

Multiplex Development and Opportunity Fund  
Financial report  
For the year ended  
30 June 2011

# Multiplex Development and Opportunity Fund

ARSN 100 563 488

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# Directory

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

### **Responsible Entity**

Brookfield Capital Management Limited (formerly Brookfield Multiplex 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 (formerly Brookfield Multiplex 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 Pty Limited (formerly Registries (Victoria) Pty Limited)  
GPO Box 3993  
Sydney NSW 2001  
Telephone: +61 1300 737 760  
Facsimile: +61 1300 653 459

### **Auditor**

Deloitte Touche Tohmatsu  
The Barrington  
Level 10, 10 Smith Street  
Parramatta NSW 2150  
Telephone: + 61 2 9840 7000  
Facsimile: + 61 2 9840 7001

# Directors' Report

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

### Introduction

The Directors of Brookfield Capital Management Limited (formerly Brookfield Multiplex Capital Management Limited) (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 financial statements of the Consolidated Entity, being the Fund and its subsidiaries, and the Consolidated Entity's interest in associates, for the year ended 30 June 2011 and the Independent Auditor's Report thereon.

The fund was constituted on 27 May 2002.

### Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML) (formerly Brookfield Multiplex Capital Management Limited). 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 year:

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
Tim Harris (appointed 17 March 2010 – resigned 16 May 2011)	Executive Director

### Information on Directors

#### F. Allan McDonald (BEcon, FCPA, FAIM, FCIS), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of Brookfield Capital Management Limited (BCML) on 1 January 2010 and also performs that role for Brookfield Funds Management Limited (BFML). Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. BCML is also the Responsible Entity for listed funds Brookfield Prime Property Fund (BPA), Brookfield Australian Opportunities Fund (BAO) and Multiplex European Property Fund (MUE). BFML is the Responsible Entity for listed Multiplex SITES Trust. Allan's other directorships of listed entities are Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust) (appointed February 2005), Billabong International Limited (appointed July 2000), and Brookfield Office Properties Inc. (appointed May 2011). During the past 3 years, Allan has also served as a director of the following listed company: Ross Human Directions Limited (April 2000 – February 2011).

#### Brian Motteram (BBus, CA), Non-Executive Independent Director

Brian has in excess of 40 years of experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 19 years in private enterprise in both the mining and property industries. He spent 8 years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. BCML is also the Responsible Entity for listed funds BPA, BAO and MUE. Brian is a fully qualified Chartered Accountant having trained with KPMG and Deloitte.

#### Barbara Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director

Barbara was appointed as a Non-Executive Independent Director of BCML on 1 January 2010 and also performs that role for BFML. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BCML is also the Responsible Entity for listed funds BPA, BAO and MUE. BFML is the Responsible Entity for listed Multiplex SITES Trust. Barbara is Chairman of Essential Energy and a Director of Qantas Airways Limited (appointed June 2008). During the past 3 years Ms Ward has also served as a Director of Lion Nathan Limited (February 2003 to October 2009) and Allico Finance Group Limited (April 2005 to January 2008).

#### Russell Proutt (BComm, CA, CBV), Executive Director

Russell Proutt is the Chief Financial Officer of Brookfield Australia and was appointed as an Executive Director of BCML on 1 January 2010 and also performs that role for BFML and for debt listed companies Brookfield Secured Bonds Series A Issuer Limited and Brookfield Secured Bonds Series B Issuer Limited. BCML is also the Responsible Entity for the listed funds BPA, BAO and MUE. Russell joined Brookfield Asset Management Inc, the parent company of BCML, in 2006 and has held various senior management positions within Brookfield, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries as well as transactions involving Brookfield's restructuring fund, Tricap Partners.

#### Shane Ross (BBus), Executive Director

Shane is the Group General Manager of Treasury for Brookfield Australia Investments Limited and was appointed as an Executive Director of BCML on 16 May 2011. BCML is also the Responsible Entity for BPA, BAO and MUE. Shane joined the organisation in 2003 following a background in banking and has over 16 years experience in treasury and finance within the property industry.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

### Information on Company Secretary

#### Neil Olofsson

Neil has over 15 years international company secretarial experience and has been with the Brookfield Australia Group since 2005.

### Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, rights or options over such instruments, interests in registered schemes and rights or options over such instruments issued by the entities within the Consolidated Entity and other related bodies corporate as at the date of this report:

Director	Multiplex Development and Opportunity Fund units held
F. Allan McDonald	–
Brian Motteram	46,154
Barbara Ward	–
Russell Proutt	–
Shane Ross	–

No options are held by/have been issued to Directors.

### Directors' meetings

Director	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings	
	A	B	A	B	A	B
F. Allan McDonald	8	8	2	2	2	2
Brian Motteram	8	8	2	2	2	2
Barbara Ward	8	8	2	2	2	2
Tim Harris	6	6	n/a	n/a	n/a	n/a
Russell Proutt	8	8	n/a	n/a	n/a	n/a
Shane Ross	2	2	n/a	n/a	n/a	n/a

A – Number of meetings attended.

B – Number of meetings held during the time the Director held office during the year.

### Committee meetings

There were no Board committee meetings held during the year other than those stated above.

### Principal activities

The principal activity of the Consolidated Entity during the year 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 current financial year.

The Consolidated Entity did not pay a distribution for the year ended 30 June 2011. The Consolidated Entity paid a distribution of \$2,485,000 or 1.52 cents per unit and a return of capital of \$7,515,000 or 4.60 cents per unit for the year ended 30 June 2010. The Multiplex Acumen Vale Syndicate Limited, a subsidiary of the Fund, paid a dividend of \$4,497,000 or 15 cents per share on 1 September 2010 and a dividend of \$3,144,000 or 10.48 cents per share on 23 February 2011. A separate capital return of \$7,097,000 or 23.66 cents per share was made to its investors on 30 November 2010.

The Consolidated Entity has recorded a net loss before income tax of \$7,161,000 for the year ended 30 June 2011 (2010: loss of \$10,788,000).

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

- total revenue and other income of \$43,686,000 (2010: \$54,662,000);
- impairment expense of \$346,000 (2010: \$17,903,000)
- net assets of \$141,583,000 (2010: \$154,711,000); and
- net assets attributable to ordinary unitholders of \$135,026,000 (2010: \$141,463,000).

# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

### **Review of operations** continued

The strategy of the Fund is to complete the development of the remaining development asset in the Fund and to return excess proceeds to investors when appropriate after consideration of the ongoing cash requirements of the Fund.

The Consolidated Entity made no significant acquisitions or disposals during the year.

### **Significant changes in the state of affairs**

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or in the financial statements.

### **Events subsequent to the reporting date**

Post year end on 1 July 2011 the sale of the remaining inventory at Vale 7-11 and Whiteman Edge was settled for consideration of \$127,000,000. The consolidated entity utilised the proceeds to repay the interest bearing liabilities of \$60,000,000 in full.

Other than the matter disclosed above, there are no matters or circumstances which have arisen since the end of the financial year 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 years.

### **Likely developments**

Information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations has not been included in this report because the Directors believe that to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

### **Environmental regulation**

The Consolidated Entity has systems in place to manage its environmental obligations. Based upon the results of inquiries made, the Responsible Entity is not aware of any significant breaches or non-compliance issues during the year covered by this report.

### **Distributions**

The Consolidated Entity did not pay a distribution for the year ended 30 June 2011. The Consolidated Entity paid a dividend of \$2,485,000 or 1.52 cents per unit and a return of capital of \$7,515,000 or 4.60 cents per unit for the year ended 30 June 2010.

### **Indemnification and insurance premiums**

Under the Fund's Constitution the Responsible Entity's officers are indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Neither the Fund nor any controlled entity has indemnified any auditor of the Consolidated Entity.

No insurance premiums are paid out of the Fund's assets in relation to cover for the Responsible Entity or its officers, the Board Risk and Compliance Committee or auditors of the Consolidated Entity. The insurance premiums are paid by the Responsible Entity.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### **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.

### **Auditor's independence declaration under Section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2011.

Dated at Sydney this 26th day of August 2011.

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



**Russell Proutt**

Director

Brookfield Capital Management Limited

The Board of Directors  
Brookfield Capital Management Limited  
(as Responsible Entity for Multiplex Development and Opportunity  
Fund)  
135 King Street  
SYDNEY, NSW 2000

26 August 2011

Dear Directors

## MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Capital Management Limited as the Responsible Entity for Multiplex Development and Opportunity Fund.

As lead audit partner for the audit of the financial statements of Multiplex Development and Opportunity Fund for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants



# Statement of Comprehensive Income

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

	Note	Consolidated	
		Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
<b>Revenue and other income</b>			
Revenue from the sale of land held for development	5	40,618	50,238
Interest income		2,683	4,296
Other income		185	128
Reversal of performance fee	6	200	–
<b>Total revenue and other income</b>		<b>43,686</b>	<b>54,662</b>
<b>Expenses</b>			
Share of (loss) in the year from investments accounted for using the equity method	15	154	–
Cost of sale of land held for development		31,961	39,980
Impairment expense of land held for development	13	11,820	–
Marketing and selling costs		3,207	2,991
Management fees		2,413	3,019
Impairment expense		346	17,903
Performance fee expense	6	–	169
Other expenses		946	1,388
<b>Total expenses</b>		<b>50,847</b>	<b>65,450</b>
<b>Loss before income tax</b>		<b>(7,161)</b>	<b>(10,788)</b>
Income tax benefit/(expense)	9	1,463	(931)
<b>Net loss after tax</b>		<b>(5,698)</b>	<b>(11,719)</b>
<b>Finance costs attributable to unitholders:</b>			
Distributions to unitholders		–	(2,485)
(Decrease) in net assets attributable to minority interests		(740)	(2,274)
Decrease/(increase) in net assets attributable to ordinary unitholders		6,437	16,478
<b>Net (loss)/profit for the year</b>		<b>–</b>	<b>–</b>
Total comprehensive (loss)/income attributable to:			
Minority interest		–	–
Ordinary unitholders		–	–
<b>Total comprehensive (loss)/income for the year</b>		<b>–</b>	<b>–</b>

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

# Statement of Financial Position

## Multiplex Development and Opportunity Fund

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As at 30 June 2011

	Note	Consolidated 2011 \$'000	2010 \$'000
<b>Current assets</b>			
Cash and cash equivalents	8	9,446	14,861
Trade and other receivables	12	19,755	33,463
Inventories – land held for development	13	134,633	12,320
Tax asset	9	483	1,270
<b>Total current assets</b>		<b>164,317</b>	<b>61,914</b>
<b>Non-current assets</b>			
Inventories – land held for development	13	–	126,764
Investment accounted for using the equity method	15	46,887	36,156
Deferred tax asset	9	–	3,023
<b>Total non-current assets</b>		<b>46,887</b>	<b>165,943</b>
<b>Total assets</b>		<b>211,204</b>	<b>227,857</b>
<b>Current liabilities</b>			
Trade and other payables	16	7,146	6,692
Deferred tax liability	9	64	4,394
Interest bearing liabilities	17	37,700	59,700
Performance fee	6	2,160	2,360
<b>Total current liabilities</b>		<b>47,070</b>	<b>73,146</b>
<b>Non current liabilities</b>			
Interest bearing liabilities	17	22,551	–
<b>Total non current liabilities</b>		<b>22,551</b>	<b>–</b>
<b>Total liabilities (excluding net assets attributable to unitholders' interests)</b>		<b>69,621</b>	<b>73,146</b>
<b>Net assets</b>		<b>141,583</b>	<b>154,711</b>
<b>Minority interest</b>		<b>6,557</b>	<b>13,248</b>
<b>Net assets attributable to ordinary unitholders</b>	18	<b>135,026</b>	<b>141,463</b>
<b>Liability attributable to ordinary unitholders</b>		<b>(135,026)</b>	<b>(141,463)</b>
<b>Net assets attributable to ordinary unitholders</b>		<b>–</b>	<b>–</b>

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

# Statement of Changes in Equity

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2011

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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 year.

# Statement of Cash Flows

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

	Note	Consolidated Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
<b>Cash flow from operating activities</b>			
Cash receipts in the course of operations		41,423	50,798
Cash payments in the course of operations		(46,288)	(31,147)
Interest received		1,240	4,213
Interest paid		(14)	(3,402)
Income tax received/(paid)		944	1,636
<b>Net cash flows provided by/(used in) operating activities</b>	20	<b>(2,695)</b>	<b>22,098</b>
<b>Cash flows from investing activities</b>			
Investments in associates		(8,743)	(21,327)
Net proceeds on mezzanine loans		13,063	19,109
Loans to associates		(160)	(2,325)
<b>Net cash flows provided by/(used in) investing activities</b>		<b>4,160</b>	<b>(4,543)</b>
<b>Cash flows from financing activities</b>			
Return of capital to ordinary unitholders		–	(7,515)
Return of capital to minority interests		(3,579)	–
Proceeds from interest bearing liabilities		551	3,031
Repayment of interest bearing liabilities		–	(16,005)
Distributions paid – ordinary unitholders		–	(2,485)
Distributions paid – minority interest		(3,852)	(1,512)
<b>Net cash flows used in financing activities</b>		<b>(6,880)</b>	<b>(24,486)</b>
Net decrease in cash and cash equivalents		(5,415)	(6,931)
Cash and cash equivalents at beginning of year		14,861	21,792
<b>Cash and cash equivalents at 30 June</b>		<b>9,446</b>	<b>14,861</b>

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

# Notes to the Financial Statements

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 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) (formerly Brookfield Multiplex Capital Management Limited), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2011 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interest in associates.

### 2 Basis of preparation

#### a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Consolidated Entity and the Fund comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Boards (IASB).

The financial statements were authorised for issue by the Directors on this 26th day of August 2011.

#### b Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for equity accounted investments which are measured using the equity method.

The consolidated financial statements are presented in Australian dollars, which is the Fund's functional and presentation 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.

#### c Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in inventories – land held for development (Note 13).

### 3 Significant accounting policies

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

#### a Principles of consolidation

##### Subsidiaries

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries. Control is achieved where the Fund has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Entity.

All intra-group transactions, balances, income and expenses, including unrealised profits arising from intra-group transactions, are eliminated in full in the consolidated financial statements. In the separate financial statements of the Fund, intra-group transactions (common control transactions) are generally accounted for by reference to the existing carrying value of the items. Where the transaction value of common control transactions differs from their carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

In the Fund's financial statements investments in controlled entities are carried at cost less impairment, if applicable.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 3 Significant accounting policies continued

#### a Principles of consolidation continued

Non-controlling interests in subsidiaries are identified separately from the Consolidated Entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Consolidated Entity's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders.

When the Consolidated Entity loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

#### Jointly controlled entities (equity accounted investees)

Jointly controlled entities are those entities over whose activities the Consolidated Entity has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated financial statements include the Consolidated Entity's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Consolidated Entity, from the date that joint control commences until the date that significant influence or joint control ceases. When the Consolidated Entity's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term receivables) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Consolidated Entity has an obligation or has made payments on behalf of the investee.

#### b Revenue recognition

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax (GST), rebates and discounts.

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

#### Sale of land held for development

Revenue from the sale of land held for development is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of the ownership of the property. This is generally deemed to occur upon settlement.

#### Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the Consolidated Entity or the Fund to receive payment is established, which is generally when they have been declared.

#### Interest revenue

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

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 3 Significant accounting policies continued

#### c Expense recognition

##### Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Where a qualifying asset exists, borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying asset is capitalised as part of the cost of that asset. Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets.

Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing. To the extent that funds are borrowed generally the amount of borrowing costs capitalised is calculated by applying a capitalisation rate to the expenditures on that asset.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges;

##### Management fees

A base management fee calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Consolidated Entity monthly in arrears.

##### Performance fee

Performance fees are recognised on an accruals basis. The performance fee payable to the development manager is calculated in accordance with the subsidiary's Development Management Agreement, which requires 20% of the amount by which the overall shareholder return exceeds a 20% annualised internal rate of return (before tax) to be paid to the development manager. The performance fee will be remeasured at each reporting date.

##### Other expenditure

Expenses are recognised by the Consolidated Entity on an accruals basis.

#### d Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### e Taxation

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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 those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the 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 a 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 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 differences 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.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 3 Significant accounting policies continued

#### f Tax consolidation

##### Tax consolidation

The Fund and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is the Fund. Separately, Multiplex Acumen Vale Syndicate Limited, a 50% owned subsidiary of the consolidated group, has formed a tax-consolidated group with its wholly owned subsidiary Brookfield Multiplex Vale Landowner Pty Ltd, with effect from 17 June 2005 and is therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Multiplex Acumen Vale Syndicate Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the head entity as amounts payable /(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the head entity as an equity contribution or distribution.

The head entity recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

##### Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/(from) the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal to the amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

#### g Cash and cash equivalents

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

#### h Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Non-current receivables are measured at amortised cost using the effective interest rate method.

#### i Associates

The Consolidated Entity's investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. An associate is an entity in which the Consolidated Entity has significant influence, but not control, over their financial and operating policies.

Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associates. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Consolidated Entity's net investment in the associates. The consolidated Statement of Comprehensive Income reflects the Consolidated Entity's share of the results of operations of the associates.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### **3 Significant accounting policies** continued

#### **i Associates** continued

When the Consolidated Entity's share of losses exceeds its interest in an associate, the Consolidated Entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of an associate.

Where there has been a change recognised directly in the associate's equity, the Consolidated Entity recognises its share of changes and discloses this in the consolidated Statement of Changes in Equity.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Consolidated Entity's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the associate.

#### **j Derivative financial instruments**

The Consolidated Entity may use derivative financial instruments to hedge its exposure to interest rate risk and foreign currency risk arising from operational, financing and investment activities. The Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the reporting date, with the changes in fair value during the period recognised in the Statement of Comprehensive Income.

#### **k Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, interest bearing liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at a fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchase and sales of financial assets are accounted for at trade date, i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting policies for cash and cash equivalents, trade and other receivables, trade and other payables, and interest bearing liabilities are discussed elsewhere within the financial statements.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### **l inventories – land held for development**

Inventories being developed or held for resale are stated at the lower of cost or realisable value. Included in costs are the costs of acquisition, development and holding costs such as finance costs, rates and taxes.

#### **m Impairment**

##### **Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Comprehensive Income. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Statement of Comprehensive Income. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 3 Significant accounting policies continued

#### m Impairment continued

##### Non financial assets

The carrying amount of the Consolidated Entity's non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### n Trade and other receivables

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

#### o Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis. Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability to at least 12 months after the balance sheet date.

#### p Distributions

A provision for distribution is recognised in the Statement of Financial Position if the distribution has been declared prior to balance date. Distributions paid and payable on units are recognised as a reduction in net assets attributable to unitholders. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

#### q Net assets attributable to unitholders

Net assets attributable to unitholders consist of units on issue (less transaction costs), undistributed income and reserves.

#### r Units on issue

Issued and paid up units are recognised as changes in net assets attributable to unitholders at the fair value of the consideration received by the Consolidated Entity, less any incremental costs directly attributable to the issue of new units.

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011 but have not been applied preparing this financial report:

AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the profit or loss of the Statement of Comprehensive Income. The Consolidated Entity and Fund have not yet decided when to adopt AASB 9 or the consequential impact of the amendment.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-4 amends a number of pronouncements as a result of the International Accounting Standards Board's (IASB's) 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity, financial instrument disclosures and significant events and transactions in interim reports. The Consolidated Entity and Fund does not expect that any adjustments will be necessary as a result of applying the revised rules.

AASB 2010-5 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-5 makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Consolidated Entity and Fund does not expect that any adjustments will be necessary as a result of applying the revised rules.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 3 Significant accounting policies continued

#### s New standards and interpretations not yet adopted continued

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

AASB 2010-6 makes amendments to AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect, in particular, entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Consolidated Entity and Fund will apply the amendments from 1 July 2011 and have not yet concluded on the consequential impact of the amendment.

### 4 Parent entity disclosures

	Fund	
	2011 \$'000	2010 \$'000
<b>Assets</b>		
Current assets	98,449	72,426
Non-current assets	96,439	112,430
<b>Total assets</b>	<b>194,888</b>	<b>184,856</b>
<b>Liabilities</b>		
Current liabilities	62,960	43,149
<b>Total liabilities</b>	<b>62,960</b>	<b>43,149</b>
<b>Net assets attributable to unitholders</b>		
Units on issue	158,649	158,649
Undistributed losses	(26,721)	(16,942)
<b>Net assets attributable to unitholders</b>	<b>131,928</b>	<b>141,707</b>

	Fund	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Net loss for the year	(9,779)	(12,563)
Other comprehensive loss for the year	–	–
<b>Total comprehensive loss for the year</b>	<b>(9,779)</b>	<b>(12,563)</b>

### 5 Revenue from the sale of land held for development

	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Vale Stages 2-6, Perth	21,866	44,658
Portside Wharf	–	5,580
Vale Stages 7 – 11, Perth	18,752	–
<b>Total revenue from the sale of land held for development</b>	<b>40,618</b>	<b>50,238</b>

### 6 Performance fee

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Opening balance	2,360	2,191
Performance fee (reversal)/charge for the year	(200)	169
<b>Closing balance</b>	<b>2,160</b>	<b>2,360</b>

The performance fee is payable by Brookfield Multiplex Vale Landowner Pty Limited on completion of the project to the Development Manager. The performance fee is calculated at 20% of the amount by which the overall shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to be paid to the development manager. The performance fee will be remeasured at each reporting date.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 7 Finance costs – external

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Interest incurred	4,906	3,686
Interest capitalised	(4,790)	(3,686)
<b>Total finance costs – external parties</b>	<b>116</b>	<b>-</b>

### 8 Cash and cash equivalents

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Cash at bank	8,598	11,861
Restricted cash	848	3,000
<b>Total cash and cash equivalents</b>	<b>9,446</b>	<b>14,861</b>

One of the controlled entities has provided bank guarantees to suppliers. The bank guarantee is fully drawn at 30 June 2011. It is supported by cash held in escrow which is classified as restricted cash.

### 9 Income tax

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
<b>Current tax benefit/(expense)</b>		
Current period tax benefit/(expense)	7,022	1,626
Prior period adjustments	(16)	(1,235)
<b>Total current tax benefit</b>	<b>7,006</b>	<b>391</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(5,543)	(1,322)
<b>Total deferred tax (expense)</b>	<b>(5,543)</b>	<b>(1,322)</b>
<b>Total income tax benefit/(expense) reported in the Statement of Comprehensive Income</b>	<b>1,463</b>	<b>(931)</b>
<b>Income tax expense</b>		
Numerical reconciliation between tax (benefit)/expense and pre-tax net profit		
(Loss)/profit for the year	(5,698)	(11,719)
Total income tax expense	1,463	931
<b>(Loss)/profit before income tax</b>	<b>(7,161)</b>	<b>(10,788)</b>
Prima facie income tax benefit/(expense) on (loss)/profit using the Fund's tax rate of 30% (2010: 30%)	2,148	3,236
Revenue losses not brought to account	(484)	(6,578)
Prior period adjustments	-	1,235
Other deferred tax assets not previously brought to account	(201)	1,176
<b>Total income tax benefit/(expense) reported in the Statement of Comprehensive Income</b>	<b>1,463</b>	<b>(931)</b>

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 9 Income tax continued

	Consolidated 2011 \$'000	2010 \$'000
<b>Tax assets and liabilities</b>		
Tax liability	(64)	(4,394)
Tax asset	483	3,023

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Consolidated</b>						
Provisions (deferred)	–	2,898	(64)	(4,211)	(64)	(1,313)
Other timing differences (deferred)	356	125	–	(183)	356	(58)
Income tax receivable (current)	127	1,270	–	–	127	1,270
<b>Total</b>	<b>483</b>	<b>4,293</b>	<b>(64)</b>	<b>(4,394)</b>	<b>419</b>	<b>(101)</b>

In accordance with AASB 112 *Income taxes*, a deferred tax asset of \$7,133,000 (2010: \$6,578,000) in respect of bad debt provisions has not been recognised as it has been determined that realisation of this asset in the short term is not probable.

### 10 Finance costs – distributions to unitholders

The Consolidated Entity did not pay a distribution for the year ended 30 June 2011. On 24 March 2010, the Consolidated Entity paid a dividend of \$2,485,000 or 1.52 cents per unit and a return of capital of \$7,515,000 or 4.60 cents per unit.

### 11 Auditors' remuneration

The Responsible Entity pays all expenses, including audit fees, on behalf of the Fund. These fees are not paid out of the assets of the Fund. The Fund pays an expense recovery fee to the Responsible Entity as a contribution towards these expenses. A summary of fees incurred by the Responsible Entity on behalf of the Fund is provided below. Fees paid by the Fund's subsidiary in relation to audit fees are paid out of the assets of the Fund's subsidiary. Fees in relation to compliance plan audits are borne by the Responsible Entity.

	Consolidated Year ended 30 June 2011 \$	Year ended 30 June 2010 \$
<b>Auditors of the Fund:</b>		
Audit and review of financial reports	62,805	60,000
Non-audit services	–	–
<b>Total auditor's remuneration</b>	<b>62,805</b>	<b>60,000</b>

### 12 Trade and other receivables

	Consolidated 2011 \$'000	2010 \$'000
<b>Current</b>		
Trade receivables	456	649
Interest receivable	63	66
<b>Amounts due from related parties</b>		
Loan to Multiplex Claremont Pty Ltd	18,600	29,460
Other receivables	636	2,639
Loan to Multiplex Pegasus Town Limited	–	649
<b>Total trade and other receivables - current</b>	<b>19,755</b>	<b>33,463</b>

Amounts due from related parties above reflect loans receivable from related party entities. Interest charged on the Multiplex Claremont Pty Ltd loan receivable has been charged at a rate of 7.15% per annum for the current year.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 12 Trade and other receivables continued

#### Interest receivable impairment

	Consolidated Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Reconciliation of the carrying amount of the interest and principal receivable is set out below:		
Receivable from Multiplex Pegasus Town Limited	–	21,182
Impairment	–	(20,533)
<b>Total receivable</b>	<b>–</b>	<b>649</b>

### 13 Inventories

	Consolidated 2011 \$'000	2010 \$'000
<b>Inventories at cost</b>		
<b>Current</b>		
Vale Stages 2-6 <sup>1</sup>	7,775	12,320
Henley Brook <sup>2</sup>	74,788	–
Vale Stages 7-11 <sup>3</sup>	52,070	–
<b>Total current</b>	<b>134,633</b>	<b>12,320</b>
<b>Non-current</b>		
Henley Brook <sup>2</sup>	–	73,534
Vale Stages 7-11 <sup>3</sup>	–	53,230
<b>Total non-current</b>	<b>–</b>	<b>126,764</b>
<b>Total inventories – land held for development</b>	<b>134,633</b>	<b>139,084</b>

1 \$7,775,000 (2010: \$12,320,000) – Land held at the north-eastern Perth suburb of Aveley. This land is held through the subsidiary Brookfield Multiplex Vale Landowner Pty Limited which it is subdividing, developing and selling as residential lots. At 30 June 2011 the total cost of the unsold land plus development costs held in the consolidated entity was \$7,775,000 (2010: \$12,320,000)

2 \$74,788,000 (2010: \$73,534,000) – Land held at the north eastern localities of Henley Brook and Whiteman, Perth. The land is held through the subsidiary Brookfield Multiplex Henley Brook Landowner Pty Limited. At 30 June 2011 the total cost of the unsold land plus development costs held in the consolidated entity was 74,788,000 (2010: \$nil)

3 \$52,070,000 (2010: \$53,230,000) – Land held at Aveley, north east Perth. This land is held through the subsidiary Brookfield Vale Stages 7-11 Landowner Pty Limited which intends to develop and sell as residential land.

Prior to year end a conditional sale was entered into to sell the land at Henley Brook and Vale 7-11. The inventory value was impaired by \$11,820,000 to reflect the expected proceeds. Post year end in July 2011 the inventory at Henley Brook and Vale 7-11 was all sold.

### 14 Investment in controlled entities

	Percentage ownership	Fund 2011 \$'000	2010 \$'000
Investment in Brookfield Multiplex DT Pty Limited	100%	97,183	97,183
Investment in Multiplex Residential Communities Pty Limited	100%	–	–
Investment in Multiplex Residential Communities No 2 Pty Limited	100%	–	–

On 22 December 2004, the Fund acquired 100% of the ordinary shares in Brookfield Multiplex DT Pty Limited, an unlisted company specialising in direct and indirect property investments. There have been no changes in the activities of Brookfield Multiplex DT Pty Limited since that date.

On 19 April 2007, the Fund acquired 100% of the ordinary shares in Multiplex Residential Communities Pty Limited for \$10. There have been no changes in the activities of Multiplex Residential Communities Pty Limited since that date.

On 26 November 2007, the Fund acquired 100% of the ordinary shares in Multiplex Residential Communities No 2 Pty Limited for \$10. There have been no changes in the activities of Multiplex Residential Communities No 2 Pty Limited since that date.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 15 Investment accounted for using the equity method

	2011		Consolidated	
	Ownership	\$'000	Ownership	\$'000
Little Bay South Developer Pty Limited	50%	46,887	50%	36,156

	Consolidated 2011 \$'000	2010 \$'000
Little Bay South Developer Pty Limited	46,887	36,156
<b>Total</b>	<b>46,887</b>	<b>36,156</b>
Shares of (loss) in the year from investments accounted for using the equity method	(154)	-
<b>Total</b>	<b>(154)</b>	<b>-</b>

The Consolidated Entity's share of loss in its equity accounted investments for the year was \$154,000 (2010: nil). Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the Consolidated Entity, is as follows:

	2011 \$'000	2010 \$'000
<b>Assets</b>		
Current assets	172,943	75,677
Non-current assets	-	59,375
<b>Total assets</b>	<b>172,943</b>	<b>135,052</b>
<b>Liabilities</b>		
Current liabilities	114,334	89,860
<b>Total liabilities</b>	<b>114,334</b>	<b>89,860</b>

In addition to the equity contribution, monthly contributions are made on an 80/20 basis (the Fund 80% and Brookfield group 20%) for A class preference shares to provide funding for the development in accordance with the terms of the shareholders agreement.

### 16 Trade and other payables

	Consolidated	
	2011 \$'000	2010 \$'000
<b>Current</b>		
Trade payables	207	129
Management fee payable	346	858
Income guarantee liability	4,500	4,500
Other payables	2,093	1,205
<b>Total trade and other payables</b>	<b>7,146</b>	<b>6,692</b>

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 17 Interest bearing liabilities

		Consolidated 2011 \$'000	2010 \$'000
<b>Current</b>			
Secured bank debt – Vale 7-11		–	22,000
Secured bank debt – Whiteman's Edge (formerly Henley Brook)		37,700	37,700
<b>Total</b>		<b>37,700</b>	<b>59,700</b>
<b>Non current</b>			
Secured bank debt – Vale 7-11		22,551	–
<b>Total</b>		<b>22,551</b>	<b>–</b>
		Consolidated 2011 \$'000	2010 \$'000
	Expiry date		
<b>Financing arrangements</b>			
<b>Facilities available</b>			
Bank Guarantee facility – Vale 2-6	31 August 2011	3,000	3,000
Bank debt facility – Vale 7-11	30 June 2013	27,000	22,000
Bank debt facility – Whiteman's Edge (formerly Henley Brook)	31 July 2011	37,700	37,700
Less: Facilities utilised		(60,251)	(59,700)
Less: Guarantees utilised		(848)	(3,000)
<b>Facilities not utilised</b>		<b>6,601</b>	<b>–</b>

The bank guarantee component of the facility extended to 31 August 2011. The facility limit on the bank guarantee is \$3,000,000 of which \$847,731 is utilised at 30 June 2011. It is supported by cash held in escrow.

The floating rate cash facility for Vale 7-11 is for a maximum commitment of \$27,000,000 and is secured by a first charge over all assets of Brookfield Vale Stages 7-11 Landowner Pty Ltd. Post year end, the consolidated entity repaid the balance of the facility upon sale of the Vale 7-11 inventory.

The floating rate cash facility for Whiteman's Edge (formerly Multiplex Henley Brook Landowner Pty Ltd) is for a maximum commitment of \$37,700,000 and is secured by a first charge over all assets of Whiteman's Edge (formerly Multiplex Henley Brook Landowner Pty Ltd). The facility was extended to 31 July 2011 and was fully repaid post year end upon sale of the inventory.

At 30 June 2011 the Fund was in compliance with its loan covenant ratios.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 18 Net assets attributable to unitholders

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
Units on issue	158,649	158,649
Share issue costs	(1,698)	(1,698)
Undistributed (losses)/income	(21,925)	(15,488)
<b>Net assets attributable to ordinary unitholders</b>	<b>135,026</b>	<b>141,463</b>
Minority interests	6,557	13,248
<b>Net assets attributable to unitholders</b>	<b>141,583</b>	<b>154,711</b>
<b>Opening balance of net assets attributable to unitholders</b>	<b>154,711</b>	<b>177,942</b>
<b>Units on issue</b>		
Return of capital	–	(7,515)
<b>Undistributed income</b>		
Net profit from operations before distributions to unitholders	(6,437)	(13,993)
Finance costs – distribution to unitholders	–	(2,485)
<b>Minority interests</b>		
Share of net profit	740	2,274
Share of dividends	(3,852)	(1,512)
Share of return of capital	(3,579)	–
<b>Closing balance of net assets attributable to unitholders</b>	<b>141,583</b>	<b>154,711</b>

#### Units on issue

Date	Details	Units	\$
30 June 2010	Closing balance	163,336,831	158,648,855
30 June 2011	Closing balance	163,336,831	158,648,855

#### Ordinary units

All units in the Fund were fully paid and are of the same class and carry equal rights. Unitholders are entitled to a pro rata distribution from date of issue.

### 19 Financial Instruments

#### Significant accounting policies

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

Throughout the year, in assessing the size and frequency of any distributions, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments held by the Consolidated Entity.

#### a Capital risk management

The Board's intention is to maintain a strong capital base so as to maintain investor and market confidence and the sustainable future development of the Consolidated Entity. The Responsible Entity's Board of Directors (Board) seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There was no change in the Consolidated Entity's approach to capital management during the year.

#### b Financial risk management

##### Overview

The Consolidated Entity is predominantly exposed to the following financial risks in the course of their operations:

- risks arising from investments in land syndications and the provision of mezzanine financing; and
- risks arising from the Consolidated Entity's use of financial instruments including interest bearing liabilities.

These risk can be summarised as follows:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 19 Financial Instruments continued

#### b Financial risk management continued

##### Overview continued

The Responsible Entity has responsibility for the establishment and monitoring of the risk management framework and the risk management policies of the Consolidated Entity. These policies seek to minimise the potential adverse impact of the above risks on the Consolidated Entity's financial performance. The Board is responsible for developing risk management policies and the Board Risk and Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan. Compliance with the Consolidated Entity's policies is reviewed by the Responsible Entity on a regular basis. The results of these reviews are reported to the Board and the Board Risk and Compliance Committee of the Responsible Entity quarterly.

##### Investment mandate

The investment objective of the Consolidated Entity is to maximise returns to investors, subject to assuming an appropriate level of risk commensurate with the investment undertaken and the forecast return. In line with its objective to maximise returns, the Manager aims to meet or exceed a benchmark pre-tax return to investors of 15% per annum, net of fees and expenses. This is not a forecast or indication of likely future returns. Rather, it is simply the benchmark against which the Responsible Entity measures the performance of the Consolidated Entity.

The Responsible Entity aims to provide investors with a number of benefits including:

- higher income returns than traditional listed and unlisted property trusts; and
- a diversified investment exposure across a broad property sector base and geography.

##### Derivative financial instruments

Whilst the Consolidated Entity may utilise derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Consolidated Entity's investment policies, which provide written principles on the use of financial instruments utilised by the Consolidated Entity. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Consolidated Entity. At 30 June 2011 and 30 June 2010, the Consolidated Entity is/was not party to any derivative agreements.

#### c Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Other credit risk also arises for the Consolidated Entity from cash and cash equivalents.

##### Trade and other receivables

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each underlying project. The Consolidated Entity manages and minimises exposure to credit risk by:

- managing exposures to Brookfield entities;
- monitoring receivable balances on an ongoing basis; and
- obtaining other collateral as security (where appropriate).

Credit risk arising from Brookfield entities is mitigated by investing in mezzanine loan notes in accordance with the Consolidated Entity's Constitution and Product Disclosure Statement (PDS). The Consolidated Entity manages its credit risk on these investments by:

- undertaking an evaluation and due diligence process in relation to a potential investment;
- no investment will be made unless all of the Independent Directors of the Responsible Entity have agreed to the investment proposal; and
- only invest in developments that satisfy the investment criteria of the Consolidated Entity.

##### Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions that meet the Consolidated Entity's and Consolidated Entity's minimum credit rating criteria. At 30 June 2011 and 30 June 2010, the Consolidated Entity held no derivative positions. The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2010.

##### Exposure to credit risk

The table below shows the maximum exposure to credit risk at the reporting date.

	Consolidated 2011 \$'000	2010 \$'000
Cash and cash equivalents	9,446	14,861
Trade and other receivables	19,755	33,463
<b>Total exposure to credit risk</b>	<b>29,201</b>	<b>48,324</b>

##### Concentrations of credit risk exposure

There are significant concentrations of credit risk at the reporting date for the Consolidated Entity as \$18,600,000 of receivables and joint ventures are invested with Brookfield entities (2010: \$68,590,100).

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 19 Financial Instruments continued

#### Collateral obtained / held

In the ordinary course of its operations the Consolidated Entity obtains collateral, normally in the form of a charge over the assets of the holding company of the entities in which the Consolidated Entity invests. Where applicable, the Consolidated Entity also obtains collateral in the form of guarantees from Brookfield group to minimise the risk of default on its contractual obligations.

During the year ended 30 June 2011, the Consolidated Entity did not call on any collateral provided (2010: nil).

#### Financial assets past due but not impaired

No financial assets of the Consolidated Entity was past due at the reporting date (2010: nil).

#### Financial assets whose terms have been renegotiated

As at 30 June 2011 and 30 June 2010, there were no financial assets of the Consolidated Entity whose terms have been renegotiated.

#### Impairment losses

The Consolidated Entity wrote off \$346,000 of assets deemed not recoverable. (2010: \$17,903,000).

### d Liquidity risk

Liquidity risk is the risk the Consolidated Entity will not be able to meet its financial obligations as and when they fall due.

#### Sources of liquidity risk and risk management strategies

The main sources of liquidity risk for the Consolidated Entity is related to the refinancing of interest bearing loans, the settlement of mezzanine loans and interest, and the receipt of distributions from syndicates. The Consolidated Entity's approach to managing liquidity risk is to work to ensure that it has sufficient cash available to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity also manages liquidity risk by maintaining adequate banking facilities, through continuous monitoring of forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

#### Sources of liquidity risk and risk management strategies continued

The Consolidated Entity's specific risk management strategies are discussed below.

#### Interest bearing liabilities

The Consolidated Entity's PDS forbids the Fund to incur debt. However the Consolidated Entity is exposed to liquidity risk (refinancing risk) on the interest bearing loans of its underlying entities. The Consolidated Entity manages this risk by ensuring debt maturity dates are regularly monitored and negotiations with counterparties are commenced well in advance of the debt's maturity date.

#### Receivables – Mezzanine Loans

The Consolidated Entity's mezzanine loans are investments with Brookfield entities. These investments are subject to agreements specifying the terms of the loans and the payment dates of the capital and interest. The Consolidated Entity manages this risk by monitoring and reviewing the entities ensuring that the terms of the agreements are not breached and by constant monitoring of actual and forecast cash flows.

The Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2010.

#### Defaults and breaches

During the financial years ended 30 June 2011 and 30 June 2010, the Consolidated Entity did not default on or breach any terms of its loan covenants.

#### Maturity analysis of financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Consolidated Entity can be required to pay.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 19 Financial Instruments continued

#### Maturity analysis of financial liabilities continued

	Carrying amount	Consolidated \$'000				
		Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
<b>2011</b>						
Trade and other payables	7,119	7,119	7,119	–	–	–
Provision for performance fee	2,160	2,160	2,160	–	–	–
Interest bearing liabilities	60,251	60,251	37,700	22,551	–	–
<b>Total</b>	<b>69,530</b>	<b>69,530</b>	<b>46,979</b>	<b>22,551</b>	<b>–</b>	<b>–</b>
<b>2010</b>						
Trade and other payables	6,692	6,692	6,692	–	–	–
Provision for performance fee	2,360	2,360	2,360	–	–	–
Interest bearing liabilities	59,700	61,453	61,453	–	–	–
<b>Total</b>	<b>68,752</b>	<b>70,505</b>	<b>70,505</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### e Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

#### Sources of market risk and risk management strategies

The main types of market risk the Consolidated Entity is exposed to are:

- interest rate risk, arising from its interest bearing liabilities; and
- other market risk from its exposure to the property market, arising from its investment in mezzanine loans.

#### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Consolidated Entity is derived from the interest bearing liabilities of the Fund's subsidiaries. The Consolidated Entity manages this exposure by constantly monitoring actual and forecast cash flows that are in line with fluctuations in interest rates.

The table below shows the Consolidated Entity's direct exposure to interest rate risk at year end, including maturity dates.

Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>2011</b>				
<b>Financial assets</b>				
Cash and cash equivalents	9,446	–	–	9,446
Trade and other receivables	–	18,600	1,155	19,755
<b>Total financial assets</b>	<b>9,446</b>	<b>18,600</b>	<b>1,155</b>	<b>29,201</b>

Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>2011</b>				
<b>Financial Liabilities</b>				
Performance fee	–	–	2,160	2,160
Interest bearing liabilities	60,251	–	–	60,251
Trade and other payables	–	–	7,119	7,119
<b>Total financial liabilities</b>	<b>60,251</b>	<b>–</b>	<b>9,279</b>	<b>69,530</b>

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 19 Financial Instruments continued

#### e Market risk continued

Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>2010</b>				
<b>Financial assets</b>				
Cash and cash equivalents	14,861	–	–	<b>14,861</b>
Australian dollar trade and other receivables	–	29,460	3,354	<b>32,814</b>
New Zealand dollar trade and other receivables	–	–	649	<b>649</b>
<b>Total financial assets</b>	<b>14,861</b>	<b>29,460</b>	<b>4,003</b>	<b>48,324</b>

Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>2010</b>				
<b>Financial Liabilities</b>				
Performance fee	–	–	2,360	<b>2,360</b>
Interest bearing liabilities	59,700	–	–	<b>59,700</b>
Trade and other payables	–	–	6,692	<b>6,692</b>
<b>Total financial liabilities</b>	<b>59,700</b>	<b>–</b>	<b>9,052</b>	<b>68,752</b>

#### Sensitivity analysis for variable rate instruments

A change of 1% in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	+ 1% Profit and loss	2011 + 1% Net assets	- 1% Profit and loss	2011 - 1% Net assets	+ 1% Profit and loss	2010 + 1% Net assets	- 1% Profit and loss	2010 - 1% Net assets
<b>Consolidated Entity</b>								
Interest on cash	94	94	(94)	(94)	149	149	(149)	(149)
Interest bearing liabilities	603	603	(603)	(603)	597	597	(597)	(597)
<b>Total increase/(decrease)</b>	<b>697</b>	<b>697</b>	<b>(697)</b>	<b>(697)</b>	<b>746</b>	<b>746</b>	<b>(746)</b>	<b>(746)</b>

#### Sensitivity analysis for variable rate instruments continued

Mezzanine loan receivables earn interest at a fixed rate and therefore there is no direct impact on profit and loss due to a change in interest rates.

#### Foreign currency risk

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

#### Sources of risk and risk management strategies

The Consolidated Entity undertook transactions in NZD currency and in the prior year period had a loan receivable located in New Zealand. This was settled in the current year. As a consequence, these activities of the Consolidated Entity were exposed to exchange rate risk.

The unrealised effect of movements of the Australian dollar and New Zealand dollar exchange rates on the Consolidated Entity is reflected in the Statement of Comprehensive Income.

The following table shows the direct foreign currency exposures of the Consolidated Entity at the reporting date:

#### Sources of risk and risk management strategies continued

	Consolidated 2011 NZD\$'000	2011 AUD\$'000	Consolidated 2010 NZD\$'000	2010 AUD\$'000
New Zealand – loan receivable	–	–	800	649
New Zealand – interest receivable	–	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>800</b>	<b>649</b>

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 19 Financial Instruments continued

#### e Market risk continued

The following exchange rates were applied to transactions occurring during the year:

	Consolidated 2011 Spot rate	2010 Spot rate	Consolidated 2011 Average rate	2010 Average rate
New Zealand dollar	1.2953	1.2321	1.3048	1.2554

#### Sensitivity analysis

A 5% strengthening of the Australian dollar against the NZD would have decreased net assets available to unit holders and profit and loss by the amounts shown below.

	2011		2010	
	Net assets \$'000	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000
<b>Consolidated</b>	–	–	(32)	(32)

A 5% weakening of the Australian dollar against the above currency at year end would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

#### f Fair values

##### Methods for determining fair values

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

##### Cash and cash equivalents and trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

##### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 20 Reconciliation of cash flows from operating activities

	Consolidated	
	Year ended 30 June 2011 \$'000	Year ended 30 June 2010 \$'000
<b>Net income/(loss) for the year</b>	(5,698)	(11,719)
Adjustments for:		
<i>Non cash items:</i>		
Impairment expense	346	17,903
Unrealised foreign exchange loss	–	230
Interest income	–	(252)
Reversal of performance fee	(200)	–
Movement in tax	(519)	(246)
<i>Investing activities</i>		
Interest income on mezzanine loans	(1,552)	–
Share of loss of equity accounted investment	154	–
<b>Operating profit before changes in working capital</b>	<b>(7,469)</b>	<b>5,916</b>
<b>Changes in assets and liabilities during the year:</b>		
Decrease in inventories	4,451	20,024
Increase in trade and other receivables	(150)	(347)
Decrease in accrued income	–	955
Increase in trade and other payables	473	(4,450)
<b>Net cash flow from operating activities</b>	<b>(2,695)</b>	<b>22,098</b>

### 21 Related parties

#### Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (formerly Brookfield Multiplex Capital Management Limited).

#### Control of subsidiary

The Fund, via its wholly owned subsidiary Brookfield Multiplex DT Pty Ltd, holds a 49.6% interest in Multiplex Acumen Vale Syndicate Limited (MAVSL or Company), a company limited by shares, which in turn has a 100% interest in Brookfield Multiplex Vale Landowner Pty Ltd (BMVL). The remaining 50.4% interest in MAVSL is widely held by various institutional and individual investors.

The Directors of the Responsible Entity of the Fund are also the directors of MAVSL. Because the Fund is the largest individual shareholder of the Company, it has the capacity to exercise considerable powers in relation to the control of the Company, both during the Company's operation and in the event of winding up. On this basis, the Fund has applied the consolidation method of accounting for the investment in the Company as it has the capacity to exercise control.

The Fund, via its wholly owned subsidiary, Brookfield Multiplex DT Pty Ltd, has a 100% interest in Brookfield Vale Stages 7-11 Landowner Pty Ltd. The Fund via its wholly owned subsidiary, Multiplex Residential Communities Pty Ltd has a 100% interest in Brookfield Multiplex Henley Brook Landowner Pty Ltd. The Fund has a 100% interest in Multiplex Residential Communities No 2 Pty Ltd. Details of significant subsidiaries are detailed below:

	Country of incorporation	Ownership interest	
		2011	2010
<b>Directly held subsidiaries</b>			
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities Pty Ltd	Australia	100%	100%
Multiplex Residential Communities No 2 Pty Ltd	Australia	100%	100%
<b>Indirectly held subsidiaries</b>			
Multiplex Acumen Vale Syndicate Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Vale Landowner Pty Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Henley Brook Landowner Pty Ltd	Australia	100%	100%
Brookfield Vale Stages 7-11 Landowner Pty Ltd	Australia	100%	100%

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### **21 Related parties** continued

#### **Key management personnel**

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity.

F. Allan McDonald (appointed 1 January 2010)  
Brian Motteram (appointed 21 February 2007)  
Barbara Ward (appointed 1 January 2010)  
Russell Proutt (appointed 1 January 2010)  
Shane Ross (appointed 16 May 2011)  
Tim Harris (appointed 17 March 2010 – resigned 16 May 2011)

#### **Responsible Entity fees**

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross assets attributable to unitholders. Refer below for further details related to the management fee and other fees the Responsible Entity is entitled to.

No compensation is paid to any of the key management personnel of the Responsible Entity directly by the Fund or Consolidated Entity.

#### **Management fees**

The Responsible Entity is entitled to a management fee calculated on the gross assets of the Fund payable monthly. The management fees incurred by the Fund in the current year totalled \$2,413,000 (2010: \$3,019,000).

#### **Reimbursement of expenses**

The Responsible Entity is entitled to claim reimbursement for most expenses incurred in the operation of the Fund, however has undertaken to limit the expenses it claims to 0.30% per annum of the net asset value of the Fund (determined quarterly).

#### **Equity raising fee**

The equity raising fee for the year was nil (2010: nil).

#### **Development manager's fees**

Multiplex Development Operations Pty Ltd, the Development Manager of the Fund's subsidiary Multiplex Acumen Vale Syndicate Ltd, is entitled to receive the following fees:

#### **Performance fee**

On completion of the Multiplex Acumen Vale Syndicate Ltd project, the Development Manager is entitled to a performance fee of 20% of the amount by which the overall shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to shareholders. A reduction of the anticipated liability has resulted in \$200,000 performance fee reversal being recognised in income in the current year (2010: \$169,000 expense).

#### **Development management fees – sales and marketing fees**

The Development Manager is entitled to a sales and marketing fee of 4% of revenues received for each lot settled. Sales and marketing fees incurred by the Consolidated Entity during the year totalled \$1,745,000 (2010: \$2,082,000).

#### **Development management fees – other development management services fees**

The Development Manager is entitled to a development management fee of 3% of revenues received for each lot settled. Other development management services fees incurred by the Consolidated Entity to the Development Manager for the year amounted to \$1,309,000 (2010: \$1,561,000).



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

### 21 Related parties *continued*

#### Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. The Fund and Consolidated Entity enter into mezzanine loans with Brookfield entities. The loans with controlled entities have no fixed terms of repayment, no interest is charged and is repayable on demand.

Set out below is a summary of all transactions and balances with related parties.

	Consolidated 2011 \$'000	2010 \$'000
<b>Transactions with the Responsible Entity</b>		
Management fees	2,413	3,019
Expense recoveries	343	251
Management fee payable	346	858
Expense recovery payable	207	145
<b>Transactions with related parties of the Responsible Entity</b>		
Interest income	1,997	3,535
Distributions paid	–	195
Sales and marketing fees	1,745	2,082
Development management service fee	1,309	1,561
Receivables	303	303
Income guarantee liability	4,500	4,500
Performance fee	(200)	169
Performance fee payable	2,160	2,360

#### Related party unitholders

The interests of related party unitholders in the Fund at year end are set out below:

	2011 Number Held	2010 Number Held
Brian Motteram	46,154	46,154
Brookfield Australian Opportunities Fund (formerly Multiplex Acumen Property Fund)	9,320,388	9,320,388
Brookfield Capital Management Limited (formerly Brookfield Multiplex Capital Management Limited)	20,582,496	20,582,496

### 22 Contingent assets and liabilities

The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2011 (2010: nil).

### 23 Capital and other commitments

Brookfield Multiplex Vale Landowner Pty Limited, a subsidiary of the Fund, has a commitment for inventory development costs at 30 June 2011 of \$852,568 (2010: \$8,351,545).

### 24 Events subsequent to reporting date

Post year end on 1 July 2011 the sale of the remaining inventory at Vale 7-11 and Whiteman Edge was settled for consideration of \$127,000,000. The consolidated entity utilised the proceeds to repay the interest bearing liabilities of \$60,000,000 in full.

Other than the matter disclosed above, there are no matters or circumstances which have arisen since the end of the financial year 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 years.

# Directors' Declaration

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2011

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

- a The consolidated financial statements and notes, set out in pages 9 to 33, 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 30 June 2011 and of its performance, for the financial year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
  - iii complying with International Financial Reporting Standards, as stated in note 2 to the financial statements.
- 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 required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 26th day of August 2011.



**Russell Prutt**  
Director  
Brookfield Capital Management Limited

# Independent Auditor's Report to the Unitholders of Multiplex Development and Opportunity Fund

## Report on the Financial Report

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 34.

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

The directors of the Responsible Entity of the Fund ("the Directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

### *Auditor's Responsibility*

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

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

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Capital Management Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Opinion*

In our opinion:

- (a) the financial report of Multiplex Development and Opportunity Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants  
Parramatta, 26 August 2011