Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2019

Multiplex Development and Opportunity Fund

ARSN 100 563 488

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

Company Secretary of Brookfield Capital Management Limited
Men (Mandy) Chiang

Registered Office of Brookfield Capital Management Limited
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Custodian
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Auditor
Deloitte Touche Tohmatsu (Deloitte)
Grosvenor Place
225 George Street
Sydney NSW 2000

Directors' Report
Multiplex Development and Opportunity Fund
For the year ended 30 June 2019

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 2019 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 are BCML (Responsible Entity of Brookfield Prime Property Fund, delisted on 3 July 2017) (appointed January 2010) and Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust, delisted on 10 October 2017) in liquidation (appointed February 2005).

Barbara Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director and Chairperson of Audit Committee and Board Risk and Compliance Committee
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's other directorships of listed entities are BCML (Responsible Entity of Brookfield Prime Property Fund, delisted on 3 July 2017) (appointed January 2010), Qantas Airways Limited (appointed June 2008) and Caltex Australia Limited (appointed 1 April 2015).

Shane Ross (BBus), Executive Director
Shane is the Managing Director, Portfolio Management for Brookfield Property Group Australia, and was appointed as an Executive Director of BCML on 6 May 2015. Shane also performs that role for BFML. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Shane joined the organisation in 2003 following a background in banking and has over 23 years of experience in treasury and finance within the property industry.

Information on Company Secretary
Men (Mandy) Chiang
Mandy was appointed Company Secretary of BCML on 15 November 2016. Mandy has over 20 years of company secretarial experience including having previously worked at Brookfield Australia Group for over 8 years.

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		Board Risk and Compliance Committee Meetings	
Director	**A**	**B**	**A**	**B**
F. Allan McDonald	4	4	3	3
Barbara Ward	4	4	3	3
Shane Ross	4	4	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

In prior periods the Consolidated Entity fully settled its final development property project (Little Bay South). The principal activity of the Consolidated Entity during the year is to resolve the outstanding commercial issues in the Little Bay South development.

Wind up of the Fund

The Consolidated Entity intends to cease business in the next 12 months and realise its assets and extinguish its liabilities in the ordinary course of business. As such the going concern basis has not been adopted in the preparation of these financial statements. Accordingly, the assets have been recorded at their net realisable value and the liabilities have been recorded at their contract and settlement amounts.

In addition, all assets and liabilities have been classified as current since assets will be consumed or converted into cash and liabilities will be settled within 12 months.

Review of operations

The Consolidated Entity has recorded a net profit before income tax of $19,636 for the year ended 30 June 2019 (2018: net loss $269,339).

Some of the significant events during the year are as follows:
- total revenue and other income of $21,644 (2018: $12,450);
- net assets attributable to ordinary unitholders of $1,355,316 or $0.01 per unit (2018: $1,335,680 or $0.01 per unit); and
- share of profit from equity accounted investments $9,234 (2018: share of loss $264,677).

The strategy of the Fund is to finalise the commercial issues relating to Little Bay South and to return remaining proceeds to investors.

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

Effective from 1 January 2018, management fees have been waived by the Responsible Entity.

For the year ended 30 June 2019, the Consolidated Entity incurred nil management fees (2018: $12,090).

Expense recoveries

For the year ended 30 June 2019, the Consolidated Entity incurred $4,142 in expense recoveries to the Responsible Entity (2018: $4,653). At 30 June 2019 expense recoveries payable is $2,014 (2018: $1,002).

Related party unitholders

The following interests as at 30 June 2019 are held by related entities in the Consolidated Entity:
– Brookfield Funds Management Limited as custodian for BAO Trust holds 9,320,388 units or 5.7% (2018: 9,320,388 units or 5.7%); and
– Brookfield Capital Management Limited holds 20,582,496 units or 12.6% (2018: 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 on the results of inquiries made, the Directors of the Responsible Entity are not aware of any significant breaches or non-compliance issues during the year covered by this report.

Distributions and return of capital

No distributions or returns of capital were declared or paid during the year (2018: nil).

Indemnification and insurance of Directors and Company Secretary

Under deeds of access and indemnity, Brookfield Australia Investments Limited or Brookfield Australia Pty Ltd has agreed to indemnify the Directors and Company Secretary of the Company, to the extent permitted by law, against:

- liabilities incurred as Director or Company Secretary of the Company , 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 as Director or Company Secretary of the Company , except for costs incurred in relation to matters set out in section 199A(3) of the *Corporations Act* 2001 (the "Indemnity").

The Indemnity is satisfied by maintenance of a global directors' and officers' insurance policy, which policy prohibits certain disclosures in relation to the nature of the liability covered and the amount of the premium, however, it can be disclosed that the policy 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* 1993;
- losses for which coverage under a different kind of insurance policy is readily available such as, 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 of the global director's and officers' insurance policy continues for a period of seven years after the Director or Company Secretary of the Company has left office, to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

The Consolidated Entity 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 the Consolidated Entity or 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 2019.

Dated at Sydney this 27th day of August 2019.

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 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

27 August 2019

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 2019 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 2019

	Note	Consolidated Year ended 30 June 2019 $	Consolidated Year ended 30 June 2018 $
Revenue and other income			
Interest income		12,410	12,450
Share of net profit of investments accounted for using the equity method	9	9,234	–
Total revenue and other income		**21,644**	**12,450**
Expenses			
Share of net loss of investments accounted for using the equity method	9	–	264,677
Management fees	15	–	12,090
Other expenses		2,008	5,022
Total expenses		**2,008**	**281,789**
Net profit/(loss) before income tax		**19,636**	**(269,339)**
Income tax expense	7	–	–
Net profit/(loss) after tax		**19,636**	**(269,339)**
Finance costs attributable to unitholders:			
(Increase)/Decrease in net assets attributable to ordinary unitholders		(19,636)	269,339
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 2019

	Note	Consolidated 2019 $	2018 $
Current assets			
Cash and cash equivalents	5	1,027,047	1,015,082
Trade and other receivables	6	66	617
Investment accounted for using the equity method	9	330,217	320,983
Total current assets		**1,357,330**	**1,336,682**
Total assets		**1,357,330**	**1,336,682**
Current liabilities			
Trade and other payables	10	2,014	1,002
Total current liabilities		**2,014**	**1,002**
Total liabilities (excluding liability to unitholders)		**2,014**	**1,002**
Net assets attributable to ordinary unitholders - Liability	11	**1,355,316**	**1,335,680**

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 2019

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 2019

	Note	Consolidated Year ended 30 June 2019 $	Year ended 30 June 2018 $
Cash flow from operating activities			
Cash receipt in the course of operations			
Cash payments in the course of operations		(445)	(19,894)
Interest received		12,410	12,450
Net cash flows used in operating activities	14	**11,965**	**(7,444)**
Cash flows from investing activities			
Capital returns and dividends from associates		–	90,000
Net cash flows from investing activities		**–**	**90,000**
Net increase in cash and cash equivalents		11,965	82,556
Cash and cash equivalents at beginning of year		1,015,082	932,526
Cash and cash equivalents at 30 June	5	**1,027,047**	**1,015,082**

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 2019 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 27th day of August 2019.

b Basis of measurement

Non going concern

The Consolidated Entity intends to cease business within the next 12 months and realise its assets and extinguish its liabilities in the ordinary course of its business. As such the going concern basis has not been adopted in the preparation of these financial statements. Accordingly, the Consolidated Entity's assets have been recorded at their net realisable values and the liabilities have been recorded at their contractual settlement amounts.

In addition, all assets and liabilities have been classified as current since assets will be consumed or converted into cash and liabilities will be settled within 12 months.

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 2019.

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 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

b Revenue recognition

Dividends and distributions

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.

Interest revenue

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

c 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.

d 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

e 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.

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.

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.

3 Significant accounting policies continued

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 Adoption of new and revised Australian Accounting Standards

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2018.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Consolidated Entity include:

i) AASB 9 *Financial Instruments*

The objective of this AASB 9 Financial Instruments (AASB 9) is to establish principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This standard has replaced AASB 139 *Financial Instruments: Recognition and Measurement* (AASB 139) upon adoption.

The Consolidated Entity has adopted AASB 9 *Financial Instruments* from 1 July 2018.

The Consolidated Entity has determined that there are no material adjustments required in the opening balance of retained earnings based on the adoption of AASB 9 and the comparative period have not be restated.

ii). AASB 15 *Revenue from Contracts with Customers*

AASB 15 *Revenue from Contracts with Customers* (AASB 15) establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Consolidated Entity has adopted the modified retrospective approach which means that any cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 with no restatement of comparatives.

The core principle of AASB 15 is that an entity recognises revenue related to the transfer of promised goods or services when control of the goods or service passes to the customer. It requires the identification of discrete performance obligations within a transaction and allocating an associated transaction price to these obligations.

The Consolidated Entity currently recognises revenue from interest and share of profit from equity accounted investment, which is out of the scope of AASB 15.

The Consolidated Entity has determined that there are no material adjustments required in the opening balance of retained earnings based on the adoption of AASB 15 and the comparative period have not be restated.

k New standards and interpretations not yet adopted

AASB 16 *Leases*

AASB 16 *Leases* replaces existing guidance, including AASB 117 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The revised lease standard sets out a comprehensive model for identifying lease arrangements and subsequent measurement.

Under the new standard, the lessee is required to recognise all right-of-use assets and corresponding lease liabilities on the balance sheet, with the exception of short term and low value leases. The right-of-use asset reflects the lease liability, direct costs and any adjustments for lease incentives or restoration. The lease liability is the net present value of future lease payments for the lease term, which incorporates any options reasonably expected to be exercised. The contracted cash flows are separated into principal repayments and interest components, using the effective interest rate method. Depreciation expense on the right-of-use asset and interest expense on the lease liability will now be recognised instead of a rental expense.

As at 30 June 2019, the Consolidated Entity does not have any non-cancellable operating lease commitments or any finance lease where the Consolidated Entity is a lessee. Hence, the directors do not anticipate that the application of AASB 16 will have a significant impact on the amounts recognised in the Fund's financial statements.

4 Parent entity disclosures

	Fund 2019 $	Fund 2018 $
Assets		
Current assets	40,499,754	40,488,339
Total assets	**40,499,754**	**40,488,339**
Liabilities		
Current liabilities	39,916,465	39,915,453
Total liabilities	**39,916,465**	**39,915,453**
Net assets attributable to unitholders		
Units on issue	21,870,595	21,870,595
Undistributed losses	(21,287,306)	(21,297,709)
Net assets attributable to unitholders	**583,289**	**572,886**

	Fund Year ended 30 June 2019 $	Fund Year ended 30 June 2018 $
Net profit/(loss) for the year	10,403	(32,372)
Total comprehensive profit/(loss) for the year	**10,403**	**(32,372)**

5 Cash and cash equivalents

	Consolidated 2019 $	Consolidated 2018 $
Cash at bank	1,027,047	1,015,082
Total cash and cash equivalents	**1,027,047**	**1,015,082**

6 Trade and other receivables

	Consolidated 2019 $	Consolidated 2018 $
Current		
Other receivables	66	617
Total trade and other receivables	**66**	**617**

7 Income tax

	Consolidated 2019 $	2018 $
Current tax benefit		
Current period tax expense	–	–
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/(loss) after tax	19,636	(269,339)
Total income tax expense	–	–
Net profit/(loss) before income tax	**19,636**	**(269,339)**
Prima facie income tax (expense)/benefit on loss using the Fund's tax rate of 30% (2018: 30%)	(5,891)	80,802
Effect of tax losses and other temporary differences not recognised as deferred tax assets	5,891	(80,802)
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 $7,966,776 (2018: $7,855,892) 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 and returns of capital

No distributions or returns of capital were declared or paid during the year (2018: nil).

9 Investment accounted for using the equity method

	Consolidated			
	2019		2018	
	Ownership	$	Ownership	$
Little Bay South Developer Pty Limited	50%	330,217	50%	320,983

	Consolidated	
	2019 $	2018 $
Share of net profit/(loss) for the year from investments accounted for using the equity method	9,234	(264,677)

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 the year ended 30 June 2019 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 2019 $	Year ended 30 June 2018 $
Current assets	420,546	409,650
Total assets	**420,546**	**409,650**
Current liabilities	7,775	8,421
Total liabilities	**7,775**	**8,421**
Net assets	**412,771**	**401,229**

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Opening net assets 1 July	401,229	844,575
Net profit/(loss) for the year	11,542	(330,846)
Capital reduction and dividends paid by LBS	–	(112,500)
Closing net assets	**412,771**	**401,229**
Consolidated Entity's share in (%)	80%	80%
Consolidated Entity's share in ($)	330,217	320,983
Total investment accounted for using the equity method	**330,217**	**320,983**

	Year ended 30 June 2019 $	Year ended 30 June 2018 $
Revenues	13,042	259,725
Expenses	(1,500)	(595,677)
Income tax expense	–	5,106
Net profit/(loss) after income tax for the year	**11,542**	**(330,846)**
Other comprehensive income for the year	–	–
Total comprehensive profit/(loss) for the year	**11,542**	**(330,846)**

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 $9,234 (2018: net loss of $264,677).

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 2019 $	2018 $
Current		
Expense recoveries payables	2,014	1,002
Total trade and other payables	**2,014**	**1,002**

11 Net assets attributable to unitholders

	Consolidated Year ended 30 June 2019 $	Year ended 30 June 2018 $
Units on issue	21,870,597	21,870,597
Undistributed losses	(20,515,281)	(20,534,917)
Net assets attributable to unitholders	**1,335,316**	**1,335,680**
Opening balance of net assets attributable to unitholders	**1,335,680**	**1,605,019**
Net profit/(loss) from operations before distributions to unitholders	19,636	(269,339)
Closing balance of net assets attributable to unitholders	**1,335,316**	**1,335,680**

Units on issue

Date	Details	Units	$
30 June 2019	**Closing balance**	**163,336,831**	**21,870,597**
30 June 2018	**Closing balance**	**163,336,831**	**21,870,597**

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.

12 Auditors' remuneration

	Consolidated Year ended 30 June 2019 $	Year ended 30 June 2018 $
Auditors of the Fund:		
Audit and review of financial reports	19,100	19,000
Total auditor's remuneration	**19,100**	**19,000**

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

13 Investment in controlled entities

	Principal place of business / country of incorporation	Ownership and voting rights 30 June 2019	Ownership and voting rights 30 June 2018
Directly held subsidiaries			
Multiplex Residential Communities No 2 Pty Ltd	Australia	100%	100%
Brookfield Multiplex DT Pty Ltd	Australia	–	100%
Indirectly held subsidiaries			
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.

14 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2019 $	Consolidated Year ended 30 June 2018 $
Net profit/(loss) for the year	19,636	(269,339)
Adjustments for:		
Investing activities		
Share of net (profit)/loss of equity accounted investment	(9,234)	264,677
Operating loss before changes in working capital	**10,402**	**(4,662)**
Changes in assets and liabilities during the year:		
Decrease in trade and other receivables	551	3,350
Increase/(decrease) in trade and other payables	1,012	(6,132)
Net cash flow used in operating activities	**11,965**	**(7,444)**

15 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

Effective from 1 January 2018, management fees have been waived by the Responsible Entity.

For the year ended 30 June 2019, the Consolidated Entity incurred nil management fees (2018: $12,090).

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 2019 $	2018 $
Transactions with the Responsible Entity		
Management fees	–	(12,090)
Expense recoveries	(4,142)	(4,653)
Management fee payable	–	–
Expense recovery payable	(2,014)	(1,002)
Transactions with related parties of the Responsible Entity		
Capital reduction received from LBS Developer	–	90,000

15 Related parties continued

Related party unitholders

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

	2019 Number Held	2018 Number Held
Brookfield Funds Management Limited as custodian for BAO Trust	9,320,388	9,320,388
Brookfield Capital Management Limited	20,582,496	20,582,496

16 Contingent assets and liabilities

The Consolidated entity has no contingent assets or liabilities at 30 June 2019 (2018: nil).

17 Capital and other commitments

The Consolidated entity has no capital or other commitments at 30 June 2019 (2018: nil).

18 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 2019

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 2019 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 27th day of August 2019.

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

Opinion

We have audited the financial report of Multiplex Development and Opportunity Fund (the "Fund") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group**,** would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report included in the Group's financial report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, as they apply on a non-going concern basis as disclosed in Note 2 to the financial statements, 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis due to management's intention to cease business within the next 12 months and realise its assets and extinguish its liabilities in the ordinary course of its business.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

- Conclude on the appropriateness of the directors' use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 27 August 2019