Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2012

Multiplex Development and Opportunity Fund

ARSN 100 563 488

Table of Contents
Multiplex Development and Opportunity Fund
For the year ended 30 June 2012

Directory

Multiplex Development and Opportunity Fund

For the year ended 30 June 2012

Responsible Entity
Brookfield 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
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited
Neil Olofsson

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

Custodian
Brookfield 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
Boardroom (Victoria) Pty Limited
Level 18, 31 Queen Street
Melbourne VIC 3000

All correspondence to:
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459
International
T: +61 2 9290 9600
F: +61 2 9279 0664
www.boardroomlimited.com.au

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
For the year ended 30 June 2012

Introduction
The Directors of Brookfield 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 and the Consolidated Entity's interest in associates for the year ended 30 June 2012 and the Independent Auditor's Report thereon.

The Fund was constituted on 27 May 2002.

Responsible Entity
The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). 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 company 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
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	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 BCML on 1 January 2010 and also performs that role for Brookfield Funds Management Limited (BFML). Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. BCML is also the Responsible Entity for listed funds Brookfield Australian Opportunity Fund (BAO), Brookfield Prime Property Fund (BPA) and Multiplex European Property Fund (MUE). BFML is the Responsible Entity for the 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 February 2005), Billabong International Limited (appointed July 2000), and Brookfield Office Properties Inc. (appointed May 2011). During the past 3 years, Allan has also served as a Director of the following listed company: Ross Human Directions Limited (April 2000 – February 2011).

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 international accounting firms, in his own private practice, and during the last 21 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. BCML is also the Responsible Entity for listed funds BAO, BPA and MUE. Brian is a fully qualified Chartered Accountant having trained with KPMG and Deloitte.

Barbara Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director
Barbara was appointed as a Non-Executive Independent Director of BCML on 1 January 2010 and also performs that role for BFML. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BCML is also the Responsible Entity for listed funds BPA and MUE. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Barbara is a Director of Essential Energy, Ausgrid, Endeavour Energy and Qantas Airways Limited. During the past 3 years Barbara has also served as a Director of Lion Nathan Limited (February 2003 to October 2009) and Chair of Essential Energy (June 2001 to June 2012).

Russell Proutt (BComm, CA, CBV), Executive Director
Russell Proutt is the Chief Financial Officer of Brookfield Australia Pty Limited and was appointed as an Executive Director of BCML on 1 January 2010 and also performs that role for BFML. BCML is also the Responsible Entity for the listed funds BAO, BPA and MUE. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Russell joined Brookfield Asset Management Inc, the ultimate parent company of BCML, in 2006 and has held various senior management positions within Brookfield.

Shane Ross (BBus), Executive Director
Shane is the Group General Manager of Treasury for Brookfield Australia Investments Limited and was appointed as an Executive Director of BCML on 16 May 2011. BCML is also the Responsible Entity for BAO, BPA and MUE. Shane joined the organisation in 2003 following a background in banking and has over 17 years experience in treasury and finance within the property industry.

Information on Company Secretary

Neil Olofsson

Neil has over 16 years of international company secretarial experience and has been with the Brookfield Australia group since 2005.

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	–
Russell Proutt	–
Shane Ross	–

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

Directors' meetings

	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings	
Director	A	B	A	B	A	B
F. Allan McDonald	6	6	2	2	2	2
Brian Motteram	6	6	2	2	2	2
Barbara Ward	6	6	2	2	2	2
Russell Proutt	6	6	n/a	n/a	n/a	n/a
Shane Ross	6	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.

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 the Brookfield group, 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.

The Consolidated Entity has recorded a net loss before income tax of $1,136,000 for the year ended 30 June 2012 (2011: loss of $7,161,000).

Some of the significant events during the period are as follows:
- total revenue and other income of $137,387,000 (2011: $43,686,000);
- impairment expense of nil (2011: $346,000);
- net assets of $71,978,000 (2011: $141,583,000); and
- net assets attributable to ordinary unitholders of $66,872,000 (2011: $135,026,000).

The strategy of the Fund is to complete the development of the remaining development asset in the Fund and to return excess proceeds to investors when appropriate after consideration of the ongoing cash requirements of the Fund.

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

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
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.

Distributions
On 1 July 2011, the Fund sold the remaining inventory at Vale 7-11 and Whiteman Edge for consideration of $127,157,000. The Fund utilised the proceeds to repay the interest bearing liabilities of $60,251,000 in full and make a capital return of 40.84 cents per unit.

The Consolidated Entity did not pay an income distribution for the year ended 30 June 2012 (2011: nil). The Multiplex Acumen Vale Syndicate Limited, a subsidiary of the Fund, did not pay an income distribution for the year ended 30 June 2012 (2011: $7,641,000). A separate capital return of $3,000,010 or 10.00 cents per share was made to its investors on 30 November 2011 (2011: $7,097,000).

Indemnification and insurance of officers and auditors
Brookfield Australia Investments Limited (BAIL) has entered into deeds of access and indemnity with each of its Directors, Company Secretary and other nominated Officers. The terms of the deeds are in accordance with the provisions of the *Corporations Act 2001* and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an Officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of the Brookfield Australia Investments Group (the Group), including BCML.

Under the deeds of access and indemnity, BAIL has agreed to indemnify these persons (to the extent permitted by law) against:
- liabilities incurred as a director or officer of BCML or a company in the Group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the *Corporations Act 2001*; and
- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the *Corporations Act 2001*.

BAIL has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by BAIL being able to rely upon Brookfield's global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore does not insure against liabilities arising out of matters including but not limited to:
- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of US Securities Act of 1933;
- losses for which coverage under a different kind of insurance policy is readily available such as, for example, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

Contract of insurance

The Group has paid or agreed to pay a portion of the premium in respect of a contract taken out by Brookfield Asset Management Inc. insuring the Directors and officers of Brookfield Asset Management Inc. and its subsidiaries, which include BCML, against a liability.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of BCML or of any related body corporate against a liability incurred as such an officer or auditor.

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 2012.

Dated at Sydney this 22nd day of August 2012.

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

Russell Proutt
Director
Brookfield Capital Management Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN: 74 490 121 060

The Barrington
Level 10
10 Smith Street
Parramatta NSW 2150
PO Box 38
Parramatta NSW 2124 Australia

DX 28485
Tel: +61 (0) 2 9840 7000
Fax: +61 (0) 2 9840 7001
www.deloitte.com.au

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

22 August 2012

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 audit of the financial statements of Multiplex Development and Opportunity Fund for the year ended 30 June 2012, 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 2012

	Note	Consolidated Year ended 30 June 2012 $'000	 Year ended 30 June 2011 $'000
Revenue and other income			
Revenue from the sale of land held for development	5	134,752	40,618
Interest income		2,375	2,683
Other income		–	185
Reversal of performance fee	6	260	200
Total revenue and other income		**137,387**	**43,686**
Expenses			
Share of net loss of from investments accounted for using the equity method	15	1,542	154
Cost of sale of land held for development		134,100	31,961
Impairment expense of land held for development		–	11,820
Marketing and selling costs		809	3,207
Management fees		1,329	2,413
Impairment expense		–	346
Other expenses		743	946
Total expenses		**138,523**	**50,847**
Loss before income tax		**(1,136)**	**(7,161)**
Income tax (expense)/benefit	9	(249)	1,463
Net loss after tax		**(1,385)**	**(5,698)**
Finance costs attributable to unitholders:			
Increase in net assets attributable to non-controlling interest		61	740
Decrease in net assets attributable to ordinary unitholders		(1,446)	(6,438)
Net loss for the year		**(1,385)**	**(5,698)**
Total comprehensive loss attributable to:			
Non-controlling interest		61	740
Ordinary unitholders		(1,446)	(6,438)
Total comprehensive loss for the year		**(1,385)**	**(5,698)**

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

As at 30 June 2012

	Note	Consolidated 2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	8	27,972	9,446
Trade and other receivables	12	816	19,755
Inventories – land held for development	13	5,412	134,633
Tax asset	9	1,194	483
Total current assets		**35,394**	**164,317**
Non-current assets			
Investment accounted for using the equity method	15	46,071	46,887
Total non-current assets		**46,071**	**46,887**
Total assets		**81,465**	**211,204**
Current liabilities			
Trade and other payables	16	6,872	7,146
Deferred tax liability	9	715	64
Interest bearing liabilities	17	–	37,700
Performance fee	6	1,900	2,160
Total current liabilities		**9,487**	**47,070**
Non current liabilities			
Interest bearing liabilities	17	–	22,551
Total non current liabilities		**–**	**22,551**
Total liabilities (excluding net assets attributable to unitholders' interests)		**9,487**	**69,621**
Net assets		**71,978**	**141,583**
Non-controlling interest		**5,106**	**6,557**
Net assets attributable to ordinary unitholders	18	**66,872**	**135,026**
Liability attributable to ordinary unitholders		**(66,872)**	**(135,026)**
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 2012

As the Consolidated Entity 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 2012

	Note	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Cash flow from operating activities			
Cash receipts in the course of operations		134,807	41,423
Cash payments in the course of operations		(7,640)	(46,288)
Interest received		2,317	1,240
Interest paid		(391)	(14)
Income tax (paid)/received		(310)	944
Net cash flows provided by/(used in) operating activities	20	**128,783**	**(2,695)**
Cash flows from investing activities			
Investments in associates		(728)	(8,743)
Net proceeds on mezzanine loans		18,600	13,063
Loans from/(to) associates		342	(160)
Net cash flows provided by investing activities		**18,214**	**4,160**
Cash flows from financing activities			
Return of capital to ordinary unitholders		(66,707)	–
Return of capital to non-controlling interests		(1,513)	(3,579)
Proceeds from interest bearing liabilities		–	551
Repayment of interest bearing liabilities		(60,251)	–
Distributions paid – non-controlling interest		–	(3,852)
Net cash flows used in financing activities		**(128,471)**	**(6,880)**
Net increase/(decrease) in cash and cash equivalents		18,526	(5,415)
Cash and cash equivalents at beginning of year		9,446	14,861
Cash and cash equivalents at 30 June		**27,972**	**9,446**

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 Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2012 comprise the Fund and its subsidiaries 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 statements of the Consolidated Entity and the Fund 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 22nd day of August 2012.

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 and interest bearing liabilities which are measured at amortised cost.

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.

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 13).

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.

3 Significant accounting policies continued

a Principles of consolidation continued

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.

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 to receive payment is established, which is generally when they have been declared.

Dividends and distributions received from equity accounted investees reduce the carrying amount of the investment of the Consolidated Entity in that equity accounted investee and are not recognised as revenue.

Interest revenue

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

3 Significant accounting policies continued

c Expense recognition

Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Where a qualifying asset exists, borrowing costs that are directly attributable to the acquisition, construction or production of the qualifying asset is capitalised as part of the cost of that 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 Consolidated Entity 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 has been discounted to present value to reflect the life of the project. The performance fee will be remeasured at each reporting date.

Other expenditure

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.

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.

3 Significant accounting policies continued

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 Fund, 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 head entity 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 presentation in 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 and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

h Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Impairment changes are brought to account as described in Note 3m. Non-current receivables are measured at amortised cost using the effective interest rate method.

i Associates

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

Under the equity method, investments in associates are carried in the consolidated 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.

3 Significant accounting policies continued

i Associates continued

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.

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 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 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, interest bearing liabilities, 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 statements.

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.

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.

3 Significant accounting policies continued

m Impairment continued

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 receivables

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 period end. 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 2012 but have not been applied in preparing this financial report:

AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities and will replace the existing AASB 139 *Financial Instruments: Recognition and Measurement*. The standard is not applicable until 1 January 2013 but is available for early adoption. Under AASB 9, financial assets will be classified as subsequently measured at either amortised cost or fair value based on the objective of an entity's business model for managing financial assets and the characteristics of the contractual cash flows. This will replace the categories of financial assets under AASB 139, where each had its own classification criteria. For example, 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 held for trading and an irrevocable election is made upon initial recognition. 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. Financial assets may also be designated and measured at fair value through profit or loss if doing so eliminates or significantly reduces certain inconsistencies. For financial liabilities, the new requirements under AASB 9 only affect the accounting for financial liabilities designated at fair value through profit or loss. The Consolidated Entity does not expect to adopt AASB 9 before its operative date and therefore will apply the new standard for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the amendments.

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective for annual reporting periods beginning on or after 1 January 2013)

3 Significant accounting policies continued

s New standards and interpretations not yet adopted continued

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities, whereby an investor controls an investee only if the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept.

The Consolidated Entity does not expect to adopt the new standards and amendments before their operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the new standards and amendments.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for annual reporting periods beginning on or after 1 January 2013)
AASB 13 was released in September 2011 and sets out in a single standard a framework for measuring fair value, including related disclosure requirements in relation to fair value measurement. The Consolidated Entity does not expect to adopt AASB 13 before its operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the new standard.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective for annual reporting periods beginning on or after 1 July 2013)
The amendments from AASB 2011-4 remove the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001.* The Consolidated Entity will adopt the amendments from AASB 2011-4 for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the amendments.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective for annual reporting periods beginning on or after 1 July 2012)
The main change resulting from the amendments in AASB 2011-9 is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in the future.
The Consolidated Entity does not expect to adopt AASB 2011-9 before its operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2013. The Consolidated Entity is still assessing the consequential impact of the amendments.

4 Parent entity disclosures

	Fund 2012 $'000	2011 $'000
Assets		
Current assets	68,052	98,449
Non-current assets	97,183	96,439
Total assets	**165,235**	**194,888**
Liabilities		
Current liabilities	100,705	62,960
Total liabilities	**100,705**	**62,960**
Net assets attributable to unitholders		
Units on issue	91,942	158,649
Undistributed losses	(27,412)	(26,721)
Net assets attributable to unitholders	**64,530**	**131,928**

	Fund Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Net loss for the year	(691)	(9,779)
Other comprehensive loss for the year	–	–
Total comprehensive loss for the year	**(691)**	**(9,779)**

5 Revenue from the sale of land held for development

	Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Vale Stages 2-6, Perth	7,595	21,866
Henley Brook	75,000	–
Vale Stages 7 – 11, Perth	52,157	18,752
Total revenue from the sale of land held for development	**134,752**	**40,618**

6 Performance fee payable

	Consolidated Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Opening balance	2,160	2,360
Performance fee reversal for the year	(260)	(200)
Closing balance	**1,900**	**2,160**

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 be paid to the development manager. The performance fee will be remeasured at each reporting date.

7 Finance costs – external

	Consolidated Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Interest incurred	365	4,906
Interest capitalised	(365)	(4,790)
Total finance costs – external parties	**–**	**116**

8 Cash and cash equivalents

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Cash at bank	27,408	8,598
Restricted cash	564	848
Total cash and cash equivalents	**27,972**	**9,446**

Restricted cash

The consolidated entity issues bank guarantees as part of its development operations. The bank guarantees are supported by cash held in escrow.

9 Income tax

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Current tax benefit		
Current period tax benefit	299	7,022
Prior period adjustments	147	(16)
Total current tax benefit	**446**	**7,006**
Deferred tax expense		
Origination and reversal of temporary differences	(695)	(5,543)
Total deferred tax expense	**(695)**	**(5,543)**
Total income tax (expense)/benefit reported in the Statement of Comprehensive Income	**(249)**	**1,463**
Income tax expense		
Numerical reconciliation between tax (expense)/benefit and pre-tax net profit		
Loss for the year	(1,385)	(5,698)
Total income tax (expense)/benefit	(249)	1,463
Loss before income tax	**(1,136)**	**(7,161)**
Prima facie income tax expense on loss using the Fund's tax rate of 30% (2011: 30%)	341	2,148
Revenue losses not brought to account	(452)	(484)
Prior period adjustments	–	–
Other deferred tax assets not previously brought to account	(138)	(201)
Total income tax (expense)/benefit reported in the Statement of Comprehensive Income	**(249)**	**1,463**

	Consolidated 2012 $'000	Consolidated 2011 $'000
Tax assets and liabilities		
Tax liability	(715)	(64)
Tax asset	1,194	483
Net tax asset	**479**	**419**

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2012 $'000	Assets 2011 $'000	Liabilities 2012 $'000	Liabilities 2011 $'000	Net 2012 $'000	Net 2011 $'000
Consolidated						
Inventories	–	–	(715)	(64)	(715)	(64)
Trade & other payables	21	52	–	–	21	52
Depreciable assets	110	123	–	–	110	123
Income tax receivable	436	127	–	–	436	127
Other timing differences (deferred)	627	181	–	–	627	181
Total	**1,194**	**483**	**(715)**	**(64)**	**479**	419

9 Income tax continued

In accordance with AASB 112 *Income taxes*, a deferred tax asset of $7,224,000 (2011: $7,133,000) in respect of tax losses 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 1 July 2011, the fund sold the remaining inventory at Vale 7-11 and Whiteman Edge for consideration of $127,157,000. The Fund utilised the proceeds to repay the interest bearing liabilities of $60,251,000 in full and make a capital return of 40.84 cents per unit.

The Consolidated Entity did not pay a distribution for the year ended 30 June 2012 (2011: nil). The Multiplex Acumen Vale Syndicate Limited, a subsidiary of the Fund, made a separate capital return of $3,000,010 or 10.00 cents per share to its investors on 30 November 2011 (2011: $7,097,000).

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 2012 $	Year ended 30 June 2011 $
Auditors of the Fund:		
Audit and review of financial reports	64,800	62,805
Total auditor's remuneration	**64,800**	**62,805**

12 Trade and other receivables

	Consolidated 2012 $'000	2011 $'000
Current		
Trade receivables	303	456
Interest receivable	121	63
Amounts due from related parties		
Loan to Multiplex Claremont Pty Ltd	–	18,600
Other receivables	392	636
Total trade and other receivables - current	**816**	**19,755**

13 Inventories – land held for development

	Consolidated 2012 $'000	2011 $'000
Inventories at cost		
Current		
Vale Stages 2-6[1]	5,412	7,775
Henley Brook	–	74,788
Vale Stages 7-11	–	52,070
Total current	**5,412**	**134,633**

1 $5,412,000 (2011: $7,775,000) – 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 2012 the total cost of the unsold land plus development costs held in the consolidated entity was $5,412,000 (2011: $7,775,000)

In July 2011 all inventory related to the Henley Brook (Whiteman's Edge) and Vale Stages 7-11 projects were sold for consideration of $127,157,000. The Considerated Entity used the proceeds to repay interest bearing liabilities of $60,251,000 and make a return of capital to unitholders of $66,707,000.

14 Investment in controlled entities

	Percentage ownership	Fund 2012 $'000	2011 $'000
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.

15 Investment accounted for using the equity method

	Consolidated 2012 Ownership	$'000	2011 Ownership	$'000
Little Bay South Developer Pty Limited	50%	46,071	50%	46,887

	Consolidated 2012 $'000	2011 $'000
Little Bay South Developer Pty Limited	46,071	46,887
Total	**46,071**	**46,887**
Shares of loss in the year from investments accounted for using the equity method	(1,542)	(154)
Total	**(1,542)**	**(154)**

The Consolidated Entity's share of loss in its equity accounted investments for the year was $1,542,000 (2011: $154,000). Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the Consolidated Entity, is as follows:

	2012 $'000	2011 $'000
Assets		
Current assets	199,739	172,943
Total assets	**199,739**	**172,943**
Liabilities		
Current liabilities	142,150	114,334
Total liabilities	**142,150**	**114,334**

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

16 Trade and other payables

	Consolidated 2012 $'000	2011 $'000
Current		
Trade payables	209	207
Management fee payable	85	346
Income guarantee liability	4,500	4,500
Other payables	2,078	2,093
Total trade and other payables	**6,872**	**7,146**

17 Interest bearing liabilities

	Consolidated 2012 $'000	2011 $'000
Current		
Secured bank debt – Whiteman's Edge	–	37,700
Total	**–**	**37,700**

	Consolidated 2012 $'000	2011 $'000
Non current		
Secured bank debt – Vale 7-11	–	22,551
Total	**–**	**22,551**

	Expiry date	Consolidated 2012 $'000	2011 $'000
Financing arrangements			
Facilities available			
Bank Guarantee facility – Vale 2-6		564	3,000
Secured bank debt – Vale 7-11		–	27,000
Bank debt facility – Whiteman's Edge		–	37,700
Less: Facilities utilised		–	(60,251)
Less: Guarantees utilised		(564)	(848)
Facilities not utilised		**–**	**6,601**

Both the floating rate cash facility for Vale 7-11 and the floating rate cash facility for Whiteman's Edge were repaid during the year, resulting from the sale of the developments these borrowings had financed.

The bank guarantee component of the facility remains in place. The facility limit on the bank guarantee represents the $564,000 utilised at 30 June 2012. It is supported by cash held in escrow.

18 Net assets attributable to unitholders

	Consolidated Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Units on issue	91,942	158,649
Share issue costs	(1,698)	(1,698)
Undistributed losses	(23,372)	(21,925)
Net assets attributable to ordinary unitholders	**66,872**	**135,026**
Non-controlling interests	5,106	6,557
Net assets attributable to unitholders	**71,978**	**141,583**
Opening balance of net assets attributable to unitholders	**141,583**	**154,711**
Units on issue		
Return of capital	(66,707)	–
Undistributed income		
Net profit from operations before distributions to unitholders	(1,446)	(6,437)
Non-controlling interests		
Share of net profit	61	740
Share of dividends	–	(3,852)
Share of return of capital	(1,513)	(3,579)
Closing balance of net assets attributable to unitholders	**71,978**	**141,583**

Units on issue

Date	Details	Units	$
30 June 2011	**Closing balance**	**163,336,831**	**158,648,855**
30 June 2012	**Closing balance**	**163,336,831**	**91,941,855**

18 Net assets attributable to unitholders continued

Ordinary units

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

19 Financial Instruments

Significant accounting policies

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

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 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.

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
- risks arising from the Consolidated Entity's use of financial instruments including interest bearing liabilities.

These risk can be summarised as follows:

- 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 is responsible for developing risk management policies and the Board 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 Board 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 2012 and 30 June 2011, 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 exposures to Brookfield entities;
- monitoring receivable balances on an ongoing basis; and
- obtaining other collateral as security (where appropriate).

19 Financial Instruments continued

c Credit risk continued

Trade and other receivables continued

Credit risk arising from Brookfield entities is mitigated by investing 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 minimum credit rating criteria. At 30 June 2012 and 30 June 2011, the Consolidated Entity held no derivative positions. The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2011.

Exposure to credit risk

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

	Consolidated 2012 $'000	2011 $'000
Cash and cash equivalents	27,972	9,446
Trade and other receivables	816	19,755
Total exposure to credit risk	**28,788**	**29,201**

Concentrations of credit risk exposure

There are no longer concentrations of credit risk at the reporting date for the Consolidated Entity as no receivables and joint ventures are invested with Brookfield entities (2011: $18,600,000).

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 entities in which the Consolidated Entity invests. Where applicable, the Consolidated Entity also obtains collateral in the form of guarantees from Brookfield group to minimise the risk of default on its contractual obligations.

During the year ended 30 June 2012, the Consolidated Entity did not call on any collateral provided (2011: nil).

Financial assets past due but not impaired

No financial assets of the Consolidated Entity was past due at the reporting date (2011: nil).

Financial assets whose terms have been renegotiated

As at 30 June 2012 and 30 June 2011, there were no financial assets of the Consolidated Entity whose terms have been renegotiated.

Impairment losses

The Consolidated Entity wrote off nil assets deemed not recoverable. (2011: $346,000).

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 Consolidated Entity'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.

Sources of liquidity risk and risk management strategies

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

Interest bearing liabilities

The Consolidated Entity's PDS forbids the Fund 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.

19 Financial Instruments continued

d Liquidity risk continued

Defaults and breaches

During the financial years ended 30 June 2012 and 30 June 2011, the Consolidated Entity did not default on or breach any terms of its loan covenants.

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
2012						
Trade and other payables	6,872	6,872	6,872	–	–	–
Provision for performance fee	1,900	1,900	1,900	–	–	–
Interest bearing liabilities	–	–	–	–	–	–
Total	**8,772**	**8,772**	**8,772**	**–**	**–**	**–**
2011						
Trade and other payables	7,146	7,146	7,146	–	–	–
Provision for performance fee	2,160	2,160	2,160	–	–	–
Interest bearing liabilities	60,251	60,251	37,700	22,551	–	–
Total	**69,557**	**69,557**	**47,006**	**22,551**	**–**	**–**

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; and
- other market risk from its exposure to the property market.

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.

Consolidated	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
2012				
Financial assets				
Cash and cash equivalents	9,565	18,407	–	27,972
Trade and other receivables	–	–	816	816
Total financial assets	**9,565**	**18,407**	**816**	**28,788**
Financial Liabilities				
Performance fee	–	–	1,900	1,900
Trade and other payables	–	–	6,872	6,872
Total financial liabilities	**–**	**–**	**8,772**	**8,772**

19 Financial Instruments continued

e Market risk continued

Interest rate risk continued

Consolidated	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
2011				
Financial assets				
Cash and cash equivalents	9,446	–	–	9,446
Trade and other receivables	–	18,600	1,155	19,755
Total financial assets	**9,446**	**18,600**	**1,155**	**29,201**
Financial Liabilities				
Performance fee	–	–	2,160	2,160
Interest bearing liabilities	60,251	–	–	60,251
Trade and other payables	–	–	7,146	7,146
Total financial liabilities	**60,251**	**–**	**9,306**	**69,557**

Sensitivity analysis for variable rate instruments

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

	+ 1% Profit and loss	2012 + 1% Net assets	- 1% Profit and loss	2012 - 1% Net assets	+ 1% Profit and loss	2011 + 1% Net assets	- 1% Profit and loss	2011 - 1% Net assets
Consolidated Entity								
Interest on cash	96	96	(96)	(96)	94	94	(94)	(94)
Interest bearing liabilities	–	–	–	–	603	603	(603)	(603)
Total increase/(decrease)	**96**	**96**	**(96)**	**(96)**	**697**	**697**	**(697)**	**(697)**

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.

The Consolidated Entity is currently not exposed to any foreign currency risk (2011: no exposure)

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.

Fair values versus carrying amount

The Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

20 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Net loss for the year	(1,385)	(5,698)
Adjustments for:		
Non cash items:		
Impairment expense	–	346
Reversal of performance fee	(260)	(200)
Movement in tax	–	(519)
Investing activities		
Interest income on mezzanine loans	–	(1,552)
Share of loss of equity accounted investment	1,542	154
Operating loss before changes in working capital	**(103)**	**(7,469)**
Changes in assets and liabilities during the year:		
Decrease in inventories	129,221	4,451
Increase in trade and other receivables	(694)	(150)
Increase in trade and other payables	360	473
Net cash flow from operating activites	**128,783**	**(2,695)**

21 Related parties

Responsible Entity

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

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 2012	Ownership interest 2011
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%

21 Related parties continued

Key management personnel

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

F. Allan McDonald (appointed 1 January 2010)
Brian Motteram (appointed 21 February 2007)
Barbara Ward (appointed 1 January 2010)
Russell Proutt (appointed 1 January 2010)
Shane Ross (appointed 16 May 2011)

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.

Responsible Entity's fees and other transactions

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 $1,329,000 (2011: $2,413,000).

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).

Development manager's fees

Multiplex Development Operations Pty Ltd, the Development Manager of the Fund's subsidiary MAVSL is entitled to receive the following fees:

Performance fee

On completion of the MAVSL 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. A reduction of the anticipated liability has resulted in $260,000 performance fee reversal being recognised in income in the current year (2011: $200,000 income).

Development management 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 $546,412 (2011: $1,745,000).

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 $362,409 (2011: $1,309,000).

Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. The loans with controlled entities have no fixed terms of repayment, no interest is charged and is repayable on demand.

21 Related parties continued

Related party transactions continued

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

	Consolidated 2012 $'000	2011 $'000
Transactions with the Responsible Entity		
Management fees	1,329	2,413
Expense recoveries	353	343
Management fee payable	85	346
Expense recovery payable	16	207
Transactions with related parties of the Responsible Entity		
Interest income	590	1,997
Sales and marketing fees	546	1,745
Development management service fee	362	1,309
Receivables	303	303
Income guarantee liability	4,500	4,500
Performance fee reversal	(260)	(200)
Performance fee payable	1,900	2,160

Related party unitholders

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

	2012 Number Held	2011 Number Held
Brian Motteram	46,154	46,154
Brookfield Australian Opportunities Fund	9,320,388	9,320,388
Brookfield Capital Management Limited	20,582,496	20,582,496

22 Contingent assets and liabilities

The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2012 (2011: nil).

23 Capital and other commitments

Brookfield Multiplex Vale Landowner Pty Limited, a subsidiary of the Fund, has no commitment for inventory development costs at 30 June 2012 (2011: $852,568).

24 Events subsequent to reporting date

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 2012

In the opinion of the Directors of Brookfield 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 31, 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 2012 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 Capital Management Limited required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 22nd day of August 2012.

Russell Proutt
Director
Brookfield Capital Management Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN: 74 490 121 060

The Barrington
Level 10
10 Smith Street
Parramatta NSW 2150
PO Box 38
Parramatta NSW 2124 Australia

DX 28485
Tel: +61 (0) 2 9840 7000
Fax: +61 (0) 2 9840 7001

Independent Auditor's Report to the Unitholders of Multiplex Development and Opportunity Fund

Report on the Financial Report

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 9 to 32.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity of the Fund ("the Directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Capital Management Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

   (i) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 22 August 2012