Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2016

Multiplex Development and Opportunity Fund

ARSN 100 563 488

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Multiplex Development and Opportunity Fund

For the year ended 30 June 2016

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Directors of Brookfield Capital Management Limited
F. Allan McDonald
Barbara Ward
Shane Ross

Company Secretary of Brookfield Capital Management Limited
Neil Olofsson

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Custodian
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Directors' Report
Multiplex Development and Opportunity Fund
For the year ended 30 June 2016

Introduction
The Directors of Brookfield 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 2016 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). 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	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross	Executive Director

Information on Directors
F. Allan McDonald (BEcon, FCPA, FAIM, FGIA), Non-Executive Independent Chairman
Allan was appointed the Non-Executive Independent Chairman of 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. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Allan's other directorship of listed entities is Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust) (appointed February 2005). During the past 3 years Allan has also served as a director of Brookfield Office Properties Inc. (May 2011 – June 2014).

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. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Barbara is a Director of Qantas Airways Limited and Caltex Australia Limited.

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, resigned on 28 February 2014 and was appointed Alternate Director for Russell on that date. Subsequently Shane resigned as Alternate Director on 6 May 2015 and appointed as an Executive Director on that date. Shane is also a director of BFML which is the Responsible Entity of Multiplex SITES Trust. Shane joined the organisation in 2003 following a background in banking and has over 20 years of experience in treasury and finance within the property industry.

Information on Company Secretary
Neil Olofsson
Neil has over 19 years of 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, 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	–
Barbara Ward	–
Shane Ross	–

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

Policy on hedging equity incentive schemes
The Board of BCML do not receive any equity-based remuneration, and therefore will not be engaging in any hedge arrangements in relation to their remuneration.

A copy of the Security Trading Policy is available on the Brookfield Australia website at www.au.brookfield.com.

Directors' meetings

	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings	
Director	A	B	A	B	A	B
F. Allan McDonald	4	4	2	2	2	2
Barbara Ward	4	4	2	2	2	2
Shane Ross	4	4	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 has recorded a net profit before income tax of $77,406 for the year ended 30 June 2016 (2015: $3,785,838).

Some of the significant events during the year are as follows:
- total revenue and other income of $389,104 (2015: $6,670,155);
- net assets attributable to ordinary unitholders of $4,725,503 or $0.03 per unit (2015: $35,763,763 or $0.22 per unit); and
- share of profit from equity accounted investments $214,467 (2015: $5,902,192); and
- capital return of $31,115,666 or 19.05 cents per unit was paid on 15 September 2015 to unitholders (2015: $17,967,050 or 11 cents per unit)

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.

Likely developments
Other than the matters already included in the Directors' Report, information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations have 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.

Interest of the Responsible Entity
Management fees
For the year ended 30 June 2016, the Consolidated Entity incurred $263,595 in management fees to the Responsible Entity (2015: $659,835). $43,906 remains payable as at year end (2015: $150,762).

Expense recoveries
For the year ended 30 June 2016, the Consolidated Entity incurred $52,185 in expense recoveries to the Responsible Entity (2015: $87,089). At 30 June 2016 expense recoveries payable is $9,001 (2015: $13,086).

Related party unitholders
The following interests as at 30 June 2016 are held by related entities in the Consolidated Entity:
- JP Morgan Chase Bank N.A as custodian for BAO Trust holds 9,320,388 units or 5.7% (2015: 9,320,388 units or 5.7%); and
- Brookfield Capital Management Limited holds 20,582,496 units or 12.6% (2015: 20,582,496 units or 12.6%).

Significant changes in the state of affairs
In the opinion of the Directors, there are no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year other than those disclosed in this report or in the consolidated financial statements.

Events subsequent to the reporting date
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.

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 and return of capital
No distributions were declared or paid during the year (2015: nil). A capital return to ordinary unitholders of $31,115,666 or 19.05 cents per unit was paid on 15 September 2015 (2015: $17,967,000 or 11.0 cents).

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

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

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

BAIL has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by BAIL being able to rely upon Brookfield's global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore does not insure against liabilities arising out of matters including but not limited to:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of *US Securities Act of 1933*;
- losses for which coverage under a different kind of insurance policy is readily available such as, for example, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

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

Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2016.

Dated at Sydney this 25th day of August 2016.

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

Shane Ross
Director
Brookfield Capital Management Limited

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Multiplex Development and Opportunity Fund)
Level 22, 135 King Street
Sydney NSW 2000

25 August 2016

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 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN

Andrew J Coleman
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Multiplex Development and Opportunity Fund

For the year ended 30 June 2016

	Note	Consolidated Year ended 30 June 2016 $	Year ended 30 June 2015 $
Revenue and other income			
Interest income		174,637	367,963
Share of net profit of investments accounted for using the equity method	9	214,467	5,902,192
Impairment reversal		–	400,000
Total revenue and other income		**389,104**	**6,670,155**
Expenses			
Little Bay South - Stage 4 release payment	16	–	2,090,000
Management fees	16	263,595	659,835
Write off of investment in Multiplex Acumen Vale Syndicate Limited		–	27,950
Other expenses		48,105	106,532
Total expenses		**311,700**	**2,884,317**
Net profit before income tax		**77,406**	**3,785,838**
Income tax expense	7	–	–
Net profit after tax		**77,406**	**3,785,838**
Finance costs attributable to unitholders:			
Distributions to unitholders		–	–
Increase in net assets attributable to ordinary unitholders		(77,406)	(3,785,838)
Net profit for the year		**–**	**–**
Other comprehensive income attributable to:			
Ordinary unitholders		–	–
Total comprehensive income for the year		**–**	**–**

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

Consolidated Statement of Financial Position
Multiplex Development and Opportunity Fund
As at 30 June 2016

	Note	Consolidated 2016 $	2015 $
Current assets			
Cash and cash equivalents	5	2,882,676	6,157,361
Trade and other receivables	6	8,667	1,895,910
Total current assets		**2,891,343**	**8,053,271**
Non-current assets			
Investment accounted for using the equity method	9	1,887,067	40,297,052
Total non-current assets		**1,887,067**	**40,297,052**
Total assets		**4,778,410**	**48,350,323**
Current liabilities			
Trade and other payables	10	52,907	182,175
Total current liabilities		**52,907**	**182,175**
Non-current liabilities			
Loans from associates	11	–	12,404,385
Total non-current liabilities		**–**	**12,404,385**
Total liabilities (excluding liability to unitholders)		**52,907**	**12,586,560**
Net assets attributable to ordinary unitholders - Liability	12	**4,725,503**	**35,763,763**

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

Consolidated Statement of Changes in Equity

Multiplex Development and Opportunity Fund

For the year ended 30 June 2016

As the Consolidated Entity has no equity, the financial statements do not include a Consolidated Statement of Changes in Equity for the current or comparative year.

Consolidated Statement of Cash Flows

Multiplex Development and Opportunity Fund

For the year ended 30 June 2016

	Note	Consolidated Year ended 30 June 2016 $	Consolidated Year ended 30 June 2015 $
Cash flow from operating activities			
Cash payments in the course of operations		(322,213)	(2,818,646)
Interest received		185,173	394,828
Net cash flows used in operating activities	15	**(137,040)**	**(2,423,818)**
Cash flows from investing activities			
Net amounts from associates		27,978,021	8,320,000
Reduction of capital from Multiplex Acumen Vale Syndicate Limited		–	414,437
Net cash flows from investing activities		**27,978,021**	**8,734,437**
Cash flows from financing activities			
Capital return		(31,115,666)	(17,967,050)
Net cash flows used in financing activities		**(31,115,666)**	**(17,967,050)**
Net decrease in cash and cash equivalents		(3,274,685)	(11,656,431)
Cash and cash equivalents at beginning of year		6,157,361	17,813,792
Cash and cash equivalents at 30 June	5	**2,882,676**	**6,157,361**

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

1 Reporting entity

Multiplex Development and Opportunity Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2016 comprise the Fund and its subsidiaries 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). For the purpose of preparing the consolidated financial statements the Fund is a for profit entity.

The financial statements were authorised for issue by the Directors on this 25th day of August 2016.

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 and interest bearing liabilities which are measured at amortised cost.

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

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.

There are no critical estimates or judgements as at year end 30 June 2016.

d New and amended standards adopted

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Consolidated Entity.

3 Significant accounting policies

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

a Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries. Control of an entity is achieved where the Fund is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to significantly affect those returns through its power to direct the activities of the entity.

The results of the subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other 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.

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.

b Revenue recognition

Dividends and distributions

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

Dividends and distributions received from equity accounted investees reduce the carrying amount of the investment of the Consolidated Entity in that equity accounted investee and are not recognised as revenue.

c 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.

3 Significant accounting policies continued

d 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.

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.

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.

e Cash and cash equivalents

For purposes of presentation in the Consolidated 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.

f 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 Profit or Loss and Other Comprehensive Income reflects the Consolidated Entity's share of the results of operations of the associates.

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.

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.

3 Significant accounting policies continued

g Distributions

A provision for distribution is recognised in the Consolidated Statement of Financial Position if the distribution has been declared prior to period end. 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 Consolidated Statement of Cash Flows.

h Net assets attributable to unitholders

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

i 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.

j New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2016 but have not been applied in preparing this financial report:

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

AASB 15 *Revenue from Contracts with Customers* (and applicable amendments), (effective from 1 January 2018) is a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

AASB 2014-9 *Amendments to Equity Method in Separate Financial Statements*, (effective 1 January 2016) is an amendment to AASB 127 *Separate Financial Statements* and allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at either cost, in accordance with AASB 9 *Financial Instruments* or using the equity method described in AASB 128 *Investments in Associates and Joint Ventures*.

AASB 2015-2 *Amendments to AASB 101,* (effective from 1 January 2016) provides clarification to the existing disclosure requirements in AASB 101 *Presentation of Financial Statements* and ensures that entities are able to use judgements when applying the standard in determining what information to disclose in their financial statements.

During the year AASB 1031 *Materiality* has been effectively withdrawn from 1 July 2015.

The Consolidated Entity does not intend to early adopt the above new standards and amendments and management continues to assess their impacts.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

4 Parent entity disclosures

	Note	Fund 2016 $	2015 $
Assets			
Current assets		41,500,575	43,362,600
Non-current assets	14	97,182,711	97,182,711
Total assets		**138,683,286**	**140,545,311**
Liabilities			
Current liabilities		135,817,155	109,726,357
Total liabilities		**135,817,155**	**109,726,357**
Net assets attributable to unitholders			
Units on issue		24,892,328	56,007,994
Undistributed losses		(22,026,197)	(25,189,040)
Net assets attributable to unitholders		**2,866,131**	**30,818,954**

	Fund Year ended 30 June 2016 $	Year ended 30 June 2015 $
Net profit for the year	3,162,843	2,808,526
Other comprehensive income for the year	–	–
Total comprehensive income for the year	**3,162,843**	**2,808,526**

The Fund has a net current asset deficiency of $94,316,580 (2015: $66,363,757). The deficiency arises as a result of differences in the accounting treatment of intercompany balances with subsidiaries which see the investment in subsidiaries being classified as non-current while the related intercompany balances being current. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

5 Cash and cash equivalents

	Consolidated 2016 $	2015 $
Cash at bank	2,882,676	6,157,361
Total cash and cash equivalents	**2,882,676**	**6,157,361**

6 Trade and other receivables

	Consolidated 2016 $	2015 $
Current		
Interest receivable	4,719	15,255
Dividend receivable from associate	–	1,758,064
Other receivables	3,948	122,591
Total trade and other receivables	**8,667**	**1,895,910**

7 Income tax

	Consolidated Year ended 30 June 2016 $	Consolidated Year ended 30 June 2015 $
Current tax benefit		
Current period tax expense	–	–
Prior period adjustments	–	–
Total current tax expense	**–**	**–**
Deferred tax expense		
Origination and reversal of temporary differences	–	–
Total deferred tax expense	**–**	**–**
Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**–**	**–**
Income tax expense		
Numerical reconciliation between tax expense and pre-tax net profit		
Net profit after tax	77,406	3,785,838
Total income tax expense	-	–
Net profit before income tax	**77,406**	**3,785,838**
Prima facie income tax expense on profit using the Fund's tax rate of 30% (2015: 30%)	(23,222)	(1,135,751)
Effect of tax losses and other temporary differences not recognised as deferred tax assets	23,222	1,135,751
Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**–**	**–**

In accordance with AASB 112 *Income taxes*, a deferred tax asset of $7,844,000 (2015: $6,594,000) in respect of tax losses has not been recognised by the Consolidated Entity as it has been determined that realisation of this asset in the foreseeable future is not probable.

8 Distributions to unitholders

The Fund did not pay a distribution for the year ended 30 June 2016 (2015: nil). On the 15 September 2015, the Fund made a capital return to ordinary unitholders of $31,115,666 or 19.05 cents per unit (2015: $17,967,000 or 11.0 cents per unit).

9 Investment accounted for using the equity method

	Consolidated			
	2016		2015	
	Ownership	$	Ownership	$
Little Bay South Developer Pty Limited	50%	1,887,067	50%	40,297,052

	Consolidated	
	2016	2015
	$	$
Share of net profit for the year from investments accounted for using the equity method	214,467	5,902,192

Little Bay South Developer's (LBS Developer) place of incorporation and principal place of business is Australia. Its principal activity is direct or indirect development of residential properties.

A summary of financial information for 2016 for investment in LBS Developer and its subsidiaries and comparative prior year, not adjusted for the percentage ownership held by the Consolidated Entity, is detailed below:

	Year ended 30 June 2016 $	Year ended 30 June 2015 $
Current assets	2,374,120	53,892,627
Total assets	**2,374,120**	**53,892,627**
Current liabilities	15,287	3,521,312
Total liabilities	**15,287**	**3,521,312**
Net assets	**2,358,833**	**50,371,315**

	Year ended 30 June 2016 $	Year ended 30 June 2015 $
Opening net assets 1 July	50,371,315	37,577,067
Net profit for the year	268,084	7,377,740
Movement in reserves	–	8,469
Net amounts to/(from) LBS	–	7,605,481
Capital reduction	(48,280,566)	(2,197,442)
Closing net assets	**2,358,833**	**50,371,315**
Consolidated Entity's share in (%)	80%	80.0%
Consolidated Entity's share in ($)	1,887,067	40,297,052
Total investment accounted for using the equity method	**1,887,067**	**40,297,052**

	Year ended 30 June 2016 $	Year ended 30 June 2015 $
Revenues	284,676	102,183,317
Expenses	(16,592)	(93,908,744)
Income tax expense	–	(896,833)
Net profit after income tax for the year	**268,084**	**7,377,740**
Other comprehensive income/(loss) for the year	**–**	**8,469**
Total comprehensive income for the year	**268,084**	**7,386,209**

The Consolidated Entity owns 50% of the ordinary shares and 80% of the Class A shares in LBS Developer. The Consolidated Entity is entitled to 80% of the profit or loss of LBS Developer. The Consolidated Entity's share of net profit in its equity accounted investment for the period was $214,467 (2015: $5,902,000).

Any additional contributions are made on an 80/20 basis (the Fund 80% and Brookfield group 20%) in accordance with the terms of the shareholders agreement.

10 Trade and other payables

	Consolidated 2016 $	2015 $
Current		
Management fee payable	43,906	150,762
Other payables	9,001	31,413
Total trade and other payables	**52,907**	**182,175**

11 Loans from associates

	Consolidated 2016 $	2015 $
Current		
Loans from associates	–	12,404,385
Total interest bearing liabilities	**–**	**12,404,385**

On 4 August 2015, the Fund fully repaid and extinguished its loan to LBS Developer.

12 Net assets attributable to unitholders

	Consolidated Year ended 30 June 2016 $	Year ended 30 June 2015 $
Units on issue	24,892,328	56,007,994
Reserves	-	–
Undistributed losses	(20,166,825)	(20,244,231)
Net assets attributable to unitholders	**4,725,503**	**35,763,763**
Opening balance of net assets attributable to unitholders	**35,763,763**	**49,938,200**
Units on issue		
Capital return	(31,115,666)	(17,967,050)
Undistributed income		
Net profit from operations before distributions to unitholders	77,406	3,785,838
Reserves		
Movements in reserves	–	6,775
Closing balance of net assets attributable to unitholders	**4,725,503**	**35,763,763**

Units on issue

Date	Details	Units	$
30 June 2016	**Closing balance**	**163,336,831**	**24,892,328**
30 June 2015	**Closing balance**	**163,336,831**	**56,007,994**

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.

13 Auditors' remuneration

	Consolidated Year ended 30 June 2016 $	Year ended 30 June 2015 $
Auditors of the Fund:		
Audit and review of financial reports	17,600	30,000
Total auditor's remuneration	**17,600**	**30,000**

Fees paid to the auditors of the Fund in relation to compliance plan audits are borne by the Responsible Entity.

14 Investment in controlled entities

	Principal place of business / country of incorporation	Ownership and voting rights 30 June 2016	Ownership and voting rights 30 June 2015
Directly held subsidiaries			
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities No 2 Pty Ltd	Australia	100%	100%
Indirectly held subsidiaries			
Ettalong Project Development Trust	Australia	–	100%
MDOF Little Bay South Holdings Pty Ltd	Australia	100%	100%
Brookfield MDOF LBS Landowner Pty Ltd	Australia	100%	100%

The principal activity of all of the above entities is direct and indirect property investment.

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 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.

On 13 April 2016, Ettalong Project Development Trust was formally wound-up and ceased to exist.

15 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2016 $	Consolidated Year ended 30 June 2015 $
Net profit for the year	77,406	3,785,838
Adjustments for:		
Non-cash items:		
Impairment reversal	–	(400,000)
Write of investment in MAVSL	–	27,950
Other	110	–
Investing activities		
Share of net profit of equity accounted investment	(214,467)	(5,902,192)
Operating loss before changes in working capital	**(137,061)**	**(2,488,404)**
Changes in assets and liabilities during the year:		
Decrease/(increase) in trade and other receivables	129,179	(50,852)
Increase in trade and other payables	(129,268)	115,438
Net cash flow used in operating activities	**(137,040)**	**(2,423,818)**

16 Related parties

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited.

Key management personnel

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

F. Allan McDonald
Barbara Ward
Shane Ross

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

Responsible Entity's fees and other transactions

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 for the current year totalled $263,595 (2015: $659,835).

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 gross asset value of the Fund.

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

	Consolidated 2016 $	2015 $
Transactions with the Responsible Entity		
Management fees	(263,595)	(659,835)
Expense recoveries	(52,185)	(87,089)
Management fee payable	(43,906)	(150,762)
Expense recovery payable	(9,001)	(13,086)
Transactions with related parties of the Responsible Entity		
Little Bay South Stage 4 release payment	–	2,090,000
Capital reduction received from LBS Developer	48,280,566	–
LBS Developer dividend receivable[1]	–	1,758,064
Loans from associates[2]	–	(12,404,385)

[1] Dividend receivable from LBS Developer was received during the year ended 30 June 2016.
[2] Loans from associates were repaid during the year ended 30 June 2016.

Related party unitholders

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

	2016 Number Held	2015 Number Held
JP Morgan Chase Bank N.A as custodian for BAO Trust	9,320,388	9,320,388
Brookfield Capital Management Limited	20,582,496	20,582,496

17 Contingent assets and liabilities

The Consolidated entity has no contingent assets or liabilities at 30 June 2016 (2015: nil).

18 Capital and other commitments

The Consolidated entity has no capital or other commitments at 30 June 2016 (2015: nil).

19 Events subsequent to reporting date

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

For the year ended 30 June 2016

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 22, 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 2016 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 consolidated 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 25th day of August 2016.

Shane Ross
Director
Brookfield Capital Management Limited

Deloitte.

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

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund ("the Fund"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated 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 23.

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 gives a true and fair view and 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 consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, 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 2016 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 25 August 2016