Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2010

Multiplex Development and Opportunity Fund

ARSN 100 563 488

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Multiplex Development and Opportunity Fund

For the year ended 30 June 2010

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

Directors of Brookfield Multiplex Capital Management Limited
F. Allan McDonald
Brian Motteram
Barbara Ward
Tim Harris
Russell Proutt

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

Registered Office
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
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Custodian
Brookfield Multiplex Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
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Location of Share Registry
Registries (Victoria) Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

Auditor
Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: + 61 2 9322 7000
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Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex Development and Opportunity Fund (ARSN 100 563 488) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries (together referred to as the Consolidated Entity), for the year ended 30 June 2010 and the Independent Auditor's Report thereon.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney NSW 2000.

Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Tim Harris (appointed 17 March 2010)	Executive Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)	Non-Executive Independent Chairman
Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)	Non-Executive Independent Director
Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)	Executive Director
Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)	Executive Director

Information on Directors

F. Allan McDonald (BEcon, FCPA, FAIM, FCIS), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited (BMFML). Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. BMCML is also the Responsible Entity for the following listed funds; Multiplex Prime Property Fund (MAFCB), Multiplex European Property Fund (MUE) and Multiplex Acumen Property Fund (MPF). BMFML is the Responsible Entity for listed Multiplex SITES Trust. Allan's other directorships of listed entities are Astro Japan Property Management Limited (responsible entity of Astro Japan Property Trust) (appointed November 2004), Billabong International Limited (appointed July 2000), and Ross Human Directions Limited (appointed April 2000). During the past 3 years, Allan has also served as a director of the following listed company: Multiplex Limited (December 2003 to October 2007 – delisted December 2007). Age 70.

Brian Motteram (BBus, CA), Non-Executive Independent Director

Brian has in excess of 40 years of experience working in the area of finance and accounting. He has worked with KPMG and Deloitte, in his own private practice, and during the last 19 years in private enterprise in both the mining and property industries. He spent 8 years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. BMCML is also the Responsible Entity for the following listed funds; MAFCB, MUE and MPF. Brian is a fully qualified Chartered Accountant having trained with KPMG and Deloitte. Age 57.

Barbara Ward (BEcon, MPolEcon, MAICD), Non-Executive Independent Director

Barbara was appointed as a Non-Executive Independent Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BMCML is also the Responsible Entity for the following listed funds; MAFCB, MUE and MPF. BMFML is the Responsible Entity for listed Multiplex SITES Trust. Barbara is Chairman of Country Energy, and a Director of Qantas Airways Limited (appointed June 2008). During the past 3 years Ms Ward has also served as a Director of Multiplex Limited (December 2003 to October 2007 – delisted December 2007), Lion Nathan Limited (February 2003 to October 2009 and Allco Finance Group Limited (April 2005 to January 2008)). Age 56.

Tim Harris (BA (Hons.), ACA), Executive Director

Tim Harris is the Chief Financial Officer of Brookfield Multiplex Group and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 17 March 2010 and also performs that role for debt listed companies Brookfield Secured Bonds Series A Limited (BSBSA) and Brookfield Secured Bonds Series B Limited (BSBSB) (both appointed March 2010). BMCML is also the Responsible Entity for the following listed funds; MAFCB, MUE and MPF. Tim joined the organisation in February 2009, prior to which he held various senior finance positions with the Westfield Group. Tim has also worked for Lion Nathan Australia, Southcorp Wines and The Walt Disney Company in London. Tim is a fully qualified Chartered Accountant having trained with Ernst & Young in London. Age 39.

Information on Directors continued

Russell Proutt (BComm, CA, CBV), Executive Director

Russell Proutt is the Chief Financial Officer of Brookfield Australia and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for BMFML (appointed 17/03/10) and for debt listed companies BSBSA Issuer Limited (appointed 30/04/09) and BSBSB Issuer Limited (appointed 02/09/09). BMCML is also the Responsible Entity for the following listed funds; MAFCB, MUE and MPF. Russell joined Brookfield Asset Management Inc., the parent company of Brookfield Multiplex Capital Management Limited, in 2006 and has held various senior management positions within Brookfield, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries as well as transactions involving Brookfield's restructuring fund, Tricap Partners. Age 42.

Information on Company Secretary

Neil Olofsson

Neil has over 14 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

Directors' interests

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

Director	Multiplex Development and Opportunity Fund units held
F. Allan McDonald	–
Brian Motteram	46,154
Barbara Ward	–
Tim Harris	–
Russell Proutt	–

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

Directors' meetings

	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings[1]	
Director	A	B	A	B	A	B
F. Allan McDonald	4	4	1	1	1	1
Brian Motteram	8	8	2	2	1	1
Barbara Ward	4	4	1	1	1	1
Tim Harris	1	2	n/a	n/a	n/a	n/a
Russell Proutt	4	4	n/a	n/a	n/a	n/a
Peter Morris	4	4	1	1	n/a	n/a
Robert McCuaig	4	4	1	1	n/a	n/a
Mark Wilson	4	4	n/a	n/a	n/a	n/a
Brian Kingston	5	6	n/a	n/a	n/a	n/a

A – Number of meetings attended.
B – Number of meetings held during the time the Director held office during the year.
1 – Board Risk and Compliance Committee Meetings were established from January 2010. Compliance and Risk Committee Meetings were held prior to January 2010, as a committee comprising a majority of external members, when it was disbanded.

Committee meetings

There were no Board committee meetings held during the year other than those stated above.

Principal activities

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

Review of operations

The Consolidated Entity's investment pipeline has traditionally been sourced from Brookfield Multiplex Limited, however under the current economic environment, many of these investments may not be suitable for the Consolidated Entity. As a result, on 8 August 2008 the Responsible Entity announced to unitholders that the Consolidated Entity closed to new applications and the Distribution Reinvestment Plan was suspended. The Consolidated Entity remained closed to new applications during the current financial year.

Review of operations continued
On 24 March 2010, the Consolidated Entity paid a dividend of $2,485,000 or 1.52 cents per unit and a return of capital of $7,515,000 or 4.60 cents per unit. On 12 February 2010, the Board of Directors of Multiplex Acumen Vale Syndicate Limited, a subsidiary of the Fund, resolved to approve the declaration of a dividend of $3,000,010, or 10 cents per share. This dividend was paid to shareholders on 17 February 2010.

The Consolidated Entity has recorded a net loss before income tax of $10,788,000 for the year ended 30 June 2010 (2009: profit of $5,107,000).

Some of the significant events during the period are as follows:
- total revenue and other income of $54,662,000 (2009: $54,592,000);
- impairment expense of $17,903,000 (2009: $2,748,000); and
- net assets attributable to ordinary unitholders of $141,463,000 (2009: $165,456,000).

The Consolidated Entity made no significant acquisitions or disposals during the year.

Debt Renewal
The existing debt facilities are classified as current in the Statement of Financial Position. $22,000,000 of the total debt balance had a maturity date of 5 July 2010 and was classified as current. This debt was refinanced post year end through to 2013. The remaining debt has a maturity of 31 December 2010 and has not been refinanced beyond this date. Due to this classification, the Consolidated Entity's current liabilities exceed current assets by $11,232,000. Inventory totalling $126,764,000 is classified as non-current assets in accordance with accounting standards.

In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Consolidated Entity or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current inventories in the Statement of Financial Position and refinancing of existing debt facilities.

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

Events subsequent to the reporting date
On 25 August 2010, the Board of Directors of a subsidiary entity, Multiplex Acumen Vale Syndicate Limited resolved to approve the declaration of a dividend of 15 cents per share. This dividend will be paid to shareholders around 1 September 2010. As noted above $22,000,000 of the debt was refinanced post year end through to 2013.

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

Likely developments
Information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations has not been included in this report because the Directors believe that to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

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

Directors' Report continued
Multiplex Development and Opportunity Fund
For the year ended 30 June 2010

Distributions
Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units	1.52	2,485,000	24 March 2010
Total distribution for the year ended 30 June 2010	**1.52**	**2,485,000**	**24 March 2010**

The Consolidated Entity did not pay a distribution for the year ended 30 June 2009. Distributions paid for the year ended 30 June 2010 were paid out of the Consolidated Entity's realised revenues and expenses.

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

Neither the Fund nor any controlled entity has indemnified any auditor of the Consolidated Entity.

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

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

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 2010.

Dated at Sydney this 25th day of August 2010.

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

Russell Proutt
Director
Brookfield Multiplex Capital Management Limited

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Multiplex Capital Management Limited
(as Responsible Entity for Multiplex Development and Opportunity Fund)
135 King Street
SYDNEY, NSW 2000

25 August 2010

Dear Directors

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Capital Management Limited as the Responsible Entity for Multiplex Development and Opportunity Fund.

As lead audit partner for the audit of the financial statements of Multiplex Development and Opportunity Fund for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Helen Hamilton-James
Partner
Chartered Accountants

Statement of Comprehensive Income

Multiplex Development and Opportunity Fund

For the year ended 30 June 2010

	Note	Consolidated Year ended 30 June 2010 $'000	Consolidated Year ended 30 June 2009 $'000
Revenue and other income			
Revenue from the sale of land held for development	5	50,238	47,773
Interest income		4,296	6,165
Net gain on settlement of financial derivatives		–	54
Other income		128	600
Total revenue and other income		**54,662**	**54,592**
Expenses			
Cost of sale of land held for development		39,980	38,428
Marketing and selling costs		2,991	3,657
Management fees		3,019	3,170
Impairment expense		17,903	2,748
Performance fee expense	6	169	560
Other expenses		1,388	892
Finance costs – external parties	7	–	30
Total expenses		**65,450**	**49,485**
(Loss)/profit before income tax		**(10,788)**	**5,107**
Income tax expense	9	(931)	(1,560)
Net (loss)/profit after tax		**(11,719)**	**3,547**
Finance costs attributable to unitholders:			
Distributions to unitholders		(2,485)	–
Distributions to minority interests		(1,512)	–
Increase in net assets attributable to minority interests		(762)	(1,618)
Decrease/(increase) in net assets attributable to ordinary unitholders		16,478	(1,929)
Net (loss)/profit for the year		**–**	**–**
Total comprehensive (loss)/income attributable to:			
Minority interest		–	–
Ordinary unitholders		–	–
Total comprehensive (loss)/income for the year		**–**	**–**

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

Statement of Financial Position

Multiplex Development and Opportunity Fund

For the year ended 30 June 2010

	Note	Consolidated 2010 $'000	2009 $'000
Current assets			
Cash and cash equivalents	8	14,861	21,792
Trade and other receivables	12	33,463	49,124
Accrued income	13	–	955
Inventories – land held for development	14	12,320	40,856
Deferred tax asset	9	1,270	3,685
Total current assets		**61,914**	**116,412**
Non-current assets			
Trade and other receivables	12	–	18,530
Inventories – land held for development	14	126,764	118,252
Investments accounted for using the equity method	16	36,156	14,829
Deferred tax asset	9	3,023	1,683
Total non-current assets		**165,943**	**153,294**
Total assets		**227,857**	**269,706**
Current liabilities			
Trade and other payables	17	6,692	16,109
Deferred tax liability	9	4,394	790
Interest bearing liabilities	18	59,700	72,674
Performance fee	6	2,360	2,191
Total current liabilities		**73,146**	**91,764**
Total liabilities (excluding net assets attributable to unitholders' interests		**73,146**	**91,764**
Net assets		**154,711**	**177,942**
Minority interest		**13,248**	**12,486**
Net assets attributable to ordinary unitholders	19	**141,463**	**165,456**
Liability attributable to ordinary unitholders		**(141,463)**	**(165,456)**
Net assets attributable to ordinary unitholders		**–**	**–**

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

Statement of Changes in Equity

Multiplex Development and Opportunity Fund

For the year ended 30 June 2010

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

Statement of Cash Flows
Multiplex Development and Opportunity Fund
For the year ended 30 June 2010

	Note	Consolidated Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Cash flow from operating activities			
Cash receipts in the course of operations		50,798	53,597
Cash payments in the course of operations		(31,147)	(37,703)
Interest received		4,213	6,165
Interest paid		(3,402)	(4,568)
Income taxes received/(paid)		1,636	(6,384)
Net cash flows from operating activities	21	**22,098**	**11,107**
Cash flows from investing activities			
Investments in associates		(21,327)	–
Net proceeds on mezzanine loans		19,109	–
Loans to associates		(2,325)	–
Net cash flows used in investing activities		**(4,543)**	**–**
Cash flows from financing activities			
Return of Capital		(7,515)	–
Proceeds from interest bearing liabilities		3,031	10,968
Repayment of interest bearing liabilities		(16,005)	(20,444)
Distributions paid		(2,485)	(2,298)
Distributions paid – minority interest		(1,512)	–
Net cash flows used in financing activities		**(24,486)**	**(11,774)**
Net decrease in cash and cash equivalents		(6,931)	(667)
Cash and cash equivalents at beginning of year		21,792	22,459
Cash and cash equivalents at 30 June 2010		**14,861**	**21,792**

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

1 Reporting entity

Multiplex Development and Opportunity Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited (BMCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2010 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interest in associates.

2 Basis of preparation

a Statement of compliance

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

The financial statements were authorised for issue by the Directors on this 25th day of August 2010.

b Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for equity accounted investments which are measured using the equity method.

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

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

The existing debt facilities are classified as current in the Statement of Financial Position. $22,000,000 of the total debt balance had a maturity date of 5 July 2010 and was classified as current. This debt was refinanced post year end through to 2013. The remaining debt has a maturity of 31 December 2010 and has not been refinanced beyond this date. Due to this classification, the Consolidated Entity's current liabilities exceed current assets by $11,232,000. Inventory totalling $126,764,000 is classified as non-current assets in accordance with accounting standards.

In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Consolidated Entity or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current inventories in the Statement of Financial Position and refinancing of existing debt facilities.

c Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in inventories – land held for development (Note 14).

d Financial statement presentation

The Consolidated Entity has applied the revised AASB 101 *Presentation of Financial Statements*, which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a Statement of Changes in Equity. All non-owner changes in equity must now be presented in the Statement of Comprehensive Income. As a consequence, the Consolidated Entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it conforms with the revised standard.

Previous primary statement:	Current primary statement:
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Equity	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

3 Significant accounting policies

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

a Principles of consolidation

Subsidiaries

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

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Entity

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

In the Fund's financial statements investments in controlled entities are carried at cost less impairment, if applicable.

Non-controlling interests in subsidiaries are identified separately from the Consolidated Entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Consolidated Entity's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders.

When the Consolidated Entity loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

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 the recognition criteria are met.

3 Significant accounting policies continued

b Revenue recognition continued

Sale of land held for development

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

Dividends and distributions

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

Interest revenue

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

c Expense recognition

Finance costs

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance lease charges;

Management fees

A base management fee calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Fund monthly in arrears.

Performance fee

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

Other expenditure

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

d Goods and services tax (GST)

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

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

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

e Taxation

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

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

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

3 **Significant accounting policies** continued

e Taxation continued

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. Separately, Multiplex Acumen Vale Syndicate Limited, a 50% owned subsidiary of the consolidated group, has formed a tax-consolidated group with its wholly owned subsidiary Brookfield Multiplex Vale Landowner Pty Ltd, with effect from 17 June 2005 and is therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Multiplex Acumen Vale Syndicate Limited.

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 head entity as an equity contribution or distribution.

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

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

Nature of tax funding arrangements and tax sharing arrangements

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

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

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

g Cash and cash equivalents

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

h Trade and other receivables

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

i Associates

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

3 Significant accounting policies continued

i Associates continued

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

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

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

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

j Derivative financial instruments

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

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

k Non-derivative financial instruments

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

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

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

Accounting policies for cash and cash equivalents, trade and other receivables, trade and other payables, and interest bearing liabilities are discussed elsewhere within the financial report.

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

l Inventories – land held for development

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

m Impairment

Financial assets

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

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

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

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

3 Significant accounting policies continued

m Impairment 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 the Statement of Comprehensive Income. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non financial assets

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

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

n Trade and other payables

Payables are stated at amortised cost using the effective interest rate method and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o Interest bearing liabilities

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

p Distributions

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

q Net assets attributable to unitholders

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

r Units on issue

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

s New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010 but have not been applied preparing this financial report:

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the profit or loss of the Statement of Comprehensive Income. The Consolidated Entity has not yet decided when to adopt AASB 9 or the consequential impact of the amendment.

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]*

In May 2009 the AASB issued a number of improvements to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 8 Operating Segments, AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 117 Leases, AASB 118 Revenue, AASB 136 Impairment of Assets and AASB 139 Financial Instruments: Recognition and Measurement. The Consolidated Entity will apply the revised Standards from 1 July 2010. The Consolidated Entity does not expect that any adjustments will be necessary as a result of applying the revised rules.

4 Parent entity disclosures

	Fund 2010 $'000	2009 $'000
Assets		
Current assets	72,426	67,109
Non-current assets	112,430	115,713
Total assets	**184,856**	**182,822**
Liabilities		
Current liabilities	43,149	18,522
Non-current liabilities	–	–
Total liabilities	**43,149**	**18,522**
Net assets attributable to unitholders		
Units on issue	158,649	166,164
Reserves	–	–
Undistributed losses	(16,942)	(1,894)
Net assets attributable to unitholders	**141,707**	**164,270**

	Fund	
	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Net loss for the year	(12,563)	(2,134)
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	**(12,563)**	**(2,134)**

	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
5 Revenue from the sale of land held for development		
Vale Stages 2-6, Perth	44,658	47,773
Portside Wharf	5,580	–
Total revenue from the sale of land held for development	**50,238**	**47,773**

	Consolidated	
	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
6 Performance fee		
Opening balance	2,191	1,631
Movement in performance fee provision	169	560
Closing balance	**2,360**	**2,191**

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	
	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
7 Finance costs – external parties		
Interest incurred	3,686	4,568
Interest capitalised	(3,686)	(4,538)
Total interest expensed	**–**	**30**

Consolidated

	2010 $'000	2009 $'000
8 Cash and cash equivalents		
Cash at bank	11,861	21,792
Restricted cash	3,000	–
Total cash and cash equivalents	**14,861**	**21,792**

One of the controlled entities has provided bank guarantees to suppliers. The bank guarantee is $3,000,000 and is fully drawn at 30 June 2010. It is supported by cash held in escrow which is classified as restricted cash.

	Consolidated Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
9 Income tax		
Current tax (benefit)/expense		
Current period tax (benefit)/expense	(1,626)	2,535
Prior period adjustments	1,235	–
Total current tax (benefit)/expense	**(391)**	**2,535**
Deferred tax expense		
Origination and reversal of temporary differences	1,322	(975)
Total deferred tax expense/(benefit)	**1,322**	**(975)**
Total income tax expense reported in the Statement of Comprehensive Income	**931**	**1,560**
Income tax expense		
Numerical reconciliation between tax (benefit)/expense and pre-tax net profit		
(Loss)/profit for the year	(11,719)	3,547
Total income tax expense	931	1,560
(Loss)/profit before income tax	**(10,788)**	**5,107**
Prima facie income tax (benefit)/expense on (loss)/profit using the Fund's tax rate of 30% (2009: 30%)	(3,236)	1,532
Revenue losses not brought to account	6,578	–
Prior period adjustments	(1,235)	–
Deferred tax assets not previously brought to account	(1,176)	28
Total income tax expense reported in the Statement of Comprehensive Income	**931**	**1,560**

	Consolidated 2010 $'000	2009 $'000
Tax assets and liabilities		
Deferred tax asset	3,023	1,683
Income tax receivable	1,270	3,685
Deferred tax liability	4,394	790

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets 2010 $'000	2009 $'000	Liabilities 2010 $'000	2009 $'000	Net 2010 $'000	2009 $'000
Consolidated						
Provisions	2,898	1,476	(4,211)	(790)	(1,313)	686
Other	125	–	(183)	–	(58)	–
Income tax receivable	1,270	3,685	–	–	1,270	3,685
Amount recognised directly in equity	–	207	–	–	–	207
Total	**4,293**	**5,368**	**(4,394)**	**(790)**	**(101)**	**4,578**

In accordance with AASB 112 *Income taxes*, a deferred tax asset of $6,578,000 (2009: nil) in respect of bad debt provisions has not been recognised as it has been determined that realisation of this asset in the short term is not probable.

10 Finance costs – distributions to unitholders

On 24 March 2010, the Consolidated Entity paid a dividend of $2,485,000 or 1.52 cents per unit and a return of capital of $7,515,000 or 4.60 cents per unit.

11 Auditors' remuneration

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

	Consolidated Year ended 30 June 2010 $	Consolidated Year ended 30 June 2009 $
Auditors of the Fund:		
Audit and review of financial reports	60,000	189,000
Non-audit services	–	12,500
Total auditor's remuneration	**60,000**	**201,500**

During the year, the auditor of the Consolidated Entity and Fund changed from KPMG to Deloitte Touche Tohmatsu (Deloitte).

	Consolidated 2010 $'000	Consolidated 2009 $'000
12 Trade and other receivables		
Current		
Trade receivables	649	411
Interest receivable	66	144
Amounts due from related parties		
Loan to Multiplex Hurstville Pty Ltd	–	5,842
Loan to Multiplex W9&10 Constructions Stage 4B Pty Ltd	–	13,084
Loan to Multiplex Claremont Pty Ltd	29,460	8,450
Loan to Multiplex Bluewater Stages 1-4	–	12,430
Loan to Rhodes Project Development Trust	–	4,963
Loan to Multiplex Dee Why Pty Ltd	–	3,800
Other receivables	2,639	–
Loan to Multiplex Pegasus Town Limited	649	–
Total trade and other receivables - current	**33,463**	**49,124**
Non-current		
Amounts due from related parties		
Loan to Multiplex Pegasus Town Limited	–	15,250
Interest receivable	–	3,280
Total trade and other receivables – non-current	**–**	**18,530**

Amounts due from related parties above reflect loans receivable from related party entities. Interest charged on the Multiplex Claremont Pty Ltd loan receivable has been charged at a rate of 7.15% per annum for the current year.

Interest receivable impairment

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's principle and interest receivable from Multiplex Pegasus Town Ltd was impaired. This determination arose due to the delay in development of the project and continued extension of the completion date of the project. As such, the non-current principal and interest receivable balance has been impaired during the current year. Accordingly, $17,903,000 impairment expense has been recorded in the Statement of Comprehensive Income (2009: $2,748,000) and the interest and principal receivable balances have been reduced by that amount.

12 Trade and other receivables continued

Interest receivable impairment continued

	Consolidated Year ended 30 June 2010 $'000	Consolidated Year ended 30 June 2009 $'000
Reconciliation of the carrying amount of the interest and principal receivable is set out below:		
Receivable from Multiplex Pegasus Town Limited	21,182	21,278
Impairment	(20,533)	(2,748)
Total receivable	**649**	**18,530**

	Consolidated 2010 $'000	Consolidated 2009 $'000
13 Accrued income		
Current	–	955
Total accrued income	**–**	**955**

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

	Consolidated 2010 $'000	Consolidated 2009 $'000
14 Inventories – land held for development		
Inventories at cost		
Current		
Portside Wharf[1]	–	8,581
Vale Stages 2-6[2]	12,320	32,275
Total current	**12,320**	**40,856**
Non-current		
Henley Brook[3]	73,534	68,301
Vale Stages 7-11[4]	53,230	49,951
Total non-current	**126,764**	**118,252**
Total inventories – land held for development	**139,084**	**159,108**

1 Nil (2009: $8,581,000) – Land at Portside Wharf, Brisbane. The remaining lots were sold during the year.
2 $12,320,000 (2009: $32,275,000) – Land held at the north-eastern Perth suburb of Aveley. This land is held through the subsidiary Brookfield Multiplex Vale Landowner Pty Limited which it is subdividing, developing and selling as residential lots. At 30 June 2010 the total cost of the unsold land plus development costs held in the consolidated entity was $12,320,000 (2009: $32.275 million)
3 $73,534,000 (2009: $68,301,000) – Land held at the north eastern localities of Henley Brook and Whiteman, Perth. The land is held through the subsidiary Brookfield Multiplex Henley Brook Landowner Pty Limited which intends to develop and sell as residential land.
4 $53,230,000 (2009: $49,951,000) – Land held at Aveley, north east Perth. This land is held through the subsidiary Brookfield Vale Stages 7-11 Landowner Pty Limited which intends to develop and sell as residential land.

	Percentage ownership	Fund 2010 $'000	Fund 2009 $'000
15 Investment in controlled entities			
Investment in Brookfield Multiplex DT Pty Limited	100%	97,183	97,183
Investment in Multiplex Residential Communities Pty Limited	100%	–	–
Investment in Multiplex Residential Communities No 2 Pty Limited	100%	–	–

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

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

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

16 Investments accounted for using the equity method

	Consolidated 2010 $'000	2009 $'000
Little Bay South Developer Pty Limited	36,156	14,829

The Consolidated Entity's share of profit in its equity accounted investments for the year was nil (2009: nil). Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the Consolidated Entity.

	Ownership	Current Assets $'000	Non-Current Assets $'000	Total Assets $'000	Current Liabilities $'000	Non-Current Liabilities $'000	Total Liabilities $'000
Little Bay South Developer Pty Ltd.							
30 June 2010	50%	75,677	59,375	135,052	89,860	–	89,860
30 June 2009	50%	19,937	34,508	54,445	34,540	–	34,540

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

	Consolidated 2010 $'000	2009 $'000
17 Trade and other payables		
Current		
Trade payables	129	5
Loans from related parties	–	7,151
Management fee payable	858	600
Income guarantee liability	4,500	4,500
Current income tax payable	–	1,504
Other payables	1,205	2,349
Total trade and other payables	**6,692**	**16,109**

	Consolidated 2010 $'000	2009 $'000
18 Interest bearing liabilities		
Current		
Secured bank debt – Vale 2-6	–	16,005
Secured bank debt – Vale 7-11	22,000	21,097
Secured bank debt – Henley Brook	37,700	35,572
Total	**59,700**	**72,674**

	Expiry date	2010 $'000	2009 $'000
Financing arrangements			
Facilities available			
Bank guarantee facility – Vale 2-6	31 August 2011	3,000	–
Bank debt facility – Vale 7-11	5 July 2010	22,000	–
Bank debt facility – Henley Brook	31 December 2010	37,700	–
Bank debt facility – Vale 2-6	31 December 2009	–	36,000
Bank debt facility – Vale 7-11	30 September 2009	–	22,000
Bank debt facility – Henley Brook	30 November 2009	–	37,700
Less: Facilities utilised		(59,700)	(72,674)
Less: Guarantees utilised		(3,000)	(1,708)
Facilities not utilised		**–**	**21,318**

18 Interest bearing liabilities continued

During the financial year, the outstanding balance of the debt facility for Vale 2-6 was repaid with the bank guarantee component of the facility extended to 31 August 2011. The facility limit on the bank guarantee is $3,000,000 and is fully drawn at 30 June 2010. It is supported by cash held in escrow.

The floating rate cash facility for Vale 7-11 is for a maximum commitment of $22,000,000 and is secured by a first charge over all assets of Brookfield Vale Stages 7-11 Landowner Pty Ltd. Post year end, the Fund renegotiated the facility to extend the facility to a maximum commitment of $27,000,000 with an expiry date of June 2013. As this was secured post year end, the debt is reflected as current in the 30 June 2010 financial statements.

The floating rate cash facility for Henley Brook is for a maximum commitment of $37,700,000 and is secured by a first charge over all assets of Brookfield Multiplex Henley Brook Landowner Pty Ltd.

	Consolidated	
	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
19 Net assets attributable to unitholders		
Units on issue	158,649	166,164
Share issue costs	(1,698)	(1,698)
Undistributed (losses)/income	(15,488)	990
Net assets attributable to ordinary unitholders	**141,463**	**165,456**
Minority interests	13,248	12,486
Net assets attributable to unitholders	**154,711**	**177,942**
Opening balance of unitholders' interests	**177,942**	**174,395**
Units on issue		
Return of capital	(7,515)	–
Undistributed income		
Net profit from operations before distributions to unitholders	(13,993)	1,929
Finance costs – distribution to unitholders	(2,485)	–
Minority interests		
Share of net profit	2,274	1,618
Share of dividends	(1,512)	–
Closing balance of unitholders' interests	**154,711**	**177,942**

Units on issue

Date	Details	Units	$
30 June 2009	**Closing balance**	**163,336,831**	**166,163,854**
30 June 2010	**Closing balance**	**163,336,831**	**158,648,855**

Ordinary units

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

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.

Throughout the year, in assessing the size and frequency of any distributions, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments held by the Consolidated Entity.

a Capital risk management

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

There was no change in the Consolidated Entity's approach to capital management during the year.

20 Financial Instruments continued

b Financial risk management

Overview

The Consolidated Entity is predominantly exposed to the following financial risks in the course of their operations:

- risks arising from investments in land syndications and the provision of mezzanine financing; and
- risks arising from the Consolidated Entity's use of financial instruments including interest bearing liabilities.

The Consolidated Entity has 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 Consolidated Entity. These policies seek to minimise the potential adverse impact of the above risks on the Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Risk and Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan. Compliance with the 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 the Risk and Compliance Committee of the Responsible Entity quarterly.

Investment mandate

The investment objective of the Consolidated Entity 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 Consolidated Entity.

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

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

Derivative financial instruments

Whilst the Consolidated Entity may utilise derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Consolidated Entity's investment policies, which provide written principles on the use of financial instruments utilised by the Consolidated Entity. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Consolidated Entity. At 30 June 2010 and 30 June 2009, the Consolidated Entity is/was not party to any derivative agreements.

c Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Other credit risk also arises for the Consolidated Entity from cash and cash equivalents.

Trade and other receivables

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each underlying project. The Consolidated Entity manages and minimises exposure to credit risk by:

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

Credit risk arising from Brookfield Multiplex Limited entities is mitigated by investing in mezzanine loan notes in accordance with the Consolidated Entity's Constitution and Product Disclosure Statement (PDS). 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 Consolidated Entity.

Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions that meet the Consolidated Entity's and Consolidated Entity's minimum credit rating criteria. At 30 June 2010 and 30 June 2009, the Consolidated Entity held no derivative positions. The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2009.

20 Financial Instruments continued

c Credit risk continued

Exposure to credit risk

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

	Consolidated 2010 $'000	2009 $'000
Cash and cash equivalents	14,861	21,792
Trade and other receivables	33,463	67,654
Accrued income	–	955
Total	**48,324**	**90,401**

Concentrations of credit risk exposure

There are significant concentrations of credit risk at the reporting date for the Consolidated Entity as $68,590,100 of receivables and joint ventures are invested with Brookfield Multiplex Limited Entities. (2009: $63,819,000).

Collateral obtained / held

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

Financial assets past due but not impaired

No financial assets of the Consolidated Entity was past due at the reporting date (2009: nil).

Financial assets whose terms have been renegotiated

As at 30 June 2010, there were no financial assets of the Consolidated Entity whose terms have been renegotiated.

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

Impairment losses

The Consolidated Entity has incurred an impairment loss of $17,903,000 on the principal and interest components relating to its Pegasus mezzanine loan receivable (2009: $2,784,000 on the interest component relating to its Pegasus mezzanine interest receivable).

d Liquidity risk

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

Sources of liquidity risk and risk management strategies

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

The Consolidated Entity also manages 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 Consolidated Entity's specific risk management strategies are discussed below.

Interest bearing liabilities

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

Receivables – Mezzanine Loans

The 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 Consolidated Entity manages 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 Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2009.

20 Financial Instruments continued

d Liquidity risk continued

Defaults and breaches

During the financial year ended 30 June 2010 the Consolidated Entity has not defaulted on or breached any terms of its loan covenants (2009: nil).

Maturity analysis of financial liabilities

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

	Consolidated $'000					
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2010						
Trade and other payables	6,692	6,692	6,692	–	–	–
Provision for performance fee	2,360	2,360	2,360	–	–	–
Interest bearing liabilities	59,700	61,453	61,453	–	–	–
Total	**68,752**	**70,505**	**70,505**	–	–	–
				–	**–**	**–**
2009						
Trade and other payables	16,109	16,109	16,109	–	–	–
Provision for performance fee	2,191	2,191	2,191	–	–	–
Interest bearing liabilities	72,674	74,406	74,406	–	–	–
Total	**90,974**	**92,706**	**92,706**	**–**	**–**	**–**

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 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 Consolidated Entity is exposed to are:

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

The Consolidated Entity may enter into derivatives in order to manage foreign currency risks. All such transactions are carried out in accordance with policies and procedures of the Consolidated Entity 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. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Consolidated Entity is derived from the interest bearing liabilities of the Fund's subsidiaries. The Consolidated Entity manages this exposure by constantly monitoring actual and forecast cash flows that are in line with fluctuations in interest rates.

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

		Fixed interest maturing in				
Consolidated	Floating rate $'000	Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Non-interest bearing $'000	Total $'000
2010						
Financial assets						
Cash and cash equivalents	14,861	14,861	–	–	–	**14,861**
Trade and other receivables:	–	–	–	–	–	**–**
Australian dollar	–	29,460	–	–	3,354	**32,814**
New Zealand dollar	–	–	–	–	649	**649**
Total	**14,861**	**44,321**	**–**	**–**	**4,003**	**48,324**

20 Financial Instruments continued

e Market risk continued

Consolidated	Floating rate $'000	Fixed interest maturing in: Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Non-interest bearing $'000	Total $'000
2010						
Financial Liabilities						
Performance fee	–	–	–	–	2,360	**2,360**
Interest bearing liabilities	59,700	59,700	–	–	–	**59,700**
Non interest bearing liabilities	–	–	–	–	6,692	**6,692**
Total	**59,700**	**59,700**	**–**	**–**	**9,052**	**68,752**

Consolidated	Floating rate $'000	Fixed interest maturing in: Less than 1 year $'000	1 to 2 years $'000	2 to 5 years $'000	Non-interest bearing $'000	Total $'000
2009						
Financial assets						
Cash and cash equivalents	21,792	–	–	–	–	**21,792**
Trade and other receivables:						
Australian dollar	–	49,124	–	–	–	**49,124**
New Zealand dollar	–	–	–	15,250	3,280	**18,530**
Accrued income	–	–	–	–	955	**955**
Total	**21,792**	**49,124**	**–**	**15,250**	**4,235**	**90,401**
Financial Liabilities						
Performance fee	–	–	–	–	2,191	**2,191**
Interest bearing liabilities	16,005	56,669	–	–	–	**72,674**
Non interest bearing liabilities	–	–	–	–	16,109	**16,109**
Total	**16,005**	**56,669**	**–**	**–**	**18,300**	**90,974**

Sensitivity analysis for variable rate instruments

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

	+ 1% Profit and loss	2010 + 1% Net assets	- 1% Profit and loss	2010 - 1% Net assets	+ 1% Profit and loss	2009 + 1% Net assets	- 1% Profit and loss	2009 - 1% Net assets
Consolidated Entity								
Interest on cash	149	149	(149)	(149)	218	218	(218)	(218)
Interest bearing liabilities	597	597	(597)	(597)	(727)	(727)	727	727
Total increase/(decrease)	**746**	**746**	**(746)**	**(746)**	**(509)**	**(509)**	**509**	**509**

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

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

The unrealised effect of movements of the Australian dollar and New Zealand dollar exchange rates on the Consolidated Entity is reflected in the Statement of Comprehensive Income.

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

20 Financial Instruments continued

e Market risk continued

Sources of risk and risk management strategies continued

	Consolidated 2010 NZD$'000	2010 AUD$'000	Consolidated 2009 NZD$'000	2009 AUD$'000
New Zealand – loan receivable	800	649	18,953	15,250
New Zealand – interest receivable	–	–	7,063	6,028
	800	**649**	**26,016**	**21,278**

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

	Consolidated 2010 Spot rate	2009 Spot rate	Consolidated 2010 Average rate	2009 Average rate
New Zealand dollar	1.2321	1.2428	1.2554	1.2287

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.

	2010 Net assets $'000	Profit and loss $'000	2009 Net assets $'000	Profit and loss $'000
Consolidated	(32)	(32)	(1,064)	(1,064)

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

f Fair values

Methods for determining fair values

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Cash and cash equivalents and trade and other receivables

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

Non-derivative financial liabilities

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

21 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000
Net (loss)/profit for the year	(11,719)	3,547
Adjustments for:		
Non cash items:		
Impairment expense	17,903	2,748
Realised foreign exchange gain	–	(228)
Unrealised foreign exchange loss	230	–
Interest income	(252)	–
Movement in tax	(246)	(7,095)
Operating profit before changes in working capital	**5,916**	**(1,028)**
Changes in operating assets and liabilities during the year:		
Decrease in inventories	20,024	14,805
Increase in trade and other receivables	(347)	(1,145)
Decrease in accrued income	955	5,148
Increase in trade and other payables	(4,450)	(6,673)
Net cash flow from operating activites	**22,098**	**11,107**

22 Related parties

Responsible Entity

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

Control of subsidiary

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

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

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

	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Directly held subsidiaries			
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities Pty Ltd	Australia	100%	100%
Multiplex Residential Communities No 2 Pty Ltd	Australia	100%	100%
Indirectly held subsidiaries			
Multiplex Acumen Vale Syndicate Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Vale Landowner Pty Ltd	Australia	49.6%	49.6%
Brookfield Multiplex Henley Brook Landowner Pty Ltd	Australia	100%	100%
Brookfield Vale Stages 7-11 Landowner Pty Ltd	Australia	100%	100%

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity.

F. Allan McDonald (appointed 1 January 2010)
Brian Motteram (appointed 21 February 2007)
Barbara Ward (appointed 1 January 2010)
Tim Harris (appointed 17 March 2010)
Russell Proutt (appointed 1 January 2010)
Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)
Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)
Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)
Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)

Responsible Entity fees

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

No compensation is paid to any of the key management personnel of the Responsible Entity directly by the Fund or Consolidated Entity.

Management fees

The Responsible Entity is entitled to a management fee calculated on the gross assets of the Fund payable monthly. The management fees incurred by the Fund in the current year totalled $3,019,000 (2009: $3,170,000).

22 Related parties continued

Reimbursement of expenses

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

Equity raising fee

The equity raising fee for the year was nil (2009: nil).

Development manager's fees

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

Performance fee

On completion of the Multiplex Acumen Vale Syndicate Ltd project, the development manager is entitled to a performance fee of 20% of the amount by which the overall shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to shareholders. The Consolidated Entity has recognised expenses of $169,000 in respect of the expected performance fee payable (2009: $560,000).

Development management fees – sales and marketing fees

The development manager is entitled to a sales and marketing fee of 4% of revenues received for each lot settled. Sales and marketing fees incurred by the Consolidated Entity during the year totalled $2,082,000 (2009: $2,090,000).

Development management fees – other development management services fees

The development manager is entitled to a development management fee of 3% of revenues received for each lot settled. Other development management services fees incurred by the Consolidated Entity to the Development Manager for the year amounted to $1,561,000 (2009: $1,567,000).

Related party transactions

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

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

	Consolidated 2010 $'000	2009 $'000
Transactions with the Responsible Entity		
Management fees	3,019	2,515
Expense recoveries	251	598
Management fee payable	858	600
Expense recovery payable	145	76
Transactions with related parties of the Responsible Entity		
Interest income	3,535	5,231
Distributions paid	195	–
Sales and marketing fees	2,082	2,090
Sales and marketing fees payable	–	3,657
Development management service fee	1,561	1,567
Receivables	303	–
Income guarantee liability	4,500	4,500
Performance fee	169	560
Performance fee payable	2,360	2,191

Related party unitholders

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

	2010 Number Held	2009 Number Held
Brian Motteram	46,154	46,154
Multiplex Acumen Property Fund	9,320,388	9,320,388
Brookfield Multiplex Capital Management Limited	3,465,184	3,465,184

23 Contingent assets and liabilities
The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2010 (2009: nil).

24 Capital and other commitments
Brookfield Multiplex Vale Landowner Pty Limited, a subsidiary of the Fund, has a commitment for inventory development costs at 30 June 2010 of $8,351,545 (2009: $3,774,000).

25 Events subsequent to reporting date
On 25 August 2010, the Board of Directors of a subsidiary entity, Multiplex Acumen Vale Syndicate Limited resolved to approve the declaration of a dividend of 15 cents per share. This dividend will be paid to shareholders around 1 September 2010. As noted in the note 18 $22,000,000 of the debt was refinanced post year end through to 2013.

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

Directors' Declaration
Multiplex Development and Opportunity Fund
For the year ended 30 June 2010

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

a The consolidated financial statements and notes, set out in pages 9 to 32, are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2010 and of its performance, for the financial year ended on that date; and

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

  iii complying with International Financial Reporting Standards, as stated in note 2 to the financial statements.

b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Capital Management Limited required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 25th day of August 2010.

Russell Proutt
Director
Brookfield Multiplex Capital Management Limited