

Multiplex Development and Opportunity Fund  
Interim financial report  
For the half year ended  
31 December 2010

# Multiplex Development and Opportunity Fund

ARSN 100 563 488

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# Directory

## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

### **Responsible Entity**

Brookfield Capital Management Limited (formerly 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 Capital Management Limited**

F. Allan McDonald  
Brian Motteram  
Barbara Ward  
Tim Harris  
Russell Prutt

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

Neil Olofsson

### **Registered Office**

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

### **Custodian**

Brookfield Funds Management Limited (formerly Brookfield Multiplex Funds Management Limited)  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9322 2000  
Facsimile: +61 2 9322 2001

### **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  
The Barrington  
Level 10, 10 Smith Street  
Parramatta NSW 2150  
Telephone: + 61 2 9840 7000  
Facsimile: + 61 2 9840 7001

# Directors' Report

## Multiplex Development and Opportunity Fund

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For the half year ended 31 December 2010

### Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), formerly Brookfield Multiplex Capital Management Limited, the Responsible Entity of Multiplex Development and Opportunity Fund (ARSN 100 563 488) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries, and the Consolidated Entity's interest in associates, for the six months ended 31 December 2010 and the Independent Auditor's Review Report thereon.

### Directors

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

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 1 January 2010)	Executive Director
Russell Prutt (appointed 1 January 2010)	Executive Director

### Principal activities

The principal activity of the Consolidated Entity during the period 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 has recorded a net profit before income tax of \$4,487,000 for the six month period ended 31 December 2010 (2009: net loss of \$182,000).

Some of the significant events during the period are as follows:

- total revenue and other income of \$30,284,000 (2009: \$34,887,000)
- impairment expense of \$346,000 (2009: \$2,141,000); and
- net assets of \$152,225,000 (30 June 2010: \$154,711,000).
- net assets attributable to ordinary unitholders \$143,967,000 (30 June 2010: \$141,463,000)

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

### Events subsequent to the reporting date

On 22 February, the Board of Directors of a subsidiary entity, Multiplex Acumen Vale Syndicate Limited resolved to approve the declaration of a dividend of 10.48 cents per share. This dividend was paid to shareholders on 23 February 2011.

Other than the above there were no matters or circumstances which have arisen since the end of the financial period 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 periods.

### 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.

Directors' Report continued  
Multiplex Development and Opportunity Fund  
For the half year ended 31 December 2010

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2010.

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

Dated at Sydney this 28 day of February 2011



**Russell Proutt**  
Director  
Brookfield Capital Management Limited

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

28 February 2011

Dear Directors


## MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

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

As lead audit partner for the review of the financial statements of Multiplex Development and Opportunity Fund for the half year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

  
DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants

# Condensed Consolidated Interim Statement of Comprehensive Income

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## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

	Consolidated	
	Half year ended 31 December 2010 \$'000	Half year ended 31 December 2009 \$'000
<b>Revenue and other income</b>		
Revenue from the sale of land held for development	28,420	32,537
Interest income	1,484	2,332
Other income	180	18
Reversal of performance fees	200	–
<b>Total revenue and other income</b>	<b>30,284</b>	<b>34,887</b>
<b>Expenses</b>		
Cost of sale of land held for development	22,140	26,774
Marketing and selling costs	1,435	1,873
Management fees	1,633	1,648
Impairment expense	346	2,141
Performance fee expense	–	1,307
Other expenses	243	1,326
<b>Total expenses</b>	<b>25,797</b>	<b>35,069</b>
<b>Profit/(loss) before income tax</b>	<b>4,487</b>	<b>(182)</b>
Income tax expense	(1,127)	(111)
<b>Net Profit/(loss) after tax</b>	<b>3,360</b>	<b>(293)</b>
<b>Finance costs attributable to unitholders</b>		
Increase in net assets attributable to minority interests	856	472
Increase/(decrease) in net assets attributable to ordinary unitholders	2,504	(765)
<b>Net profit/(loss) for the period</b>	<b>3,360</b>	<b>(293)</b>
Total comprehensive income/(loss) attributable to:		
Minority interest	856	472
Ordinary unitholders	2,504	(765)
<b>Total comprehensive income/(loss) for the period</b>	<b>3,360</b>	<b>(293)</b>

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Financial Position

## Multiplex Development and Opportunity Fund

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As at 31 December 2010

	Note	31 December 2010 \$'000	Consolidated 30 June 2010 \$'000
<b>Current assets</b>			
Cash and cash equivalents		15,102	14,861
Trade and other receivables		30,160	33,463
Inventories – land held for development	6	7,692	12,320
Income tax asset		896	1,270
<b>Total current assets</b>		<b>53,850</b>	<b>61,914</b>
<b>Non-current assets</b>			
Inventories – land held for development	6	128,967	126,764
Investments accounted for using the equity method		40,164	36,156
Deferred income tax asset		1,796	3,023
<b>Total non-current assets</b>		<b>170,927</b>	<b>165,943</b>
<b>Total assets</b>		<b>224,777</b>	<b>227,857</b>
<b>Current liabilities</b>			
Trade and other payables		7,835	6,692
Deferred tax liabilities		3,912	4,394
Interest bearing liabilities		37,700	59,700
Performance fee		2,160	2,360
<b>Total current liabilities</b>		<b>51,607</b>	<b>73,146</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities		20,945	–
<b>Total non-current liabilities</b>		<b>20,945</b>	<b>–</b>
<b>Total liabilities (excluding net assets attributable to unitholders' interests)</b>		<b>72,552</b>	<b>73,146</b>
<b>Net assets</b>	9	<b>152,225</b>	<b>154,711</b>
<b>Minority interests</b>	9	<b>8,258</b>	<b>13,248</b>
<b>Net assets attributable to ordinary unitholders</b>	9	<b>143,967</b>	<b>141,463</b>
<b>Liability attributable to ordinary unitholders</b>		<b>(143,967)</b>	<b>(141,463)</b>
<b>Net assets attributable to ordinary unitholders</b>		<b>–</b>	<b>–</b>

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements.



# Statement of Changes in Equity

## Multiplex Development and Opportunity Fund

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For the half year ended 31 December 2010

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

# Condensed Consolidated Interim Statement of Cash Flows

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## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

	Consolidated	
	Half year ended 31 December 2010 \$'000	Half year ended 31 December 2009 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	29,813	33,126
Cash payments in the course of operations	(23,495)	(12,642)
Interest received	475	1,743
Income taxes received/(paid)	(14)	(405)
Interest paid	374	(1,642)
<b>Net cash flows from operating activities</b>	<b>7,153</b>	<b>20,180</b>
<b>Cash flows from investing activities</b>		
Investments in associates	(4,008)	(1,971)
Investments in mezzanine loans	–	(7,468)
Net proceeds on mezzanine loan	1,672	–
Loans to associates	2,325	–
<b>Net cash flows used in investing activities</b>	<b>(11)</b>	<b>(9,439)</b>
<b>Cash flows from financing activities</b>		
Proceeds from interest bearing liabilities	–	1,402
Repayments of interest bearing liabilities	(1,055)	(19,586)
Distributions Paid – Minority Interest	(2,267)	–
Return of Capital – Minority Interest	(3,579)	–
<b>Net cash flows used in financing activities</b>	<b>(6,901)</b>	<b>(18,184)</b>
Net increase / (decrease) in cash and cash equivalents	241	(7,443)
Cash and cash equivalents at beginning of the period	14,861	21,792
<b>Cash and cash equivalents at 31 December</b>	<b>15,102</b>	<b>14,349</b>

The Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Notes to the Consolidated Interim Financial Statements

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## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

### 1 Reporting entity

Multiplex Development and Opportunity Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), formerly Brookfield Multiplex Capital Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial report of the Fund as at and for the six months ended 31 December 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

#### Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial report does not include all the information required for a full year report and should be read in conjunction with the annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2010.

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional 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.

### 3 Significant accounting policies

The accounting policies applied in this consolidated interim financial report are the same as those applied in the consolidated financial report as at and for the year ended 30 June 2010, except for the impact of the new or revised Standards and Interpretations that are first effective in the current reporting period, as described below.

*AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process*  
AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

*AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*  
AASB 2010-3 introduces amendments to a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters. The key clarifications include the measurement of non-controlling interests in a business combination, transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 *Business Combinations (2008)*, and transition requirements for amendments arising as a result of AASB 127 *Consolidated and Separate Financial Statements*.

The adoption of the above amendments have not resulted in any material changes to the Consolidated Entity's accounting policies or adjustments to amounts reported in the current or prior periods.

### 4 Estimates

The preparation of the consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from those estimates.

### 5 Distributions

During the six months ended 31 December 2010 there were no distributions paid by the Consolidated Entity to unitholders (2009: nil).

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Development and Opportunity Fund

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For the half year ended 31 December 2010

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>6 Inventories – land held for development</b>		
<b>Current</b>		
Vale Stages 2-6	7,692	12,320
<b>Total current</b>	<b>7,692</b>	<b>12,320</b>
<b>Non-current</b>		
Henley Brook	76,505	73,534
Vale Stages 7-11	52,462	53,230
<b>Total non-current</b>	<b>128,967</b>	<b>126,764</b>
<b>Total inventories – land held for development</b>	<b>136,659</b>	<b>139,084</b>

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>7 Interest bearing liabilities</b>		
<b>Current</b>		
Secured bank debt – Vale 7-11	–	22,000
Secured bank debt – Henley Brook	37,700	37,700
<b>Total interest bearing liabilities</b>	<b>37,700</b>	<b>59,700</b>

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>Non - Current</b>		
Secured bank debt – Vale 7-11	20,945	–
<b>Total interest bearing liabilities</b>	<b>20,945</b>	<b>–</b>

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>Finance arrangements</b>		
<b>Facilities available</b>		
Bank Guarantee facility – Vale 2-6	3,000	3,000
Bank debt facility – Vale 7-11	27,000	22,000
Bank debt facility – Henley Brook	37,700	37,700
Less: Facilities utilised	(58,645)	(59,700)
Less: Guarantees utilised	(2,429)	(3,000)
<b>Facilities not utilised</b>	<b>6,626</b>	<b>–</b>

The bank guarantee facility is due to expire in August 2011. The limit on the bank guarantee is \$3,000,000 and is drawn to \$1,260,000. 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. During the six months ended 31 December 2010, the Fund negotiated the facility to extend the facility to a maximum commitment of \$27,000,000 with an expiry date of June 2013.

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 Henley Brook Landowner Pty Ltd. During the period, the fund extended this facility to 30 June 2011.

At 31 December 2010 the Fund was in compliance with its loan covenant ratios.

# Condensed Notes to the Consolidated Interim Financial Statements continued

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## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

### 8 Units on issue

	Half year ended 31 December 2010 \$'000	Half year ended 31 December 2010 Units	Year ended 30 June 2010 \$'000	Year ended 30 June 2010 Units
<b>Units on issue</b>				
Opening balance	158,649	163,336,831	158,649	163,336,831
<b>Closing balance</b>	<b>158,649</b>	<b>163,336,831</b>	<b>158,649</b>	<b>163,336,831</b>

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>9 Net assets attributable to unitholders</b>		
Units on issue	158,649	158,649
Share issue costs	(1,698)	(1,698)
Undistributed (losses)/income	(12,984)	(15,488)
<b>Net assets attributable to ordinary unitholders</b>	<b>143,967</b>	<b>141,463</b>
Minority interests	8,258	13,248
<b>Net assets attributable to unitholders</b>	<b>152,225</b>	<b>154,711</b>

	Consolidated Half year ended 31 December 2010 \$'000	Year ended 30 June 2010 \$'000
<b>Opening balance of net assets attributable to unitholders – 1 July</b>	<b>154,711</b>	<b>177,942</b>
<b>Units on issue</b>		
Return of capital	–	(7,515)
<b>Undistributed income</b>		
Net profit from operations before distributions to unitholders	2,504	(13,993)
Finance costs – distribution to unitholders	–	(2,485)
<b>Minority interests</b>		
Share of profit	856	2,274
Share of dividend	(2,267)	(1,512)
Share of return of capital	(3,579)	–
<b>Closing balance of net assets attributable to unitholders</b>	<b>152,225</b>	<b>154,711</b>

### 10 Related parties

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2010.

### 11 Tax assets

Consistent with 30 June 2010, 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.

### 12 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2010 (30 June 2010: nil).

### 13 Capital and other commitments

Brookfield Multiplex Vale Landowner Pty Limited, a subsidiary of the Fund, has a commitment for inventory development costs at 31 December 2010 of \$2,213,500 (30 June 2010: \$8,351,545). Vale 7-11 had capital commitments of \$3,473,400 in respect of landworks as 31 December 2010. There were no capital commitments for Vale 7-11 in prior years.

# Condensed Notes to the Consolidated Interim Financial Statements continued

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## Multiplex Development and Opportunity Fund

For the half year ended 31 December 2010

### **14 Events subsequent to the reporting date**

On 23 February, the Fund received a dividend payment of 10.48 cents per share from Multiplex Acumen Vale Syndicate Limited for its share in the investment. This amount was retained in the Fund to meet commitments of the Fund.

Other than the above there were no matters or circumstances which have arisen since the end of the financial period 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 periods.

# Directors' Declaration

## Multiplex Development and Opportunity Fund

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For the half year ended 31 December 2010

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

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 14, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the six month period ended on that date; and
  - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited.

Dated at Sydney this 28 day of February 2011



**Russell Proutt**  
Director  
Brookfield Capital Management Limited





