

Multiplex Development and Opportunity Fund
Interim financial report
For the half year ended
31 December 2012

Multiplex Development and Opportunity Fund

ARSN 100 563 488

Table of Contents

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

	Page
Directory	3
Directors' Report	4
Auditor's Independence Declaration	5
Financial Statements	6
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	6
Condensed Consolidated Interim Statement of Financial Position	7
Condensed Consolidated Interim Statement of Changes in Equity	8
Condensed Consolidated Interim Statement of Cash Flows	9
Notes to the Condensed Consolidated Interim Financial Statements	10
1 Reporting entity	10
2 Significant accounting policies	10
3 Distributions.....	10
4 Estimates.....	10
5 Cash and cash equivalents	10
6 Inventories – land held for development	11
7 Investment accounted for using the equity method	11
8 Trade and other payables	11
9 Units on issue	12
10 Net assets attributable to unitholders	12
11 Related parties.....	12
12 Contingent liabilities and assets.....	12
13 Capital and other commitments	12
14 Events subsequent to the reporting date	12
Directors' Declaration	13
Independent Auditor's Review Report	14

Directory

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

Responsible Entity

Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Brian Motteram
Barbara Ward
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office

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

Custodian

Brookfield Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Location of Share Registry

Boardroom (Victoria) Pty Limited
Level 14, 140 William Street
Melbourne VIC 3000

All correspondence to:

GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459
International
T: +61 2 9290 9600
F: +61 2 9279 0664
www.boardroomlimited.com.au

Auditor

Deloitte Touche Tohmatsu
Eclipse Tower
Level 19, 60 Station Street
Parramatta NSW 2150
Telephone: + 61 2 9840 7000
Facsimile: + 61 2 9840 7001

Directors' Report

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Multiplex Development and Opportunity Fund (ARSN 100 563 488) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries, and the Consolidated Entity's interest in associates for the six months ended 31 December 2012 and the Independent Auditor's Review Report thereon.

The Fund was constituted on 27 May 2002.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney NSW 2000.

Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities

The principal activity of the Consolidated Entity during the period has been to provide investors with exposure to a range of property development projects at various stages of the development cycle, as well as other forms of direct and indirect property investments.

Review of operations

The Consolidated Entity's investment pipeline has traditionally been sourced from the Brookfield Group, however under the current economic environment, many of these investments may not be suitable for the Consolidated Entity. As a result, on 8 August 2008 the Responsible Entity announced to unitholders that the Consolidated Entity closed to new applications and the Distribution Reinvestment Plan was suspended. The Consolidated Entity remained closed to new applications during the period.

The Consolidated Entity has recorded a loss before income tax of \$1,557,000 for the six month period ended 31 December 2012 (2011: net profit before income tax of \$252,000).

Some of the significant events during the period are as follows:

- total revenue and other income of \$8,733,000 (2011: \$133,321,000)
- net assets of \$67,912,000 (30 June 2012: \$71,978,000); and
- net assets attributable to ordinary unitholders \$65,454,000 (30 June 2012: \$66,872,000).
- share of loss from equity accounted investment in Little Bay South Developer Pty Limited of \$5,206,000 (2011: \$764,000)
- impairment of equity accounted investment in Little Bay South Developer Pty Limited of \$629,000 (2011: nil)

Rounding of amounts

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Dated at Sydney this 22nd day of February 2013

Shane Ross

Director

Brookfield Capital Management Limited

Auditor's Independence Declaration
Multiplex Development and Opportunity Fund
For the half year ended 31 December 2012

5

Auditor's Independence Declaration

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

6

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

		Consolidated	
		Half year ended 31 December 2012	Half year ended 31 December 2011
	Note	\$'000	\$'000
Revenue and other income			
Revenue from the sale of land held for development		3,316	131,431
Interest income		793	1,730
Reversal of provisions	8	4,500	–
Reversal of performance fee		40	160
Other income		84	–
Total revenue and other income		8,733	133,321
Expenses			
Share of net loss of investments accounted for using the equity method	7	5,206	764
Cost of sale of land held for development		3,588	130,359
Impairment expense	7	629	–
Management fees		539	801
Marketing and selling costs		156	755
Other expenses		172	390
Total expenses		10,290	133,069
(Loss)/profit before income tax		(1,557)	252
Income tax benefit/(expense)		66	(368)
Net loss after tax		(1,491)	(116)
Finance costs attributable to unitholders			
(Decrease)/increase in net assets attributable to non-controlling interest		(77)	203
Decrease in net assets attributable to ordinary unitholders		(1,414)	(319)
Net loss for the period		(1,491)	(116)
Total comprehensive loss attributable to:			
Non-controlling interest		(77)	203
Ordinary unitholders		(1,414)	(319)
Total comprehensive loss for the period		(1,491)	(116)

The Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

7

Multiplex Development and Opportunity Fund

As at 31 December 2012

	Note	31 December 2012 \$'000	Consolidated 30 June 2012 \$'000
Current assets			
Cash and cash equivalents	5	30,348	27,972
Trade and other receivables		802	816
Inventories – land held for development	6	2,588	5,412
Tax asset		867	1,194
Total current assets		34,605	35,394
Non-current assets			
Investments accounted for using the equity method	7	38,146	46,071
Total non-current assets		38,146	46,071
Total assets		72,751	81,465
Current liabilities			
Trade and other payables	8	2,456	6,872
Deferred tax liability		523	715
Performance fee		1,860	1,900
Total current liabilities		4,839	9,487
Total liabilities (excluding net assets attributable to unitholders' interests)		4,839	9,487
Net assets	10	67,912	71,978
Non-controlling interest	10	2,458	5,106
Net assets attributable to ordinary unitholders	10	65,454	66,872
Liability attributable to ordinary unitholders		(65,454)	(66,872)
Net assets attributable to ordinary unitholders		-	-

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

Condensed Consolidated Interim Statement of Changes in Equity

8

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

As the Consolidated Entity and the Fund have no equity, the financial statements do not include a Statement of Changes in Equity for the current or comparative period.

Condensed Consolidated Interim Statement of Cash Flows

9

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

	Consolidated	
	Half year ended 31 December 2012 \$'000	Half year ended 31 December 2011 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	3,626	144,567
Cash payments in the course of operations	(1,714)	(17,245)
Interest received	747	1,745
Financing costs paid	–	(757)
Income taxes received/(paid)	201	(105)
Net cash flows from operating activities	2,860	128,205
Cash flows from investing activities		
Net return of investments/(net investments) in associates	2,087	(1,526)
Net proceeds on mezzanine loan	–	18,600
Net cash flows from / (used in) investing activities	2,087	17,074
Cash flows from financing activities		
Repayments of interest bearing liabilities	–	(60,251)
Return of capital – non-controlling interest	(2,571)	(1,512)
Return of capital – ordinary shareholders	–	(66,707)
Net cash flows used in financing activities	(2,571)	(128,470)
Net increase in cash and cash equivalents	2,376	16,809
Cash and cash equivalents at beginning of the period	27,972	9,446
Cash and cash equivalents at 31 December	30,348	26,255

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

Notes to the Condensed Consolidated Interim Financial Statements

10

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

1 Reporting entity

Multiplex Development and Opportunity Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial report of the Fund as at and for the six months ended 31 December 2012 comprise the Fund and its subsidiaries and the Consolidated Entity's interest in associates.

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2012.

Basis of preparation

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional currency.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income' introduces new terminology for the statement of comprehensive income and income statement and groups items in other comprehensive income and associated tax on the basis of whether items are potentially reclassifiable to profit and loss subsequently. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss.

The adoption of the above revised Standards and Interpretations has not resulted in any changes to the accounting policies and has no effect on the amounts reported for the current or prior periods. However, the application of AASB 2011-9 has resulted in changes to the presentation and disclosure.

3 Distributions

The Consolidated Entity did not pay a distribution for the six months ended 31 December 2012 (2011: nil).

No capital return was made to ordinary shareholders during the period (2011: \$66,707,000).

The Multiplex Acumen Vale Syndicate Limited, a subsidiary of the Fund, made a separate capital return of \$5,100,017 or 17.00 cents per share (2011: \$3,000,010 or 10.00 cents per share) to its investors on 28 September 2012. This represented a capital return of \$2,571,000 or 17.00 cents per share (2011: \$1,512,000 or 10.00 cents per share) for the non-controlling interest.

4 Estimates

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

5 Cash and cash equivalents

	Consolidated 31 December 2012 \$'000	30 June 2012 \$'000
Cash and cash equivalents	30,348	27,408
Restricted cash	–	564
Total cash and cash equivalents	30,348	27,972

Restricted cash

The Consolidated Entity is required at times to issue bank guarantees which are supported by cash held in escrow. For the period ended 31 December 2012 the guarantees were no longer in place.

Directors' Declaration

Multiplex Development and Opportunity Fund

11

For the half year ended 31 December 2012

6 Inventories – land held for development

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Current		
Vale Stages 2-6	2,588	5,412
Total inventories	2,588	5,412

7 Investment accounted for using the equity method

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Little Bay South Developer Pty Limited – 50% ownership	38,146	46,071

Reconciliation of the movement in the investment accounted for using the equity method is set out below:

	Consolidated Half year ended 31 December 2012 \$'000
Opening balance of investment in Little Bay South Developer Pty Limited	46,071
Share of net loss of investments accounted for using the equity method	(5,206)
Share of net movement in reserves	(3)
Net repayment of equity contributions	(2,087)
Impairment of equity investment	(629)
Closing balance of investment in Little Bay South Developer Pty Limited	38,146

The Consolidated Entity's share of loss in its equity accounted investment for the period was \$5,206,000 (2011: \$764,000). The increased loss was the result of an inventory write down by Little Bay South Developer Pty Limited, where it was deemed that the cost of inventories would not be fully recovered due to a slower residential market impacting sales.

As a result of the write down in inventory an additional assessment of the recoverability of the investment in Little Bay South Developer Pty Limited was undertaken and based on the future discounted cash flows for the life of the project an impairment of \$629,000 (2011: nil) was recognised. The recoverable amount was deemed the value in use of the asset with a discount rate of 3% applied as future cash flows had already been adjusted to reflect the inherent risk and possible variations in the amount and timing of the future cash flows of the project.

Net contributions of \$2,087,000 initially provided for funding the development were repaid during the period.

8 Trade and other payables

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Trade and other payables	2,207	2,287
Management fees payable	249	85
Income guarantee provision	–	4,500
Total trade and other payables	2,456	6,872

During the period the Income guarantee provision for \$4,500,000 was reversed as it is now considered remote that a payment will be required in accordance with the agreement.

Directors' Declaration

Multiplex Development and Opportunity Fund

12

For the half year ended 31 December 2012

9 Units on issue

	31 December 2012 \$'000	31 December 2012 Units	30 June 2012 \$'000	30 June 2012 Units
Units on issue				
Opening balance	91,942	163,336,831	158,649	163,336,831
Return of capital	–	–	(66,707)	–
Closing balance	91,942	163,336,831	91,942	163,336,831

10 Net assets attributable to unitholders

	Consolidated	
	31 December 2012 \$'000	30 June 2012 \$'000
Units on issue	91,942	91,942
Share issue costs	(1,698)	(1,698)
Reserves	(4)	–
Undistributed losses	(24,786)	(23,372)
Net assets attributable to ordinary unitholders	65,454	66,872
Non-controlling interests	2,458	5,106
Net assets attributable to unitholders	67,912	71,978
Opening balance of net assets attributable to unitholders	71,978	141,583
Units on issue		
Return of capital	–	(66,707)
Undistributed income		
Net loss from operations before distributions to unitholders	(1,414)	(1,446)
Movement in reserves	(4)	–
Non-controlling interests		
Share of net profit	(77)	61
Share of return of capital	(2,571)	(1,513)
Closing balance of net assets attributable to unitholders	67,912	71,978

11 Related parties

A payment of \$2 million was made from the associate Little Bay South Group (further details of MDOF's equity investment are detailed in note 7). The payment was made to Brookfield Residential Properties Australia Pty Limited, a related party of the responsible entity, to relieve the Little Bay South Group from the obligation to complete Stage 4 of the Little Bay South project. This payment was funded by the Fund and removes the risks associated with the development of Stage 4 from the fund.

The Income Guarantee provision of \$4.5 million (as detailed in note 8) which was released during the year was in respect of an agreement with a Brookfield related party.

Other than the transaction noted above there have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2012.

12 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2012 (30 June 2012: nil).

13 Capital and other commitments

There are no capital or other commitments at 31 December 2012 (30 June 2012: nil).

14 Events subsequent to the reporting date

There are no matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Directors' Declaration

Multiplex Development and Opportunity Fund

For the half year ended 31 December 2012

In the opinion of the Directors of Brookfield Capital Management Limited, as Responsible Entity of Multiplex Development and Opportunity Fund:

- a The condensed consolidated interim financial statements and notes, set out in pages 6 to 12, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2012 and of its performance, for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited.

Dated at Sydney this 22nd day of February 2013

Shane Ross

Director

Brookfield Capital Management Limited

Independent Auditor's Review Report
Multiplex Development and Opportunity Fund
For the half year ended 31 December 2012

14

Independent Auditor's Review Report continued
Multiplex Development and Opportunity Fund
For the half year ended 31 December 2012

15