Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2009

Multiplex Development and Opportunity Fund

ARSN 100 563 488

Table of Contents
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

Directory

Multiplex Development and Opportunity Fund

For the year ended 30 June 2009

Responsible Entity
Brookfield Multiplex Capital Management Limited
1 Kent Street
Sydney, NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Directors of Brookfield Multiplex Capital Management Limited
Peter Morris
Brian Motteram
Robert McCuaig
Mark Wilson
Brian Kingston

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

Principal Registered Office
1 Kent Street
Sydney, NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Custodian
Brookfield Multiplex Funds Management Limited
1 Kent Street
Millers Point NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Location of Unit Registry
Registries (Victoria) Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Auditor
KPMG
10 Shelley Street
Sydney NSW 2000
Telephone: (02) 9335 7000
Facsimile: (02) 9299 7077

Directors' Report
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

Introduction
The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex Development and Opportunity Fund (ARSN 100 563 488) (Fund), present their report together with the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2009 and the Independent Audit Report thereon.

Responsible Entity
The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML), BMCML is a wholly owned subsidiary of Brookfield Multiplex Limited.

The registered office and principal place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney.

Directors
The following persons were Directors of the Responsible Entity at any time during or since the end of the financial year:

Name	Capacity
Peter Morris (Director since 14 April 2004)	Non-Executive Independent Chairman
Brian Motteram (Director since 21 February 2007)	Non-Executive Independent Director
Robert McCuaig (Director since 31 March 2004)	Non-Executive Independent Director
Mark Wilson (Director since 27 August 2008)	Executive Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Robert Rayner (Director since 31 October 2000 – resigned 22 August 2008)	Executive Director
Bob McKinnon (Director since 7 December 2007 – resigned 18 July 2008)	Non-Executive Director

Information on Directors
Peter Morris, Non-Executive Independent Chairman
Peter has more than 38 years of experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects. Peter acts as Independent Chairman of BMCML. There are no listed companies of which Peter has served as a director during the past three years.

Brian Motteram, Non-Executive Independent Director
Brian has in excess of 32 years of experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 18 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. There are no listed companies of which Brian has served as a director during the past three years.

Robert McCuaig, Non-Executive Independent Director
Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia, now one of the world's largest professional property service groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of New South Wales, the State of New South Wales and the Commonwealth of Australia. There are no listed companies of which Robert has served as a director during the past three years.

Mark Wilson, Executive Director
Mark is the CEO for Funds Management and Infrastructure for Brookfield Multiplex Limited. Mark has overall responsibility for the strategy and operations of the funds management business. In his 12 years at Brookfield Multiplex Limited, Mark has also held various managerial roles including Executive General Manager, Corporate Development and Group Company Secretary. Mark has been instrumental in a number of major equity capital markets transactions undertaken by Brookfield Multiplex, including the establishment of the Brookfield Multiplex Capital division and the Brookfield Multiplex Group Initial Public Offering in 2003. Mark has 19 years' operating and investing experience and is a Fellow of Finance with Financial Services Institute of Australasia. There are no listed companies of which Mark has served as a director during the past three years.

Brian Kingston, Executive Director
Brian is the Chief Financial and Investment Officer of Brookfield Multiplex Limited. Brian joined Brookfield Asset Management Inc. in 2001 and has held various senior management positions within Brookfield and its affiliates, including mergers and acquisitions, merchant banking and real estate advisory services. There are no listed companies other than Brookfield Multiplex Limited (delisted December 2007) of which Brian has served as a director during the past three years.

Directors' Report
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

Information on Company Secretary
Neil Olofsson
Neil has over 13 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

Directorships of listed entities
No director has held a directorship with any listed entity during the period. One director, Bob McKinnon, has held a directorship with another listed entity during the 3 years immediately preceding the end of the financial year.

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

Director	Multiplex Development and Opportunity Fund units held
Peter Morris	–
Brian Motteram	46,154
Robert McCuaig	5,961
Mark Wilson	–
Brian Kingston	–

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

Directors' meetings

Director		Board Meetings		Audit Committee Meetings	
		A	B	A	B
Peter Morris		15	15	3	3
Brian Motteram		13	15	3	3
Robert McCuaig		12	15	3	3
Mark Wilson		14	14	N/A	N/A
Brian Kingston		12	14	N/A	N/A
Robert Rayner	(Resigned 22 August 2008)	1	1	N/A	N/A
Bob McKinnon	(Resigned 18 July 2008)	–	–	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 other Board committee meetings held during the year other than those stated above.

Principal activities
The principal activity of the Fund during the year has been to provide investors with exposure to a range of property development projects at various stages of the development cycle, as well as other forms of direct and indirect property investments.

Review of operations
The Fund's investment pipeline has traditionally been sourced from Brookfield Multiplex Limited (Group), however under the current economic environment, many of these investments may not be suitable for the Fund. As a result, on 8 August 2008 the Responsible Entity announced to unitholders that the Fund closed to new applications and the Distribution Reinvestment Plan was suspended. The liquidity facility of $20,000,000 was reached in conjunction with the 30 June 2008 liquidity offer and the redemption at that time was scaled to 90.4%. On 29 October 2008, the Responsible Entity announced to unitholders that the capital and any profits released upon the conclusion of each investment will be, as far as possible, returned to investors at that time. It is expected this strategy will maximise returns to investors, albeit over a period of years. The Fund declared no distributions payable to unitholders in the current financial year.

Review of operations continued
The Consolidated Entity has recorded a net profit before income tax of $5,107,000 for the year ended 30 June 2009 (2008: $17,124,000).

Some of the significant events during the period are as follows:
- total revenue and other income of $54,592,000 (2008: $55,847,000); and
- net assets of $177,942,000 (2008: $174,395,000).

The Fund made no significant acquisitions or disposals during the period.

The Fund has a mezzanine investment in Multiplex Pegasus Town Ltd through a New Zealand dollar denominated loan. This project comprises a 390 hectare master-planned community development on the South Island of New Zealand and was originally estimated to commence in December 2006 and complete in December 2011. The project timeline has been extended from the initial completion date of December 2011 to May 2014. Furthermore, the current forecast of project costs are in excess of original budgets, however the fundamentals of the project remain strong.

The mezzanine loan principal amount is NZ$18,952,000 and the terms specify interest shall accrue at a rate of 16.8% per annum, which is payable upon completion of the project after the principal is repaid. Due to the extended project timeline and increased costs, the total project costs have increased, including the interest receivable to the Fund. At 31 December 2008, the Fund therefore reduced the amount of accrued interest receivable to appropriately reflect the actual interest that will be received upon completion, given the extended project timeline. This reduction is recorded as an impairment charge in the Income Statement in the amount of $2,748,000. Subsequent to 31 December 2008, interest has been accrued at a reduced rate that aligns with the expectations of future interest to be received.

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

Events subsequent to the reporting date
On 1 July 2009 the Consolidated Entity utilised the proceeds of closed out investments (the Multiplex Bluewater Stages 1-4, Rhodes Project Development Trust and Multiplex Hurstville Pty Ltd loan receivables), the Multiplex Dee Why Pty Ltd loan (originally due for maturity on 31 July 2009), the Claremont loan and existing cash balances to issue a new loan receivable instrument to Multiplex Claremont Pty Ltd. This instrument has been agreed at a principal value of $41,460,000 with 6.5% interest per annum and is payable at call with 20 business days notice. This loan receivable instrument is supported by a principal and interest shortfall guarantee, provided by Brookfield Multiplex Limited, which may only be demanded following enforcement and realisation of the security.

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

Likely developments
As detailed in the review of operations section, during the current year the Responsible Entity announced to unitholders that the capital and any profits released upon the conclusion of each investment will be, as far as possible, returned to investors at that time. It is expected this strategy will maximise returns to investors, albeit over a period of years. No further information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations has not been included in this report because the Directors believe that to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

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

Distributions
Distributions paid/payable to unitholders were as follows:

The Fund did not declare any distributions to unitholders for the year ended 30 June 2009. Details related to distributions for the year ended 30 June 2008 are as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
June 2007 distribution[1]	2.65	4,055	31 July 2007
September 2007 distribution	2.63	4,156	31 October 2007
December 2007 distribution	1.81	2,918	31 January 2008
March 2008 distribution	1.68	2,794	30 April 2008
June 2008 distribution	1.41	2,298	4 September 2008
Total distribution 30 June 2008	**10.18**	**16,221**	

1 The distribution paid of $4,055,000 on 31 July 2007 was not declared until after 30 June 2007.

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

The Fund has not indemnified any auditor of the Consolidated Entity.

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

Rounding of amounts
The Fund is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2009.

Dated at Sydney this 27th day of August 2009.

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

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Brookfield Multiplex Capital Management Limited, as Responsible Entity of Multiplex Development and Opportunity Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney
27 August 2009

Income Statement
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Revenue and other income					
Revenue from the sale of land held for development	5	47,773	36,073	–	–
Realised profit on available for sale financial assets		–	61	–	–
Reversal of income guarantee		–	4,078	–	–
Interest income		6,165	15,635	2,522	4,536
Net gain on settlement of financial derivatives		54	–	54	–
Other income		600	–	229	10,383
Total revenue and other income		**54,592**	**55,847**	**2,805**	**14,919**
Expenses					
Cost of sale of land held for development		38,428	29,594	–	–
Marketing and selling costs		3,657	4,598	–	–
Management fees		3,170	1,835	2,515	1,835
Net loss on revaluation of financial derivatives		–	1,319	–	1,314
Impairment expense		2,748	–	2,748	–
Realised loss on available for sale assets		–	937	–	–
Guarantee fee		–	102	–	–
Performance fee expense/(reversal)	6	560	(751)	–	–
Other expenses		892	1,084	681	547
Finance costs – external parties	7	30	5	–	–
Total expenses		**49,485**	**38,723**	**5,944**	**3,696**
Profit/(loss) before income tax		**5,107**	**17,124**	**(3,139)**	**11,223**
Income tax (expense)/benefit	8	(1,560)	(5,186)	1,005	(20)
Profit/(loss) after tax before distribution to unitholders		**3,547**	**11,938**	**(2,134)**	**11,203**
Profit attributable to minority interests		(1,618)	(765)	–	–
Profit attributable to unitholders		**1,929**	**11,173**	**(2,134)**	**11,203**
Finance costs – distribution to unitholders	9	–	(16,221)	–	(16,221)
Change in net assets attributable to unitholders		**1,929**	**(5,048)**	**(2,134)**	**(5,018)**

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

Balance Sheet
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Current assets					
Cash and cash equivalents		21,792	22,459	17,394	3,285
Trade and other receivables	11	49,124	38,926	49,348	50,655
Accrued income	12	955	1,685	–	–
Inventories – land held for development	13	40,856	30,200	–	–
Deferred tax asset	8	2,815	–	367	–
Total current assets		**115,542**	**93,270**	**67,109**	**53,940**
Non-current assets					
Trade and other receivables	11	18,530	27,583	18,530	15,333
Accrued income	12	–	4,418	–	4,418
Inventories – land held for development	13	118,252	143,713	–	–
Investment in controlled entities	14	–	–	97,183	97,183
Investments accounted for using the equity method	15	14,829	14,829	–	–
Fair value of financial derivatives	19	–	1,166	–	1,166
Deferred tax asset	8	1,763	–	–	–
Total non-current assets		**153,374**	**191,709**	**115,713**	**118,100**
Total assets		**268,916**	**284,979**	**182,822**	**172,040**
Current liabilities					
Trade and other payables	16	16,109	24,287	18,552	3,261
Interest bearing liabilities	17	72,674	–	–	–
Performance fee	6	2,191	–	–	–
Total current liabilities		**90,974**	**24,287**	**18,552**	**3,261**
Non-current liabilities					
Interest bearing liabilities	17	–	82,149	–	–
Performance fee	6	–	1,631	–	–
Deferred tax liability	8	–	2,517	–	2,375
Total non-current liabilities		**–**	**86,297**	**–**	**2,375**
Total liabilities (excluding net assets attributable to unitholders' interests		**90,974**	**110,584**	**18,552**	**5,636**
Net assets attributable to unitholders	18	**177,942**	**174,395**	**164,270**	**166,404**

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

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

Cash Flow Statement

Multiplex Development and Opportunity Fund

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Cash flow from operating activities					
Cash receipts in the course of operations		53,597	40,939	22,784	9,157
Cash payments in the course of operations		(37,703)	(103,573)	(2,515)	(5,961)
Interest received		6,165	10,422	2,522	1,292
Interest paid		(4,568)	(3,157)	–	–
Income taxes paid		(6,384)	(8,330)	(6,384)	(6,208)
Net cash flows (used in)/from operating activities	20	**11,107**	**(63,699)**	**16,407**	**(1,720)**
Cash flows from investing activities					
Proceeds from disposal of available-for-sale financial assets		–	9,233	–	–
Proceeds from mezzanine loans		–	39,700	–	2,900
Payment to related parties for investments		–	(14,829)	–	–
Net cash flows from investing activities		**–**	**34,104**	**–**	**2,900**
Cash flows from financing activities					
Proceeds from issues of units		–	9,341	–	9,341
Repayment of capital		–	(3,025)	–	–
Repayment of borrowings		(20,444)	–	–	–
Proceeds from interest bearing liabilities		10,968	45,742	–	–
Loans to related parties		–	(21,049)	–	(6,457)
Distributions paid		(2,298)	(19,669)	(2,298)	(13,923)
Net cash flows from/(used in) financing activities		**(11,774)**	**11,340**	**(2,298)**	**(11,039)**
Net (decrease)/increase in cash and cash equivalents		(667)	(18,255)	14,109	(9,859)
Cash and cash equivalents at 1 July		22,459	40,714	3,285	13,144
Cash and cash equivalents at 30 June		**21,792**	**22,459**	**17,394**	**3,285**

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

1 Reporting entity

Multiplex Development and Opportunity Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2009 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interest in associates.

2 Basis of preparation

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial reports of the Consolidated Entity and the Fund (financial statements) comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Boards (IASB).

The financial statements were authorised for issue by the Directors on this 27th day of August 2009.

b Basis of measurement continued

The consolidated financial statements have been prepared on the basis of historical cost, except for the following:

- derivative financial instruments which are measured at fair value;
- equity accounted investments which are measured using the equity method; and
- available for sale financial assets which are measured at fair value.

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

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

The Fund is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars, unless otherwise stated.

c Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 3l, inventories – land held for development.

3 Significant accounting policies

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

a Principles of consolidation

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

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement 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. The assets and liabilities of foreign controlled entities are translated into Australian dollars at rates of exchange current at balance date, while their income and expenditure are translated at the exchange rate at the date of the transactions.

3 Significant accounting policies continued

All intra-group transitions, 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.

Jointly controlled entities (equity accounted investees)

In the Fund's financial statements investments in controlled entities are carried at cost.

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

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

b Revenue recognition

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

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

Sale of land held for development

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

Dividends and distributions

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

Interest revenue

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

c Expense recognition

Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset. Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale. In these circumstances, borrowing costs are capitalised to the costs of the assets. Where funds are borrowed specifically for the acquisition or construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing. To the extent that funds are borrowed, generally the amount of borrowing costs capitalised is calculated by applying a capitalisation rate to the expenditures on that asset.

Finance costs include:

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

Performance fee

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

3 Significant accounting policies continued

Other expenditure

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

d Goods and services tax (GST)

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

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

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

e Taxation

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

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

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

f Tax consolidation

Tax consolidation

The Fund and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is the Fund.

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 company 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 Fund as an equity contribution or distribution.

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

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

Nature of tax funding arrangements and tax sharing arrangements

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

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

3 Significant accounting policies continued

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

g Cash and cash equivalents

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

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. Impairment charges are brought to account as described in Note 3m. Non-current receivables are measured at amortised cost using the effective interest rate method.

i Associates

The Consolidated Entity's investments in associates are accounted for using the equity method of accounting in the consolidated financial report. 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 Balance Sheet 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 Income Statement 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 and discloses this in the consolidated Statement of Changes in Equity.

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

j Derivative financial instruments

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

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

k Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

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

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

Accounting policies for cash and cash equivalents (Note 3g), trade and other receivables (Note 3h), trade and other payables (Note 3n), and interest bearing liabilities (Note 3o) are discussed elsewhere within the financial report.

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

3 Significant accounting policies continued

l Inventories – land held for development

Inventories being developed or held for resale are stated at the lower of cost or realisable value. Included in costs are the costs of acquisition, development and holding costs such as finance costs (refer Note 3c), rates and taxes.

m Impairment

Financial assets

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

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

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

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

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

Non financial assets

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

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

n Trade and other 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.

o Interest bearing liabilities

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

p Distributions

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

q Net assets attributable to unitholders

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

r Units on issue

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

3 Significant accounting policies continued

s New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied preparing this financial report:

Revised AASB 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Consolidated Entity's operations:

- the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;
- contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss;
- transaction costs, other than share and debt issue costs, will be expensed as incurred;
- any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss; and
- any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Consolidated Entity's 2010 consolidated financial statements.

Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Consolidated Entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will require a change in presentation and disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Consolidated Entity presents segment information in respect of its business and geographical segments (see Note 4). Under the new standard, the Consolidated Entity will no longer be required to present segment information.

Revised AASB 101 Presentation of Financial Statements (2008) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Consolidated Entity plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements however it is not expected to have any impact on the financial statements.

Revised AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation provides an exception to the definition of a financial liability to enable certain financial instruments to be classified as equity. The revised AASB 132 becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements. Units issued to investors would meet the exceptions to the definition of a financial liability to be reclassified as equity.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

AASB 2008-7 Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate changes the recognition and measurement of distribution receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the amendments.

3 Significant accounting policies continued

AASB Interpretation 15 Agreements for the Construction of Real Estate provides guidance on the accounting for agreements for the construction of real estate by the seller under AASB 111 Construction Contracts or AASB 118 Revenue and the timing of revenue recognition. AASB Interpretation 15 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements, with retrospective application required. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

AASB Interpretation 17 Distributions of Non-Cash Assets to Owners provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AASB Interpretation 17 will become mandatory for the Consolidated Entity's 30 June 2010 consolidated financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

4 Segment reporting

The Consolidated Entity and Fund operate in a single, primary business segment, being investment in direct and indirect property investments. These investments are made in Australia and New Zealand.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
5 Revenue from the sale of land held for development				
Vale Stages 2-6, Perth	47,773	27,653	–	–
Portside Wharf	–	8,420	–	–
	47,773	**36,073**	**–**	**–**

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
6 Performance fee				
Opening balance	1,631	2,382	–	–
Movement in performance fee provision	560	(751)	–	–
	2,191	**1,631**	**–**	**–**

The performance fee is payable by Brookfield Multiplex Vale Landowner Pty Limited on completion of the project to the Development Manager. The performance fee is calculated at 20% of the amount by which the overall Shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to Shareholders.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
7 Finance costs – external parties				
Interest incurred	4,568	3,157	–	–
Interest capitalised	(4,538)	(3,152)	–	–
Interest expensed	**30**	**5**	**–**	**–**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
8 Income tax				
Current tax expense				
Current period	2,535	2,714	(198)	(1,564)
Adjustments in respect of prior periods	–	(232)	–	(232)
Total current tax expense	2,535	2,482	(198)	(1,796)
Deferred tax expense				
Origination and reversal of temporary differences	(975)	2,704	(807)	1,816
Total deferred tax expense	(975)	2,704	(807)	1,816
Total income tax expense/(benefit)	**1,560**	**5,186**	**(1,005)**	**20**
Income tax expense				
Numerical reconciliation between tax expense/(benefit) and pre-tax net profit				
Profit/(loss) for the year	3,547	11,938	(2,134)	11,203
Total income tax expense/(benefit)	1,560	5,186	(1,005)	20
Profit before income tax	**5,107**	**17,124**	**(3,139)**	**11,223**
Prima facie income tax expense/ (benefit) on profit/ (loss) using the Fund's tax rate of 30% (2007: 30%)	1,532	5,137	(942)	3,367
Tax exempt income dividend received	–	–	–	(3,115)
Non-deductible expenses	–	281	–	–
Overprovision in relation to prior periods	–	(232)	–	(232)
Other	28	–	(63)	–
Total income tax expense/(benefit)	**1,560**	**5,186**	**(1,005)**	**20**

Tax assets and liabilities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Deferred tax asset	5,368	–	367	–
Deferred tax liability	790	2,517	–	2,375

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 $'000	Assets 2008 $'000	Liabilities 2009 $'000	Liabilities 2008 $'000	Net 2009 $'000	Net 2008 $'000
Consolidated						
Accrued income	–	526	–	(2,084)	–	(1,558)
Provisions	1,476	547	(790)	(736)	686	(189)
Other	–	94	–	(1,432)	–	(1,338)
Amounts paid in advance	3,685	–	–	–	3,685	–
Amount recognised directly in equity	207	568	–	–	207	568
	5,368	**1,735**	**(790)**	**(4,252)**	**4,578**	**(2,517)**
Fund						
Provisions	807	353	–	(1,326)	807	(973)
Other	–	661	(440)	(2,063)	(440)	(1,402)
	807	**1,014**	**(440)**	**(3,389)**	**367**	**(2,375)**

There are no tax amounts recognised directly in equity for the current year (2008: nil).

9 Finance costs – distributions to unitholders

The Fund did not declare any distributions to unitholders for the year ended 30 June 2009. Details related to distributions for the year ended 30 June 2008 are as follows:

Ordinary Units	Cents per unit	Total amount $'000	Franked/ Unfranked	Date of payment
June 2007 distribution[1]	2.65	4,055	Franked	31 July 2007
September 2007 distribution	2.63	4,156	Franked	31 October 2007
December 2007 distribution	1.81	2,918	Franked	31 January 2008
March 2008 distribution	1.68	2,794	Franked	30 April 2008
June 2008 distribution	1.41	2,298	Franked	4 September 2008
Total distribution 30 June 2008	**10.18**	**16,221**		

1 The distribution of $4,055,000 was paid on 31 July 2007 and not declared until after 30 June 2007.

10 Auditors' remuneration

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

	Consolidated		Fund	
	2009 $	2008 $	2009 $	2008 $
Auditors of the Fund, KPMG:				
Audit and review of financial reports	189,000	198,500	90,000	102,500
Non-audit services	12,500	–	6,700	–
	201,500	**198,500**	**96,700**	**102, 500**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
11 Trade and other receivables				
Current				
Trade receivables	411	–	–	–
Goods and service tax receivable	–	–	93	–
Interest receivable	144	–	–	–
Amounts due from related parties				
Loan to Multiplex Hurstville Pty Ltd	5,842	5,842	–	–
Loan to Multiplex W9&10 Constructions Stage 4B Pty Ltd	13,084	10,000	–	–
Loan to Multiplex Portside B1Pty Ltd	–	–	990	–
Loan to Multiplex Portside B8 Pty Ltd	–	–	675	–
Loan to Multiplex Claremont Pty Ltd	8,450	–	–	–
Loan to Multiplex Residential Communities Limited	–	–	32,568	–
Loan to Multiplex Residential Communities Limited No. 2	–	–	193	–
Loan to Brookfield MDOF LBS Landowner Pty Ltd	–	–	14,829	–
Loan to Multiplex Bluewater Stages 1-4	12,430	–	–	–
Loan to Rhodes Project Development Trust	4,963	–	–	–
Loan to Multiplex Dee Why Pty Ltd	3,800	–	–	–
Other related party receivables	–	16,714	–	50,608
Other receivables	–	6,370	–	47
	49,124	**38,926**	**49,348**	**50,655**
Non-current				
Amounts due from related parties				
Loan to Multiplex Pegasus Town Limited	15,250	15,333	15,250	15,333
Loan to Multiplex Claremont Pty Ltd	–	8,450	–	–
Loan to Multiplex Dee Why Pty Ltd	–	3,800	–	–
Interest receivable	3,280	–	3,280	–
	18,530	**27,583**	**18,530**	**15,333**

Amounts due from related parties above reflect loans receivable from related party entities. Interest charged on the Multiplex Claremont Pty Ltd and Multiplex Dee Why Pty Ltd loan receivables have been charged at a rate of 16.8% per annum for the current year. Interest has been charged on the Multiplex W9&10 Constructions Stage 4B Pty Ltd at a rate of 16.8% per annum to 30 April 2009 and 6.5% per annum thereafter. No interest is payable on the Multiplex Hurstville Pty Ltd, Multiplex Bluewater Stages 1-4 and Rhodes Project Development Trust loan receivables. On 1 July 2009 the Consolidated Entity utilised the proceeds of trade and other receivables and cash and issued a new loan instrument to Multiplex Claremont Pty Ltd.

Interest receivable impairment

At 31 December 2008, the Responsible Entity determined there is objective evidence at the date of this report that the value of the Consolidated Entity's interest receivable from Multiplex Pegasus Town Ltd was impaired. This determination arose due to the delay in development of the project and continued extension of the completion date of the project. As such, the non-current interest receivable balance, which is comprised of the interest receivable related to this investment, has been impaired during the current year. Accordingly, $2,748,000 impairment expense has been recorded in the Income Statement and the interest receivable balance has been reduced by that amount. Subsequent to 31 December 2008, interest has been accrued at a reduced rate that aligns with the expectations of future interest to be received. No impairment loss was recognised during the year ended 30 June 2008.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Reconciliation of the carrying amount of the interest receivable is set out below:		
Interest receivable from Multiplex Pegasus Town Holdings Limited	6,028	4,418
Impairment recognised in the current period	(2,748)	–
Total interest receivable, non-current	**3,280**	**4,418**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
12 Accrued income				
Current	955	1,685	–	–
	955	**1,685**	**–**	**–**
Non-current	–	4,418	–	4,418
	–	**4,418**	**–**	**4,418**

Accrued income relates to revenue generated on lots exchanged but not settled.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
13 Inventories – land held for development				
Inventories at cost				
Current				
Portside Wharf[1]	8,581	8,581	–	–
Vale Stages 2-6[2]	32,275	21,619	–	–
Total current	**40,856**	**30,200**	**–**	**–**
Non-current				
Vale Stages 2-6[2]	–	32,036	–	–
Henley Brook[3]	68,301	64,013	–	–
Vale Stages 7-11[4]	49,951	47,664	–	–
Total non-current	**118,252**	**143,713**	**–**	**–**
Total inventories	**159,108**	**173,913**	**–**	**–**

1 $8,581,000 – Land at Portside Wharf, Brisbane. Developed apartments held for sale.
2 $32,275,000 – Land held at the north-eastern Perth suburb of Aveley. This land is held through the subsidiary Brookfield Multiplex Vale Landowner Pty Limited which it is subdividing, developing and selling as residential lots. At 30 June 2009 the total cost of the unsold land plus development costs held in the consolidated entity was $32.275 million (2008: $53.655 million)
3 $68,301,000 – Land held at the north eastern localities of Henley Brook and Whiteman, Perth. The land is held through the subsidiary Brookfield Multiplex Henley Brook Landowner Pty Limited which intends to develop and sell as residential land.
4 $49,951,000 – Land held at Aveley, north east Perth. This land is held through the subsidiary Brookfield Vale Stages 7-11 Landowner Pty Limited which Intends to develop and sell as residential land.

	Percentage ownership	Fund 2009 $'000	Fund 2008 $'000
14 Investment in controlled entities			
Investment in Brookfield Multiplex DT Pty Limited	100%	97,183	97,183
Investment in Multiplex Residential Communities Limited	100%	–	–
Investment in Multiplex Residential Communities No 2 Limited	100%	–	–

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

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

On the 26 November 2007, the Fund acquired 100% of the ordinary shares in Multiplex Residential Communities No2 Limited for $10. There have been no changes in the activities of Multiplex Residential Communities No 2 Limited since that date.

15 Investments accounted for using the equity method

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Little Bay South Developer Pty Limited	14,829	14,829	–	–

The Consolidated Entity's share of profit in its equity accounted investments for the year was nil (2008: nil). Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the Consolidated Entity.

	Ownership	Current Assets $'000	Non-Current Assets $'000	Total Assets $'000	Current Liabilities $'000	Non Current Liabilities $'000	Total Liabilities $'000
Little Bay South Developer Pty Ltd.							
30 June 2009	50%	19,937	34,508	54,445	34,540	–	34,540
30 June 2008	50%	3,297	30,725	34,022	–	14,214	14,214

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

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
16 Trade and other payables				
Current				
Trade payables	5	10,132	–	275
Distribution payable	–	2,298	–	2,298
Loans from related parties	7,151	7,151	–	311
Management fee payable	600	–	–	–
Amounts owed to controlled entities	–	–	17,554	–
Income guarantee liability	4,500	4,500	–	–
Current income tax payable	1,504	206	998	377
Other payables	2,349	–	–	–
	16,109	**24,287**	**18,552**	**3,261**

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
17 Interest bearing liabilities				
Current				
Secured bank debt	16,005	–	–	–
Secured bank debt	21,097	–	–	–
Secured bank debt	35,572	–	–	–
	72,674	**–**	**–**	**–**
Non-current				
Secured bank debt	–	29,554	–	–
Secured bank debt	–	19,473	–	–
Secured bank debt	–	33,122	–	–
	–	**82,149**	**–**	**–**

17 Interest bearing liabilities continued

	Expiry date	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financing arrangements					
Facilities available					
Bank debt facility[1]	31 December 2009	36,000	36,000	–	–
Bank debt facility[2]	30 September 2009	22,000	22,000	–	–
Bank debt facility[3]	30 November 2009	37,700	37,700	–	–
Less: Facilities utilised		(72,674)	(82,149)	–	–
Less: Guarantees utilised		(1,708)	(1,860)	–	–
Facilities not utilised		**21,318**	**11,691**	**–**	**–**

The bank debt facility expiring on 31 December 2009 is a floating rate cash facility that equals the lower of $36,000,000 or the amount which ensures the loan to value ratio as defined in the facility agreement does not exceed 55%. The facility is secured by a first charge over all assets of Brookfield Multiplex Vale Landowner Pty Limited. $1,708,221 in bank guarantees have been provided to external parties in relation to this facility. The requirements of this facility agreement stipulate that an external valuation of the land must be performed annually between 1 August and 31 August. At the date of this report, no external valuation has been commissioned because, based on current market expectations and current forecast sales, the debt is forecast to be repaid from the proceeds of sales prior to the maturity date of 31 December 2009. At the date of this report a verbal waiver regarding this requirement has been received from the financier however formal written confirmation of this waiver has not been received.

The bank debt facility expiring on 30 September 2009 is a fixed rate cash facility for a maximum commitment $22,000,000 financed by National Australia Bank Limited. The facility is secured by a first charge over all assets of Brookfield Vale Stages 7-11 Landowner Pty Ltd.

The bank debt facility expiring on 30 November 2009 is a floating rate cash facility for a maximum commitment of $37,700,000 financed by Suncorp-Metway Limited. The facility is secured by a first charge over all assets of Brookfield Multiplex Henley Brook Landowner Pty Ltd.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
18 Net assets attributable to unitholders				
Units on issue	166,164	166,164	166,164	166,164
Share issue costs	(1,698)	(1,698)	–	–
Undistributed income/(losses)	990	(939)	(1,894)	240
Parent interests	**165,456**	**163, 527**	**164,270**	**166,404**
Minority interests	12,486	10,868	–	–
Net assets attributable to unitholders	**177,942**	**174,395**	**164,270**	**166,404**
Opening balance of unitholders' interests	**174,395**	**178,994**	**166,404**	**162,081**
Units on issue				
Issue of units	–	7,881	–	7,881
Units reinvested	–	1,460	–	1,460
Available for sale reserve				
Changes in fair value of available for sale assets	–	(4,290)	–	–
Deferred income tax liability on changes in fair value of available for sale assets	–	1,288	–	–
Undistributed income				
Net profit from operations before distributions to unitholders	1,929	11,173	(2,134)	11,203
Finance costs – distribution to unitholders	–	(16,221)	–	(16,221)
Transfer (to)/from available for sale reserve	–	–	–	–
Minority interests				
Dividend	–	(3,630)	–	–
Return of capital	–	(3,025)	–	–
Share of net profit	1,618	765	–	–
Closing balance of unitholders' interests	**177,942**	**174,395**	**164,270**	**166,404**

18 Net assets attributable to unitholders continued

Units on issue

Date	Details	Units	$
1 July 2007	**Opening balance**	**154,107,883**	**156,823,001**
	1 July 2007 issue of units	1,984,425	2,004,269
	31 July 2007 Distribution reinvestment plan	349,754	353,252
	1 August 2007 issue of units	2,063,656	2,104,930
	1 September 2007 issue of units	1,513,100	1,558,492
	31 October 2007 Distribution reinvestment plan	426,015	430,251
	1 November 2007 issue of units	306,818	309,887
	1 December 2007 issue of units	1,305,558	1,318,614
	31 January 2008 Distribution reinvestment plan	338,840	338,849
	1 February 2008 issue of units	16,746	16,746
	1 March 2008 issue of units	585,208	573,504
	30 April 2008 Distribution reinvestment plan	338,828	332,059
30 June 2008	**Closing balance**	**163,336,831**	**166,163,854**
30 June 2009	**Closing balance**	**163,336,831**	**166,163,854**

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

19 Financial instruments

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

a Capital risk management
The Responsible Entity Board's policy is to maintain a strong capital base so as to maintain investor and market confidence and the sustainable future development of the Fund. The unit price of the Fund is determined monthly based on the net asset value of the Fund at that date. The Responsible Entity's Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There were no changes in the Fund's or Consolidated Entity's approach to capital management during the year.

b Financial risk management
Overview

The Fund and Consolidated Entity are predominantly exposed to the following financial risks in the course of their operations:
- risks arising from investments in land syndications and the provision of mezzanine financing; and
- risks arising from the Fund's and Consolidated Entity's use of financial instruments.

The Fund and Consolidated Entity have exposures to the following risks:
- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

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

Investment mandate

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

19 Financial instruments continued

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

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

Derivative financial instruments

Whilst the Fund may utilise derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Fund's investment policies, which provide written principles on the use of financial instruments utilised by the Fund.

c Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if Brookfield Multiplex Limited Entities, (or any other entities to whom credit is extended) fails to meet its contractual obligations.

Direct credit risk arises principally from the Consolidated Entity's customers, and related parties. For the Fund, credit risk arises principally from receivables due from related parties, land, syndications and joint ventures. Other credit risk also arises for both the Fund and Consolidated Entity from cash and cash equivalents.

Trade and other receivables

The Fund's and Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each Brookfield Multiplex Limited Entity. The Fund and Consolidated Entity manages and minimises exposure to credit risk by:

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

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

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

Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions that meet the Fund's and Consolidated Entity's minimum credit rating criteria. At the year end the fund and consolidated entity held no derivative positions. The Consolidated Entity's prior year holdings in derivatives translated into Australian dollars are as follows:

Type of contract	Underlying exposure	Fixed rate	Notional amount of contracts outstanding 30 June 2008 €'000	Fair value of forward foreign exchange asset 30 June 2008 $'000
Forward foreign exchange	New Zealand dollar	1.1465	11,439	808
Forward foreign exchange	New Zealand dollar	1.1496	5,511	358
			16,950	1,166

The Fund's and Consolidated Entity's overall strategy of credit risk management remains unchanged from 2008.

19 Financial instruments continued

Exposure to credit risk

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Cash and cash equivalents	21,792	22,459	17,394	3,285
Trade and other receivables	67,654	66,509	67,878	65,988
Accrued income	955	6,103	–	4,418
Fair value financial derivatives	–	1,166	–	1,166
	90,401	**96,237**	**85,272**	**74,857**

Concentrations of credit risk exposure

There are significant concentrations of credit risk at the reporting date for the Fund and Consolidated Entity as $63,819,000 of receivables and joint ventures are invested with Brookfield Multiplex Limited Entities. (2008: $64,232,000).

Collateral obtained / held

In the ordinary course of its operations the Fund and the Consolidated Entity obtain collateral, normally in the form of a charge over the assets of the Holding Company of the Entity in which the Fund or Consolidated Entity invests. Where applicable, the Fund and Consolidated Entity also obtain collateral in the form of guarantees from Brookfield Multiplex Limited to minimise the risk of default on their contractual obligations.

Financial assets past due but not impaired

No financial assets of the Fund or Consolidated Entity were past due at the reporting date (2008: nil).

Financial assets whose terms have been renegotiated

At 30 April 2009 the Fund had interest receivable of $3,083,836 which comprised interest charged at a rate of 16.8% on the Multiplex W9&10 Constructions Stage 4B Pty Ltd loan receivable. The loan balance of $10,000,000 was renegotiated to capitalise the interest portion resulting in an increase of its principal balance to $13,083,836 and the terms of the new instrument included an updated interest rate of 6.5%. This loan is due to mature at 31 December 2009.

Impairment losses

The Fund has incurred an impairment loss of $2,784,000 on the interest component relating to its Pegasus mezzanine interest receivable (2008: $937,000 in relation to Rhodes receivable).

d Liquidity risk

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

Sources of liquidity risk and risk management strategies

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

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

The Responsible Entity in its personal capacity offered to unitholders a capped liquidity facility allowing unit holders to redeem their units according to the terms of the PDS. This facility was capped at $20,000,000 and reached its maximum in conjunction with the liquidity offered in June 2008.

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

Interest bearing liabilities

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

Receivables – Mezzanine Loans

The Fund's and Consolidated Entity's mezzanine loans are investments with Brookfield Multiplex Limited Entities. These investments are subject to agreements specifying the terms of the loans and the payment dates of the capital and interest. The Fund and Consolidated Entity manage this risk by monitoring and reviewing the entities ensuring that the terms of the agreements are not breached and by constant monitoring of actual and forecast cash flows.
The Fund's and Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2008.

19 Financial instruments continued

Maturity analysis of financial liabilities

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

	Consolidated $'000				
	Carrying amount	Contractual cash flows	Less than 1 year	1 – 2 years	2 – 5 years
2009					
Trade and other payables	16,109	16,109	16,109	–	–
Provision for performance fee	2,191	2,191	2,191	–	–
Interest bearing liabilities	72,674	74,406	74,406	–	–
	90,974	**92,706**	**92,706**	**–**	**–**
2008					
Trade and other payables	21,783	21,783	21,783	–	–
Provision for performance fee	1,631	3,900	–	3,900	–
Distributions payable	2,298	2,298	2,298	–	–
Interest bearing liabilities	82,149	101,846	24,863	76,983	–
	107,861	**129,827**	**48,944**	**80,883**	**–**

	Fund $'000				
	Carrying amount	Contractual cash flows	Less than 1 year	1 – 2 years	2 – 5 years
2009					
Trade and other payables	18,552	18,552	18,552	–	–
	18,552	**18,552**	**18,552**	**–**	**–**
2008					
Trade and other payables	586	586	586	–	–
Distributions payable	2,298	2,298	2,298	–	–
	2,884	**2,884**	**2,884**	**–**	**–**

Defaults and breaches

During the financial year ended 30 June 2009 the Fund and the Consolidated Entity have not defaulted on or breached any terms of their loan covenants (2008: nil).

e Market risk

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

Sources of market risk and risk management strategies

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

- interest rate risk, arising from its interest bearing liabilities;
- other market risk from its exposure to the property market, arising from its investment in mezzanine loans and available for sale assets; and
- foreign currency risk, arising from investments outside Australia.

The Fund and Consolidated Entity may enter into derivatives in order to manage foreign currency risks. All such transactions are carried out in accordance with policies and procedures of the Fund regarding hedging activities. Derivatives are not entered into for speculative purposes. Each of these market risks are discussed below.

19 Financial instruments continued

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Sources of risk and risk management strategies

The source of interest rate risk for the Fund and Consolidated Entity is derived from the interest bearing liabilities of the Fund's subsidiaries. The Fund and Consolidated Entity manages this exposure by constantly monitoring of actual and forecast cash flows that are in line with fluctuations in interest rates.

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

		Fixed interest maturing in				
Consolidated	Floating rate $'000	Less than 1 year $'000	1-2 years $'000	2-5 years $'000	Non-interest bearing $'000	Total $'000
2009						
Financial assets						
Cash and cash equivalents	21,792	–	–	–	–	21,792
Trade and other receivables:						
Australian dollar	–	49,124	–	–	–	49,124
New Zealand dollar	–	–	–	15,250	3,280	18,530
Accrued income	–	–	–	–	955	955
	21,792	**49,124**	**–**	**15,250**	**4,235**	**90,401**
Financial Liabilities						
Performance fee	–	–	–	–	2,191	2,191
Interest bearing liabilities	16,005	56,669	–	–	–	72,674
Non interest bearing liabilities	–	–	–	–	4,500	4,500
	16,005	**56,669**	**–**	**–**	**6,691**	**79,365**
2008						
Financial assets						
Cash and cash equivalents	22,459	–	–	–	–	22,459
Trade and other receivables:						
Australian dollar	–	15,842	12,250	–	23,084	51,176
New Zealand dollar	–	–	–	15,333	–	15,333
Accrued interest	–	1,685	–	4,418	–	6,103
Financial derivatives	–	–	–	1,166	–	1,166
	22,459	**17,527**	**12,250**	**20,917**	**23,084**	**96,237**
Financial liabilities						
Trade and other payables	–	–	–	–	21,783	21,783
Interest bearing liabilities	–	–	82,149	–	–	82,149
Distributions payable	–	–	–	–	2,298	2,298
	–	**–**	**82,149**	**–**	**24,081**	**106,230**

19 Financial instruments continued

Fund	Floating rate $'000	Fixed interest maturing in: Less than 1 year $'000	1 – 2 years $'000	2 – 5 years $'000	Non-interest bearing $'000	Total $'000
2009						
Financial assets						
Cash and cash equivalents	17,394	–	–	–	–	17,394
Trade and other receivables:						
Australian dollar	–	–	–	–	49,348	49,348
New Zealand dollar	–	–	–	15,250	3,280	18,530
Accrued interest	–	–	–	–	–	–
Financial derivatives	–	–	–	–	–	–
	17,394	**–**	**–**	**15,250**	**52,628**	**85,272**
Financial Liabilities						
Trade and other payables	–	–	–	–	18,552	18,552
	–	–	–	–	18,552	18,552
2008						
Financial assets						
Cash and cash equivalents	3,285	–	–	–	–	3,285
Trade and other receivables:						
Australian dollar	–	–	–	–	50,655	50,655
New Zealand dollar	–	–	–	15,333	–	15,333
Accrued interest	–	–	–	4,418	–	4,418
Financial derivatives	–	–	–	1,166	–	1,166
	3,285	**–**	**–**	**20,917**	**50,655**	**74,857**
Financial liabilities						
Trade and other payables	–	–	–	–	586	586
Distributions payable	–	–	–	–	2,298	2,298
	–	**–**	**–**	**–**	**2,884**	**2,884**

Sensitivity analysis for variable rate instruments

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

	2009 + 1% Profit and loss	2009 + 1% Equity	2009 - 1% Profit and loss	2009 - 1% Equity	2008 + 1% Profit and loss	2008 + 1% Equity	2008 - 1% Profit and loss	2008 - 1% Equity
Consolidated Entity								
Interest on cash	218	218	(218)	(218)	143	143	(142)	(142)
Interest bearing liabilities	(727)	(727)	727	727	(427)	(427)	427	427
Total increase/(decrease)	**(509)**	**(509)**	**509**	**509**	**(284)**	**(284)**	**285**	**285**
Fund								
Interest on cash	173	173	(173)	(173)	109	109	(109)	(109)
Total increase/(decrease)	**173**	**173**	**(173)**	**(173)**	**109**	**109**	**(109)**	**(109)**

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

19 Financial instruments continued

Foreign currency risk

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

Sources of risk and risk management strategies

The Fund and the Consolidated Entity undertakes transactions in NZD currency, and has a loan receivable of the Fund and Consolidated Entity located in New Zealand. As a consequence, these activities of the Fund and Consolidated Entity are exposed to exchange rate risk.

The Fund has used forward foreign exchange contracts to hedge 65% of the capital and expected net income earned through its New Zealand investment. During the year the Fund closed out of its forward foreign exchange contract positions due to a mismatch in the timing of the underlying hedges and the updated expected timing of realisation of the capital and income.

The unrealised effect of movements of the Australian dollar and New Zealand dollar exchange rates on the Fund and Consolidated Entity was reflected in the Income Statement and the net gain on close out of the derivatives position has been reflected in the Income Statement.

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

	Fund and Consolidated		Fund and Consolidated	
	2009 NZD$'000	2009 AUD$'000	2008 NZD$'000	2008 AUD$'000
New Zealand – loan receivable	18,953	15,250	19,333	15,333
New Zealand – interest receivable	7,063	6,028	5,113	4,418
	26,016	**21,278**	**24,446**	**19,751**

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

	Fund and Consolidated		Fund and Consolidated	
	2009 Spot rate	2008 Spot rate	2009 Average rate	2008 Average rate
New Zealand dollar	1.2428	1.2609	1.2287	1.16748

Sensitivity analysis

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

	2009		2008	
	Net assets $'000	Profit and Loss $'000	Net assets $'000	Profit and loss $'000
Consolidated	(1,064)	(1,064)	(450)	(450)
Fund	(1,064)	(1,064)	(450)	(450)

A 5% weakening of the Australian dollar against the above currency at 30 June would have the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

f Fair values

Methods for determining fair values

A number of the Fund's and Consolidated Entity's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. The carrying amounts of the Fund's and Consolidated Entity's financial assets and liabilities reasonably approximate their fair values.

Trade and other receivables

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

Non-derivative financial liabilities

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

20 Reconciliation of cash flows from operating activities

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit/(loss) attributable to unitholders	3,547	11,938	(2,134)	11,203
Adjustments for:				
Net fair value change on derivatives	–	(1,200)	–	(1,204)
Income guarantee	–	(4,078)	–	–
Realised loss on available for sale assets	–	937	–	–
Unrealised foreign exchange gains	–	2,204	–	2,204
Impairment expense	2,748		2,748	
Realised foreign exchange losses	(228)	315	(228)	315
Profit before changes in working capital	**6,067**	**10,116**	**386**	**12,518**
Changes in operating assets and liabilities during the year:				
Decrease/(increase) in inventories	14,805	(56,861)	–	–
Decrease/(increase) in receivables	(1,145)	(3,324)	(1,890)	(8,455)
(Increase) /decrease in accrued income	5,148	(4,371)	4,418	(3,243)
Decrease/(increase) in deferred tax asset	(4,578)	1,195	(367)	–
(Decrease)/increase in payables	(6,673)	(4,828)	16,235	(834)
Increase/(decrease) in current and deferred tax liability	(2,517)	(5,626)	(2,375)	(1,706)
Net cash inflow/(outflow) from operating activites	**11,107**	**(63,699)**	**16,407**	**(1,720)**

21 Related parties

Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (ABN: 32 094 936 866) ("BMCML") (changed its name from Multiplex Capital Management Limited on 17 June 2008). BMCML was appointed on the 13 July 2007 (previously Brookfield Multiplex Investments Limited) (ABN 48 096 295 233). BMCML's immediate and ultimate holding companies are Brookfield Multiplex Capital Pty Ltd (ABN 34 103 114 441) and Brookfield Multiplex Limited (ABN 96 008 687 063) respectively.

Control of subsidiary

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

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

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

	Country of incorporation	Ownership interest 2009	Ownership interest 2008
Directly held subsidiaries			
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities Limited	Australia	100%	100%
Multiplex Residential Communities No 2 Limited	Australia	100%	100%
Indirectly held subsidiaries			
Multiplex Acumen Vale Syndicate Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Vale Landowner Pty Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Henley Brook Landowner Pty Ltd	Australia	100%	100%
Brookfield Vale Stages 7-11 Landowner Pty Ltd	Australia	100%	100%

21 Related Parties continued

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity and their names are Dr Peter Morris, Mr Brian Motteram, Mr Robert McCuaig, Mr Mark Wilson and Mr Brian Kingston. Messrs Robert Rayner and Bob McKinnon resigned during the year.

Responsible Entity fees

Brookfield Multiplex Capital Management Limited is entitled to receive the following fees:

Management fees

The Responsible Entity is entitled to a management fee calculated on the gross assets of the Fund payable monthly. The management fees incurred by the Fund in the current year totalled $3,170,000 (2008: $1,835,078).

Reimbursement of expenses

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

Equity raising Fee

The equity raising fee for the year was nil (2008: $295,000).

Development manager's fees

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

Performance fee

On completion of the Multiplex Acumen Vale Syndicate Ltd project, the development manager is entitled to a performance fee of 20% of the amount by which the overall shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to shareholders. The Consolidated Entity has recognised expenses of $560,000 in respect of the expected performance fee payable (2008: reversal of expense of $751,000).

Development management fees – sales and marketing fees

The development manager is entitled to a sales and marketing fee of 4% of revenues received for each lot settled. Sales and marketing fees incurred by the Consolidated Entity during the year totalled $2,090,000 (2008: $2,627,000).

Development management fees – other development management services fees

The development manager is entitled to a development management fee of 3% of revenues received for each lot settled. Other development management services fees incurred by the Consolidated Entity to the Development Manager for the period amounted to $1,567,000 (2008: $1,971,000).

Related party transactions

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

21 Related Parties continued

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Transactions with subsidiaries				
Intercompany loans receivable	–	–	49,732	50,158
Intercompany loans payable	–	–	(17,541)	2,394
Dividends received	–	–	–	10,383
Transactions with the Responsible Entity				
Management fees	2,515	2,194	3,170	1,835
Expense recoveries	598	(194)	502	455
Management fee payable	(600)	–	(412)	–
Expense recovery payable	(76)	–	(76)	–
Performance fee payable	(2,191)	(1,631)	–	–
Transactions with related parties of the Responsible Entity				
Interest income	(5,231)	(14,057)	(1,620)	(3,244)
Distributions paid	–	16,221	–	16,221
Performance fee	560	(751)	–	–
Sales and marketing fees	2,090	2,627	–	–
Development management service fee	1,567	1,971	–	–
Distributions payable	–	(2,494)	–	(2,494)
Performance fee payable	2,191	1,631	–	–
Sales and marketing fees	3,657	4,598	–	–

Related party unitholders

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

	2009 Number Held	2008 Number Held
Mr Robert McCuaig	5,961	52,037
Mr Brian Motteram	46,154	46,154
Multiplex Acumen Property Fund	9,320,388	9,320,388
Brookfield Multiplex Capital Management Limited	3,465,184	3,465,184

Priority development return entitlement

The Fund will, in relation to Brookfield Multiplex Developments in which it has invested, have a priority entitlement to an agreed development return once all development costs have been paid and any funding of those costs have been repaid.

To the extent that the proceeds realised from the development are sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 16.8% per annum on the equity invested for the period it is invested.

The Fund is entitled to a 50% share of the remaining development return.

Prior to November 2004, the Information Memorandum dated March 2002 prescribed that the Trust had a priority entitlement in the allocation of the development returns generated on Trust equity invested in each development. This priority entitlement was calculated as follows:

To the extent that the proceeds from the development were sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 20% per annum on the equity invested for the period it is invested.

The Fund would be entitled to 20% of the remaining development return.

The Fund has sourced its revenues from developments proposed by Brookfield Multiplex Limited and its related entities.

22 Contingent assets and liabilities
The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2009 and 30 June 2008.

23 Capital and other commitments
Brookfield Multiplex Vale Landowner Pty Limited, a subsidiary of the Fund, has a commitment for inventory development costs at 30 June 2009 of $3,774,000 (2008: nil).

24 Events subsequent to reporting date
On 1 July 2009 the Consolidated Entity utilised the proceeds of closed out investments (the Multiplex Bluewater Stages 1-4, Rhodes Project Development Trust and Multiplex Hurstville Pty Ltd loan receivables), the Multiplex Dee Why Pty Ltd loan (originally due for maturity on 31 July 2009), the Claremont loan and existing cash balances to issue a new loan receivable instrument to Multiplex Claremont Pty Ltd. This instrument has been agreed at a principal value of $41,460,000 with 6.5% interest per annum and is payable at call with 20 business days notice. This loan receivable instrument is supported by a principal and interest shortfall guarantee, provided by Brookfield Multiplex Limited, which may only be demanded following enforcement and realisation of the security.

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

Directors' Declaration
Multiplex Development and Opportunity Fund
For the year ended 30 June 2009

In the opinion of the Directors of Brookfield Multiplex 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 36, are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Fund and Consolidated Entity as at 30 June 2009 and of their 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*.

b The financial report also complies with International Financial Reporting Standards as disclosed in Note 2a.

c 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 Multiplex Capital Management Limited required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 27th day of August 2009.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

Independent auditor's report to the unitholders of Multiplex Development and Opportunity Fund

Report on the financial report

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund (the Fund), which comprises the balance sheets as at 30 June 2009, and the income statements and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the year.

Directors' responsibility for the financial report

The directors of Brookfield Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors of the Responsible Entity also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial report 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australia Accounting Interpretations), a view which is consistent with our understanding of the Fund and Consolidated Entity's financial position, and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Auditor's opinion

In our opinion:

(a) the financial report of Multiplex Development and Opportunity Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

Tanya Gilerman
Partner

Sydney
27 August 2009