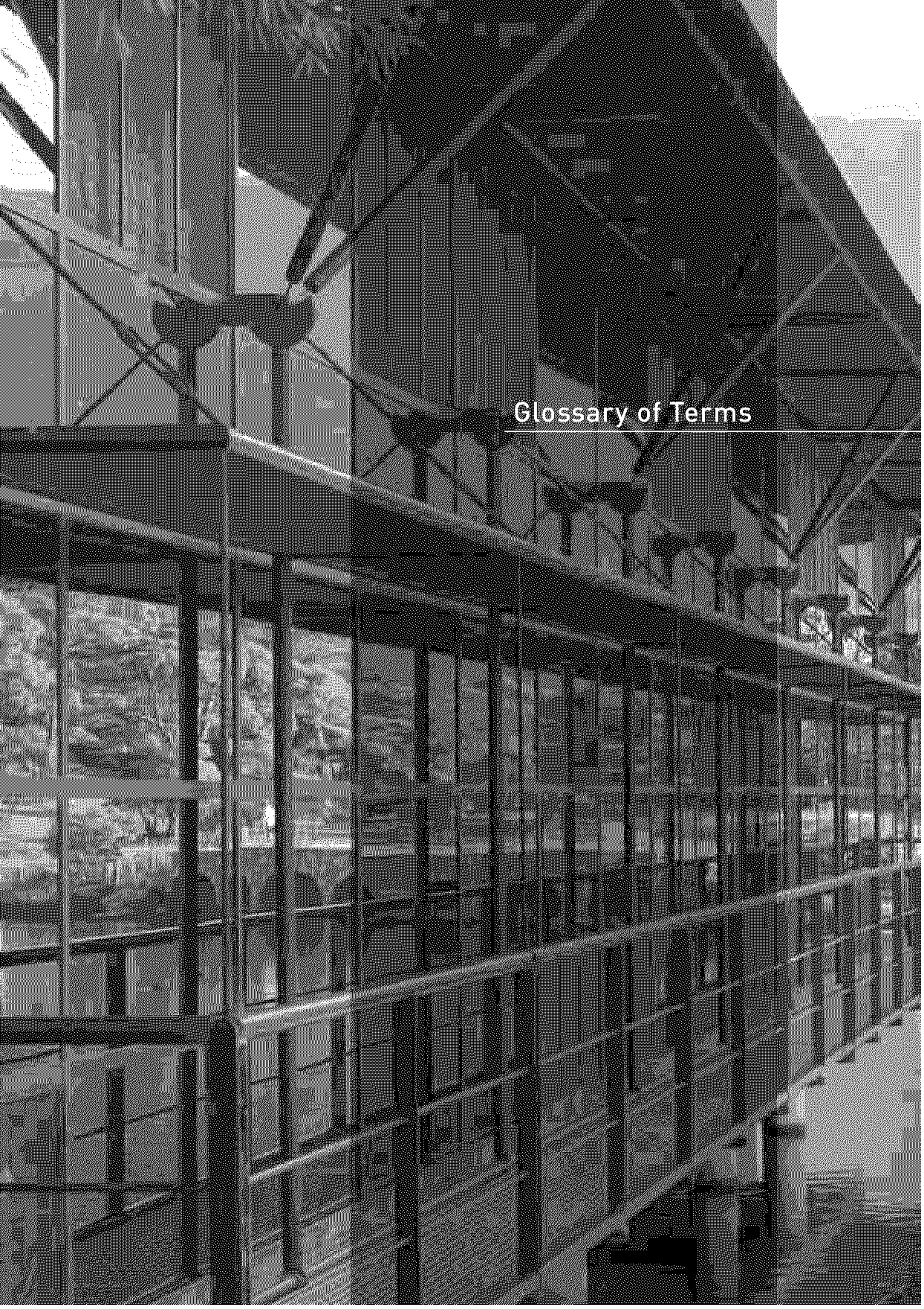
This Prospectus is authorised by each Director of the Company who consents to its lodgement with ASIC and its issue.

Dated: 3 June 2005

Signed by:

Mark Taylor
Company Secretary

Glossary of Terms



Glossary of Terms

In this Prospectus the following expressions have the meanings set out below:

$	All dollar amounts are in Australian dollars, unless otherwise stated
1H	Six months to 31 December
2H	Six months to 30 June
2005 Notes	Unsecured Notes, issued pursuant to the 2005 Note Deed dated 18 November 2002 which mature on 30 June 2005
2006 Notes	Unsecured Notes, issued pursuant to the 2006 Note Deed dated 20 February 2001, which mature on 30 June 2006
2005 Note Deed	The Trust Deed between Becton Developments and the Trustee dated 18 November 2002 in relation to the 2005 Notes
2006 Note Deed	The Trust Deed between Becton Developments and the Trustee dated 20 February 2001 in relation to the 2006 Notes
2005 Performance Notes	The Performance Notes issued by Becton Constructions with a maturity date of 30 June 2005
2006 Performance Notes	The Performance Notes issued by Becton Constructions with a maturity date of 30 June 2006
AAPC Asia Group	Accor Asia SA and its subsidiaries
AAPC Asia Pacific	AAPC Australia Group and AAPC Asia Group
AAPC Australia Group	AAPC Ltd. ACN 009 175 820 and its subsidiaries
AASB	Australian Accounting Standards Board
ABN	Australian business number
Accor Resorts	Accor Resorts Management Pty Ltd ACN 009 130 161
ACN	Australian company number
AFSL	Australian Financial Services Licence
AGAAP	Australian Accounting Standards, Urgent Issues Group Consensus Views and other mandatory professional reporting requirements
AGM	Annual General Meeting
A-IFRS	Australian equivalents to International Financial Reporting Standards
Applicant	A person who submits an Application Form
Application	An application to acquire a specific number of Securities pursuant to this Prospectus
Application Form	An application form attached to or accompanying this Prospectus for investors to apply for Securities under the Offer
Application Monies	Money submitted by Applicants in respect of their Application
APVC	Accor Première Vacation Club, a joint venture between Accor Resorts and Becton Resorts
APX Business Rules	The Business Rules issued by APX
APX Listing Rules	The Listees' Listing Standards issued by APX
APX or Australia Pacific Exchange	Australia Pacific Exchange Limited ABN 19 080 399 220 or a market operated by that company
ASIC	Australian Securities and Investments Commission

ASTC Settlement Rules	The rules issued by ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532
ASX Listing Rules	The Listing Rules of ASX
ASX or Australian Stock Exchange	Australian Stock Exchange Limited
Becton	Becton Pty Ltd ACN 108 790 594
Becton Constructions	Becton Construction Services Pty Ltd ACN 054 510 486, the trustee of the Becton Construction Services Trust, and where relevant includes other entities in Becton Group carrying on the development and construction business of Becton Group
Becton Construction Services Trust	Becton Construction Services Trust constituted by the Trust Deed dated 10 January 1992 between Becton Group Holdings Pty Ltd and Becton Construction Services Pty Ltd ACN 054 510 486 as trustee for Becton Constructions Services Trust
Becton Developments	Becton Developments Limited ABN 095 067 771
Becton Executive Directors	The executive directors of Becton being Max Beck, Hamish Macdonald, Mark Taylor, Paul Briggs, Bruno Santi and Barry Shepherd
BGHT	Becton Group Holdings Trust
Becton Group	Becton and all of its Subsidiaries as at the date of this Prospectus
Becton Investment Management or BIM	Becton Investment Management Limited ABN 62 090 939 192, Becton's specialist property funds management business, and where relevant includes other entities in Becton Group carrying on the funds management business of Becton Group
Becton Property Group	The group of companies comprising Becton Developments and Becton Group following the Merger, of which Becton Developments is the parent entity
Becton Living	The retirement business operated through Classic Residences
Becton Resorts	Becton Resort Developments Pty Ltd ACN 092 451 351
Becton Transfer Agreement	The agreement dated 30 June 2004 between the Becton Vendors, Becton Developments, Becton Group Holdings Pty Ltd and others in relation to the insertion of Becton into the holding structure of Becton Group as described in section 10.5.4
Becton Vendors	The beneficial owners of Becton being entities associated with the Becton Executive Directors
Becton Vendor Voluntary Restriction Deed	The voluntary restriction deed described in sections 2.9(a) and 10.5.2(a).
Board	The board of directors of Becton Developments
Bongiorno Enterprises	Bongiorno (Aust) Pty Ltd ACN 005 529 742, as trustee of the BG Family Trust (an entity associated with Joe Bongiorno)
Broker Firm Applicant	An Applicant who has received a firm allocation of Securities from the Underwriter (or a broker appointed by the Underwriter)
Broker Firm Offer	The offer of Securities under this prospectus to Australian resident retail clients of the Underwriter or a broker appointed by the Underwriter as described in section 2.7(a)
Business Day	Has the meaning given in the APX Listing Rules
CHESS	Clearing House Electronic Sub-register System operated by ASX Settlement and Transfer Corporation Pty Limited ABN 49 008 504 532
CHESS Approved Securities	Has the meaning given to it in the ASTC Settlement Rules

Glossary of Terms (Cont'd)

Classic Residences	Classic Residences Pty Ltd ACN 089 137 977 and where relevant includes other entities in Becton Group carrying on the retirement business of Becton Group
Closing Date	The date the Offer closes being 24 June 2005
Company	Becton Developments Limited ABN 64 095 067 771
Complying Superannuation Fund Shareholders	Shareholders who are complying superannuation funds
Constitution	The constitution of the Company
Conversion	The conversion of the Convertible Notes into Shares and the issue of Shares to the Holder
Convertible Note Deed	The Trust Deed between Becton Developments and the Trustee dated 19 May 2005 in relation to Convertible Notes
Convertible Note Offer Price	$0.65 per Convertible Note
Convertible Notes	A convertible note issued by Becton Developments pursuant to the terms of issue set out in Appendix A of this Prospectus
Convertible Noteholder	A holder of Convertible Notes in Becton Developments
Corporate Shareholders	Shareholders who are companies
Corporations Act	The Corporations Act 2001 (Cth) for the time being in force together with the regulations of the Corporations Act
Directors	The directors of the Company
Directors' Convertible Notes	The converting notes issued by Becton to the Becton Vendors
DMF	Deferred management fees as referred to in section 4.7.
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EEA	The executive employment agreements referred to in section 10.7.2
Eligible Employee	An employee of Becton employed as at 29 April 2005 eligible to participate in the Employee Gift Share Offer as determined by the Board
Eligible Investors	An investor in a managed investment scheme as at 29 April 2005 (of which Becton Investment Management or a subsidiary is the responsible entity) eligible to participate in the Priority Offer
Eligible Participants	Eligible Shareholders, Eligible Note Holders, Eligible Investors and Eligible Employees and other persons as determined by the Directors at their discretion
Eligible Note Holders	Investors registered as the holders of Unsecured Notes as at 29 April 2005 eligible to participate in the Priority Offer
Eligible Shareholders	Investors registered as the holders of Shares in Becton Developments as at 29 April 2005 eligible to participate in the Priority Offer
Employee Gift Offer Shares	The Shares being offered to Becton employees under the Employee Gift Share Offer
Employee Gift Share Offer	The Offer of Shares to Eligible Employees as determined by the Directors at their discretion
EPS	Earnings per share
Explanatory Memorandum	The information document accompanying the notice of meeting to Shareholders for a Shareholders meeting on 21 June 2005

Exposure Period	The period commencing on the date of lodgement of the prospectus dated 20 May 2005 with ASIC and ending seven days after lodgement unless the period is extended by ASIC up to a further seven days
Forecast	The forecast statement of financial performance for the year ending 30 June 2006 as if the Merger was effective from 1 July 2005
Forecast Period	The period from 1 July 2004 to 30 June 2006
Forecasts	The financial forecasts for Becton Developments for the financial year ended 30 June 2006 detailed in section 7
FUM	Funds under management
FY	Financial Year ended 30 June
Gift Offer Employee	A Becton employee offered Shares under the Employee Gift Share Offer described in section 2.7(d) in accordance with the Gift Plan rules, described in section 10.4
Gift Plan	The employee gift plan described in section 10.4
GST	Any goods and services tax, consumption tax, value added tax or any similar impost or duty which is or may be levied or become payable in connection with the supply of goods or services
HIN	holder identification number.
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Independent Expert	Horwath Corporate Advisory (Vic) Pty Ltd
Independent Expert's Report	The report dated 20 May 2005 referred to in section 5.4 of this Prospectus
Institutional Offer	The invitation to institutional and professional investors under this Prospectus, as set out in section 2.7(b)
Investigating Accountant	PricewaterhouseCoopers Securities Limited
Investigating Accountant's Report	The Investigating Accountant's report on historical and forecast financial information in section 8
Investment Manager	Becton Investment Management Limited ABN 62 090 939 192
Knight Frank Valuation Report	The valuation report prepared by Knight Frank Valuation Services (Vic) Pty Ltd in respect of Classic Residences Brighton and Menzies Malvern and relied upon by the Independent Expert.
Listing Date	The first date on which the Shares and Convertible Notes trade on the ASX, anticipated to be 8 July 2005
Merger	The merger of Becton Developments and Becton implemented by Becton Developments acquiring all of the issued shares in Becton held by the Becton Vendors and the issue of Shares as consideration as documented in the Share Sale Agreement described in section 10.5.3
Minimum Application	4,000 Shares or 10,000 Convertible Notes under the Broker Firm Offer, Institutional Offer and Priority Offer
Note Deeds	The 2005 Note Deed and the 2006 Note Deed
Notes	Unsecured Notes and Convertible Notes
NPAT	Net profit after income tax

Glossary of Terms (Cont'd)

Offer	The invitation by Becton Developments to subscribe for Shares and/or Convertible Notes pursuant to this prospectus comprising the Underwritten Offer and the Oversubscription Facility
Offer Period	The period commencing on the Opening Date and ending on the Closing Date
Official List	The official list of the ASX
Opening Date	The date the Offer opens being Monday, 6 June 2005
Oversubscription Facility	Means the ability of the Company to accept Applications for an additional 60 million Shares and 15,384,615 Convertible Notes as referred to in section 2.7(h)
Performance Notes	The 2005 Performance Notes and the 2006 Performance Notes issued by Becton Constructions pursuant to the Performance Note Deed
Performance Note Deed	The Performance Note Deed entered into by Becton Constructions in favour of each person who is registered as a holder of Performance Notes dated 20 February 2001 and the Deed of Variation dated 13 August 2003
Performance Noteholders	The holders of the 2005 Performance Notes and the 2006 Performance Notes
Priority Application Form	The personalised Application Form accompanying this Prospectus to be provided to Eligible Participants in the Priority Offer
Priority Allocation	The number of Securities to be allocated to Eligible Participants as determined by the Directors at their discretion
Priority Offer	The priority offer of Securities to Eligible Participants as described in section 2.7(c)
Pro-forma Merged Forecast	The aggregated pro-forma forecast statement of financial performance for the year ending 30 June 2005 of Becton Developments and Becton comprising the actual results for the six months ended 31 December 2004 and the forecast results for the six months ending 30 June 2005 as if the two entities were merged from 1 July 2004
Pro-forma Merged Historicals	The aggregated pro-forma historical statements of financial performance for the years ended 30 June 2003 and 30 June 2004 of Becton Developments and Becton as if the two entities were merged from 1 July 2002
Pro-forma Merged Statement of Financial Position	The statement of financial position as at 31 December 2004 of Becton Developments and Becton as if the Merger and the Offer had been completed on 31 December 2004 and the pro-forma adjustments set out in 7 had been made
Proposed Transaction	The Merger
Prospectus	This prospectus dated 3 June 2005
Responsible Entity	The operator of a Managed Investment Scheme as defined in chapter 5C of the Corporations Act
Required Approvals	The approvals required to be provided by Shareholders at the extraordinary general meeting on Tuesday, 21 June 2005 for the Merger and Offer to proceed
SCH	Securities Clearing House
Securities	Shares and Convertible Notes
Share Offer Price	$0.50 per Share
Share Registry	ASX Perpetual Registrars Limited ABN 54 083 214 537
Share	An ordinary share in Becton Developments
Shareholder	A holder of Shares in Becton Developments

Share Sale Agreement	The agreement dated 19 May 2005 between Becton Developments, the Becton Vendors and others pursuant to which the Merger is implemented
Share Sale Escrow Arrangements	The escrow arrangements contained in the Share Sale Agreement as described in sections 2.9(b) and 10.5.2(b)
SRN	Security holder registration number
Subsidiaries	Has the meaning given to it in the Corporations Act
Tax Act	Collectively, the Income Tax Assessment Act 1936 (Cth), the Income Tax Assessment Act 1997 (Cth) and the Income Tax Rates Act 1986 (Cth)
Tax Law	Australian income tax legislation and established interpretations of that legislation
Trustee	Sandhurst Trustees Limited ABN 16 004 030 737, being the trustee in relation to the Unsecured Notes and the Convertible Notes
Underwritten Offer	The underwritten component of the Offer comprising the offer of 30 million Shares and 15,384,615 Convertible Notes.
Underwriter	Austock Corporate Finance Limited
Underwriting Agreement	The agreement between the Underwriter and Becton Developments dated 19 May 2005 described in section 10.5.1
Unsecured Noteholders	Holders of Unsecured Notes
Unsecured Notes	2005 Notes and 2006 Notes
VWAP	Volume weighted average price

Annexures

Annexure A
Convertible Note Terms

1 General

1.1 Definitions

In these Terms of Issue:

APX means Australia Pacific Exchange Limited or any successor body;

APX Listing Standards means the listee's listing standards of the APX and any other rules of the APX which are applicable while any Notes are quoted on the APX, each as amended or replaced from time to time, except to the extent of any express written waiver by the APX;

ASTC Settlement Rules means the operating rules of the ASX Settlement and Transfer Corporation Pty Limited.

ASX means Australian Stock Exchange Limited;

ASX Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while the Borrower is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX;

Bonus Issue means an issue of any securities by way of capitalisation of profits, reserves or capital redemption reserve fund of the Company but excludes any issue of securities made in place of a cash payment as a dividend under the Constitution;

Bonus Securities means Securities issued under a Bonus Issue;

Business Day has the same meaning as in the Listing Rules;

Company means Becton Developments Limited ACN 095 067 771;

Company Value means a valuation of the Company by a qualified independent valuer appointed by the Company, including a broker, financial institution or independent securities pricing service. The Company must determine the method of valuation for any type of asset held by the Company consistent with normal industry practices;

Constitution means the constitution of the Company, as amended from time to time;

Conversion means, in relation to Notes, the Redemption of the Notes by repayment of the Face Value of the Notes and the simultaneous application of the Redemption Proceeds of the Notes (less any payment made pursuant to clause 4(f)) in subscribing for Shares with one Share to be issued for each Note that is Redeemed, and **Convertible**, **Convert** and **Converted** have corresponding meanings;

Conversion Date means any of 30 June and 31 December of each year from 30 June 2007 until the Maturity Date (inclusive);

Corporations Act means the Corporations Act 2001 (Cth);

CS facility licensee means a person holding an Australian CS facility licence and, where the case requires, includes an agent appointed by the CS facility licensee;

Early Redemption Event means each of the following:

(a) a take-over bid (within the meaning of the Corporations Act) is made for all or a portion (being not less than 50%) of the Shares and the bid is, or becomes, unconditional and:

   (1) the bidder becomes entitled to at least 50% of the Shares on issue; or

   (2) the Company issues a statement recommending acceptance of the bid;

(b) a court approved scheme of arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person becoming entitled to more than 50% of the Shares; and

(c) the occurrence of an Accounting Event or a Tax Event, where:

   (1) an Accounting Event occurs if the Directors resolve on reasonable grounds (having obtained an opinion from a reputable independent adviser) that a change in Australian generally accepted accounting principles has occurred on or after the Issue Date and that change will materially increase the net costs to the Company of having the Notes on issue;

Annexure A (Cont'd)

(2) a Tax Event occurs if the Directors resolve on reasonable grounds (having obtained an opinion from a reputable legal counsel or tax adviser) that a change in any taxation law, interpretation or ruling issued by any relevant governmental body has occurred (or is announced) on or after the Issue Date and that change will materially increase the net costs to the Company of having the Notes on issue (having regard to any tax deductions available to the Company in connection with the payment of interest);

Event of Default means each of the following:

(a) the Company fails to pay interest payments on the Notes in accordance with clause 3 for two consecutive Interest Payment Dates;

(b) the Shareholders of the Company resolve in general meeting that the Company be wound up;

(c) a provisional liquidator is appointed to the Company;

(d) a court makes an order for the winding-up of the Company (other than an application which is being contested in good faith and is dismissed, set aside or withdrawn within 14 days);

(e) an administrator of the Company is appointed under sections 436A, 436B or 436C of the Corporations Act;

(f) the Company executes a deed of arrangement with its creditors generally;

(g) the Shares are suspended from trading on a Prescribed Financial Market for more than 20 consecutive Business Days;

(h) the Company announces to the Prescribed Financial Market its intention to sell all, or substantially all, of its businesses, undertakings or assets;

(i) a take-over bid (within the meaning of the Corporations Act) is made for all or a portion (being not less than 50%) of the Shares and the bid is, or becomes, unconditional and:

(1) the bidder becomes entitled to at least 50% of the Shares on issue; or

(2) the Company issues a statement recommending acceptance of the bid; and

(j) a court approves a scheme of arrangement under Part 5.1 of the Corporations Act which, when implemented, will result in a person becoming entitled to more than 50% of the Shares;

Face Value means $0.65 per Note;

Governmental Agency means a government or a governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity;

Issue Date means, in relation to Notes, the date on which the Notes are issued;

Listing Rules means, as applicable:

(a) while the Borrower is admitted to and not removed from the official list of ASX, the ASX Listing Rules and;

(b) while the Borrower is admitted to and not removed from the official list of APX, the APX Listing Standards.

Maturity Date means 30 June 2010 for those Notes which have not been Converted or Redeemed;

Note means an unsecured redeemable note issued by the Company Convertible into a Share, in accordance with these Terms of Issue and the Trust Deed;

Note Certificate means a certificate in respect of Notes;

Noteholder means a person who is entered in the Register as the holder of a Note;

Operating Rules means, as applicable:

(a) while the Borrower is admitted to and not removed from the official list of APX, the operating rules of a CS facility licensee approved by the Trustee that provides a regular mechanism for parties to transactions relating to Notes to meet obligations to each other, as amended or replaced from time to time; and

(b) while the Borrower is admitted to and not removed from the official list of ASX, the ASTC Settlement Rules.

Prescribed Financial Market means:

(a) APX; or

(b) ASX; or

(c) any other financial market approved by the Trustee on which the Notes are quoted at any time and from time to time;

Redemption means the redemption of the Notes by repayment of the Face Value and **Redeem** and **Redeemed** have corresponding meanings;

Redemption Proceeds has the meaning given in clause 8(f);

Register means the register of Noteholders established under clause 18.1 of the Trust Deed and, where appropriate, includes:

(a) a sub-register conducted by or for the Company pursuant to the Corporations Act, Listing Rules or Operating Rules; and

(b) any branch register;

Share means a fully paid ordinary share in the Company;

Share Price means the price of a Share on APX;

Shareholder means the holder of a Share;

Securities includes Shares, units, notes, debenture stock, and any option or right to subscribe for any of them;

Terms of Issue means these Note terms of issue;

Trust Deed means the trust deed of which these Terms of Issue form a part between the Company and the Trustee; and

Trustee means Sandhurst Trustees Limited ABN 16 004 030 737, the trustee for the Noteholders under the Trust Deed, or any replacement trustee under the Trust Deed.

1.2 Interpretation

(a) Unless the context otherwise requires or a contrary intention is indicated, these Terms of Issue shall be interpreted in accordance with the Trust Deed, and any terms defined in the Trust Deed shall have the same meanings when used in these Terms of Issue.

(b) If the time for performance of an act under these Terms of Issue falls on a day which is not a Business Day, the time for performing that act to be done on that day will be extended to the next succeeding Business Day subject to the Listing Rules and Operating Rules.

2 General Terms

Each Note:

(a) is issued at the Face Value;

(b) is issued subject to the Listing Rules;

(c) bears interest under clause 3;

(d) is Convertible into Shares in the manner and at the times provided by clause 4; and

(e) is Redeemable in accordance with clause 8.

3 Interest

(a) Each Note will bear interest from the Issue Date at a rate of 9.5% per annum.

(b) Interest accrues and will be calculated daily, compounded annually (in the event that interest is unpaid) and payable on the principal from and including the Issue Date until and including the date of Conversion or Redemption.

(c) Interest will be payable rounded to the nearest cent to the Noteholder.

(d) Interest is payable to the Noteholder in arrears on 30 June and 31 December each year until Conversion or Redemption, with the first payment for the period commencing on the Issue Date and ending on 31 December 2005 (Interest Payment Date). The Company must pay the interest to the Noteholder on an Interest Payment Date, such payment to be made within 7 days of the Interest Payment Date. Accrued but unpaid interest (if any) will be paid to the Noteholder on Conversion or Redemption.

4 Conversion

(a) The Notes are Convertible into Shares credited as fully paid upon the Noteholder giving to the Company written notice requiring the Company to Convert the Notes, not less than 14 days prior to the Conversion Date.

(b) Within 3 Business Days after the Conversion Date of Notes, in relation to which notice was given under clause 4(a), the Company will issue new Shares to the (former) Noteholder on the basis of one Share per Note Converted.

(c) Each Share issued on Conversion of a Note will rank equally with all existing ordinary Shares in the

Annexures (Cont'd)

Company then on issue, except that they will not be entitled to any dividend that has been declared or determined but not paid as at the Conversion Date.

(d) Fractional entitlements to Shares will be rounded up on Conversion.

(e) The Company will pay the (former) Noteholder on the Conversion Date any interest that is accrued and unpaid at the Conversion Date.

(f) In the event that the Face Value is in excess of the volume weighted average price of the Shares over a period of 20 Business Days ending on the date that the written notice is given pursuant to clause 4(a) or clause 8(a) (as the case may be) then the Company may elect at its absolute discretion to pay to the relevant Noteholder, in addition to the issue of one Share per Note, the value of such excess in respect of the Notes that are to be Converted. If the Company so elects, the Company will notify the relevant Noteholder in writing and pay the relevant Noteholder such excess in cash and such payment must be made out of the Redemption Proceeds and the Redemption Proceeds to be applied in subscribing for Shares pursuant to the Conversion will be accordingly reduced.

5 Bonus Issues

(a) Subject to clauses 1, 3, 4 and 6, if at any time after the Issue Date, the Company makes a Bonus Issue and allots Bonus Securities, then the Company must allot to the Noteholder on Conversion of the Notes, Bonus Securities of the number which the Noteholder would have been entitled to receive by way of participation in the allotment of Bonus Securities if it had Converted the Notes into Shares:

(1) immediately before the allotment of Bonus Securities; or

(2) if before the Conversion of that Note there has been more than one allotment of Bonus Securities, immediately before the first allotment of Bonus Securities, and had retained all the Shares issued on Conversion together with all the Bonus Securities which would have been issued to it under the clause following the first allotment.

(b) Fractional entitlements are disregarded for the purposes of this clause 5.

(c) Each Bonus Security issued to the Noteholder under this clause ranks pari passu with the then existing Shares.

(d) This clause 5 will continue to apply in respect of each Bonus Issue and each Conversion.

6 No Adjustments

It is agreed and acknowledged by the Noteholder that the Notes are issued on the basis that no adjustment is required to be made by the Company under clause 5 in respect of the issue or Conversion of Securities in respect of any Shares or other Securities issued as consideration:

(a) for the acquisition of any assets on an arms length basis;

(b) under any employee or executive security plan, executive option plan, security top up plan, distribution reinvestment scheme; or

(c) in relation to any securities which have been issued or agreed or committed by the Company to be issued on or prior to the Issue Date and disclosed in a prospectus for the issue of Notes.

7 Issue of Shares on Conversion

(a) Upon Conversion, the Company must allot and issue to the Noteholder the Shares to which the Noteholder is entitled in respect of that Conversion.

(b) All Shares issued to the Noteholder on Conversion of Notes must be issued fully paid.

(c) Subject to clause 4(c) the Shares issued on Conversion will rank pari passu in all respects with the then issued Shares.

(d) The Company will apply for official quotation with the Prescribed Financial Market of any Shares issued on Conversion within 3 Business Days after the effective date of Conversion.

(e) Subject to clause 11, if the Notes are certificated, the Noteholder must deliver to the Company the certificates relating to any Notes prior to Conversion of those Notes.

(f) If the Notes are certificated and if any certificate relating to Notes is lost, stolen, mutilated, defaced or destroyed it may be replaced at the registered office of the Company on such terms as to evidence, indemnity and security as the Company may reasonably require.

(g) Mutilated or defaced certificates relating to Notes must be surrendered before replacements will be issued.

8 Redemption and Events of Default

(a) If an Event of Default occurs and is subsisting, a Noteholder may issue a written notice to the Company requiring the Event of Default to be remedied. If the Event of Default has not been remedied to the reasonable satisfaction of the Noteholder within 21 days after the Noteholder issues such written notice to the Company, then the Noteholder may (at any time thereafter) and provided that such Event of Default is subsisting, request the Redemption or Conversion of some or all of the Notes (other than Notes that have already been Converted) (in one or more tranches) and the provisions of Clauses 8(d) to 8(j) will apply to that Redemption or Conversion, as the case may be. If the Event of Default that occurs is an item listed in paragraph (i) or (j) of the definition of Event of Default then the Noteholder does not need to issue a written notice to the Company requiring the Event of Default to be remedied and the 21 day period referred to above will not apply. The Company will retain the discretion as to whether Notes will be Redeemed or Converted (or a combination of both) pursuant to a Noteholder request for Redemption or Conversion but only if the Event of Default that occurs is not an item listed in paragraph (i) or (j) of the definition of Event of Default. If the Event of Default that occurs is an item listed in paragraph (i) or (j) of the definition of Event of Default then the Company must Convert the Notes pursuant to a Noteholder request if the Noteholder so elects.

(b) On the Maturity Date, the Company must Redeem the Notes if they have not been otherwise Converted or Redeemed.

(c) On a winding up of the Company, the Company must Redeem all of the Notes that are on issue at the time.

(d) Within 3 Business Days after the occurrence of an Early Redemption Event, the Company, in its absolute discretion may give notice of its intention to Redeem the Notes by giving the Noteholders written notice (**Early Redemption Event Notice**). However, if the Early Redemption Event that occurs is an item listed in paragraphs (a) or (b) of the definition of Early Redemption Event then the Early Redemption Event Notice provided by the Company must specify that Redemption of the Notes specified in the notice will not occur earlier than the date which is 21 days after the date of such notice, and that Noteholders may during that time issue a written notice to the Company electing that some or all of the Notes be Converted (in lieu of redemption). If the Company receives such a notice from a Noteholder then the Company must Convert all Notes specified in such a notice and must Redeem the remainder of the Notes (if any) that were specified in the Company's original written notice, in each case within 28 days after the date of the Early Redemption Event Notice. If the Company does not receive such notice from the Noteholder then the Company must Redeem the Notes specified in the Early Redemption Event Notice within 28 after the date of the Early Redemption Event Notice.

(e) The Company must Redeem or Convert all Notes specified in a valid notice issued by the Noteholder under clause 8(a) within 21 days after delivery of that notice.

(f) On Redemption the Company must pay to the Noteholder the Redemption Proceeds, being:

(1) an amount equal to any interest and other money:

(A) which is due but not yet payable in respect of the relevant Notes; or

(B) which is due and payable in respect of the relevant Notes but has not yet been paid; and

(2) an amount equal to the Face Value of each relevant Note.

(g) The Company may not Redeem any Note prior to the

Annexures (Cont'd)

Maturity Date, except:

(1) on Conversion;

(2) with the prior written agreement of the Noteholder; or

(3) in accordance with clauses 8(a) to 8(f).

(h) On Redemption, if the Notes are certificated, the Noteholder must deliver to the Company the certificates relating to the Notes held by the Noteholder that are being Redeemed.

(i) On Redemption, if the Notes are certificated, if not all Notes to which a certificate relates are being Redeemed, the Company must execute and deliver to the Noteholder a certificate in respect of the balance of the Notes not being Redeemed.

(j) A request by the Noteholder to Redeem some (but not all) of the Notes will not prevent the Noteholder from subsequently electing on one or more occasions to require the Redemption of other Notes in accordance with - and, for the avoidance of doubt, within the timeframes specified in - clause 8(a).

9 Ranking

On winding up of the Company, Notes will rank for repayment of principal and unpaid interest behind secured creditors but ahead of all shares in the capital of the Company. Notes will rank equally with all other unsecured creditors.

10 Voting Rights

The Noteholder is not entitled to vote at a general meeting of the members of the Company.

11 General

(a) Time is of the essence of the Company's obligations under these Terms of Issue unless otherwise agreed in writing by the Noteholder.

(b) Any amount which is payable to Noteholders in respect of the Notes in accordance with these Conditions will, unless the Company and the Noteholder otherwise agree, be paid by direct credit to a nominated account at an Australian financial institution.

(c) Application will be made for the Notes to be quoted on the official list of APX or ASX within 7 days of the date of the Prospectus.

(d) All Notes Redeemed or Converted by the Company in accordance with these Terms of Issue will be cancelled and may not be reissued.

(e) Where Notes are held by, or on behalf of, a person resident outside the Commonwealth of Australia, then despite anything to the contrary contained in or implied by these Terms of Issue, it is a condition precedent to any right of the Noteholder:

(i) to receive payment of any moneys in respect of those Notes; or

(ii) to obtain Shares on Conversion of those Notes,

that all necessary authorisations (if any) and any other statutory requirements which may then be in existence are obtained at the cost of the Noteholder and satisfied. For these purposes, an 'authorisation' includes any consent, registration, filing, lodgement, permit, agreement, certificate, permission, approval, declaration, authority or exemption from, by or with any government or any governmental agency.

12 Holding statements and certificates

12.1 Uncertificated holdings and holding statements

The Directors may determine not to issue Note Certificates where not contrary to the Corporations Act, the Listing Rules and the Operating Rules. Where the Directors have made such a determination, a Noteholder will be entitled to receive statements of the holdings of Notes of the Noteholder as the Company is required to give pursuant to the Corporations Act, the Listing Rules and the Operating Rules.

12.2 Cancellation of Note Certificates

The ranking of the Notes will in no way be affected by the cancellation of any Note Certificate on which they were originally included or of any subsequent Note Certificate on which they were included.

13 Transfer of notes

13.1 Forms of transfer

A Noteholder may transfer any Notes the Noteholder holds by:

(a) a written instrument of transfer in any usual form or in any other form approved by either the directors or the Prescribed Financial Market, that is otherwise permitted by law; or

(b) any other method of transferring or dealing in Notes introduced by the Prescribed Financial Market or operated in accordance with the Operating Rules or Listing Rules and, in any such case, recognised under the Corporations Act.

13.2 Registration of transfer

A transferor of Notes remains the owner of the Notes transferred until the transfer is registered and the name of the transferee entered in the Register and the transferee of Notes on being entered on the Register shall have all the rights and obligations which the transferor had and all the rights and obligations of a Noteholder under these Terms of Issue.

13.3 Requirements for written instruments of transfer

The following provisions apply to instruments of transfer referred to in clause 13.1(a):

(a) unless the instrument of transfer is otherwise a sufficient transfer under the Corporations Act, the instrument will be signed by, or executed by or on behalf of:

(i) the transferor; and

(ii) if required by the Company, the transferee;

(b) the instrument of transfer duly stamped will be left at the place where the Register is kept, accompanied by the Note Certificate (if any) in respect of the Notes to be transferred and such other evidence as the directors require to prove the transferor's titles to, or right to transfer, the Notes;

(c) the instrument of transfer must be endorsed or accompanied by an instrument executed by the transferee to the effect that the transferee agrees to accept the Notes subject to the terms and conditions on which the transferor held them, to become a Noteholder and to be bound by the Trust Deed and these Terms of Issue; and

(d) on registration of a transfer of Notes, the Company will cancel the old Note Certificate (if any).

13.4 Directors to register transfers

Subject to clauses 13.3 and 13.5, the directors will not refuse to register or fail to register or give effect to a transfer of Notes.

13.5 Refusal to register transfers

(a) The directors may refuse to register any transfer of Notes where the Listing Rules or (if applicable) Operating Standards permit the Company to do so.

(b) The directors will refuse to register any transfer of Notes where the Corporations Act or the Listing Rules or (if applicable) the Operating Standards require the Company to do so, or the transfer is in breach of the Listing Rules.

13.6 Notice of refusal to register

(a) Where the directors refuse to register a transfer of Notes under clause 13.5, the Company will give written notice of the refusal and the reasons for the refusal to the transferee and the person who lodged the transfer, if not the transferee, within 5 Business Days after the date on which the transfer was lodged with the Company.

(b) Failure by the Company to give notice under clause 13.6(a) will not invalidate the refusal to register the transfer in any way.

14 Indemnity to the Issuer

14.1 Indemnity

Whenever in consequence of:

(a) the death of a Noteholder;

(b) the non-payment of any income Tax or other Tax payable by a Noteholder;

Annexures (Cont'd)

(c) the non-payment of any stamp or other duty by the legal personal representatives of a Noteholder or his estate; or

(d) any other act or thing in relation to a Note or a Noteholder,

any law for the time being of any country or place, in respect of a Note, imposes or purports to impose any liability of any nature whatever on the Company to make any payments to any Governmental Agency, the Company will in respect of that liability be indemnified by that Noteholder and his legal personal representatives and any moneys paid by the Company in respect of that liability may be recovered from the Noteholder and/or the Noteholder's legal personal representative as a debt due to the Company and the Company will have a lien in respect of those moneys upon the Notes held by that Noteholder or his legal personal representatives and upon any moneys payable in respect thereof.

14.2 No prejudice

Nothing in clause 14.1 will prejudice or affect any right or remedy which any such law may confer or purport to confer on the Company.

Rules Relating to Meetings of Noteholders

1 Power to call meetings

1.1 Ability to convene meetings

Each of the Trustee or the Borrower may at any time call a meeting of Noteholders.

1.2 Borrower's duty to call meeting

On request in writing of the Noteholders representing not less than 10% of the Principal Amount of all Notes, the Borrower must call a meeting of Noteholders by giving notice to the Trustee, Auditor and each Noteholder at the Noteholder's address as specified in the Note Register:

(a) to consider the financial statements that were laid before the last preceding annual general meeting of the Borrower; or

(b) to give to the Trustee directions in relation to the exercise of the Trustee's powers.

2 How to call meeting

2.1 Period of notice

At least 10 Business Days notice (15 Business Days notice for a Special Resolution) exclusive of the day on which the notice is served or deemed to be served and of the day for which it is given, of every meeting is to be given to the Noteholders.

2.2 Contents of notice

The notice must specify the place day and hour of meeting and the general nature of the business to be transacted but it is not necessary to specify in the notice the precise terms of the resolutions to be proposed. A copy of the notice shall be sent by post to the Trustee unless the meeting is called by the Trustee and to the Borrower unless called by the Borrower.

2.3 Omission to give notice

Accidental omission to give notice to, or the non-receipt of notice by, a Noteholder does not invalidate the meeting nor any resolution passed at a meeting.

2.4 Postal ballot

Any meeting of Noteholders may be conducted by postal ballot in accordance with such arrangements as the Borrower may determine and the Trustee approve reflecting (unless the Trustee and the Borrower agree otherwise), as closely as may be practicable, the provisions of this Schedule 2.

2.5 Location of meetings

All meetings of Noteholders must be held in the Jurisdiction unless the Borrower and the Trustee agree otherwise.

3 Proceedings at meeting

3.1 Quorum

The quorum for any meeting is two Noteholders present in person or by attorney or by proxy or being a corporation by proxy or by attorney or by duly authorised representative holding (in aggregate) Notes representing 10% of the Principal Amount of the Notes when the meeting begins. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business.

3.2 No quorum

If a quorum is not present within half an hour from the time appointed for the meeting then the meeting if called upon the request of Noteholders shall be dissolved. In any other case it shall stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairperson. At such an adjourned meeting the Noteholders present and entitled to vote whatever the value of the Notes held by them shall be a quorum for the transaction of business.

3.3 Chairperson

The Trustee may nominate the chairperson, who need not be a Noteholder, of any Meeting (**Chairperson**) but who may be the chairperson of the Borrower or any other executive officer of the Borrower.

3.4 Adjournment

The Chairperson may with the consent of a Resolution of Noteholders of any meeting at which a quorum is present (such consent being obtained if the Chairperson so requires on a poll) and shall (if directed by a Resolution of Noteholders on a poll) adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

3.5 Minutes

Minutes of a meeting signed by the Chairperson constitute conclusive evidence of the proceedings of the meeting.

4 Voting

4.1 Show of hands

At any meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairperson or in writing by one or more Noteholders present in person or by proxy and holding or representing 5% of the Principal Amount. Unless a poll is so demanded a declaration by the Chairperson that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

4.2 Poll

If a poll is duly demanded it shall be taken in such manner as the Chairperson may direct and the result of such a poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

4.3 Conduct of Poll

A poll demanded on the election of a Chairperson or on a question of adjournment shall be taken at the meeting without adjournment. A poll demanded on any other question shall be taken either immediately or at such time (not being more than thirty days from the date of the meeting) and place as the Chairperson may direct.
No notice need be given of a poll not taken immediately. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

4.4 Number of votes

On a show of hands every Noteholder who being an individual is present in person or by proxy or attorney or being a corporation is present by proxy or attorney or by its authorised representative shall have one vote and on a poll every Noteholder who is present in person or by attorney or by proxy shall have one vote for every Note with respect to which it is the registered holder. A Noteholder entitled to more than one vote need not use all its votes or cast all the votes it uses in the same way.

4.5 Joint holders

In the case of joint registered holders of Notes, the joint Noteholder first named in the Note Register (or if that person does not vote, the next named joint Noteholder, or if that person does not vote, the next named and so forth) may exercise the voting rights of jointly held Notes.

4.6 Casting Vote

If votes are equal, whether on a show of hands or on a poll, the Chairperson has a casting vote in addition to the vote or votes (if any) to which the Chairperson is otherwise entitled.

5 Proxies

5.1 Instrument appointing proxy

An instrument appointing a proxy shall be in writing under the hand of the appointor or of its attorney duly authorised in writing or if the appointor is a corporation either under its common seal or under the hand of an officer or attorney so authorised.

5.2 Proxy need not be Noteholder

A person appointed to act as a proxy need not be a Noteholder.

5.3 Deposit of Proxy

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a duly certified copy of such power or authority shall be deposited at such places in the Jurisdiction as the Trustee or the Borrower, with the approval of the Trustee may in the notice convening the meeting direct or if no such place is appointed then at the office of the Trustee in the Jurisdiction not less than 48 hours before the time appointed for holding the meeting or adjourned meeting (or in the case of a poll before the time appointed for taking of the poll) at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date named in it as the date of its execution.

5.4 Form of Proxy

An instrument of proxy may be in the usual common form or in such other form as the Borrower and the Trustee shall approve. The proxy shall be deemed to include the right to demand or join in demanding a poll. A proxy shall unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.

5.5 Validity of vote

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Notes in respect of which the proxy is given provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Borrower, at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

6 Noteholders bound

A Resolution of the Noteholders or a Special Resolution passed at a meeting of the Noteholders duly called and held (or by way of postal ballot) in accordance with this Schedule [1] shall be binding upon all the Noteholders whether or not present at the meeting and each of the Noteholders shall be bound to give effect thereto accordingly.

7 Interpretation

Words and expressions defined in the Deed have the same meaning in this Schedule 2 [1], unless the context otherwise requires.

Note:

1 These are references to the schedule to the Convertible Note Deed (in which these terms are contained).

Pin cheque(s) here (do not staple)

BECTON **BECTON DEVELOPMENTS LIMITED** Broker code Adviser code
ABN 64 095 067 771

Application Form

This is an important document. Should you have any doubt about how to deal with it, please seek appropriate independent advice. You should read the entire Prospectus carefully before completing this Application Form. This Application Form must not be handed on unless it is attached to or accompanied by a complete and unaltered copy of the Prospectus. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus. Any person applying for Securities declares that they have received the entire Prospectus to which this Application Form relates.

OFFER CLOSES 5.00PM 24 JUNE 2005

Shares applied for **Price per Share** **I/We lodge Application Moneys**

A at **$A0.50** **B $A** **0 0**

Minimum 4,000 Shares, thereafter in multiples of 1,000 Shares.

Convertible Notes applied for **Price per Convertible Note** **I/We lodge Application Moneys**

C at **$A0.65** **D $A**

Minimum 10,000 Convertible Notes, thereafter in multiples of 1,000 Convertible Notes.

E TOTAL AMOUNT ENCLOSED $A

WRITE HERE THE NAME(S) YOU WISH TO REGISTER THE SECURITIES IN (refer overleaf for correct forms of registrable names)

Applicant – Surname/Company name

F

Title First Name Middle Name

Joint Applicant #2 – Surname

Title First Name Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

WRITE HERE THE POSTAL ADDRESS YOU WISH TO REGISTER FOR THE SECURITIES

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

G

Unit Number/Level Street Number Street Name

Suburb/City or Town State Postcode

Email address (only for purpose of electronic communication of securityholder information)

H

TFN/ABN/Exemption Code First Applicant Joint Applicant #2 Joint Applicant #3

I

TFN/ABN type – if NOT an individual, please mark the appropriate box Company Partnership Trust Super Fund

Telephone Number where you can be contacted during business hours Contact Name (PRINT)

J

Cheque or bank draft should be made payable to "Becton Developments Securities Offer" in Australian currency and crossed "Not Negotiable".

Cheque or Bank Draft Number BSB Account Number

L

Direct Credit Distributions Please provide your bank account details to receive your distributions via direct credit. In accordance with the Prospectus, if this section is not completed, your Application may be **rejected**. Direct credit is only applicable if your bank, building society or credit union is within Australia.

Name(s) in which your account is held

M

Name of Financial Institution

BSB Number(Bank/State/Branch) Account Number

PBDL IPO001

LODGEMENT INSTRUCTIONS are given overleaf

You must return your application so it is received before 5.00pm (Melbourne time) on 24 June 2005.

Your Guide to Completing the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

A Enter the number of Shares you wish to apply for. The Application must be for a minimum of 4,000 Shares. Applications for greater than 4,000 Shares must be in multiples of 1,000 Shares. Becton Developments and the Underwriter in their sole discretion, will determine the extent, if any, to which such applications will be met.

B Enter the total amount of Application Moneys. To calculate the amount, multiply the number of Shares applied for in the Offer by $A0.50.

C Enter the number of Convertible Notes you wish to apply for. The Application must be for a minimum of 10,000 Convertible Notes. Applications for greater than 10,000 Convertible Notes must be in multiples of 1,000 Convertible Notes. Becton Developments and the Underwriter in their sole discretion, will determine the extent, if any, to which such applications will be met.

D Enter the total amount of Application Moneys. To calculate the amount, multiply the number of Convertible Notes applied for in the Offer by $A0.65.

E Total the Application Moneys' boxes B and D and make your payment for this amount. Instruction L will inform you who your cheque should be payable to.

F Enter the full name you wish to appear on the register for your Securities. Up to 3 Joint Applicants may register. Refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**.

G Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

H If you provide an email address, Becton Developments Limited may be able to inform you electronically of information releases from time to time.

I Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, the Company may be required to withhold up to 48.5% from certain payments.

J Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

L Make your cheque or bank draft payable to "**Becton Developments Securities Offer**" crossed "Not Negotiable" and in Australian currency. Your cheque or bank draft must be drawn on an Australian branch of a financial institution.
Complete the cheque details in the boxes provided.
Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

M All distributions will be credited directly to an account with your financial institution. Please insert details of the Australian Financial Institution, Branch and Account into which you wish to have your payments made. If this section is not completed, your Application may be rejected.

The Securities to which this Application Form relates are Securities in Becton Developments Limited ("Becton Developments"). Further details in relation to Becton Developments and the Securities are contained in the Prospectus dated 3 June 2005 issued by Becton Developments. The Closing Date of the Offer is 24 June 2005. While the Prospectus is current, Becton Developments will, on request, send paper copies of the Prospectus, any supplementary prospectus and the Application Form free of charge.

Before completing this Application Form, Applicant(s) should read the Prospectus to which the Application Form relates. The Prospectus contains important information about investing in the Securities.

By lodging the Application Form, the Applicant(s) agrees that this Application for Securities in Becton Developments is upon and subject to the terms of the Prospectus, agrees to take any number of Securities that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Lodgment of Applications

Return the Application Form with your cheque attached to:

By Mail
Austock Corporate Finance Ltd
PO Box 263
Collins Street West, Melbourne Vic 8007

or

Hand delivered to
Austock Corporate Finance Ltd
Level 1, 350 Collins Street
Melbourne Vic

Application Forms must be received at the above address by no later than 5.00pm 24 June 2005.

ASX Perpetual Registrars Limited advises that Chapter 2C of the Corporations Act requires information about you as a Securityholder (including your name, address and details of the Securities you hold) to be included in the public register of the entity in which you hold Securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold Securities. You can obtain access to your personal information by contacting us. Our privacy policy is available on our website (www.asxperpetual.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Securities. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs / Unincorporated Bodies / Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club

• Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated spaces at section F on the Application.

Pin cheque(s) here (do not staple)

BECTON **BECTON DEVELOPMENTS LIMITED**
ABN 64 095 067 771

Broker code | Adviser code

Application Form

This is an important document. Should you have any doubt about how to deal with it, please seek appropriate independent advice. You should read the entire Prospectus carefully before completing this Application Form. This Application Form must not be handed on unless it is attached to or accompanied by a complete and unaltered copy of the Prospectus. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus. Any person applying for Securities declares that they have received the entire Prospectus to which this Application Form relates.

OFFER CLOSES 5.00PM 24 JUNE 2005

Shares applied for | **Price per Share** | **I/We lodge Application Moneys**

A at **$A0.50** **B $A** **0 0**

Minimum 4,000 Shares, thereafter in multiples of 1,000 Shares.

Convertible Notes applied for | **Price per Convertible Note** | **I/We lodge Application Moneys**

C at **$A0.65** **D $A**

Minimum 10,000 Convertible Notes, thereafter in multiples of 1,000 Convertible Notes.

E TOTAL AMOUNT ENCLOSED $A

WRITE HERE THE NAME(S) YOU WISH TO REGISTER THE SECURITIES IN (refer overleaf for correct forms of registrable names)

Applicant – Surname/Company name

F

Title | First Name | Middle Name

Joint Applicant #2 – Surname

Title | First Name | Middle Name

Designated account e.g. <Super Fund> (or Joint Applicant #3)

WRITE HERE THE POSTAL ADDRESS YOU WISH TO REGISTER FOR THE SECURITIES

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

G

Unit Number/Level | Street Number | Street Name

Suburb/City or Town | State | Postcode

Email address (only for purpose of electronic communication of securityholder information)

H

TFN/ABN/Exemption Code First Applicant | Joint Applicant #2 | Joint Applicant #3

I

TFN/ABN type – if NOT an individual, please mark the appropriate box: Company | Partnership | Trust | Super Fund

Telephone Number where you can be contacted during business hours | Contact Name (PRINT)

J

Cheque or bank draft should be made payable to "Becton Developments Securities Offer" in Australian currency and crossed "Not Negotiable".

Cheque or Bank Draft Number | BSB | Account Number

L

Direct Credit Distributions Please provide your bank account details to receive your distributions via direct credit. In accordance with the Prospectus, if this section is not completed, your Application may be **rejected**. Direct credit is only applicable if your bank, building society or credit union is within Australia.

Name(s) in which your account is held

M

Name of Financial Institution

BSB Number(Bank/State/Branch) | Account Number

PBDL IPO001

LODGEMENT INSTRUCTIONS are given overleaf

You must return your application so it is received before 5.00pm (Melbourne time) on 24 June 2005.

Your Guide to Completing the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

A Enter the number of Shares you wish to apply for. The Application must be for a minimum of 4,000 Shares. Applications for greater than 4,000 Shares must be in multiples of 1,000 Shares. Becton Developments and the Underwriter in their sole discretion, will determine the extent, if any, to which such applications will be met.

B Enter the total amount of Application Moneys. To calculate the amount, multiply the number of Shares applied for in the Offer by $A0.50.

C Enter the number of Convertible Notes you wish to apply for. The Application must be for a minimum of 10,000 Convertible Notes. Applications for greater than 10,000 Convertible Notes must be in multiples of 1,000 Convertible Notes. Becton Developments and the Underwriter in their sole discretion, will determine the extent, if any, to which such applications will be met.

D Enter the total amount of Application Moneys. To calculate the amount, multiply the number of Convertible Notes applied for in the Offer by $A0.65.

E Total the Application Moneys' boxes B and D and make your payment for this amount. Instruction L will inform you who your cheque should be payable to.

F Enter the full name you wish to appear on the register for your Securities. Up to 3 Joint Applicants may register. Refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be **rejected**.

G Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For Joint Applicants, only one address can be entered.

H If you provide an email address, Becton Developments Limited may be able to inform you electronically of information releases from time to time.

I Enter your Tax File Number (TFN) or exemption category. Business enterprises may alternatively quote their Australian Business Number (ABN). Where applicable, please enter the TFN or ABN for each joint applicant. Collection of TFN(s) and ABN(s) is authorised by taxation laws. Quotation of TFN(s) and ABN(s) is not compulsory and will not affect your Application. However, if these are not provided, the Company may be required to withhold up to 48.5% from certain payments.

J Enter your telephone number. This is not required but will assist us if there are any problems with your Application.

L Make your cheque or bank draft payable to "**Becton Developments Securities Offer**" crossed "Not Negotiable" and in Australian currency. Your cheque or bank draft must be drawn on an Australian branch of a financial institution.
Complete the cheque details in the boxes provided.
Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.

M All distributions will be credited directly to an account with your financial institution. Please insert details of the Australian Financial Institution, Branch and Account into which you wish to have your payments made. If this section is not completed, your Application may be rejected.

The Securities to which this Application Form relates are Securities in Becton Developments Limited ("Becton Developments"). Further details in relation to Becton Developments and the Securities are contained in the Prospectus dated 3 June 2005 issued by Becton Developments. The Closing Date of the Offer is 24 June 2005. While the Prospectus is current, Becton Developments will, on request, send paper copies of the Prospectus, any supplementary prospectus and the Application Form free of charge.

Before completing this Application Form, Applicant(s) should read the Prospectus to which the Application Form relates. The Prospectus contains important information about investing in the Securities.

By lodging the Application Form, the Applicant(s) agrees that this Application for Securities in Becton Developments is upon and subject to the terms of the Prospectus, agrees to take any number of Securities that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate.

IT IS NOT NECESSARY TO SIGN THE APPLICATION FORM.

Lodgment of Applications

Return the Application Form with your cheque attached to:

By Mail
Austock Corporate Finance Ltd
PO Box 263
Collins Street West, Melbourne Vic 8007

or

Hand delivered to
Austock Corporate Finance Ltd
Level 1, 350 Collins Street
Melbourne Vic

Application Forms must be received at the above address by no later than 5.00pm 24 June 2005.

ASX Perpetual Registrars Limited advises that Chapter 2C of the Corporations Act requires information about you as a Securityholder (including your name, address and details of the Securities you hold) to be included in the public register of the entity in which you hold Securities. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to the entity in which you hold Securities. You can obtain access to your personal information by contacting us. Our privacy policy is available on our website (www.asxperpetual.com.au).

CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Securities. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Superannuation Funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund
Joint Holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased Estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long Names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs / Unincorporated Bodies / Business Names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club

• Put the name(s) of any joint applicant(s) and/or account description using <> as indicated above in designated spaces at section F on the Application.

Corporate Directory

Becton Developments Limited ABN 64 95 067 771

DIRECTORS

Brian Pollock
Chairman

Max Beck
Executive Director

Robert Critchley
Non-Executive Director

PROPOSED DIRECTORS[1]

Hamish Macdonald
Chief Executive Officer

Mark Taylor
Finance Director

William J. Conn
Non-Executive Director

Michael Naphtali
Non-Executive Director

COMPANY SECRETARIES

Mark Taylor

Andrew Metcalfe

REGISTERED OFFICE

Level 7, 470 St Kilda Road
Melbourne, VIC 3004

Telephone (03) 9832 9000
Facsimile (03) 9832 9090

WEBSITE

www.becton.com.au

UNDERWRITER & LEAD MANAGER

Austock Corporate Finance Limited
Level 1, 350 Collins Street
Melbourne, VIC 3000

FINANCIAL ADVISER

Austock Corporate Finance Limited
Level 1, 350 Collins Street
Melbourne, VIC 3000

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Limited
333 Collins Street
Melbourne, VIC 3000

SOLICITOR TO THE COMPANY

Freehills
101 Collins Street
Melbourne, VIC 3000

SHARE REGISTRY

ASX Perpetual Registrars Limited
333 Collins Street
Melbourne, VIC 3000

TRUSTEE FOR THE CONVERTIBLE NOTES[2]

Sandhurst Trustees Limited
Level 1, 410 Collins Street
Melbourne, VIC 3000

1 The Board of Becton Developments proposes to invite Messrs Macdonald, Taylor, Conn and Naphtali (existing directors of Becton) to join the Board as Directors of the Company if the approvals required to implement the Merger and Offer are approved at the meeting of Shareholders on 21 June 2005. They will stand for re-election at the next AGM of the Company in accordance with the requirements of the Constitution. See section 6.

2 Sandhurst Trustees Limited is also the Trustee for the holders of the 2005 Notes and the 2006 Notes.

BECTON