

Multiplex European Property Fund  
Financial report  
For the year ended  
30 June 2019

# Multiplex European Property Fund

ARSN 124 527 206

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# Directory

## Multiplex European Property Fund

For the year ended 30 June 2019

### **Responsible Entity**

Brookfield Capital Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9158 5100  
Facsimile: +61 2 9322 2001

### **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**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9158 5100  
Facsimile: +61 2 9322 2001

### **Custodian**

Brookfield Funds Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9158 5100  
Facsimile: +61 2 9322 2001

### **Location of Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: +61 1300 554 474  
Facsimile: +61 2 9287 0303

### **Auditor**

Deloitte Touche Tohmatsu (Deloitte)  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Telephone: +61 2 9322 7000

# Directors' Report

## Multiplex European Property Fund

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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 European Property Fund (ARSN 124 527 206) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2019 and the Independent Auditor's Report thereon.

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007.

All amounts quoted in this report are in Australian dollars, unless otherwise noted.

### Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). BCML has been the Responsible Entity since inception of the Fund. 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, MPoEcon, 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' Report continued

## Multiplex European Property Fund

For the year ended 30 June 2019

### 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 European Property Fund units held
F. Allan McDonald	50,000
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](http://www.au.brookfield.com).

### Directors' meetings

Director	Board Meetings		Board Risk and Compliance Committee Meetings	
	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

The principal activity of the Consolidated Entity was the investment in direct properties in Europe. The Fund disposed of its properties in September 2015. The Consolidated Entity is in wind-up.

### Wind up of the Fund

At a meeting of unitholders held on 27 July 2015, an ordinary resolution was passed by unitholders to wind up the Fund in accordance with its Constitution and the *Corporations Act 2001*. The Responsible Entity continues to take steps consistent with those detailed in the Notice of Meetings and Explanatory Memorandum dated 1 July 2015. It is expected that the wind-up process will take more than a further 12 months to complete.

The merger of Multiplex Malta 2 Ltd into Multiplex Malta 1 Ltd became effective on 10 August 2019. On this date, Multiplex Malta 2 Ltd has been struck off. Management is currently working on liquidating Multiplex Malta 1 Ltd.

Upon liquidating Multiplex Malta 1 Ltd, preparation for the dissolution of Multiplex Luxembourg Limited Partner S.a.r.l will commence. The wind-up of the Australian structure will follow.

### Review of operations

The Consolidated Entity recorded a net loss after tax of \$266,000 for the year ended 30 June 2019 (2018: net loss after tax: \$135,000).

Significant events during the year are detailed below:

- total revenue and other income of \$7,000 (2018: \$215,000); and
- net assets of \$10,217,000 and net assets per unit of \$0.04 (2018: \$10,261,000 and \$0.04 per unit).

### Interests of the Responsible Entity

#### Management Fee

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:\$24,000).

### Significant changes in the state of affairs

In the opinion of the Directors, there were 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.

# Directors' Report continued

## Multiplex European Property Fund

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For the year ended 30 June 2019

### General tax audit and VAT audit

The German tax auditor has provided their preliminary audit report. The report identified an assessable amount of €8,585.49 (plus late payment interest) payable in relation to VAT and a discrepancy in approach to the calculation adopted by our tax advisors and the tax auditors in relation to an equity position of a subsidiary of the Fund. The discrepancy is currently with the tax auditors for clarification.

Another tax issue was raised in the audit relating to NAIAD's (former owners of Monti partnership) capital gain on the sale of its share to the Fund. The treatment will be negotiated between NAIAD's tax advisor and the tax auditors. The Fund will not be a party to the negotiations.

### Events subsequent to the reporting date

Other than as disclosed, there are no other matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

### Likely developments

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.

### Distributions and returns of capital

During the year ended 30 June 2019 there were no distributions or returns of capital (2018: nil).

### Indemnification and insurance of officers and auditors

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:

- 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.

### Environmental regulation

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

### Rounding of amounts

The Consolidated Entity is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

# Directors' Report continued

## Multiplex European Property Fund

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For the year ended 30 June 2019

### **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 27<sup>th</sup> 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  
A.B.N. 74 490 121 060

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225 George Street  
Sydney NSW 2000  
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The Board of Directors  
Brookfield Capital Management Limited  
(as Responsible Entity for Multiplex European Property Fund)  
Level 22, 135 King Street  
Sydney NSW 2000

27 August 2019

Dear Directors,

## **MULTIPLEX EUROPEAN PROPERTY 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 European Property Fund.

As lead audit partner for the audit of the financial statements of Multiplex European Property 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

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## Multiplex European Property Fund

For the year ended 30 June 2019

	Note	Consolidated Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>Revenue</b>			
Interest income		7	10
Other income		–	205
<b>Total revenue and other income</b>		<b>7</b>	<b>215</b>
<b>Expenses</b>			
Management fees		–	24
Legal fees		97	162
Other expenses		168	221
<b>Total expenses</b>		<b>265</b>	<b>407</b>
<b>Loss before income tax</b>		<b>(258)</b>	<b>(192)</b>
Income tax (expense)/benefit	6	(8)	57
<b>Net loss after tax for the year</b>		<b>(266)</b>	<b>(135)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Changes in foreign currency translation reserve	12	222	580
<b>Other comprehensive income for the year, net of income tax</b>		<b>222</b>	<b>580</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(44)</b>	<b>445</b>
<b>Net loss attributable to ordinary unitholders</b>		<b>(266)</b>	<b>(135)</b>
<b>Total comprehensive (loss)/income attributable to ordinary unitholders</b>		<b>(44)</b>	<b>445</b>

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 European Property Fund

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As at 30 June 2019

	Note	Consolidated Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	11,081	11,305
Trade and other receivables	9	2	9
<b>Total current assets</b>		<b>11,083</b>	<b>11,314</b>
<b>Total assets</b>		<b>11,083</b>	<b>11,314</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	866	1,053
<b>Total current liabilities</b>		<b>866</b>	<b>1,053</b>
<b>Total liabilities</b>		<b>866</b>	<b>1,053</b>
<b>Net assets</b>		<b>10,217</b>	<b>10,261</b>
<b>Equity</b>			
Units on issue	11	187,779	187,779
Reserves	12	(399)	(621)
Undistributed losses	13	(177,163)	(176,897)
<b>Total equity</b>		<b>10,217</b>	<b>10,261</b>

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 European Property Fund

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For the year ended 30 June 2019

Consolidated Entity	Attributable to Unitholders of the Consolidated Entity			
	Ordinary units \$'000	Undistributed losses \$'000	Foreign currency translation reserves \$'000	Total \$'000
<b>Opening equity - 1 July 2018</b>	<b>187,779</b>	<b>(176,897)</b>	<b>(621)</b>	<b>10,261</b>
Changes in foreign currency translation reserve	–	–	222	222
<b>Other comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>222</b>	<b>222</b>
Net loss for the year	–	(266)	–	(266)
<b>Total comprehensive (loss)/income for the year</b>	<b>–</b>	<b>(266)</b>	<b>222</b>	<b>(45)</b>
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
<b>Closing equity – 30 June 2019</b>	<b>187,779</b>	<b>(177,163)</b>	<b>(399)</b>	<b>10,217</b>

Consolidated Entity	Attributable to Unitholders of the Consolidated Entity			
	Ordinary units \$'000	Undistributed losses \$'000	Foreign currency translation reserves \$'000	Total \$'000
<b>Opening equity - 1 July 2017</b>	<b>187,779</b>	<b>(176,762)</b>	<b>(1,201)</b>	<b>9,816</b>
Changes in foreign currency translation reserve	–	–	580	580
<b>Other comprehensive loss for the year</b>	<b>–</b>	<b>–</b>	<b>580</b>	<b>580</b>
Net loss for the year	–	(135)	–	(135)
<b>Total comprehensive loss for the year</b>	<b>–</b>	<b>(135)</b>	<b>580</b>	<b>445</b>
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
<b>Closing equity – 30 June 2018</b>	<b>187,779</b>	<b>(176,897)</b>	<b>(621)</b>	<b>10,261</b>

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

# Consolidated Statement of Cash Flows

## Multiplex European Property Fund

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For the year ended 30 June 2019

	Note	Consolidated Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1	603
Cash payments in the course of operations		(509)	(640)
Interest received		8	10
Tax (paid)/refunded		(29)	36
<b>Net cash (outflows)/inflows from operating activities</b>	15	<b>(529)</b>	<b>9</b>
<b>Net (decrease)/increase in cash</b>		<b>(529)</b>	<b>9</b>
Impact of foreign exchange		305	641
Cash and cash equivalents at beginning of year		11,305	10,655
<b>Cash and cash equivalents at 30 June</b>	8	<b>11,081</b>	<b>11,305</b>

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

# Notes to the Consolidated Financial Statements

## Multiplex European Property Fund

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For the year ended 30 June 2019

### 1 Reporting entity

Multiplex European Property 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 (together referred to as the Consolidated Entity).

### 2 Basis of preparation

#### a Statement of compliance

The consolidated 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 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 Board (IASB). For the purpose of preparing the consolidated financial statements the Fund is a for profit entity.

The consolidated financial statements were authorised for issue by the Directors on this 27<sup>th</sup> day of August 2019.

#### b Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost.

The consolidated financial statements are presented in Australian dollars, which is the Fund's presentation currency. The Fund's functional currency is Australian dollars. However, the Consolidated Entity is predominantly comprised of operations that are located in Europe. The functional currency of the controlled entities that hold these operations is Euros.

The Consolidated Entity is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### c Wind up of the Fund and going concern

At a meeting of unitholders held on 27 July 2015, an ordinary resolution was passed by unitholders to wind up the Fund in accordance with its Constitution and the *Corporations Act 2001*. The Responsible Entity continues to take steps consistent with those detailed in the Notice of Meetings and Explanatory Memorandum dated 1 July 2015.

It is expected that the wind up process will take more than a further 12 months to complete.

Based on the above, the Directors of the Responsible Entity believe it is appropriate to continue to adopt the going concern basis for this set of financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset accounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

#### d Use of estimates and judgments

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.

As at 30 June 2019 significant areas of judgement relate to contingent liabilities and assets refer to Note 17.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 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

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.

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 Foreign and cross currency transactions

Foreign and cross currency transactions of the Consolidated Entity are converted to Australian dollars at the rate of exchange prevailing at the date of the transaction or at hedge rates where applicable. Amounts receivable or payable by entities within the Consolidated Entity that are outstanding as at period end and are denominated in foreign currencies are converted to Australian dollars using rates of exchange at the end of the period. All resulting exchange differences arising on settlement are brought to account in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR).

#### c Expense recognition

##### Management fee

Effective from 1 January 2018 the Responsible Entity has waived the management fee. A base management fee calculated on the gross value of assets less fair value of derivatives is payable to the Responsible Entity. The fee is payable by the Consolidated Entity quarterly in arrears.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

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

#### **c Expense recognition** continued

##### **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 300 Property Trust 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 Consolidated Entity on an accruals basis.

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

Revenues, expenses, assets and liabilities 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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 Value added tax (VAT)**

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT (where applicable), except where the amount of VAT incurred is not recoverable from the relevant tax authority. In these circumstances, the VAT 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 VAT. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

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

#### **f Income tax - funds**

Under current income tax legislation, the Fund is not liable for Australian income tax as unitholders are presently entitled at year end to the income of the trust estate calculated in accordance with the Fund's Constitution and applicable tax law.

The subsidiary entities of the Fund that own properties in Germany are liable to pay tax under German tax legislation at the current corporate rate of 15% plus a solitary surcharge of 5.5% on the corporate rate. Wholly owned entities of the Fund that are based in Luxembourg are subject to tax at just under 30%.

The income tax expense or revenue for the period is the tax payable on the current period'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 consolidated financial statements.

The carrying amount of deferred income tax assets is reviewed at each period end 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 income tax asset to be utilised.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 3 Significant accounting policies *continued*

#### g 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.

#### h Trade and other receivables

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

#### i 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 Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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

#### k Units on issue

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

#### l 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 July 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, 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.



# Notes to the Consolidated Financial Statements

continued

17

## Multiplex European Property Fund

For the year ended 30 June 2019

### 3 Significant accounting policies continued

#### m 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	
	30 June 2019 \$'000	30 June 2018 \$'000
<b>Assets</b>		
Current assets	461	16
Non-current assets*	–	425
<b>Total assets</b>	<b>461</b>	<b>441</b>
<b>Liabilities</b>		
Current liabilities	258	151
<b>Total liabilities</b>	<b>258</b>	<b>151</b>
<b>Equity</b>		
Units on issue	187,779	187,779
Undistributed losses	(187,576)	(187,489)
<b>Total equity</b>	<b>202</b>	<b>290</b>
	Fund	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Net (loss)/profit for the year	(88)	12,691
<b>Total comprehensive (loss)/profit for the year</b>	<b>(88)</b>	<b>12,691</b>

The Fund did not have any contingent assets or liabilities, commitments or guarantees at 30 June 2019 or 30 June 2018. Refer to contingent liabilities and assets (Note 17) and capital and other commitments (Note 18) for amounts in relation to the Consolidated Entity.

\* \$425,000 receivables from controlled entities were reclassified from non-current assets to current assets in 2019.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 5 Auditor's remuneration

	Consolidated	
	Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
Auditors of the Fund:		
Audit and review of financial reports	31,200	31,200
Network firms to the auditors of the Fund:		
Audit and review of financial reports	–	–
Other audit firms:		
Audit and review of the financial reports	27,374	19,972
<b>Total auditor's remuneration</b>	<b>58,574</b>	<b>51,172</b>

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

### 6 Income tax

	Consolidated	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>a Major components of income tax expense</b>		
Current income tax charge and adjustments in respect of prior year charges	(8)	57
<b>Total current income tax benefit</b>	<b>(8)</b>	<b>57</b>
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary differences	–	–
<b>Total deferred income tax expense</b>	<b>–</b>	<b>–</b>
<b>Total income tax (expense)/benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>(8)</b>	<b>57</b>
<b>b Income tax (expense)/benefit</b>		
Numerical reconciliation between tax expense and pre-tax net loss		
<b>Loss before income tax</b>	<b>(258)</b>	<b>(192)</b>
Prima facie income tax benefit on loss using the domestic corporate tax rate of 30% (2018: 30%)	78	58
Effect of tax rates in foreign jurisdictions using the Luxembourg and German tax rates of 28.6% and 15.8% respectively (2018: 28.6% and 15.8%)	(89)	(66)
Non-assessable income <sup>1</sup>	1,506	949
Deferred tax not previously brought to account and utilised in the current year	(1,503)	(884)
<b>Total income tax (expense)/benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>(8)</b>	<b>57</b>

<sup>1</sup> Under current income tax legislation, the Fund is not liable for Australian income tax as unitholders are presently entitled at year end to the income of the trust estate calculated in accordance with the Fund's Constitution and applicable tax law.

	Consolidated	
	30 June 2019 \$'000	30 June 2018 \$'000
<b>c Tax assets and liabilities</b>		
Tax liability – current (recognised within trade and other payables)	(4)	(2)

### d Recognised deferred tax assets and liabilities

In accordance with AASB 112 *Income Taxes*, there are no unrecognised deferred tax assets (2018:nil).

There are no tax amounts recognised directly in equity for the current or prior years.

### 7 Distributions and returns of capital

Nil distributions or returns of capital were declared or paid during the financial year ended 30 June 2019 (2018:nil).

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 8 Cash and cash equivalents

	Consolidated	
	30 June 2019 \$'000	30 June 2018 \$'000
Cash at bank	11,081	11,305
<b>Total cash and cash equivalents</b>	<b>11,081</b>	<b>11,305</b>

### 9 Trade and other receivables

	Consolidated	
	30 June 2019 \$'000	30 June 2018 \$'000
<i>Trade receivables</i>		
Trade receivables	2	2
<b>Total trade receivables</b>	<b>2</b>	<b>2</b>
<i>Prepayments and other receivables</i>		
Prepayments and other receivables	–	7
<b>Total prepayments and other receivables</b>	<b>–</b>	<b>7</b>
<b>Total trade and other receivables</b>	<b>2</b>	<b>9</b>

### 10 Trade and other payables

	Consolidated	
	30 June 2019 \$'000	30 June 2018 \$'000
<b>Current</b>		
Trade payables	89	87
Other payables and accruals	777	966
<b>Total trade and other payables</b>	<b>866</b>	<b>1,053</b>

### 11 Units on issue

	Year ended 30 June 2019 \$'000	Year ended 30 June 2019 Units	Year ended 30 June 2018 \$'000	Year ended 30 June 2018 Units
Opening balance	187,779	246,950,150	187,779	246,950,150
Returns of capital	–	–	–	–
<b>Closing balance</b>	<b>187,779</b>	<b>246,950,150</b>	<b>187,779</b>	<b>246,950,150</b>

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of units held. On a show of hands, every holder of units present at a meeting of unitholders, in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote. All units in the Fund are of the same class and carry equal rights.

### 12 Reserves

#### Foreign Currency Translation Reserve

	Consolidated	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Opening balance	(621)	(1,201)
Movement in reserves due to changes in foreign exchange rates	222	580
<b>Closing balance</b>	<b>(399)</b>	<b>(621)</b>

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 13 Undistributed losses

	Consolidated	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Opening balance	(176,897)	(176,762)
Net loss after tax	(266)	(135)
<b>Closing balance</b>	<b>(176,163)</b>	<b>(176,897)</b>

### 14 Controlled entities

	Principal place of business / country of incorporation	Ownership interest	Ownership interest
		30 June 2019 %	30 June 2018 %
<i>Directly held subsidiaries</i>			
Multiplex German Property Fund	Australia	100.0	100.0
<i>Indirectly held subsidiaries</i>			
Multiplex German Landowning Fund	Australia	100.0	100.0
Multiplex Malta 1 Ltd	Malta	100.0	100.0
Multiplex Malta 2 Ltd	Malta	100.0	100.0
Multiplex Luxembourg Holding S.a.r.l. <sup>1</sup>	Luxembourg	–	100.0
Multiplex Luxembourg Limited Partner S.a.r.l.	Luxembourg	100.0	100.0

<sup>1</sup> As a part of the continuing wind-up process, during the year the downstream merger of Multiplex Luxembourg Holding S.a.r.l. into Multiplex Luxembourg Limited Partner S.a.r.l. was completed. All assets and liabilities of Multiplex Luxembourg Holding S.a.r.l. were transferred to Multiplex Luxembourg Limited Partner S.a.r.l. In November 2018, Multiplex Malta 2 Ltd disposed of its 100% interest in Multiplex Luxembourg Limited Partner S.a.r.l. to Multiplex German Landowning Fund.

### 15 Reconciliation of cash flows from operating activities

	Consolidated	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>Net loss after tax for the year</b>	<b>(266)</b>	<b>(135)</b>
Adjustments for:		
<i>Non-cash items</i>		
Income tax expenses	8	–
Other costs	(91)	(61)
<b>Operating loss before changes in working capital</b>	<b>(349)</b>	<b>(196)</b>
Changes in assets and liabilities during the year:		
Decrease in trade and other receivables	7	922
Decrease in trade and other payables	(187)	(717)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>(529)</b>	<b>9</b>

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 16 Related parties

#### Responsible Entity

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

#### Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund. The Directors of the Responsible Entity are Key Management Personnel of that entity.

F. Allan McDonald  
Barbara Ward  
Shane Ross

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

No compensation is paid to any of the Key Management Personnel of the Responsible Entity directly by the Fund.

#### 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 European Property Fund units held
F. Allan McDonald	50,000
Barbara Ward	–
Shane Ross	–

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

#### Responsible Entity's fees and other transactions

In accordance with the Fund Constitution, Brookfield Capital Management Limited is entitled to receive:

##### Performance fee

A performance fee of 20% (including GST less any reduced input tax credits) of the outperformance of the Fund against the benchmark return (S&P/ASX 300 Property Trust Accumulation Index) is recognised on an accruals basis. Any previous underperformance must be recovered before a performance fee becomes payable. The performance fee payable for the year ended 30 June 2019 was nil (2018: nil).

##### Management fee

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:\$24,000).

##### Establishment costs

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007. The Consolidated Entity was previously ultimately owned by Brookfield Australia Investments Limited (71.91% ownership), Brookfield Australia Property Trust (22.36% ownership) and Brookfield Australian Opportunities Fund (5.73% ownership) from inception to 26 June 2007. On 27 June 2007 the Fund allotted units to unitholders under the Fund's PDS dated 20 April 2007.

Prior to the allotment of units to external unitholders, Brookfield Australia Investments Limited held 160,000,000 units or 71.91% ownership of the Fund. These units were fully redeemed. Multiplex German Investment Pty Ltd as trustee for Multiplex German Investment Trust, retained its 49,750,100 units. JP Morgan Chase Bank N.A., as custodian for Brookfield Australian Opportunities Fund, retained its 12,750,050 units, until October 2012 when it disposed its holdings to BAO Trust. These are related parties by virtue of their responsible entities being part of the Brookfield Group.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex European Property Fund

For the year ended 30 June 2019

### 16 Related parties *continued*

#### Responsible Entity's fees and other transactions *continued*

##### Related party unitholders

The following related parties held units in the Fund during the financial year:

- Multiplex German Investment Pty Ltd as trustee for Multiplex German Investment Trust, owned 100% by Brookfield Australia Property Trust, holds 49,750,100 units or 20.2% of the Fund at year end (2018: 49,750,100 units or 20.2%); and
- Brookfield Funds Management Limited, as custodian for BAO Trust, holds 12,750,050 units or 5.2% of the Fund at year end (2018: 12,750,050 or 5.2%).

	Consolidated	
	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<b>Transactions with the Responsible Entity</b>		
Management fee	–	24
Cost reimbursements	2	5

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

### 17 Contingent liabilities and assets

#### General tax audit and VAT audit

The German tax auditor has provided their preliminary audit report. The report identified an assessable amount of €8,585.49 (plus late payment interest) payable in relation to VAT and a discrepancy in approach to the calculation adopted by our tax advisors and the tax auditors in relation to an equity position of a subsidiary of the Fund. The discrepancy is currently with the tax auditors for clarification.

Other than as disclosed above there are no other contingent liabilities or assets at 30 June 2019.

### 18 Capital and other commitments

There are no capital or other commitments at 30 June 2019 (30 June 2018: nil).

### 19 Events subsequent to the reporting date

The merger of Multiplex Malta 2 Ltd into Multiplex Malta 1 Ltd became effective on 10 August 2019. On this date, Multiplex Malta 2 Ltd has been struck off.

The directors of BCML, as the Responsibility Entity of the Fund, has declared a distribution of 1.8222 cents per unit. The distribution will be paid on or around 13<sup>th</sup> of September 2019.

Other than as disclosed, 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 European Property Fund

For the year ended 30 June 2019

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of Multiplex European Property 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;
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - 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 pursuant to Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 27<sup>th</sup> day of August 2019.



**Shane Ross**  
Director  
Brookfield Capital Management Limited

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## **Independent Auditor's Report to the Unitholders of Multiplex European Property Fund**

### *Opinion*

We have audited the financial report of Multiplex European Property 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 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, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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