

Multiplex Development and Opportunity Fund  
Financial Report  
For the year ended  
30 June 2008

# Multiplex Development and Opportunity Fund

ARSN 100 563 488

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# Directory

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

### **Responsible Entity**

Brookfield Multiplex Capital Management Limited (formerly 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  
Robert McCuaig  
Brian Motteram  
Mark Wilson  
Brian Kingston

### **Company Secretary of Brookfield Multiplex Capital Management Limited**

Neil Olofsson

### **Location of unit registry**

Registries (Victoria) Pty Limited  
PO Box R67  
Royal Exchange  
Sydney NSW 1223  
Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

### **Custodian**

Brookfield Multiplex Funds Management Limited  
c/o-Brookfield Multiplex Capital Management Limited  
1 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9256 5000  
Facsimile: (02) 9256 5001

### **Registered Office of Responsible Entity**

1 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9256 5000  
Facsimile: (02) 9256 5001

### **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 2008

### Introduction

The Directors of Brookfield Multiplex Capital Management Limited (formerly Multiplex Capital Management Limited) ("BMCML") (ABN: 32 094 936 866), the Responsible Entity of the Multiplex Development and Opportunity Fund (the "Fund"), present their report together with the financial report of the Fund and the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2008 and the Auditors' Report thereon.

### Responsible Entity

The Responsible Entity of Multiplex Development Opportunity Fund is Brookfield Multiplex Capital Management Limited ("BMCML") (changed its name from Multiplex Capital Management Limited on 17 June 2008). BMCML was appointed Responsible Entity on the 13 July 2007. Brookfield Multiplex Capital Investments Limited (formerly Multiplex Capital Investments Limited) was the Responsible Entity from the inception of the Fund to 12 July 2007. The registered office and principle 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 year:

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

### Information on Directors

#### Peter Morris, Non-Executive Independent Chairman

Peter has over 35 years' 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 Brookfield Multiplex Capital Management Limited.

#### Brian Motteram, Non-Executive Independent Director

Brian has in excess of 30 years' 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 private property company in position of Chief Financial Officer and later, Finance Director.

#### 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 services groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia.

#### Mark Wilson, Executive Director

Mark Wilson is the CEO of Funds Management and Infrastructure for Brookfield Multiplex Group. Mark has overall responsibility for the strategy and operations of the funds management business. In his eleven years at Brookfield Multiplex, 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 17 years operating and investing experience and is a Fellow of Finance with Financial Services Institute of Australasia.



# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

### Brian Kingston, Executive Director

Brian Kingston is the Chief Financial 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.

### Company Secretary

Alex Carrodus (appointed 25 January 2005, resigned 27 August 2008).  
Neil Olofsson (appointed 27 August 2008)

### Information on Company Secretary

#### Neil Olofsson

Neil has over 12 years' international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

### 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.

There has been no change in the Fund's activities during or since the end of the financial year. The Fund did not have any employees during the period or subsequent to balance date.

### Review of operations

Key highlights over the period include:

- Profit attributable to unitholders before distributions for the year ended 30 June 2008 was \$11,173,000 (June 2007: \$22,316,000).
- The Fund realised \$61,000 (June 2007: \$13,502,000) profit on available-for-sale financial assets from the Ettalong project.
- The Fund increased its contributed equity by 9,200,000 units raising \$9,341,000.
- Total assets for the year ended 30 June 2008 were \$284,979,000 (June 2007: \$278,435,000). All assets are valued at historical cost except for available for sale financial assets and derivative financial instruments which are carried at fair value.
- The total distributions to unitholders for the year ended 30 June 2008 is \$16,221,000 (2007: \$15,006,000).
- New investments were made in Henley Brook (\$49,000,000), Vale Stages 7-11 (\$5,000,000) and Little Bay South (\$14,800,000).
- An independent valuation of the Land at Vale 2 – 6 was performed by Savills (WA) with an "As Is" valuation of \$62,000,000 on the 18 April 2008. The forecast completion date of the project is June 2010.

### Distributions

Distributions paid /payable to unitholders were as follows:

	Cents per unit	\$'000	Annualised return on NAV
Distribution for quarter ended 30 June 2007 <sup>1</sup>	2.65	4,055	14.74%
Distribution for quarter ended 30 September 2007	2.63	4,158	15.00%
Distribution for quarter ended 31 December 2007	1.81	2,918	10.30%
Distribution for quarter ended 31 March 2008	1.68	2,794	8.00%
Distribution for quarter ended 30 June 2008	1.41	2,298	8.00%
	10.18	16,221	

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

### Directors interest

Robert McCuaig held 62,446.2 units in the Fund as at 30 June 2008 (30 June 2007: 52,037). Brain Motteram held 46,153.84 units in the Fund as at 30 June 2008 (30 June 2007: nil). No other directors held units or had any other benefits in the Fund as at 30 June 2008 (30 June 2007 – nil).

### 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 Fund that occurred during the financial year.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### **Likely developments**

Information about likely developments in the operations of the Fund and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

### **Environmental regulations**

The Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

### **Events subsequent to balance date**

Subsequent to the year end the Board resolved to close the Fund to new applications and the Distribution Reinvestment Plan.

There are no other matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

### **Indemnification and insurance premiums**

Under the Fund's Constitution the Responsible Entity, 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 or the Consolidated Entity.

### **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.

### **Lead auditor's independence declaration under Section 307C of the Corporations Act 2001**

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the year ended 30 June 2008.



Directors' Report continued  
Multiplex Development and Opportunity Fund  
For the year ended 30 June 2008

Dated at Sydney this 11 day of September 2008.

Signed in accordance with a resolution of the Directors made pursuant to S 306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'BK', with a large, stylized flourish at the end.

**Brian Kingston**

Director

Brookfield Multiplex Capital Management Limited



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

To: the directors of Brookfield Multiplex Capital Management Limited as the 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 2008 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

Tanya Gilerman  
*Partner*

Sydney, NSW  
| September 2008



# Income statements

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

	Note	Consolidated		Fund	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Revenue from ordinary activities</b>					
Revenue from the sale of land held for development	5	36,073	240,713	-	-
Realised profit on available for sale financial assets		61	13,502	-	-
Reversal of income guarantee	17	4,078	-	-	-
Interest income		15,635	11,916	4,536	1,588
Net gain on financial derivatives		-	302	-	297
Dividends received – controlled entities		-	-	10,383	16,957
<b>Total revenue and other income</b>		<b>55,847</b>	<b>266,433</b>	<b>14,919</b>	<b>18,842</b>
<b>Expenses from ordinary activities</b>					
Cost of sale of land held for development		29,594	211,338	-	-
Marketing and selling costs		4,598	6,826	-	-
Administration expenses		270	1,601	92	140
Responsible entities fees		1,835	2,204	1,835	2,204
Management service fees		814	1,341	455	412
Loss on financial derivatives		1,319	-	1,314	-
Realised loss on available for sale assets		937	-	-	-
Guarantee fee		102	-	-	-
Performance fee	6	(751)	2,382	-	-
Finance costs – external parties		5	124	-	-
<b>Total expenses</b>		<b>38,723</b>	<b>225,816</b>	<b>3,696</b>	<b>2,756</b>
<b>Profit before income tax</b>		<b>17,124</b>	<b>40,617</b>	<b>11,223</b>	<b>16,086</b>
Income tax expense/(benefit)	7	5,186	13,496	20	(261)
<b>Profit after tax before distribution to unitholders</b>		<b>11,938</b>	<b>27,121</b>	<b>11,203</b>	<b>16,347</b>
Profit attributable to minority interests		765	4,805	-	-
<b>Profit attributable to unitholders</b>		<b>11,173</b>	<b>22,316</b>	<b>11,203</b>	<b>16,347</b>
Finance costs – distribution to unit holders	8	(16,221)	(15,006)	(16,221)	(15,006)
<b>Change in net assets attributable to unitholders</b>		<b>(5,048)</b>	<b>7,310</b>	<b>(5,018)</b>	<b>1,341</b>

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

## Statements of Changes in Equity

### Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

As the consolidated entity has no equity, the consolidated entity has not included a Statement of Changes in Equity for the current or comparative year

# Balance Sheets

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## Multiplex Development and Opportunity Fund

As at 30 June 2008

		Consolidated		Fund	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Current assets</b>					
Cash and cash equivalents	10(a)	22,459	40,714	3,285	13,144
Trade and other receivables	11	38,926	20,596	50,655	38,038
Available for sale financial assets	15	-	13,350	-	-
Inventories – land held for development	16	30,200	55,319	-	-
Accrued income	12	1,685	557	-	-
<b>Total current assets</b>		<b>93,270</b>	<b>130,536</b>	<b>53,940</b>	<b>51,182</b>
<b>Non-current assets</b>					
Investment in controlled entities	13	-	-	97,183	97,183
Investment in equity accounted investees	14	14,829	-	-	-
Available for sale financial assets	15	-	21,490	-	-
Inventories – land held for development	16	143,713	61,733	-	-
Future income tax benefit	7	-	1,195	-	-
Trade and other receivables	11	27,583	62,301	15,333	20,751
Accrued income	12	4,418	1,175	4,418	1,175
Fair value of financial derivatives	20	1,166	5	1,166	-
<b>Total non-current assets</b>		<b>191,709</b>	<b>147,899</b>	<b>118,100</b>	<b>119,109</b>
<b>Total assets</b>		<b>284,979</b>	<b>278,435</b>	<b>172,040</b>	<b>170,291</b>
<b>Current liabilities</b>					
Trade and other payables	17	24,081	38,165	2,884	3,714
Income tax payable	7	206	8,349	377	3,899
Fair value of financial derivatives	20	-	38	-	38
Interest bearing loans and borrowings	18	-	36,407	-	-
<b>Total current liabilities</b>		<b>24,287</b>	<b>82,959</b>	<b>3,261</b>	<b>7,651</b>
<b>Non-current liabilities</b>					
Trade and other payables	17	-	14,100	-	-
Provisions for performance fee	6	1,631	2,382	-	-
Interest bearing loans and borrowings	18	82,149	-	-	-
Deferred income tax liability	7	2,517	-	2,375	559
<b>Total non-current liabilities</b>		<b>86,297</b>	<b>16,482</b>	<b>2,375</b>	<b>559</b>
<b>Total liabilities (excluding net assets attributable to unitholders' interests)</b>		<b>110,584</b>	<b>99,441</b>	<b>5,636</b>	<b>8,210</b>
<b>Net assets attributable to unitholders</b>	19	<b>174,395</b>	<b>178,994</b>	<b>166,404</b>	<b>162,081</b>

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



# Statements of Cash Flows

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

	Note	Consolidated		Fund	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Cash flow from operating activities</b>					
Cash receipts in the course of operations		40,939	234,361	9,157	29,568
Cash payments in the course of operations		(103,573)	(158,452)	(5,961)	(142)
Interest received		10,422	12,373	1,292	413
Interest paid		(3,157)	(1,780)	-	-
Income taxes paid		(8,330)	(9,705)	(6,208)	(8,032)
<b>Net cash flows (used in)/from operating activities</b>	10(b)	<b>(63,699)</b>	<b>76,797</b>	<b>(1,720)</b>	<b>21,807</b>
<b>Cash flows from investing activities</b>					
Proceeds from disposal of available-for-sale financial assets		9,233	86,016	-	-
Proceeds on mezzanine loans		39,700	-	2,900	-
Payment to related parties for investments		(14,829)	(51,551)	-	-
<b>Net cash flows from investing activities</b>		<b>34,104</b>	<b>34,465</b>	<b>2,900</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Proceeds from issues of units		9,341	11,126	9,341	11,126
Repayment of capital		(3,025)	-	-	-
Repayment of borrowings		-	(102,799)	-	-
Proceeds from interest bearing liabilities		45,742	30,107	-	-
Loans to related parties		(21,049)	-	(6,457)	(9,723)
Distributions paid		(19,669)	(16,972)	(13,923)	(15,006)
<b>Net cash flows from/(used in) financing activities</b>		<b>11,340</b>	<b>(78,538)</b>	<b>(11,039)</b>	<b>(13,603)</b>
Net (decrease)/increase in cash and cash equivalents		(18,255)	32,724	(9,859)	8,204
Cash and cash equivalents at 1 July		40,714	7,990	13,144	4,940
<b>Cash and cash equivalents at 30 June</b>	10(a)	<b>22,459</b>	<b>40,714</b>	<b>3,285</b>	<b>13,144</b>

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

# Notes to the Financial Statements

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

### 1 Reporting entity

Multiplex Development and Opportunity Fund (the "Fund") is an Australian registered Management Investment Scheme under the Corporations Act 2001. Brookfield Multiplex Capital Management Limited (changed its name from Multiplex Capital Management Limited on 17 June 2008), the Responsible Entity of the Fund, was appointed on the 13 July 2007 (previously Multiplex Capital Investments Limited), and is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2008 comprises the Fund and its subsidiaries (together referred to as the "Consolidated Entity").

### 2 Basis of preparation

#### a Statement of compliance

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

The financial report of the Fund for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 11 September 2008.

#### b Basis of measurement

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
- 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 amounts 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 are described in the following notes:

- Note 3j - Valuation of inventory
- Note 3i - Valuation of available for sale financial assets



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 3 Significant accounting policies

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

#### a Principles of consolidation

##### 1 Principles of consolidation

The Consolidated financial statements include the financial statements of the Fund and entities controlled by the Fund (its subsidiaries) (referred to as the "Consolidated Entity" in these financial statements). 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 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.

All intra-group transactions, balances, income and expenses including unrealised profits arising from intra-group transactions are eliminated in full in the consolidated financial statements. In the separate financial statements of the Fund, intra-group transactions are generally accounted for by reference to the existing book value of the items. Where the transaction value differs from the carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

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

##### 2 Jointly controlled entities (equity accounted investees)

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 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.

##### Realised profit on available-for-sale financial assets

The consideration received on close out of a risk participation agreement or grant of developmental right by the Fund is included as revenue at the date of close out. Prior to close out of a risk participation agreement or grant of development right, valuation increments above initial investment are included in the available for sale reserve. On close out the available for sale reserve related to the specific project closed out is transferred to the income statement.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

### 3 Significant accounting policies continued

#### Interest income

Revenue is recognised as interest accrues using the effective interest rate method.

#### Income guarantee

Revenue from the income guarantee is calculated and accrued on a monthly basis where the conditions under the guarantee are fulfilled. An amount equal to 70% (tax effected) is accrued as an income guarantee expense at the same time. This is reflected in current trade and other payables. The Fund relies on Brookfield Multiplex Limited for continued support under the income guarantee agreement to ensure the Fund is in a position to pay at least an 8% per annum distribution in any distribution period. This guarantee expired on 30 June 2008.

#### 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. This is generally when they have been declared.

### c Expense recognition

#### Finance costs

Finance costs are expensed as incurred unless they relate to qualifying assets. 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 borrowing, and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

#### Performance fees

Performance fees are recognised on an accrual basis. The performance fee payable to the development manager is calculated in accordance with the 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.

#### Other expenditure

Expenditure including marketing and selling costs, management fees, administration costs, rates, taxes, other outgoings, performance fees and responsible entity fees are brought to account on an accrual basis.

### d Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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 component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO are classified as operating cash flows.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 3 Significant accounting policies continued

#### e Taxation

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

The carrying amount of deferred income 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 income tax asset to be utilised.

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

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

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

#### 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.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

16

For the year ended 30 June 2008

### 3 Significant accounting policies continued

#### Nature of tax funding arrangements and tax sharing arrangements continued

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

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

#### g Cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash balances, deposits on 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 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 3 (k). Non-current receivables are measured at amortised cost using the effective interest rate method.

#### i Available-for-sale financial assets

Available-for-sale financial assets are investments in risk participation agreements and grant of development rights. These available-for-sale financial assets are recorded at fair value as at 30 June 2008.

These agreements are between the Fund or a Project Development Trust ("PDT") controlled by the Fund, and entities within the Brookfield Multiplex Limited group of companies, whereby the Fund or PDT effectively acquires an interest in the relevant development. In determining the fair value of an existing available-for-sale-financial asset, consideration has been given to the specific nature and stage of the project. The fair value assumptions for the available-for-sale financial asset can be affected by such factors as, but not limited to, delays in planning approvals, environmental issues, industrial disputes, unexpected rises in inflation, unforeseen escalation in construction costs, the supply and demand of the property market, third party failure, increases in interest rates, variations to construction specifications, inability to sell developments at the projected sale price and/or within the projected sale period, changes in law or government policy, changes in taxation legislation, conflicts of interest between the developer and the Fund, insurance shortfalls and changes to premium costs, due diligence failure and other force majeure events such as fire, floods, earthquakes etc. These factors, and others, can affect the risk of each project and in turn affect the value of the available-for-sale financial assets.

Once a project has actually commenced construction phase, the cash flows generated by the project can be estimated and the fair value is based on the present value of the expected future net cash flows having been discounted to their present value using market determined risk adjusted discount rates. Where the development project has not reached the construction phase, the investment is valued at its historic cost. All unrealised revaluations of the available-for-sale financial assets are taken to the available for sale reserve in equity. Once an available-for-sale financial asset is realised, the revaluation is recognised in the income statement.

#### j 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 3(c)), and rates and taxes.

#### k Impairment

##### Financial assets

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

Individually 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 profit and loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit and loss.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 3 Significant accounting policies continued

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 profit and loss. 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 inventories and 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.

In respect of all assets (other than goodwill), 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.

#### l Trade and other payables

Trade and other 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 year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### m Finance costs - Distributions

Distributions paid and payable on units are recognised in the income statement as finance costs and as a liability where not paid. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

#### n Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less any attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

#### o Financial derivatives

##### Derivative financial instruments

The Fund and Consolidated Entity uses derivative financial instruments to hedge its exposure to foreign currency risk arising from operational, and investment activities. The Consolidated Entity 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.

#### Forward foreign exchange contracts

Forward foreign exchange contracts which have not expired at balance dates will be carried at fair value on the Fund and Consolidated balance sheet. Changes in fair value will be recorded in the income statement. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

#### p Units on issue

Issued and paid up units are recognised in change 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.

#### q Net assets attributable to unitholders

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

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 3 Significant accounting policies continued

#### r New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2008, but have not been applied in preparing these financial statements:

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement the “statement of comprehensive income. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Consolidated Entity’s 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity’s disclosures.
- Revised AASB 3 *Business Combinations* changes the application of acquisition accounting for business combinations and accounting for non – controlling (minority) interests. The revised standard becomes mandatory for the Consolidated Entity’s 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity’s financial report.
- 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 disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity’s Chief Operating Decision Maker in order to access each segment’s performance and to allocate resources to them. Currently the Consolidated Entity does not presents segment information in respect of its business and geographical segments.
- 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. The Consolidated Entity has not yet determined the potential effect of the revised standard on future earnings.
- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. The revised standard will become mandatory for the Consolidated Entity’s 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the revised standard on the Consolidated Entity’s financial report.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 4 Segment Reporting

The Fund is organised into one main segment which operates in the business of investment in direct and indirect property investments in Australia.

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>5 Revenue from the sale of land held for development</b>				
Vale Stages 2-6, Perth	27,653	100,546	-	-
Portside Wharf	8,420	140,167	-	-
	<b>36,073</b>	<b>240,713</b>	<b>-</b>	<b>-</b>

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>6 Performance fee</b>				
Opening balance	2,382	-	-	-
Movement in performance fee provision	(751)	2,382	-	-
	<b>1,631</b>	<b>2,382</b>	<b>-</b>	<b>-</b>

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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>7 Income tax</b>				
<b>Current tax expense</b>				
Current period	2,714	14,691	(1,564)	(820)
Prior period	(232)	-	(232)	-
<b>Total current tax expense</b>	<b>2,482</b>	<b>14,691</b>	<b>(1,796)</b>	<b>(820)</b>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	2,704	(1,195)	1,816	559
<b>Total deferred tax expense</b>	<b>2,704</b>	<b>(1,195)</b>	<b>1,816</b>	<b>559</b>
<b>Total income tax expense</b>	<b>5,186</b>	<b>13,496</b>	<b>20</b>	<b>(261)</b>
<b>Income tax expense</b>				
Numerical reconciliation between tax expense/(benefit) and pre-tax net profit				
Profit for the year	11,938	27,121	11,203	16,347
Total income tax expense/(benefit)	5,186	13,496	20	(261)
<b>Profit before income tax</b>	<b>17,124</b>	<b>40,617</b>	<b>11,223</b>	<b>16,086</b>
Prima facie income tax expense/ (benefit) on profit/ (loss) using the Fund's tax rate of 30% (2007: 30%)	5,137	12,185	3,367	4,826
Tax exempt income dividend received	-	-	(3,115)	(5,087)
Non-deductible expenses	281	152	-	-
Prior Period	(232)	-	(232)	-
Non-deductible dividend received	-	1,159	-	-
<b>Total income tax expense/(benefit)</b>	<b>5,186</b>	<b>13,496</b>	<b>20</b>	<b>(261)</b>



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 7 Income tax continued

#### Tax assets and liabilities

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Tax liability	206	8,349	377	3,899
Deferred tax asset	-	1,195	-	-
Deferred tax liability	2,517	-	2,375	559

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Consolidated</b>						
Accrued income	526	657	(2,084)	(520)	(1,558)	137
Provisions	547	749	(736)	-	(189)	749
Other	94	1,278	(1,432)	(529)	(1,338)	749
Amount recognised directly in equity	568	848	-	(1,288)	568	(440)
	1,735	3,532	(4,252)	(2,337)	(2,517)	1,195
<b>Fund</b>						
Accrued income	353	-	(1,326)	(353)	(973)	(353)
Other	661	-	(2,063)	(206)	(1,402)	(206)
	1,014	-	(3,389)	(559)	(2,375)	(559)

There were no amounts recognised directly in equity in respect of the Fund

### 8 Finance costs – distributions to unitholders

Distributions paid to unitholders or declared were as follows:

Ordinary Units	Cents per unit	Total amount \$'000	Franked/Unfranked	Date of payment
June 2006 distribution <sup>1</sup>	2.68	3,848	Franked	31 Jul 2006
September 2006 distribution	1.65	2,364	Franked	1 Nov 2006
December 2006 distribution	3.02	4,419	Franked	1 Feb 2007
March 2007 distribution	2.91	4,375	Franked	30 Apr 2007
<b>Total distribution 30 June 2007</b>	<b>10.26</b>	<b>15,006</b>		
June 2007 distribution <sup>2</sup>	2.65	4,055	Franked	31 July 2007
September 2007 distribution	2.63	4,156	Franked	31 Oct 2007
December 2007 distribution	1.81	2,918	Franked	31 Jan 2008
March 2008 distribution	1.68	2,794	Franked	30 April 2008
June 2008 distribution	1.41	2,298	Franked	4 Sept 2008
<b>Total distribution 30 June 2008</b>	<b>10.18</b>	<b>16,221</b>		

<sup>1</sup> The distribution of \$3,848,000 was paid on 31 July 2006 and not declared until after 30 June 2006

<sup>2</sup> The distribution of \$4,055,000 was paid on 31 July 2007 and not declared until after 30 June 2007.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 8 Finance costs – distributions to unitholders continued

Distributions declared or paid during the year were franked at the tax rate of 30%.

	2008 \$'000	2007 \$'000
<b>Franking account</b>		
30 per cent franking credits available to unitholders of the Fund for subsequent years	1,800	2,447

	Consolidated		Fund	
	2008 \$	2007 \$	2008 \$	2007 \$
<b>9 Auditors' remuneration</b>				
<b>Audit services:</b>				
Auditors of the Fund – KPMG Australia:				
Audit and review of the financial reports	90,000	82,500	-	-
	<b>90,000</b>	<b>82,500</b>	<b>-</b>	<b>-</b>

In the financial statements of the Fund the audit fee is borne by a related entity Brookfield Multiplex Capital Management Limited.

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>10 Cash and cash equivalents</b>				
<b>(a) Cash and cash equivalents</b>				
Current cash at bank and on hand <sup>1</sup>	22,459	40,714	3,285	13,144

Cash at bank balances earns interest at floating rates based on daily bank deposit rates.

As at 30 June 2008, the Fund had \$39,160 of applications monies that are not available until units are allotted (30 June 2007:\$3,273,100). The corresponding liability has been reflected under payables (refer note 17).

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>(b) Reconciliation of cash flow from operating activities</b>				
<b>Profit attributable to unitholders</b>	<b>11,938</b>	<b>27,121</b>	<b>11,203</b>	<b>16,347</b>
<b>Adjustments for:</b>				
Net fair value change on derivatives	(1,200)	33	(1,204)	38
Income guarantee	(4,078)	-	-	-
Realised loss on available for sale assets	937	-	-	-
Unrealised foreign exchange gains	2,204	(335)	2,204	(335)
Realised foreign exchange losses	315	-	315	-
<b>Profit before changes in working capital</b>	<b>10,116</b>	<b>26,819</b>	<b>12,518</b>	<b>16,050</b>
<b>Changes in operating assets and liabilities during the year:</b>				
Decrease/(increase) in inventories	(56,861)	47,204	-	-
Decrease/(increase) in receivables	(3,324)	(23,289)	(8,455)	1,500
(Increase) /decrease in accrued income	(4,371)	457	(3,243)	(1,175)
Decrease/(increase) in deferred tax asset	1,195	(38)	-	-
(Decrease)/increase in payables	(4,828)	23,982	(834)	2,613
Increase/(decrease) in deferred tax liability	2,517	(3,453)	1,816	559
(Decrease)/increase in current tax liability	(8,143)	5,115	(3,522)	2,260
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(63,699)</b>	<b>76,797</b>	<b>(1,720)</b>	<b>21,807</b>



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>11 Trade and other receivables</b>				
<b>Current</b>				
<i>Amounts due from related parties</i>				
Loan to Multiplex Latitude Site C Pty Ltd <sup>1</sup>	-	12,500	-	-
Loan to Multiplex Hurstville Pty Ltd <sup>1</sup>	5,842	-	-	-
Loan to Multiplex W9&10 Constructions Stage 4B Pty Ltd <sup>1</sup>	10,000	-	-	-
Other related party receivables <sup>1</sup>	16,714	5,822	50,608	37,988
Other receivables	6,370	2,274	47	50
	<b>38,926</b>	<b>20,596</b>	<b>50,655</b>	<b>38,038</b>
<b>Non-current</b>				
<i>Amounts due from related parties</i>				
Loan to Multiplex Pagasus Town Limited <sup>1</sup>	15,333	20,751	15,333	20,751
Loan to Multiplex Hurstville Pty Ltd <sup>1</sup>	-	5,000	-	-
Loan to Multiplex W9&10 Constructions Stage 4B Pty Ltd <sup>1</sup>	-	10,000	-	-
Loan to Multiplex Claremont Pty Ltd <sup>1</sup>	8,450	8,450	-	-
Loan to Multiplex Cotton Beach Pty Ltd <sup>1</sup>	-	8,300	-	-
Loan to Multiplex SX West Tower Landowner Pty Ltd <sup>1</sup>	-	6,000	-	-
Loan to Multiplex Dee Why Pty Ltd <sup>1</sup>	3,800	3,800	-	-
	<b>27,583</b>	<b>62,301</b>	<b>15,333</b>	<b>20,751</b>

<sup>1</sup> Terms and conditions relating to related party transactions have been disclosed in note 21. Interest at 16.8% is charged by the Consolidated Entity and has been taken to income. No interest is capitalised. Interest received on the loans treated as income for the year was \$14,057,000 (2007: \$11,106,000) for the Consolidated Entity and \$3,244,000 (2007: \$1,175,000) for the Fund. At 30 June 2008 in order to provide additional security for the mezzanine loan with Multiplex Hurstville Pty Limited, a loan facility agreement between Brookfield Multiplex Limited and Multiplex Hurstville Pty Limited of \$5,842,000 had been signed whereby no rights to this loan can be exercised until the mezzanine loan with the Consolidated Entity has been repaid in full. The capital amount of \$5,000,000 and accrued interest of \$842,000 will be paid on or before 30 June 2009. Related party receivables include \$11,300,000 and \$4,936,000 for the close out of Bluewater and Rhodes available for sale assets respectively which will be paid on deferred terms on or before 30 June 2009. No interest is payable on the balances outstanding in relation to Hurstville, Bluewater and Rhodes.

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>12 Accrued income</b>				
<b>Current</b>				
	1,685	557	-	-
	<b>1,685</b>	<b>557</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
	4,418	1,175	4,418	1,175
	<b>4,418</b>	<b>1,175</b>	<b>4,418</b>	<b>1,175</b>

Accrued income relates to interest receivable on related party loans to Multiplex Kings Street Wharf Pty Limited and Multiplex Pegasus Town Limited. These receivables attract interest at the rate of 16.8%.

	Percentage ownership	Company	
		2008 \$'000	2007 \$'000
<b>13 Investment in controlled entities</b>			
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%	-	-



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

23

For the year ended 30 June 2008

### 13 Investment in controlled entities continued

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.

### 14 Equity accounted investees

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Investments accounted for using the equity method</b>				
Little Bay South Developer Pty Limited	14,829	-	-	-

The Consolidated Entity's share of profit in its equity accounted investees for the year was \$ 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. – Joint venture	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.

### 15 Available-for-sale financial assets

The table below summarises the underlying available-for-sale financial assets in development projects held by entities within the consolidated group.

	Date of acquisition of financial asset by the consolidated entity	Cost 2008 \$'000	Available for Sale reserve 2008 \$'000	Consolidated	
				Fair value 2008 \$'000	Fair value 2007 \$'000
<b>Interest in developments – at fair value</b>					
<i>Consolidated – current developments</i>					
Ettalong Development	23 Dec 2003	-	-	-	2,250
Tarneit Development	31 Dec 2004	-	-	-	1,100
Meridian Investment Trust No 5	31 Dec 2006	-	-	-	10,000
<b>Total current investments</b>		-	-	-	<b>13,350</b>
<i>Consolidated – non-current developments</i>					
Rhodes Development	23 Dec 2004	-	-	-	8,912
Bluewater Stages 1 – 4 Developments	29 June 2005	-	-	-	12,578
<b>Total non-current investments</b>		-	-	-	<b>21,490</b>

The Fund has no available for sale assets (30 June 2007: \$Nil)

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 15 Available-for-sale financial assets continued

#### Reconciliation of carrying amounts

Reconciliations of the carrying amounts of available-for-sale financial assets at the beginning and the end of the financial year are set out below:

	Consolidated	
	2008 \$'000	2007 \$'000
Carrying amounts at the beginning of the financial year	34,840	73,012
Acquisitions	-	10,000
Disposals	(30,550)	(46,495)
Net fair value increments/(decrements)	(4,290)	(1,677)
<b>Carrying amount at the end of the financial year</b>	<b>-</b>	<b>34,840</b>

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>16 Inventories – land held for development</b>				
<b>Inventories at cost</b>				
<b>Current</b>				
Portside Wharf <sup>1</sup>	8,581	17,115	-	-
Vale Stages 2 – 6 <sup>2</sup>	21,619	21,457	-	-
Henley Brook <sup>3</sup>	-	16,747	-	-
<b>Total current</b>	<b>30,200</b>	<b>55,319</b>	<b>-</b>	<b>-</b>
<b>Non-current</b>				
Vale Stages 2 – 6 <sup>2</sup>	32,036	18,978	-	-
Henley Brook <sup>3</sup>	64,013	-	-	-
Vale Stages 7 - 11 <sup>4</sup>	47,664	42,755	-	-
<b>Total non-current</b>	<b>143,713</b>	<b>61,733</b>	<b>-</b>	<b>-</b>
<b>Total inventories</b>	<b>173,913</b>	<b>117,052</b>	<b>-</b>	<b>-</b>

1 \$8,581,000 - Land at Portside Wharf, Brisbane. Developed apartments held for sale.

2 \$53,655,000 - 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 2008 the total cost of the unsold land plus development costs held in the consolidated entity was \$53.655 million (2007: \$40.435 million). An independent valuation was performed by Savills (WA) with an "As Is" valuation of \$62.000 million on the 18 April 2008.

3 \$64,013,000 – 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 \$47,664,000 – 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.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>17 Trade and other payables</b>				
<b>Current</b>				
Payables	10,132	15,292	275	3,519
Distribution payable	2,298	-	2,298	-
Loans from related parties <sup>1</sup>	7,151	14,100	311	-
Responsible entity fee payable <sup>1</sup>	-	195	-	195
Income guarantee liability <sup>2</sup>	4,500	8,578	-	-
	<b>24,081</b>	<b>38,165</b>	<b>2,884</b>	<b>3,714</b>
<b>Non-current</b>				
Loans from related parties <sup>1</sup>	-	14,100	-	-
<b>Total non-current</b>	<b>-</b>	<b>14,100</b>	<b>-</b>	<b>-</b>

1 Terms and conditions relating to related party transaction have been disclosed in note 21.

### 2 Income guarantee liability

Brookfield Multiplex Limited has agreed to ensure that the Fund is in a position to pay a distribution each distribution period of 8% per annum net of management fees (including the GST impact of those management fees) and operating expenses and before tax, on the net asset value of the Fund until 30 June 2008. To the extent that the Fund does not generate at least an 8% per annum distribution in any distribution period, Brookfield Multiplex Limited will ensure the Fund is put into a position so that it can pay a distribution of that amount. Any amount paid by Brookfield Multiplex Limited to the Fund under the guarantee will be reimbursed to 70% by the Consolidated Entity to Brookfield Multiplex Limited from income of the Consolidated Entity in subsequent periods. During the year Brookfield Multiplex Limited waived its right to repayment of an amount of \$4,078,000 (30 June 2007: \$Nil) of the income guarantee liability. This amount has been recognised as revenue in the income statement. The amount payable to Brookfield Multiplex Limited by the Consolidated Entity out of future profits of the Consolidated Entity in relation to the income guarantee as at year end is \$4,500,000 (2007: \$8,577,668).

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>18 Interest bearing loans and borrowings</b>				
<b>Current</b>				
Secured bank debt <sup>1</sup>	-	20,000	-	-
Secured bank debt <sup>2</sup>	-	16,407	-	-
	<b>-</b>	<b>36,407</b>	<b>-</b>	<b>-</b>
<b>Non current</b>				
Secured bank debt <sup>1</sup>	29,554	-	-	-
Secured bank debt <sup>2</sup>	19,473	-	-	-
Secured bank debt <sup>3</sup>	33,122	-	-	-
	<b>82,149</b>	<b>-</b>	<b>-</b>	<b>-</b>

1 The bank facility is secured by a first charge over all assets of Brookfield Multiplex Vale Landowner Pty Limited.

2 The bank facility is secured by a first charge over all assets of Brookfield Vale Stages 7 - 11 Landowner Pty Limited.

3 The bank facility is secured by a first charge over all assets of Brookfield Multiplex Henley Brook Landowner Pty Limited.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 18 Interest bearing loans and borrowings continued

	Expiry date	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Financing arrangements</b>					
<b>Facilities available</b>					
Bank debt facility <sup>1</sup>	31 Dec 2009	36,000	40,000	-	-
Bank debt facility <sup>2</sup>	30 Nov 2009	22,000	22,000	-	-
Bank debt facility <sup>3</sup>	30 Sept 2009	37,700	-	-	-
Less: Facilities used		(82,149)	(36,407)	-	-
<b>Facilities not utilised</b>		<b>13,551</b>	<b>25,593</b>	<b>-</b>	<b>-</b>

1 This floating rate cash facility is for a maximum commitment of \$36,000,000 financed by National Australia Bank Limited with respect to Brookfield Multiplex Vale Landowner Pty Limited. The facility which expired on the 30 June 2008 was extended (on 23 June 2008) to 31 December 2009. Repayments of this facility will be on the same terms as the previous facility with the following additional terms:

- No dividends, return of capital or profit distributions may be made prior to the debt being repaid in full without the financiers prior approval; and
- Net value of exchanged contracts to equal a minimum of 25% of the outstanding facility;

Interest rate is 7.66%, (2007: 6.38%).

2 This fixed rate cash facility is for a maximum commitment of \$22,000,000 financed by National Australia Bank Limited with respect to Vale Stages 7-11 Landowner Pty Limited. The fixed rate is 6.795% plus and activation fee of 0.8% for a period of 15 months.

3 This floating rate cash facility is for a maximum commitment of \$37,700,000 financed by Suncorp-Metway Limited with respect to the Henley Brook development. The fixed rate is 9.5%.

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>19 Net assets attributable to unitholders</b>				
Units on issue	166,164	156,823	166,164	156,823
Share issue costs	(1,698)	(1,698)	-	-
Available for sale reserve	-	3,002	-	-
Undistributed income	(939)	4,109	240	5,258
<b>Parent interests</b>	<b>163,527</b>	<b>162,236</b>	<b>166,404</b>	<b>162,081</b>
Minority interests	10,868	16,758	-	-
<b>Net assets attributable to unitholders</b>	<b>174,395</b>	<b>178,994</b>	<b>166,404</b>	<b>162,081</b>
<b>Opening balance of unitholders' interests</b>	<b>178,994</b>	<b>164,893</b>	<b>162,081</b>	<b>149,614</b>
<b>Units on issue</b>				
Issue of units	7,881	10,300	7,881	10,300
Units reinvested	1,460	826	1,460	826
<b>Available for sale reserve</b>				
Changes in fair value of available for sale assets	(4,290)	1,677	-	-
Deferred income tax liability on changes in fair value of available for sale assets	1,288	(503)	-	-
Close out of Stage 4 Lakeland's (apartments) development	-	(3,080)	-	-
Close out of Multiplex Latitude Site C	-	(3,151)	-	-
Transfer from/(to) statement of distribution	-	8,577	-	-
<b>Undistributed income</b>				
Net profit from operations before distributions to unitholders	11,173	22,316	11,203	16,347
Finance costs – distribution to unitholders	(16,221)	(15,006)	(16,221)	(15,006)
Transfer (to)/from available for sale reserve	-	(8,577)	-	-



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

19 Net assets attributable to unitholders continued	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minority interests				
Dividend	(3,630)	(4,083)	-	-
Return of Capital	(3,025)	-	-	-
Share of net income	765	4,805	-	-
<b>Closing balance of unitholders' interests</b>	<b>174,395</b>	<b>178,994</b>	<b>166,404</b>	<b>162,081</b>

### Units on issue

Date	Details	Units	\$
1 July 2006	Opening balance	143,504,247	145,697,446
	31 July 2006 Distribution reinvestment plan	181,407	192,305
	1 November 2006 Distribution reinvestment plan	121,787	126,667
	1 November 2006 issue of units	1,355,271	1,409,482
	1 December 2006 issue of units	1,935,588	2,032,367
	2 January 2007 issue of units	1,104,011	1,170,252
	1 February 2007 Distribution reinvestment plan	236,493	250,683
	1 February 2007 issue of units	1,119,378	1,186,539
	1 March 2007 issue of units	1,363,546	1,445,359
	30 April 2007 Distribution reinvestment plan	243,847	256,039
	1 May 2007 issue of units	298,464	307,409
	1 June 2007 issue of units	2,643,844	2,748,453
30 June 2007	Closing 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

### Ordinary units

Ordinary units are issued monthly in accordance with the end of month Net Asset Value. All units in the Fund were fully paid and are of the same class and carry equal rights. Unitholders are entitled to a pro rate distribution from date of issue.

## 20 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.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

There were no changes in the Fund's or Consolidated Entity's approach to capital management during the year. Neither the Fund nor any of its subsidiaries are subject to externally imposed capital requirements.

#### 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 Risk Participation Agreements ("RPA") Grant of Development Rights ("GDR"), 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. The risk management framework and policies are set out in the Fund's Constitution and Product Disclosure Statement, and allow the use of certain financial derivative instruments.

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.

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

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

##### Derivative financial instruments

Whilst the Fund utilises 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.

##### Sources of credit risk and risk management strategies

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, RPAs, GDRs, land, syndications and joint ventures. Other credit risk also arises for both the Fund and Consolidated Entity from cash and cash equivalents.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

29

For the year ended 30 June 2008

### 20 Financial instruments continued

#### *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).

#### *Investments - available for sale*

Credit risk arising from Brookfield Multiplex Limited Entities is mitigated by investing in RPAs and GDRs 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. The Fund also utilises the International Swaps and Derivatives Association's ("ISDA") agreements with derivative counterparties where possible to limit the credit risk exposure of such transactions by allowing settlement of derivative transaction on a net rather than gross basis.

The Consolidated Entity's holdings in derivatives translated into AUD were as specified in the table below:

Type of contract	Expiration	Underlying	Notional amount of contracts outstanding \$'000	Fair value (assets) \$'000
<b>As at 30 June 2008</b>				
Exchange rate swap	30 Jun 2009	Exchange rates (a)	11,439	808
Exchange rate swap	30 Jun 2009	Exchange rates (b)	5,511	358
			<b>16,950</b>	<b>1,166</b>
<b>As at 30 June 2007</b>				
Interest rate swap	31 Oct 2007	Fixed to Floating	5,760	5
Exchange rate swap	30 Jun 2009	Exchange rates	9,977	(22)
Exchange rate swap	30 Jun 2009	Exchange rates	4,794	(16)
			<b>20,531</b>	<b>(33)</b>

(a) At 30 June 2008, the Consolidated Entity had an exchange rate swap agreement in place with Commonwealth Bank of Australia whereby the Consolidated Entity pays a fixed exchange rate of 1.1465, to the NZ\$.

(b) At 30 June 2008, the Consolidated Entity had an exchange rate swap agreement in place with Commonwealth Bank of Australia whereby the Consolidated Entity pays a fixed exchange rate of 1.1496, to the NZ\$.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

The Fund's and Consolidated Entity's overall strategy of credit risk management remains unchanged from 2007.

#### Exposure to credit risk

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

	Note	Consolidated		Fund	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash and cash equivalents	10	22,459	40,714	3,285	13,144
Trade and other receivables	11	66,509	82,897	65,988	58,789
Accrued income	12	6,103	1,732	4,418	1,175
Investments – available for sale	15	-	34,840	-	-
Fair value financial derivatives		1,166	5	1,166	-
		<b>96,237</b>	<b>160,188</b>	<b>74,857</b>	<b>73,108</b>

#### Concentrations of credit risk exposure

There are significant concentrations of credit risk at the reporting date for the Fund and Consolidated Entity as \$64,232,000 of RPAs, GDRs, receivables and joint ventures are invested with Brookfield Multiplex Limited Entities. (2007: \$117,737,000).  
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.

At 30 June 2008 in order to provide additional security for the mezzanine loan with Multiplex Hurstville Pty Limited, a loan facility agreement between Brookfield Multiplex Limited and Multiplex Hurstville Pty Limited of \$5,842,000 had been entered into whereby no rights to this loan can be exercised until the mezzanine loan with the Fund and the Consolidated Entity has been repaid in full.

#### Financial assets past due but not impaired

No financial assets of the Fund or Consolidated Entity were past due at the reporting date (2007: nil).

#### Financial assets whose terms have been renegotiated

The available for sale investment in Rhodes of \$4,963,000 and Bluewater of \$11,300,000 were closed out on 30 June 2008 with deferred payment terms that these will be repaid on or before 30 June 2009.

In addition to the close out of the Rhodes and Bluewater available for sale financial assets, and the changes to the security arrangements for Hurstville (as outline above), mezzanine loans with Dee Why of \$3,800,00 and Claremont of \$8,450,000 (2007: \$NIL) have had their repayment dates extended by a variation agreement that would otherwise have rendered the financial assets past due.

#### Impairment losses

An impairment loss of \$937,000 on the Rhodes investment has been recognised by the Consolidated Entity during the year ended 30 June 2008 (2007: nil).

#### 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 Fund and Consolidated Entity are exposed to liquidity risk.

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, the receipt of distributions from syndicates and the close out of RPAs and GDRs. The Fund's approach to managing liquidity risk is to ensure that it has sufficient cash available to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

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 has offered to unit holders a capped liquidity facility allowing unit holders to redeem their units according to the terms of the PDS. This facility is capped at \$20,000,000. The Fund and Consolidated Entity manage this risk by monitoring redemption applications and ensuring the Responsible Entity is aware of the current status of redemptions.

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.

#### Investments – Available for sale

The Fund's and Consolidated Entity's available for sale assets are investments in RPAs and GDRs. These investments are not traded in an active market and may be considered illiquid. As a result, there is a risk that the Fund and Consolidated Entity may not be able to meet its liquidity requirements. The Fund and Consolidated Entity manage this risk through continuous monitoring of actual and forecast cash flows.

#### 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 2007.

#### 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	Carrying amount \$'000	Contractual cash flows \$'000	6 months or less \$'000	6 – 12 months \$'000	1 – 2 years \$'000	2 – 5 years \$'000
<b>2008</b>						
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	21,693	3,170	76,983	-
	107,861	129,827	45,774	3,170	80,883	-
<b>2007</b>						
Trade and other payables	52,265	52,265	24,065	14,100	14,100	-
Provision for performance fee	2,382	7,757	-	-	7,757	-
Interest bearing liabilities	36,407	60,710	2,071	37,071	21,568	-
	91,054	120,732	26,136	51,171	43,425	-
<b>The Fund</b>						
<b>2008</b>						
Trade and other payables	586	586	586	-	-	-
Distributions payable	2,298	2,298	2,298	-	-	-
	2,884	2,884	2,884	-	-	-
<b>2007</b>						
Trade and other payables	3,714	3,714	3,714	-	-	-
	3,714	3,714	3,714	-	-	-

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

#### Defaults and breaches

During the financial year ended 30 June 2008 the Fund and the Consolidated Entity have not defaulted on or breached any terms of their loan covenants (2007: 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; and
- 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 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.

#### 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.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

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

Consolidated	Fixed interest maturing in				Non-interest bearing \$'000	Total \$'000
	Floating rate \$'000	Less than 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000		
<b>2008</b>						
<b>Financial assets</b>						
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
<b>Financial Liabilities</b>						
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
<b>2007</b>						
<b>Financial assets</b>						
Cash and cash equivalents	40,714	-	-	-	-	40,714
Trade and other receivables						
- Australian dollar	-	12,500	41,550	-	8,096	62,146
- New Zealand dollar	-	-	-	20,751	-	20,751
Accrued interest	-	557	-	1,175	-	1,732
Financial derivatives	-	-	-	-	5	5
	40,714	13,057	41,550	21,926	8,101	125,348
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	52,265	52,265
Interest bearing liabilities	-	36,407	-	-	-	36,407
	-	36,407	-	-	52,265	88,672

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

The Fund	Fixed interest maturing in				Non-interest bearing \$'000	Total \$'000
	Floating rate \$'000	Less than 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000		
<b>2008</b>						
<b>Financial assets</b>						
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
	<u>3,285</u>	<u>-</u>	<u>-</u>	<u>20,917</u>	<u>50,655</u>	<u>74,857</u>
<b>Financial Liabilities</b>						
Trade and other payables	-	-	-	-	586	586
Distributions payable					2,298	2,298
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,884</u>	<u>2,884</u>
<b>2007</b>						
<b>Financial assets</b>						
Cash and cash equivalents	13,144	-	-	-	-	13,144
Trade and other receivables						
- Australian dollar	-	-	-	-	38,038	38,038
- New Zealand dollar	-	-	-	20,751	-	20,751
Accrued interest	-	-	-	1,175	-	1,175
	<u>13,144</u>	<u>-</u>	<u>-</u>	<u>21,926</u>	<u>38,038</u>	<u>73,108</u>
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	3,714	3,714
Financial derivatives	-	-	-	-	38	38
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,752</u>	<u>3,752</u>

#### Sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Fund or Consolidated Entity has investments in mezzanine loans which are fixed rate instruments, and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

#### Cash flow sensitivity 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.

	2008		2007	
	1% Profit and loss \$'000	1% Equity \$'000	1% Profit and loss \$'000	1% Equity \$'000
<b>Consolidated Entity</b>				
Increase in interest rates				
Cash and cash equivalents	143	143	156	156
Interest bearing liabilities	(427)	(427)	(435)	(435)
	(284)	(284)	(279)	(279)
Decrease in interest rates				
Cash and cash equivalents	(142)	(142)	(156)	(156)
Interest bearing liabilities	427	427	435	435
	285	285	279	279

	2008		2007	
	1% Profit and loss \$'000	1% Equity \$'000	1% Profit and loss \$'000	1% Equity \$'000
<b>The Fund</b>				
Increase in interest rates				
Cash and cash equivalents	109	109	57	57
	109	109	57	57
Decrease in interest rates				
Cash and cash equivalents	(109)	(109)	(57)	(57)
	(109)	(109)	(57)	(57)

Mezzanine loans have fixed interest rates and therefore there is no direct impact when there is a change in interest rates. RPAs and GDRs only have an indirect impact when there is a change in interest rates but this is not quantifiable.

#### 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 and Consolidated Entity use the following strategies to hedge its foreign currency exposures:

- Forward exchange contracts are utilised to hedge 65% (30 June 2007: 50%) of the capital and net income earned in New Zealand which will be repatriated to Australia in 2009 and 2010.

The unrealised effect of movements of the AUD / NZD exchange rates on the Fund and Consolidated Entity are reflected in the income statement.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

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

	Fund and Consolidated 2008		Fund and Consolidated 2007	
	NZD\$'000	AUD\$'000	NZD\$'000	AUD\$'000
New Zealand – loan receivable	19,333	15,333	22,878	20,751
New Zealand – interest receivable	5,113	4,418	1,316	1,175
	<b>24,446</b>	<b>19,751</b>	<b>24,194</b>	<b>21,926</b>

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

	Fund and Consolidated 2008		Fund and Consolidated 2007	
	Spot rate	Spot rate	Average rate	Average rate
New Zealand dollar	1.2609	1.1025	1.16748	1.1476

#### 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.

	2008		2007	
	Net assets \$'000	Profit and Loss \$'000	Net assets \$'000	Profit and loss \$'000
Consolidated entity	(450)	(450)	(513)	(513)
The Fund	(450)	(450)	(513)	(513)

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 variances 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.

##### 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.

##### Available for sale financial assets

The fair value of investments in RPAs and GDRs is determined by giving consideration to the specific nature and stage of the project.

##### Derivatives

The fair value of forward exchange contracts is based on present value of future cash flows, discounted at the market rate of interest at the reporting date.



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 20 Financial instruments continued

#### 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.

#### Fair values versus carrying amounts

The carrying amounts of the Fund's and Consolidated Entity's financial assets and liabilities reasonably approximate their fair values.

### 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.

#### Ultimate parent

Multiplex Development and Opportunity Fund, the ultimate parent of the group, holds 100% of the following entity which is included in the consolidated financial statements.

- Brookfield Multiplex DT Pty Limited (formerly MPX DT Pty Limited)

Dividend received from Brookfield Multiplex DT Pty Limited amount to \$10,383,000 (2007: \$16,957,000).

#### Control of subsidiary

The Fund, via its wholly owned subsidiary, Brookfield Multiplex DT Pty Ltd has a 49.6% interest in Multiplex Acumen Vale Syndicate Limited ("MAVSL" or "the Company"), a company limited by shares, which in turn has a 100% interest in Brookfield Multiplex Vale Landowner Pty Ltd ("BMVL") as at 30 June 2008. The owners of the remaining 50.4% interest in MAVSL are 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.

#### Significant subsidiaries

Significant subsidiaries (held directly)	Country of Incorporation	Ownership Interest	
		2008	2007
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities Limited	Australia	100%	100%
Multiplex Residential Communities No 2 Limited	Australia	100%	100%
Significant subsidiaries (held indirectly)			
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%	-

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 21 Related Parties continued

#### Key management personnel ("KMP")

The Consolidated Entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Entity and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity and their names are Peter Morris, Robert McCuaig, Rex Bevan (resigned 31 January 2008), Brian Motteran, Ian O'Toole (resigned 31 October 2007), Bob McKinnon (appointed 7 December 2007, resigned 21 July 2008), Robert Rayner (resigned 22 August 2008), Mark Wilson (appointed 27 August 2008), and Brian Kingston (appointed 27 August 2008).

The responsible entity is entitled to a management fee which is calculated as a proportion of net assets attributed to unitholders (refer below). No compensation is paid directly by the Consolidated Entity to any of the key management personnel of the Responsible Entity.

#### Responsible Entity's fees

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

##### Management fee

The Responsible Entity is entitled to a management fee of 1.5% per annum of the Gross Assets of the Fund calculated and payable monthly. Fees paid by the fund to the Responsible Entity amounted to \$1,835,078, (2007: \$2,203,729).

##### Reimbursement of expenses

The Responsible Entity is entitled to claim reimbursement for most expenses of operating 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 \$0.295m (2007: \$0.445m). This is paid by unit holders of the Fund.

#### Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. All transactions require the unanimous approval of all Independent Directors. The Fund and consolidated Entity enter into RPAs, GDRs and 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.

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

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Income Statement</b>				
Responsible entity fees paid directly by the Fund	1,835	2,204	1,835	2,204
Management fees paid directly by Vale syndicate	359	929	-	-
Expenses incurred by the Responsible Entity and reimbursed by the Fund in accordance with the provisions of the Trust Constitution	455	412	455	412
Fees paid to Brookfield Multiplex Limited and wholly owned subsidiaries				
Sales, marketing and development fees	2,091	6,826	-	-
Income earned from Brookfield Multiplex Limited subsidiaries on available for sale assets	61	13,502	-	-
Reversal of income guarantee	4,078	-	-	-
Interest Income	14,057	11,106	3,244	1,175



# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 21 Related Parties continued

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>Balance Sheet</b>				
Responsible entity fees (Receivable)/ Payable	(451)	195	(451)	195
Amounts receivable from Brookfield Multiplex Limited and wholly owned subsidiaries	60,139	80,632	65,941	58,739
Amount receivable from income earned from Brookfield Multiplex Limited and wholly owned subsidiaries				
Loan to Multiplex Hurstville Pty Ltd	842	209	-	-
Loan to Multiplex Cotton Beach Pty Ltd	-	347	-	-
Loan to Multiplex Pegasus Town Limited	4,418	1,175	-	-
Loan to Multiplex W9 and 10 Stage 4B Pty Ltd	1,685	-	-	-
Non-interest bearing loans from Brookfield Multiplex Limited and its wholly owned subsidiaries	7,151	28,200	311	-
Amounts payable to Brookfield Multiplex Limited and wholly owned subsidiaries	4,500	8,578	-	-

#### Related party unitholders

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

	2008 Number Held	2007 Number Held
Mr Robert McCuaig	52,037	52,037
Mr Brian Motteram	46,154	-
Multiplex Acumen Property Fund	9,320,388	9,320,388
Brookfield Multiplex Capital Management Limited	3,465,184	-

#### Brookfield Multiplex Limited income guarantee – from 1 October 2004

Brookfield Multiplex Limited has agreed to ensure that the Fund is in a position to pay a distribution each distribution period of 8% per annum net of management fees (including the GST impact of those management fees) and operating expenses and before tax, on the net asset value of the Fund until 30 June 2008. To the extent that the Fund does not generate at least an 8% per annum distribution in any distribution period, Brookfield Multiplex Limited will ensure the Fund is put into a position so that it can pay a distribution of that amount.

Any amount paid by Brookfield Multiplex Limited to the Fund under the guarantee will be reimbursed by the Consolidated Entity to Brookfield Multiplex Limited from income of the Consolidated Entity in subsequent periods.

During the year Brookfield Multiplex Limited waived its right to repayment of an amount of \$4,078,000 (30 June 2007: \$NIL) of the income guarantee liability. This amount has been recognised as revenue in the income statement. The amount payable to Brookfield Multiplex Limited by the Consolidated Entity out of future profits of the Consolidated Entity in relation to the income guarantee as at year end is \$4,500,000 (2007: \$8,577,668).

#### Brookfield Multiplex Limited income guarantee – from 1 July 2004 to 30 September 2004

The Information Memorandum dated March 2002 provided that Brookfield Multiplex Limited would guarantee a minimum 8% per annum before income tax return on the Fund equity invested in each development project. This guarantee was due to expire in December 2003 but was extended. Brookfield Multiplex Limited did not guarantee that there would be a profit upon sale of each development and therefore capital invested was not guaranteed.

# Notes to the Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the year ended 30 June 2008

### 21 Related parties continued

#### 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.

	Consolidated		Fund	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<b>22 Finance costs – external parties</b>				
Interest incurred	3,157	2,640	-	-
Interest capitalised	3,152	2,516	-	-
<b>Interest expensed</b>	<b>5</b>	<b>124</b>	<b>-</b>	<b>-</b>

### 23 Contingent assets and liabilities

The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2008 and 30 June 2007.

### 24 Capital and other commitments

A subsidiary company Brookfield Multiplex Vale Landowner Pty Limited has a commitment for inventory development costs according to the feasibility at 30 June 2008 of \$141.143 m (2007: \$113.247m).

### 25 Events subsequent to reporting date

Subsequent to the year end the Board resolved to close the Fund to new applications and the Distribution Reinvestment Plan.

There are no other matters or circumstances, which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.



# Director's Declaration

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2008

In the opinion of the Directors of Brookfield Multiplex Capital Management Limited, as the Responsible Entity of the Multiplex Development and Opportunity Fund (the "Fund"):

- a The consolidated financial statements and notes set out in pages 9 to 40 are in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2008 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 complies with International Financial Reporting Standards as disclosed in note 2(a);
- 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.

This declaration is made in accordance with a resolution of the Directors.

Dated at Sydney, this 11 day of September 2008.

On behalf of the directors:



**Brian Kingston**  
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 2008, and the income statements and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 25 and the directors' declaration set out on page 41, of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

#### *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.

#### *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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors 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 the Consolidated Entity's financial position, and of their 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 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 financial position of the Fund and the Consolidated Entity as at 30 June 2008 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.

KPMG

Tanya Gilerman  
*Partner*

Sydney, NSW  
11 September 2008