Brookfield Australian Opportunities Fund (Stand-alone)
Special purpose financial report
For the year ended
30 June 2011

# Brookfield Australian Opportunities Fund

(Formerly Multiplex Acumen Property Fund)

ARSN 104 341 988

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**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**
JP Morgan Nominees Australia Limited
Level 35, Suncorp Building
253 George Street
Sydney NSW 2000
Telephone: +61 2 9256 5000
Facsimile: +61 2 9256 4111

**Stock Exchange**
The consolidated Brookfield Australian Opportunities Fund is listed on the Australian Securities Exchange (ASX Code: BAO). These accounts represent stand alone accounts only. The Home Exchange is Sydney.

**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
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# Directors' Report
## Brookfield Australian Opportunities Fund (Stand-alone)
For the year ended 30 June 2011

**Introduction**
The Directors of Brookfield Capital Management Limited (ABN 32 094 936 866) (formerly Brookfield Multiplex Capital Management Limited), the Responsible Entity of Brookfield Australian Opportunities Fund (formerly Multiplex Acumen Property Fund) (ARSN 104 341 988) (Fund), present their report together with the financial statements of the Stand-alone Entity, being the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value (Stand-alone Entity), for the year ended 30 June 2011 and the Independent Auditor's Report thereon.

The Fund was constituted on 17 April 2003 and it was registered as a Managed Investment Scheme on 17 April 2003.

**Responsible Entity**
The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML) (formerly Brookfield Multiplex Capital Management Limited). BCML became the Responsible Entity on 26 October 2007. The registered office and principal place of business of the Responsible Entity and the Fund 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 |

**Principal activities**
The principal activity of the Stand-alone Entity is the investment in A-REITs and unlisted property securities in Australia.

**Review of operations**
The Stand-alone Entity has recorded a net loss of $2,104,000 for the year ended 30 June 2011 (2010: $9,763,000). The reported net loss includes $4,186,000 (2010: $4,453,000) in impairment losses on the A-REIT and unlisted property securities portfolios and investment accounted for using the equity method.

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

- total revenue and other income of $10,695,000 (2010: $6,981,000);
- earnings per unit (EPU) attributable to ordinary unitholders of (0.30) cents loss (2010: (4.81) cents loss);
- net assets of $109,526,000 (2010: $79,723,000);
- net tangible assets (NTA) per unit attributable to ordinary unitholders of $0.13 (2010: $0.39);
- A-REIT portfolio value of $26,531,000 (2010: $26,140,000), including a net revaluation increment to reserves on a number of A-REIT investments of $1,849,000 and an impairment charge of $1,183,000;
- At year end the A-Reit portfolio has been all classified as current (previously all non-current) reflecting the capacity of the fund to actively buy and sell the investments along with the liquid nature of these investments; and
- unlisted security portfolio value of $86,632,000 (2010: $97,611,000), including a net revaluation increment to reserves on a number of unlisted investments of $2,937,000 and an impairment charge of $2,410,000

The Stand-alone Entity received $2,428,000 as a return of capital from its investments in the Gordon Property Trust and Gordon Property Investment Trust and a further $6,859,000 from the Essential HealthCare Trust, respectively, as a part of their wind up processes.

**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 Stand-alone Entity that occurred during the financial year not otherwise disclosed in this report or in the 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 Stand-alone Entity, the results of those operations, or the state of affairs of the Stand-alone Entity in subsequent financial years.

**Likely developments**

Information on likely developments in the operations of the Stand-alone 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 Stand-alone Entity.

**Environmental regulation**

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

**Distributions**

During the current and prior years, no distributions were paid by the Fund to ordinary unitholders.

**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 Stand-alone 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 Stand-alone Entity. The insurance premiums are paid by the Responsible Entity.

**Rounding of amounts**

The Stand-alone 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.

Dated at Sydney this 26th day of August 2011.

Signed on behalf of the Directors.

**Russell Proutt**
Director
Brookfield Capital Management Limited

# Statement of Comprehensive Income


## Brookfield Australian Opportunities Fund (Stand-alone)

For the year ended 30 June 2011

| | Note | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|---|
| **Revenue and other income** | | | |
| Distribution income from listed and unlisted property trusts | | 5,692 | 4,973 |
| Gain on disposal of listed and unlisted property trusts | | 3,793 | 1,856 |
| Interest income | | 1,210 | 152 |
| **Total revenue and other income** | | **10,695** | **6,981** |
| **Expenses** | | | |
| Share of net loss of investment accounted for using the equity method | 4 | 2,047 | 3,810 |
| Impairment expense | 6 | 4,186 | 4,453 |
| Finance costs to external parties | | 5,165 | 7,088 |
| Management fees | | 731 | 643 |
| Other expenses | | 670 | 750 |
| **Total expenses** | | **12,799** | **16,744** |
| **Net loss for the year** | | **(2,104)** | **(9,763)** |
| **Other comprehensive income** | | | |
| Change in reserves of investment accounted for using the equity method | | (1,325) | 1,388 |
| Change in fair value of available for sale financial assets | | 4,786 | 8,038 |
| **Other comprehensive income for the year** | | **3,461** | **9,426** |
| **Total comprehensive income/(loss) for the year** | | **1,357** | **(337)** |
| **Net profit attributable to ordinary unitholders** | | **3,461** | **9,426** |
| **Total comprehensive income/(loss) attributable to unitholders** | | **1,357** | **(337)** |

| | Note | Year ended 30 June 2011 | Year ended 30 June 2010 |
|---|---|---|---|
| **Earnings per unit** | | | |
| Basic and diluted earnings per ordinary unit (cents) | 5 | **(0.30)** | (4.81) |

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

# Statement of Financial Position
## Brookfield Australian Opportunities Fund (Stand-alone)
As at 30 June 2011

| | Note | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Current assets | | | |
| Cash and cash equivalents | | 7,764 | 4,232 |
| Trade and other receivables | | 1,446 | 2,144 |
| Investments – available for sale | 6 | 26,531 | – |
| **Total current assets** | | **35,741** | **6,376** |
| Non-current assets | | | |
| Investments – available for sale | 6 | 86,632 | 123,751 |
| Investment accounted for using the equity method | 4 | 25,347 | 31,241 |
| **Total non-current assets** | | **111,979** | **154,992** |
| **Total assets** | | **147,720** | **161,368** |
| **Liabilities** | | | |
| Current liabilities | | | |
| Trade and other payables | | 1,094 | 2,404 |
| Interest bearing liabilities | 8 | – | 27,608 |
| Deferred settlement | | – | 10,731 |
| **Total current liabilities** | | **1,094** | **40,743** |
| Non-current liabilities | | | |
| Interest bearing liabilities | 8 | 37,100 | 40,902 |
| **Total non-current liabilities** | | **37,100** | **40,902** |
| **Total liabilities** | | **38,194** | **81,645** |
| **Net assets** | | **109,526** | **79,723** |
| **Equity** | | | |
| Attributable to ordinary unitholders | | | |
| Units on issue – ordinary units | 9 | 231,827 | 203,381 |
| Reserves | 10 | 2,384 | (1,077) |
| Undistributed losses | 11 | (124,685) | (122,581) |
| **Total equity** | | **109,526** | **79,723** |

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

# Statement of Changes in Equity
## Brookfield Australian Opportunities Fund (Stand-alone)
For the year ended 30 June 2011

| Stand-alone Entity | Ordinary units $'000 | Undistributed profits/(losses) $'000 | Reserves $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening equity – 1 July 2010** | **203,381** | **(122,581)** | **(1,077)** | **79,723** |
| Change in reserves of investment accounted for using the equity method | – | – | (1,325) | **(1,325)** |
| Change in fair value of available for sale financial assets | – | – | 4,786 | **4,786** |
| **Other comprehensive income for the year** | **–** | **–** | **3,461** | **3,461** |
| Net loss for the year | – | (2,104) | – | **(2,104)** |
| **Total comprehensive income/(loss) for the year** | **–** | **(2,104)** | **3,461** | **1,357** |
| **Transactions with unitholders in their capacity as unitholders:** | | | | |
| Units issued | 28,446 | – | – | **28,446** |
| **Total transactions with unitholders in their capacity as unitholders** | **28,446** | **–** | **–** | **28,446** |
| **Closing equity – 30 June 2011** | **231,827** | **(124,685)** | **2,384** | **109,526** |

| Stand-alone Entity | Ordinary units $'000 | Undistributed profits/(losses) $'000 | Reserves $'000 | Total $'000 |
|---|---|---|---|---|
| **Opening equity – 1 July 2009** | **203,381** | **(112,818)** | **(10,503)** | **80,060** |
| Change in reserves of investment accounted for using the equity method | – | – | 1,388 | 1,388 |
| Change in fair value of available for sale financial assets | – | – | 8,038 | 8,038 |
| **Other comprehensive income for the year** | **–** | **–** | **9,426** | **9,426** |
| Net loss for the year | – | (9,763) | – | (9,763) |
| **Total comprehensive (loss)/income for the year** | **–** | **(9,763)** | **9,426** | **(337)** |
| **Transactions with unitholders in their capacity as unitholders:** | | | | |
| **Total transactions with unitholders in their capacity as unitholders** | **–** | **–** | **–** | **–** |
| **Closing equity – 30 June 2010** | **203,381** | **(122,581)** | **(1,077)** | **79,723** |

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

# Statement of Cash Flows
## Brookfield Australian Opportunities Fund (Stand-alone)
For the year ended 30 June 2011

| | Note | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | | 5,733 | 5,736 |
| Cash payments in the course of operations | | (2,731) | (292) |
| Interest received | | 1,217 | 149 |
| Financing costs paid | | (2,645) | (5,710) |
| **Net cash flows from/used in operating activities** | 12 | **1,574** | **(117)** |
| **Cash flows from investing activities** | | | |
| Payments for purchase of available for sale assets | | (14,592) | (11,391) |
| Proceeds from sale of available for sale assets and equity accounted investments | | 17,782 | 21,557 |
| **Net cash flows from investing activities** | | **3,190** | **10,166** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of units | | 30,429 | – |
| Issue costs | | (1,972) | – |
| Proceeds from interest bearing liabilities | | – | 4,965 |
| Repayments of interest bearing liabilities | | (29,689) | (12,000) |
| **Net cash flows used in financing activities** | | **(1,232)** | **(7,035)** |
| Net increase in cash and cash equivalents | | 3,532 | 3,014 |
| Cash and cash equivalents at beginning of year | | 4,232 | 1,218 |
| **Cash and cash equivalents at 30 June** | | **7,764** | **4,232** |

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

# Notes to the Financial Statement
## Brookfield Australian Opportunities Fund (Stand-alone)
For the year ended 30 June 2011

### 1 Reporting entity
Brookfield Australian Opportunities Fund (Fund) (formerly Multiplex Acumen Property 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 financial statements of the Stand-alone Entity as at and for the year ended 30 June 2011 comprise the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value (Stand-alone Entity).

### 2 Basis of preparation
#### a Statement of compliance
The stand-alone financial statements are special 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) with the exception of AASB 127 *Consolidated and Separate Financial Statements*. AASB127 has been adopted in the preparation of these financial statements, except for the consolidated MPIF subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value.

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

#### b Basis of measurement
The stand-alone financial statements have been prepared on the basis of historical cost, except for the following:

- equity accounted investment, which is measured using the equity method; and
- available for sale financial assets, which are measured at fair value.

The methods used to measure fair value are discussed further in Note 3.

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

The Stand-alone 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 amounts recognised in the financial statements are provided in investments – available for sale (Note 6).

### 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 stand-alone financial statements incorporate the financial statements of the Fund and its subsidiaries, excluding the consolidated subsidiary MPIF which is carried at the lower of cost or net realisable value. 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 Stand-alone Entity's 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 Stand-alone Entity.

All intra-group transactions, balances, income and expenses, including unrealised profits arising from intra-group transactions, are eliminated in full in the Stand-alone financial statements.

Non-controlling interests in subsidiaries are identified separately from the Stand-alone 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.

### 3 Significant accounting policies continued

#### a Principles of consolidation continued

##### Subsidiaries continued

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 Stand-alone 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 Stand-alone 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 Stand-alone 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.

##### Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

#### 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 Stand-alone 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.

##### Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the Stand-alone 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.

##### Gains or losses on available for sale financial assets

Listed and unlisted investments are classified as being available for sale and are stated at fair value, with any resulting gain or loss recognised directly in equity in the Statement of Financial Position, except for impairment losses, which are recognised directly in the Statement of Comprehensive Income. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity in the Statement of Financial Position is recognised in the Statement of Comprehensive Income.

The fair value of listed investments is the quoted bid price at the period end date.

#### 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.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

**3 Significant accounting policies** continued

## c Expense recognition continued

### Management fees

A base management fee calculated on the gross value of assets of the Consolidated Entity (being the Stand-alone Entity and and the consolidated MPIF subsidiary), and is payable to the Responsible Entity. The fee is payable by the Stand-alone Entity quarterly in arrears.

### Performance fee

A performance fee of 20% (including GST less any reduced input tax credits) of the outperformance of the Consolidated Entity against the Benchmark return (S&P/ASX A-REIT Accumulation Index) is recognised on an accruals basis. Any previous underperformance must be recovered before a performance fee becomes payable.

### Other expenditure

Expenses are recognised by the Stand-alone 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 Income tax – funds

Under current income tax legislation, the Consolidated Entity is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year. The Consolidated Entity fully distributes its taxable income each year, calculated in accordance with the Trust Constitution and applicable legislation to unitholders who are presently entitled to income under the Constitution.

Tax allowances for buildings, plant and equipment are distributed to unitholders in the form of a tax deferred component of the distributions.

## f Cash and cash equivalents

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

## g 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.

## h Available for sale financial assets

Listed and unlisted investments are classified as being available for sale. Available for sale financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value, with any resulting gain or loss recognised directly in equity. Where there is evidence of impairment in the value of the investment, usually through adverse market conditions, the impairment loss will be recognised directly in the Statement of Comprehensive Income. Where listed and unlisted investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Statement of Comprehensive Income.

## i Associates

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

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

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

## 3 Significant accounting policies continued

### i Associates continued

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

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Stand-alone 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 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, 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 Stand-alone Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Stand-alone Entity's contractual rights to the cash flows from the financial assets expire or if the Stand-alone 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 Stand-alone Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Stand-alone Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting policies for cash and cash equivalents, trade and other receivables, available for sale financial assets, 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.

### k 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.

#### Non financial assets

The carrying amount of the Stand-alone Entity's non financial assets is 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.

**3 Significant accounting policies** continued

## l Earnings per unit

The Stand-alone Entity presents basic and diluted earnings per unit (EPU) data for all its ordinary unitholders. Basic EPU is calculated by dividing the profit or loss attributable to ordinary unitholders of the Stand-alone Entity by the weighted average number of ordinary units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss attributable to ordinary unitholders and the weighted average number of ordinary units outstanding for the effects of all dilutive potential ordinary units.

## m Trade and other payables

Payables are stated at amortised cost using the effective interest rate method and represent liabilities for goods and services provided to the Stand-alone 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.

## n 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 Stand-alone Entity has an unconditional right to defer settlement of the liability to at least 12 months after the year end.

## o 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 equity. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

## p Units on issue

Issued and paid up units are recognised as changes in equity at the fair value of the consideration received by the Stand-alone Entity, less any incremental costs directly attributable to the issue of new units.

## q 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 in 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 Stand-alone Entity has 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 Stand-alone Entity 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 Stand-alone Entity does not expect that any adjustments will be necessary as a result of applying the revised rules.

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 Stand-alone Entity will apply the amendments from 1 July 2011 and have not yet concluded on the consequential impact of the amendment.

### 4 Investment accounted for using the equity method

| | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|
| Multiplex New Zealand Property Fund | 28,240 | 33,697 |
| Impairment | (2,893) | (2,456) |
| **Total investment accounted for using the equity method** | **25,347** | **31,241** |
| Share of net loss from investments accounted for using the equity method: | | |
| **Multiplex New Zealand Property Fund** | **(2,047)** | **(3,810)** |

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Stand-alone Entity is detailed below.

| | 2011 $'000 | 2010 $'000 |
|---|---|---|
| Current assets | 26,477 | 49,879 |
| Non-current assets | 344,206 | 453,862 |
| **Total assets** | **370,683** | **503,741** |
| Current liabilities | 26,568 | 52,869 |
| Non-current liabilities | 215,617 | 302,558 |
| **Total liabilities** | **242,185** | **355,427** |

| | Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Revenues | 49,125 | 66,675 |
| Expenses | (68,176) | (98,159) |
| Income tax benefit | 8,614 | 13,757 |
| **Net loss after income tax for the year** | **(10,437)** | **(17,727)** |

The Stand-alone Entity owns 20.1% of the ordinary units of Multiplex New Zealand Property Fund (MNZPF) (2010: 21.5%). This excludes the 0.5% owned by the consolidated MPIF subsidiary (2010: 0.5%) due to MPIF not being consolidated for the purposes of these stand-alone financial statements. In accordance with Australian accounting standards, the Stand-alone Entity has significant influence over MNZPF and therefore accounts for its investment under the equity accounting method, whereby the Stand-alone Entity records its share of profit or loss of MNZPF's operations. Any changes to the results and operations of the underlying investment are presented in the Stand-alone Entity's financial report through the share of net profit or loss of investment accounted for using the equity method line item in the Statement of Comprehensive Income and the carrying value of the investment accounted for using the equity method in the Statement of Financial Position.

In the consolidated MPIF accounts, MPIF's investment in MNZPF is accounted for as an available for sale investment as MPIF does not have significant influence over MNZPF.

In accordance with AASB 136 *Impairment of assets*, an assessment must be made at each reporting date whether there is any indication that an asset is impaired. A review of the equity accounted investment was performed at the reporting date and, due to the continued decline in the value of the MNZPF investment, a further impairment of $593,000 has been recorded against the equity accounted investment in MNZPF. This conclusion was reached upon assessment of the fair value less cost to sell of the equity accounted investment, to ensure the current carrying value does not exceed the recoverable amount (being the higher of fair value less cost to sell of value in use). The fair value less cost to sell was determined based on the NTA of MNZPF, less estimated costs of disposal. The carrying amount of impairment on equity accounted investments in the Stand-alone Entity is detailed below.

## 4 Investment accounted for using the equity method continued

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| **Impairment of investments in associates** | | |
| Carrying amount at the beginning of the year | (2,456) | (8,804) |
| Impairment recognised | (593) | – |
| Reversal of impairment | – | 5,525 |
| Reduction of impairment balance due to disposal of investments | 156 | 823 |
| **Carrying amount at the end of the year** | **(2,893)** | **(2,456)** |

## 5 Earnings per unit

### Classification of securities as ordinary units

All securities have been classified as ordinary units and included in basic EPU, as they have the same entitlement to distributions. There are no dilutive potential ordinary units, therefore diluted EPU is the same as basic EPU.

### Earnings per unit

Earnings per unit have been calculated in accordance with the accounting policy per Note 3l.

| | | Stand-alone Entity Year ended 30 June 2011 | Year ended 30 June 2010 |
|---|---|---|---|
| Net loss attributable to ordinary unitholders | $'000 | (2,150) | (9,767) |
| Weighted average number of ordinary units used in the calculation of basic and diluted EPU | '000 | 709,735 | 202,861 |
| Basic and diluted weighted earnings per ordinary unit | cents | (0.30) | (4.81) |

## 6 Investments – available for sale

| | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Listed investments** | | |
| Listed investments at cost | 58,301 | 60,625 |
| Fair value adjustments | 2,686 | 837 |
| Impairment | (34,456) | (35,322) |
| **Total listed investments** | **26,531** | **26,140** |
| **Unlisted investments** | | |
| Unlisted investments at cost | 106,637 | 119,692 |
| Fair value adjustments | 10,132 | 7,194 |
| Impairment | (30,137) | (29,275) |
| **Total unlisted investments** | **86,632** | **97,611** |
| **Total investments – available for sale** | **113,163** | **123,751** |

**6 Investments – available for sale** continued

Reconciliation of the carrying amount of impairment is set out below:

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Investments – available for sale (listed property trusts) | | |
| Carrying amount as at beginning of the year | (35,322) | (41,429) |
| Reduction of impairment balance due to disposal of investments | 2,049 | 6,434 |
| Impairment recognised in the year | (1,183) | (327) |
| **Carrying amount at year end** | **(34,456)** | **(35,322)** |
| Investments – available for sale (unlisted property trusts) | | |
| Carrying amount as at beginning of the year | (29,275) | (19,611) |
| Reduction of impairment balance due to disposal of investments | 1,548 | (13) |
| Impairment recognised in the year | (2,410) | (9,651) |
| **Carrying amount at year end** | **(30,137)** | **(29,275)** |

Reconciliation of the impairment expense is set out below:

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Investments – available for sale | | |
| Impairment recognised – listed property trusts | (1,183) | (327) |
| Impairment recognised – unlisted property trusts | (2,410) | (9,651) |
| Investment – associate | | |
| Reduction of impairment – investment accounted for using the equity method | – | 5,525 |
| Impairment recognised – investment accounted for using the equity method | (593) | – |
| **Net impairment expense recognised in the Statement of Comprehensive Income** | **(4,186)** | **(4,453)** |

### Impairment

During the year, the Stand-alone Entity recognised an impairment loss in accordance with accounting standards of $3,593,000 in relation to its available for sale investments (2010: $9,978,000).

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the investments and their market value as at 30 June 2011, less any previously recorded impairment losses and reductions to accumulated reserves.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Stand-alone Entity's listed and unlisted property trust investments are impaired. This determination has arisen due to the significant and prolonged decline in value of listed and unlisted property trusts during the year and market conditions within the property sector generally.

### Investments in unlisted property securities

The Stand-alone Entity invests directly in 27 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the fund as detailed in their original product disclosure statements and constitutions, 5 have suspended redemptions, 5 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 2 investments were listed on the Australian Stock Exchange but are now deemed insolvent and 2 have limited liquidity features meaning that the Stand-alone Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

**6 Investments – available for sale** continued

Consistent with 30 June 2010, the Stand-alone Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2011, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Stand-alone Entity is not seeking to sell its assets in the near term, an additional discount would not normally be applied. However, further consideration was then given to each net asset value in the current environment to determine whether an additional discount should be applied by assessing other prevailing market evidence, including transactional evidence and an assessment of the ability of the underlying investments to continue as a going concern. This analysis included application of discounts to unaudited net asset values where certain funds' underlying property investments were all located in Europe.

### Material investments

Investments by the Stand-alone Entity which constitute 5% or more by value of that investment are disclosed below.

| | 2011 Units | 2011 % ownership | 2010 Units | 2010 % ownership |
|---|---|---|---|---|
| **Unlisted property securities** | | | | |
| APN Champion Retail Fund | 2,900,000 | 5.2% | 2,900,000 | 5.2% |
| APN Regional Property Fund | 2,857,143 | 8.8% | 2,857,143 | 8.8% |
| APN Poland Retail Fund | 4,525,260 | 11.9% | 4,525,260 | 11.9% |
| APN Vienna Retail Fund | 3,600,000 | 7.9% | 3,600,000 | 7.9% |
| Austock Childcare Fund | 1,000,000 | 7.4% | 1,000,000 | 7.4% |
| Centro MCS 21 – Roseland Holding Trust | 4,362,500 | 29.8% | 4,362,500 | 29.8% |
| Gordon Property Investment Trust | – | – | 1,194,700 | 8.1% |
| Investa Diversified Office Fund | 24,334,618 | 14.6% | 24,334,618 | 14.6% |
| Investa Fifth Commercial Trust | 7,642,000 | 15.3% | 7,642,000 | 15.3% |
| Investa Second Industrial Trust | 1,479,154 | 5.5% | 1,479,154 | 5.5% |
| MAB Diversified Property Trust | 4,900,000 | 7.4% | 4,900,000 | 7.4% |
| Multiplex Development and Opportunity Fund | 9,320,388 | 5.7% | 9,320,388 | 5.7% |
| Pengana Credo European Property Trust | 9,400,000 | 18.0% | 9,400,000 | 18.0% |
| Rimcorp Property Trust No. 3 | 750,000 | 9.3% | 750,000 | 9.3% |
| St Hilliers Enhanced Property Fund No. 2 | 2,000,000 | 10.0% | 2,000,000 | 10.0% |
| The Essential HealthCare Trust | 7,406,762 | 10.4% | 7,406,762 | 10.4% |
| **Listed property securities** | | | | |
| Brookfield Prime Property Fund (formerly Multiplex Prime Property Fund) | 2,521,890 | 5.0% | 4,993,155 | 9.9% |
| Multiplex European Property Fund | 12,750,050 | 5.2% | 12,750,050 | 5.2% |

| | Fund | | | |
|---|---|---|---|---|
| | 2011 Ownership % | 2011 $'000 | 2010 Ownership % | 2010 $'000 |
| **7 Investment in controlled entities** | | | | |
| Multiplex Property Income Fund – ordinary units | 100 | 30,076 | 100 | 30,076 |
| Provision for impairment | | (30,076) | | (30,076) |
| **Carrying amount – Multiplex Property Income Fund** | | **–** | | **–** |
| MPF Investment No.1 Trust | 100 | 8,137 | 100 | – |
| **Carrying amount – MPF Investment No.1 Trust** | | **8,137** | | **–** |
| MPF Investment No.2 Trust | – | – | 100 | – |
| **Carrying amount – MPF Investment No.2 Trust** | | **–** | | **–** |
| **Total investment in controlled entities** | | **–** | | **–** |

The Fund owns 30,075,871, or 100% of the ordinary units in MPIF, which has not been consolidated but has been carried at the lower of cost or net realisable value.

## 8 Interest bearing liabilities

| | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Current** | | |
| Secured bank debt | – | 27,608 |
| **Non-current** | | |
| Secured bank debt | 37,100 | 41,587 |
| Debt Establishment Fees | – | (685) |
| **Total interest bearing liabilities - non-current** | **37,100** | 40,902 |
| **Total interest bearing liabilities** | **37,100** | **68,510** |

| | Expiry Date | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|---|
| **Finance arrangements** | | | |
| Facilities available | | | |
| Bank debt facility | 1 December 2011 | – | 63,787 |
| Bank debt facility | 1 December 2012 | 37,100 | – |
| Non bank debt | 6 June 2011 | – | 5,408 |
| Investment facility | 1 June 2012 | 20,000 | – |
| *Less*: Facilities utilised | | (37,100) | (69,195) |
| **Facilities not utilised** | | **20,000** | **–** |

### Debt facility

Following the completion of the Rights Issue and repayment of Tranche B debt, the Fund entered into a new debt facility on the following key financial terms:

- Facility limit of $37.1 million
- Maturity date of 1 December 2012, subject to the Fund extending the loan in October 2011 from 1 December 2011 to 1 December 2012. This is subject to the following financial covenants being met at the time of the extension:
  - Loan to Value Ratio (LVR) limit of 30% to 1 December 2011 and LVR limit of 20% from 1 December 2011 until maturity; and
  - Interest Cover Ratio (ICR) of greater than 1.25 until 1 December 2011 and ICR of greater than 1.65 from 1 December 2011 until maturity.
- Margin of 2.5% per annum over BBSY.

At 30 June 2011, the Fund was in compliance with both financial covenants on its debt facility.

### Investment facility

Following completion of the Rights Issue, a wholly owned subsidiary of Brookfield Asset Management Inc. has provided a new $20 million Investment Facility to fund investments by the Fund. The Investment Facility will have a maturity date of 1 June 2013, being six months after the maturity date of the New Debt Facility (subject to the conditions under the New Debt Facility). If the New Debt Facility is not extended, the maturity date of the Investment Facility will be 1 June 2012 (or earlier if an event of default occurs). Further details have been provided in the Fund's Rights Issue Offer Booklet issued 28 July 2010.

### Extension of loan

During the year, the Fund extended the term of the loan utilised to acquire the Fund's investment in Brookfield Prime Property Fund (BPA (formerly MAFCB) from 3 November 2010 to 6 June 2011.

The Fund borrowed $4.97 million from an entity in the Brookfield group to acquire units under the MAFCB entitlement offer in November 2009, in which it has a 9.9% stake. The loan was made on commercial terms and conditions and recourse for the loan is limited to the security of the units in MAFCB subscribed for under the entitlement offer. Interest capitalises during the term of the loan. During the year, a total of $6,142,000 was repaid by way of cash and BPA units to satisfy the loan.

## 9 Units on issue

| | Year ended 30 June 2011 $'000 | Year ended 30 June 2011 Units | Year ended 30 June 2010 $'000 | Year ended 30 June 2010 Units |
|---|---|---|---|---|
| Ordinary units | | | | |
| **Opening balance** | 203,381 | 202,860,930 | 203,381 | 202,860,930 |
| Issue of units | 30,429 | 608,582,790 | – | – |
| Unit issue costs | (1,983) | – | – | – |
| **Closing balance – ordinary units** | **231,827** | **811,443,720** | **203,381** | **202,860,930** |

The above ordinary units represent the ordinary units of the Stand-alone Entity and the Fund.

In accordance with the Fund's Constitution, each unitholder is entitled to receive distributions as declared from time to time and is entitled to one vote per unit at unitholder meetings. In accordance with the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

### Rights issue

During the year, the Fund completed an underwritten 3 for 1 renounceable pro-rata rights issue of 608,582,790 fully paid new units in the Fund, at an issue price of $0.05 per new unit (Rights Issue). The Fund used the proceeds of the Rights Issue to repay the balance owing under Tranche B of the Fund's old debt facility, to meet costs associated with the Rights Issue and to provide working capital to the Fund. Brookfield Multiplex Capital Securities Limited (ABN 13 103 736 081) in its capacity as trustee for Brookfield Multiplex PPF Investment No. 2 Trust, a related party of the Responsible Entity, underwrote the Rights Issue. An underwriting fee of $957,000 was paid by the Fund.

## 10 Reserves

### Reserves

| | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|
| Available for sale reserve | 12,824 | 8,038 |
| Foreign currency translation reserve | (10,440) | (9,115) |
| **Total reserves** | **2,384** | **(1,077)** |

### Available for sale reserve

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Opening balance | 8,038 | – |
| Fair value movement in relation to unlisted investments | 2,937 | 7,201 |
| Fair value movement in relation to listed investments | 1,849 | 837 |
| **Closing balance** | **12,824** | **8,038** |

### Foreign currency translation reserve

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Opening balance | (9,115) | (10,503) |
| Share of associate's reserves | (1,325) | 1,388 |
| **Closing balance** | **(10,440)** | **(9,115)** |

## 11 Undistributed losses

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 |
|---|---|---|
| Opening balance | (122,581) | (112,818) |
| Net loss | (2,104) | (9,763) |
| **Closing balance** | **(124,685)** | **(122,581)** |

### 12 Reconciliation of cash flows from operating activities

| | Stand-alone Entity Year ended 30 June 2011 $'000 | Stand-alone Entity Year ended 30 June 2010 $'000 |
|---|---|---|
| **Net loss for the year** | **(2,104)** | **(9,763)** |
| Adjustments for: | | |
| *Items classified as investing activities* | | |
| Gain on disposal of listed and unlisted property trusts | (3,793) | (1,856) |
| Other | – | (2) |
| *Items classified as financing activities* | | |
| Interest expense | 1,177 | – |
| Capitalised borrowing costs | (117) | (952) |
| *Non cash items* | | |
| Impairment expense | 4,186 | 4,453 |
| Share of net profit of investment accounted for using the equity method | 2,047 | 3,810 |
| Capitalised interest | – | 2,029 |
| Amortisation of capitalised borrowing costs | 802 | 301 |
| **Operating profit/(loss) before changes in working capital** | **2,198** | **(1,980)** |
| **Changes in assets and liabilities during the year:** | | |
| Decrease in trade and other receivables | 46 | 751 |
| Increase in trade and other payables | (670) | 1,112 |
| **Net cash flows from operating activities** | **1,574** | **(117)** |

### 13 Related parties

Management fee

A management fee based on gross value of assets of the Consolidated Entity (being the Stand-alone Entity, the consolidated MPIF subsidiary and MPIF's share of interest in associate) is payable to the Responsible Entity. The fee is payable by the Stand-alone Entity quarterly in arrears. The management fee expense for the year ended 30 June 2011 was $731,000 (2010: $643,000). As at 30 June 2011, the management fee payable to the Responsible Entity was $164,000 (2010: $1,341,000).

**13 Related parties** continued

### Performance Fee

A performance fee is payable if the benchmark is met. No performance fee has been paid this year.

| | Stand-alone Entity 2011 $'000 | 2010 $'000 |
|---|---|---|
| **Transactions with associates** | | |
| Distribution income | – | 4,973 |
| **Transactions with the Responsible Entity** | | |
| Management fees | 731 | 643 |
| Cost reimbursements | 236 | 613 |
| Management fee payable | 164 | 1,341 |
| Cost reimbursements payable | 58 | 1,009 |
| **Transactions with related parties of the Responsible Entity** | | |
| Distribution income | | |
| - Multiplex Development and Opportunity Fund | – | 142 |
| - Brookfield Prime Property Fund (formerly Multiplex Prime Property Fund) | 75 | – |
| - Multiplex European Property Fund | 319 | 574 |
| Investments held (at fair value) | | |
| - Multiplex Development and Opportunity Fund | 7,705 | 8,072 |
| - Brookfield Prime Property Fund (formerly Multiplex Prime Property Fund) | 8,297 | 15,924 |
| - Multiplex European Property Fund | 2,295 | 1,721 |
| Distributions receivable | | |
| - Multiplex European Property Fund | 80 | 335 |
| Consideration from disposal of units in Multiplex New Zealand Property Fund | 1,934 | 3,472 |
| Underwriting fee | | |
| - Brookfield Multiplex Capital Securities Ltd ATF Brookfield Multiplex PPF Investment No.2 Trust | 957 | – |

Transactions with related parties are conducted on normal commercial terms and conditions. Distributions paid by the Stand-alone Entity to related party unitholders are made on the same terms and conditions applicable to all unitholders.

During the year, the Stand-alone Entity sold units in Multiplex New Zealand Property Fund (MNZPF) on an arm's length transaction through the liquidity facility offered by BCML, the Responsible Entity of both the Stand-alone Entity and MNZPF. The Stand-alone Entity sold 6.4% of its investment for total consideration of $1,934,000.

### Rights issue

During the year, the Fund completed an underwritten 3 for 1 renounceable pro-rata rights issue of 608,582,790 fully paid new units in the Fund, at an issue price of $0.05 per new unit (Rights Issue). The Fund used the proceeds of the Rights Issue to repay the balance owing under Tranche B of the Fund's old debt facility, to meet costs associated with the Rights Issue and to provide working capital to the Fund. Brookfield Multiplex Capital Securities Limited (ABN 13 103 736 081) in its capacity as trustee for Brookfield Multiplex PPF Investment No. 2 Trust, a related party of the Responsible Entity, underwrote the Rights Issue. An underwriting fee of $957,000 was paid by the Fund.

**14 Contingent liabilities and assets**

No contingent liabilities or assets existed at 30 June 2011 or 30 June 2010.

**15 Capital and other commitments**

The Stand-alone Entity had no capital or other commitments at 30 June 2011 or 30 June 20010.

**16 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 Stand-alone Entity, the results of those operations, or the state of affairs of the Stand-alone entity in subsequent financial years.

# Directors' Declaration
## Brookfield Australian Opportunities Fund (Stand-alone)
For the year ended 30 June 2011

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of Brookfield Australian Opportunities Fund:

a The special purpose stand-alone financial statements and notes (as defined in notes 1 and 2), set out in pages 6 to 22, are in accordance with the following:

   i giving a true and fair view of the financial position of the Stand-alone 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), with the exception as detailed in note 2(a).

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 on behalf of the Directors.

Dated at Sydney this 26th day of August 2011.

**Russell Proutt**
Director
Brookfield Capital Management Limited