

Multiplex Development and Opportunity Fund
Financial report
For the year ended
30 June 2013

Multiplex Development and Opportunity Fund

ARSN 100 563 488

Table of Contents

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

| | Page |
|--|-----------|
| Directory | 3 |
| Directors' Report..... | 4 |
| Auditor's Independence Declaration..... | 8 |
| Financial Statements | 9 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income..... | 9 |
| Consolidated Statement of Financial Position | 10 |
| Consolidated Statement of Changes in Equity | 11 |
| Consolidated Statement of Cash Flows | 12 |
| Notes to the Consolidated Financial Statements | 13 |
| 1 Reporting entity | 13 |
| 2 Basis of preparation | 13 |
| 3 Significant accounting policies | 13 |
| 4 Parent entity disclosures | 20 |
| 5 Revenue from the sale of land held for development..... | 20 |
| 6 Cash and cash equivalents | 21 |
| 7 Trade and other receivables | 21 |
| 8 Inventories – land held for development | 21 |
| 9 Other financial assets..... | 21 |
| 10 Income tax..... | 22 |
| 11 Distributions to unitholders..... | 23 |
| 12 Investment accounted for using the equity method | 23 |
| 13 Trade and other payables | 24 |
| 14 Net assets attributable to unitholders | 24 |
| 15 Auditors' remuneration..... | 25 |
| 16 Performance fee payable | 25 |
| 17 Investment in controlled entities | 25 |
| 18 Financial Instruments | 25 |
| 19 Reconciliation of cash flows from operating activities..... | 30 |
| 20 Related parties..... | 30 |
| 21 Contingent assets and liabilities..... | 32 |
| 22 Capital and other commitments | 32 |
| 23 Events subsequent to reporting date..... | 32 |
| Directors' Declaration | 33 |
| Independent Auditor's Report | 34 |

Directory

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 8, 446 Collins Street
Melbourne VIC 3000

All correspondence to:

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Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459
International
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F: +61 2 9279 0664
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Auditor

Deloitte Touche Tohmatsu
Eclipse Tower
Level 19, 60 Station Street
Parramatta NSW 2150
Telephone: + 61 2 9840 7000
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Directors' Report

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 2013 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 Responsible Entity at any time during or since the end of the financial year:

| Name | Capacity |
|--|------------------------------------|
| F. Allan McDonald (appointed 1 January 2010) | Non-Executive Independent Chairman |
| Brian Motteram (appointed 21 February 2007) | Non-Executive Independent Director |
| Barbara Ward (appointed 1 January 2010) | Non-Executive Independent Director |
| 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, FCSA), 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 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) 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) and Billabong International Limited (July 2000 – October 2012).

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 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 Qantas Airways Limited. During the past 3 years Barbara has also served as a Chair of Essential Energy (June 2001 – June 2012) and a Director of Essential Energy, Ausgrid and Endeavour Energy (July 2012 – December 2012).

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

Russell 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 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 BPA and MUE. Shane joined the organisation in 2003 following a background in banking and has over 19 years experience in treasury and finance within the property industry.

Directors' Report continued

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

Information on Company Secretary

Neil Olofsson

Neil has over 18 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

| Director | Board Meetings | | Audit Committee Meetings | | Board Risk and Compliance Committee Meetings | |
|-------------------|----------------|---|--------------------------|-----|---|-----|
| | 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 | 5 | 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 has recorded a net loss before income tax of \$2,127,000 for the year ended 30 June 2013 (2012: loss of \$1,136,000).

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

- total revenue and other income of \$13,035,000 (2012: \$137,387,000);
- net assets of \$64,405,000 (2012: \$71,978,000);
- net assets attributable to ordinary unitholders of \$64,405,000 (2012: \$66,872,000);
- share of loss from equity accounted investment in Little Bay South Developer Pty Limited of \$6,233,000 (2012: \$1,542,000); and
- recognition of an impairment of equity accounted investment in Little Bay South Developer Pty Limited of \$629,000 (2012: nil).

On 26 June 2013 Multiplex Acumen Vale Syndicate Limited (In Liquidation) (MAVSL), an entity in which the Consolidated Entity has a 49.6% ownership stake, was placed into a members' voluntary liquidation, as a result of MAVSL's last major project being successfully completed. The wholly-owned, and only, subsidiary of MAVSL, Brookfield Multiplex Vale Landowner Pty Limited (In Liquidation) (BVML) was also placed into a members' voluntary liquidation. Brett Lord and Christopher Hill of PPB Advisory have been appointed as liquidators of both MAVSL and BVML.

Prior to MAVSL being placed into liquidation, the Consolidated Entity was deemed to control MAVSL and the Consolidated Entity consolidated the financial results of MAVSL.

Due to the appointment of a liquidator to MAVSL the Consolidated Entity has been deemed to have lost control over MAVSL, as it no longer has power over MAVSL. Consequently, MAVSL has been deconsolidated by the Consolidated Entity from this date.

Directors' Report continued

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

Review of operations continued

The liquidators of MAVSL will make the final dividend/capital payment to all shareholders during or upon completion of the liquidation process which management expects to occur within the next 12 months. The carrying value of the investment reflects management's expectation of the return to be received at the completion of the liquidation process.

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.

New Applications and Dividend Reinvestment Plan

The Fund continues to remain closed to new applications and the Dividend Reinvestment Plan continues to remain suspended, both during the financial year and to the date of this report.

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 other matters or circumstances which have arisen since the end of the period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Likely developments

Other than the matters already included in the Directors' Report, information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations have 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

No distributions were declared or paid during the year (2012: nil).

No capital return was made to ordinary shareholders during the year (2012: \$66,706,762 or 40.84 cents).

The Multiplex Acumen Vale Syndicate Limited (In Liquidation), formerly a subsidiary of the Fund, made a separate capital return of \$5,100,017 or 17.00 cents per share to its investors on 28 September 2012 (2012: \$3,000,010 or 10.00 cents per share). This represented a capital return of \$2,571,251 or 17.00 cents per share (2012: \$1,512,500 or 10.00 cents per share) for the non-controlling interest.

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.

Directors' Report continued

Multiplex Development and Opportunity Fund

7

For the year ended 30 June 2013

Indemnification and insurance of officers and auditors continued

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 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 2013.

Dated at Sydney this 19th day of August 2013.

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 Touche Tohmatsu
A.B.N. 74 490 121 060

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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Multiplex Development and Opportunity Fund)
Level 22, 135 King Street
Sydney NSW 2000

19 August 2013

Dear Directors

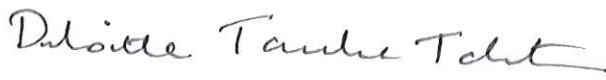
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

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 2013, 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



Helen Hamilton-James
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

9

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

| | Note | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|---|------|--|--------------------------------------|
| Revenue and other income | | | |
| Revenue from the sale of land held for development | 5 | 7,069 | 134,752 |
| Interest income | | 1,382 | 2,375 |
| Reversal of provisions | 13 | 4,500 | – |
| Reversal of performance fee | 16 | – | 260 |
| Other income | | 84 | – |
| Total revenue and other income | | 13,035 | 137,387 |
| Expenses | | | |
| Cost of sale of land held for development | | 6,310 | 134,100 |
| Share of net loss of from investments accounted for using the equity method | 12 | 6,233 | 1,542 |
| Impairment expense | 12 | 629 | – |
| Marketing and selling costs | | 156 | 809 |
| Management fees | | 1,070 | 1,329 |
| Performance fee expense | 16 | 280 | – |
| Other expenses | | 484 | 743 |
| Total expenses | | 15,162 | 138,523 |
| Loss before income tax | | (2,127) | (1,136) |
| Income tax expense | 10 | (157) | (249) |
| Net loss after tax | | (2,284) | (1,385) |
| Finance costs attributable to unitholders: | | | |
| Increase in net assets attributable to non-controlling interest | | 183 | 61 |
| Decrease in net assets attributable to ordinary unitholders | | (2,467) | (1,446) |
| Net loss for the year | | (2,284) | (1,385) |
| Total comprehensive loss attributable to: | | | |
| Non-controlling interest | | 183 | 61 |
| Ordinary unitholders | | (2,467) | (1,446) |
| Total comprehensive loss for the year | | (2,284) | (1,385) |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

Multiplex Development and Opportunity Fund

10

As at 30 June 2013

| | Note | Consolidated 2013 \$'000 | 2012 \$'000 |
|--|------|--------------------------------|-----------------|
| Current assets | | | |
| Cash and cash equivalents | 6 | 20,022 | 27,972 |
| Trade and other receivables | 7 | 130 | 816 |
| Inventories – land held for development | 8 | – | 5,412 |
| Other financial assets | 9 | 2,674 | – |
| Tax asset | 10 | – | 1,194 |
| Total current assets | | 22,826 | 35,394 |
| Non-current assets | | | |
| Investment accounted for using the equity method | 12 | 41,861 | 46,071 |
| Total non-current assets | | 41,861 | 46,071 |
| Total assets | | 64,687 | 81,465 |
| Current liabilities | | | |
| Trade and other payables | 13 | 282 | 6,872 |
| Deferred tax liability | 10 | – | 715 |
| Performance fee | 16 | – | 1,900 |
| Total current liabilities | | 282 | 9,487 |
| Total liabilities | | 282 | 9,487 |
| Net assets | | 64,405 | 71,978 |
| Non-controlling interest | | – | 5,106 |
| Net assets attributable to ordinary unitholders | 14 | 64,405 | 66,872 |
| Liability attributable to ordinary unitholders | | (64,405) | (66,872) |
| Net assets attributable to ordinary unitholders | | – | – |

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

Consolidated Statement of Changes in Equity

Multiplex Development and Opportunity Fund

11

For the year ended 30 June 2013

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

Consolidated Statement of Cash Flows

Multiplex Development and Opportunity Fund

12

For the year ended 30 June 2013

| | Note | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|---|------|--|--------------------------------------|
| Cash flow from operating activities | | | |
| Cash receipts in the course of operations | | 7,751 | 134,807 |
| Cash payments in the course of operations | | (5,643) | (7,640) |
| Interest received | | 1,427 | 2,317 |
| Interest paid | | – | (391) |
| Income tax received/(paid) | | 410 | (310) |
| Net cash flows generated by operating activities | 19 | 3,945 | 128,783 |
| Cash flows from investing activities | | | |
| Investments in associates | | (2,649) | (728) |
| Net proceeds on mezzanine loans | | – | 18,600 |
| Repayment of loans from related parties | | 314 | 342 |
| Net cash flows (used in)/generated by investing activities | | (2,335) | 18,214 |
| Cash flows from financing activities | | | |
| Return of capital to ordinary unitholders | | – | (66,707) |
| Return of capital to non-controlling interests | | (2,571) | (1,513) |
| Repayment of interest bearing liabilities | | – | (60,251) |
| Net cash flows used in financing activities | | (2,571) | (128,471) |
| Net (decrease)/increase in cash and cash equivalents | | (961) | 18,526 |
| Deconsolidation of MAVSL cash balances | | (6,989) | – |
| Cash and cash equivalents at beginning of year | | 27,972 | 9,446 |
| Cash and cash equivalents at 30 June | | 20,022 | 27,972 |

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

Notes to the Consolidated Financial Statements

Multiplex Development and Opportunity Fund

13

For the year ended 30 June 2013

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 2013 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 19th day of August 2013.

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 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 3k).

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 Profit or Loss and Other 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.

Notes to the Consolidated Financial Statements continued 14

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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.

Notes to the Consolidated Financial Statements continued 15

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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.

Notes to the Consolidated Financial Statements continued 16

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 (In Liquidation), formerly a 50% owned subsidiary of the Fund, has formed a tax-consolidated group with its wholly owned subsidiary Brookfield Multiplex Vale Landowner Pty Ltd (In Liquidation), 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 (In Liquidation).

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 Consolidated 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 Profit or Loss and Other Comprehensive Income reflects the Consolidated Entity's share of the results of operations of the associates.

Notes to the Consolidated Financial Statements continued 17

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 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.

k 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.

l Financial assets

A designation has been made that financial assets be classified at fair value through profit or loss (FVTPL). Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income. The net gain or losses arising on remeasurement recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income incorporates any dividends earned on the financial asset and is included in the 'other income' line item.

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the Consolidated Statement of Profit or Loss and Other 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

Notes to the Consolidated Financial Statements continued 18

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

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 Distributions

A provision for distribution is recognised in the Consolidated 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 Consolidated Statement of Cash Flows.

p Net assets attributable to unitholders

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

q 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.

r New and amended standards adopted

The following new and amended standards have been applied in preparing this financial report:

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income introduces new terminology for the statement of comprehensive income and income statement and groups items in other comprehensive income and associated tax on the basis of whether items are potentially reclassifiable to profit and loss subsequently. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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 2013 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*, *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* and *AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (effective for annual reporting periods beginning on or after 1 January 2015)

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 2015 but is available for early adoption. Under AASB 9, financial assets will be 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 Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements continued 19

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

3 Significant accounting policies continued

s New standards and interpretations not yet adopted continued

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 2016. 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*, 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* and AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective for annual reporting periods beginning on or after 1 January 2013)

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.

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.

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.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)* (effective for annual reporting periods beginning on or after 1 January 2013)

Notes to the Consolidated Financial Statements continued 20

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

3 Significant accounting policies continued

s New standards and interpretations not yet adopted continued

AASB 2012-2 amends AASB 7 *Financial Instruments: Disclosures* to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The Consolidated Entity will adopt the amendments from AASB 2012-2 for the annual reporting period ending 30 June 2014.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)* (effective for annual reporting periods beginning on or after 1 January 2014)

AASB 2012-3 address inconsistencies in current practice when applying the offsetting criteria in AASB 132 *Financial Instruments: Presentation*. Clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The Consolidated Entity will adopt the amendments from AASB 2012-2 for the annual reporting period ending 30 June 2015.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* (effective for annual reporting periods beginning on or after 1 January 2013)

AASB 2012-5 amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle. The Consolidated Entity will adopt the amendments from AASB 2012-2 for the annual reporting period ending 30 June 2014.

With the exception of AASB 9, where the Consolidated Entity is still assessing the consequential impact of the amendments, the Consolidated Entity does not expect any impact on the financial results from the adoption of the new standards and interpretations detailed above.

4 Parent entity disclosures

| | Fund 2013 \$'000 | 2012 \$'000 |
|---|------------------------|----------------|
| Assets | | |
| Current assets | 62,013 | 68,052 |
| Non-current assets | 97,183 | 97,183 |
| Total assets | 159,196 | 165,235 |
| Liabilities | | |
| Current liabilities | 103,134 | 100,705 |
| Total liabilities | 103,134 | 100,705 |
| Net assets attributable to unitholders | | |
| Units on issue | 91,942 | 91,942 |
| Undistributed losses | (35,880) | (27,412) |
| Net assets attributable to unitholders | 56,062 | 64,530 |

| | Fund Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|--|--|--------------------------------------|
| Net loss for the year | (8,468) | (691) |
| Other comprehensive loss for the year | – | – |
| Total comprehensive loss for the year | (8,468) | (691) |

5 Revenue from the sale of land held for development

| | Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|---|--------------------------------------|--------------------------------------|
| Vale Stages 2-6, Perth | 7,069 | 7,595 |
| Henley Brook | – | 75,000 |
| Vale Stages 7 – 11, Perth | – | 52,157 |
| Total revenue from the sale of land held for development | 7,069 | 134,752 |

Notes to the Consolidated Financial Statements continued 21

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

6 Cash and cash equivalents

| | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|--|--|--------------------------------------|
| Cash at bank | 20,022 | 27,408 |
| Restricted cash | – | 564 |
| Total cash and cash equivalents | 20,022 | 27,972 |

Restricted cash

The consolidated entity issues bank guarantees as part of its development operations. The bank guarantees are supported by cash held in escrow. Due to the completion of the MAVSL project no bank guarantees are currently on issue.

7 Trade and other receivables

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|--|--------------------------------|----------------|
| Current | | |
| Trade receivables | – | 303 |
| Interest receivable | 70 | 121 |
| Other receivables | 60 | 392 |
| Total trade and other receivables - current | 130 | 816 |

8 Inventories – land held for development

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|------------------------------|--------------------------------|----------------|
| Inventories at cost | | |
| Current | | |
| Vale Stages 2-6 ¹ | – | 5,412 |
| Total current | – | 5,412 |

1 Land held at the north-eastern Perth suburb of Aveley was held through the subsidiary Brookfield Multiplex Vale Landowner Pty Limited (In Liquidation) which it subdivided, developed and sold as residential lots. At 30 June 2013 the total cost of the unsold land plus development costs held in the consolidated entity was nil following the sale of the final lots (2012: \$5,412,000).

9 Other financial assets

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|---|--------------------------------|----------------|
| Investment – Multiplex Acumen Vale Syndicate Limited (In Liquidation) | 2,674 | – |
| Total current | 2,674 | – |

On 26 June 2013 Multiplex Acumen Vale Syndicate Limited (In Liquidation) (MAVSL), an entity in which the Consolidated Entity has a 49.6% ownership stake, was placed into a members' voluntary liquidation, as a result of MAVSL's last major project being successfully completed. The wholly-owned, and only, subsidiary of MAVSL, Brookfield Multiplex Vale Landowner Pty Limited (In Liquidation) (BVML) was also placed into a members' voluntary liquidation. Brett Lord and Christopher Hill of PPB Advisory have been appointed as liquidators of both MAVSL and BVML.

Prior to MAVSL being placed into liquidation, the Consolidated Entity was deemed to control MAVSL and the Consolidated Entity consolidated the financial results of MAVSL.

Due to the appointment of a liquidator to MAVSL the Consolidated Entity has been deemed to have lost control over MAVSL, as it no longer has power over MAVSL. Consequently, MAVSL has been deconsolidated by the Consolidated Entity from this date.

The Consolidated Entity's investment in MAVSL is now classified as a financial asset and is measured based on the fair value of proceeds expected to be received as part of the liquidation process. The financial asset has been classified as current, as management expect the proceeds of liquidation to be received within twelve months of the balance date.

Notes to the Consolidated Financial Statements continued 22

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

10 Income tax

| | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|---|--|--------------------------------------|
| Current tax benefit | | |
| Current period tax (expense)/benefit | (140) | 299 |
| Prior period adjustments | – | 147 |
| Total current tax benefit | (140) | 446 |
| Deferred tax expense | | |
| Origination and reversal of temporary differences | (17) | (695) |
| Total deferred tax expense | (17) | (695) |
| Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income | (157) | (249) |
| Income tax expense | | |
| Numerical reconciliation between tax expense and pre-tax net profit | | |
| Loss for the year | (2,284) | (1,385) |
| Total income tax expense | (157) | (249) |
| Loss before income tax | (2,127) | (1,136) |
| Prima facie income tax expense on loss using the Fund's tax rate of 30% (2012: 30%) | 638 | 341 |
| Revenue losses not brought to account | (795) | (452) |
| Other deferred tax assets not previously brought to account | – | (138) |
| Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income | (157) | (249) |
| | Consolidated 2013 \$'000 | 2012 \$'000 |
| Tax assets and liabilities | | |
| Tax liability | – | (715) |
| Tax asset | – | 1,194 |
| Net tax asset | – | 479 |

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 | 2013 \$'000 | 2012 \$'000 |
| Consolidated | | | | | | |
| Inventories | – | – | – | (715) | – | (715) |
| Trade & other payables | – | 21 | – | – | – | 21 |
| Depreciable assets | – | 110 | – | – | – | 110 |
| Income tax receivable | – | 436 | – | – | – | 436 |
| Other timing differences (deferred) | – | 627 | – | – | – | 627 |
| Total | – | 1,194 | – | (715) | – | 479 |

Historically the deferred tax assets and deferred tax liabilities recognised have represented the deferred tax assets and deferred tax liabilities of MAVSL. Due to MAVSL no longer being consolidated by the Consolidated Entity (refer to Note 20 for further information), no deferred tax assets or deferred tax liabilities have been recognised at the balance date. Any deferred tax assets or deferred tax liabilities recognised by MAVSL are recognised within the carrying value of the Consolidated Entity's investment in MAVSL. Refer to Note 9 for further information.

As in the previous financial year, in accordance with AASB 112 *Income taxes*, a deferred tax asset of \$6,188,000 (2012: \$7,224,000) in respect of tax losses has not been recognised by the Consolidated Entity as it has been determined that realisation of this asset in the short term is not probable.

Notes to the Consolidated Financial Statements continued 23

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

11 Distributions to unitholders

The Consolidated Entity did not pay a distribution for the year ended 30 June 2013 (2012: nil). No capital return was made to ordinary shareholders during the period (2012: \$66,706,762 or 40.84 cents). The Multiplex Acumen Vale Syndicate Limited (In Liquidation), formerly a subsidiary of the Fund, made a separate capital return of \$5,100,017 or 17.00 cents per share to its investors on 28 September 2012 (2012: \$3,000,010 or 10.00 cents per share). This represented a capital return of \$2,571,251 or 17.00 cents per share (2012: \$1,512,500 or 10.00 cents per share) for the non-controlling interest.

12 Investment accounted for using the equity method

| | 2013 | | Consolidated | | 2012 | |
|--|-----------|--------|--------------|--------|----------------|----------------|
| | Ownership | \$'000 | Ownership | \$'000 | Ownership | \$'000 |
| Little Bay South Developer Pty Limited | 50% | 41,861 | 50% | 46,071 | | |
| | | | | | | |
| | | | | | Consolidated | |
| | | | | | 2013 | 2012 |
| | | | | | \$'000 | \$'000 |
| Little Bay South Developer Pty Limited | | | | | 41,861 | 46,071 |
| Total | | | | | 41,861 | 46,071 |
| | | | | | | |
| Shares of loss for the year from investments accounted for using the equity method | | | | | (6,233) | (1,542) |
| Total | | | | | (6,233) | (1,542) |

Reconciliation of the movement in the investment accounted for using the equity method is set out below:

| | Consolidated 2013 \$'000 | Consolidated 2012 \$'000 |
|--|--------------------------------|--------------------------------|
| Opening balance of investment in Little Bay South Developer Pty Limited | 46,071 | 46,887 |
| Share of net loss of investments accounted for using the equity method | (6,233) | (1,542) |
| Share of net movement in reserves | 3 | (2) |
| Net equity contributions | 2,649 | 728 |
| Impairment of equity investment | (629) | — |
| Closing balance of investment in Little Bay South Developer Pty Limited | 41,861 | 46,071 |

The Consolidated Entity is entitled to 80% of the profit or loss of Little Bay South Developer Pty Ltd. The Consolidated Entity's share of loss in its equity accounted investment for the period was \$6,233,000 (2012: \$1,542,000). The increased loss was the result of an inventory write down by Little Bay South Developer Pty Limited, where it was deemed that the cost of inventories would not be fully recovered due to a slower residential market impacting sales.

As a result of the write down in inventory an additional assessment of the recoverability of the investment in Little Bay South Developer Pty Limited was undertaken and based on the future discounted cash flows for the life of the project an impairment of \$629,000 (2012: nil) was recognised. The recoverable amount was deemed the value in use of the asset with a discount rate of 3% applied as future cash flows had already been adjusted to reflect the inherent risk and possible variations in the amount and timing of the future cash flows of the project.

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. Net contributions of \$2,649,000 were provided during the year to fund the development.

Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the Consolidated Entity, is as follows:

| | 2013 \$'000 | 2012 \$'000 |
|--------------------------|----------------|----------------|
| Assets | | |
| Current assets | 81,522 | 199,739 |
| Total assets | 81,522 | 199,739 |
| Liabilities | | |
| Current liabilities | 30,910 | 142,150 |
| Total liabilities | 30,910 | 142,150 |

Notes to the Consolidated Financial Statements continued 24

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

13 Trade and other payables

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|---------------------------------------|--------------------------------|----------------|
| Current | | |
| Trade payables | – | 209 |
| Management fee payable | 234 | 85 |
| Income guarantee liability | – | 4,500 |
| Other payables | 48 | 2,078 |
| Total trade and other payables | 282 | 6,872 |

During the period the Income Guarantee liability of \$4,500,000 was reversed as it is now considered remote that a payment will be required in accordance with the agreement.

14 Net assets attributable to unitholders

| | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|--|--|--------------------------------------|
| Units on issue | 91,942 | 91,942 |
| Share issue costs | (1,698) | (1,698) |
| Undistributed losses | (25,839) | (23,372) |
| Net assets attributable to ordinary unitholders | 64,405 | 66,872 |
| Non-controlling interests ¹ | – | 5,106 |
| Net assets attributable to unitholders | 64,405 | 71,978 |
| Opening balance of net assets attributable to unitholders | 71,978 | 141,583 |
| Units on issue | | |
| Return of capital | – | (66,707) |
| Undistributed income | | |
| Net loss from operations before distributions to unitholders | (2,467) | (1,446) |
| Non-controlling interests | | |
| Share of net profit | 183 | 61 |
| Share of dividends | – | – |
| Share of return of capital | (2,571) | (1,513) |
| Derecognition of non-controlling interest ¹ | (2,718) | – |
| Closing balance of net assets attributable to unitholders | 64,405 | 71,978 |

Units on issue

| Date | Details | Units | \$ |
|--------------|-----------------|-------------|------------|
| 30 June 2012 | Closing balance | 163,336,831 | 91,941,855 |
| 30 June 2013 | Closing balance | 163,336,831 | 91,941,855 |

Ordinary units

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

¹ On 26 June 2013, the Consolidated Entity was deemed to no longer control MAVSL, and hence MAVSL has been deconsolidated from that date. As such the non-controlling interest is no longer separately reflected in the financial statements of the Consolidated Entity. Refer to Note 9 for further information.

Notes to the Consolidated Financial Statements continued 25

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

15 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 former subsidiary MAVSL in relation to audit fees are paid out of the assets of MAVSL. Fees in relation to compliance plan audits are borne by the Responsible Entity.

| | Consolidated Year ended 30 June 2013 \$ | Year ended 30 June 2012 \$ |
|---------------------------------------|--|----------------------------------|
| Auditors of the Fund: | | |
| Audit and review of financial reports | 64,975 | 64,800 |
| Total auditor's remuneration | 64,975 | 64,800 |

16 Performance fee payable

| | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|---------------------------------------|--|--------------------------------------|
| Opening balance | 1,900 | 2,160 |
| Performance fee expense/(reversal) | 280 | (260) |
| Deconsolidation of MAVSL ¹ | (2,180) | – |
| Closing balance | – | 1,900 |

Brookfield Multiplex Vale Pty Limited (BVML) is required to pay a performance fee to the Development Manager upon completion of its current and only remaining project. The performance fee is payable to Multiplex Development Operations Pty Ltd (the Development Manager), a related party of the Consolidated Entity. 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). The performance fee payable is reassessed at each reporting date.

¹ BVML is a 100% owned subsidiary of MAVSL. On 26 June 2013, the Consolidated Entity was deemed to no longer control MAVSL and hence MAVSL has been deconsolidated from that date. As such the performance fee payable is no longer separately reflected in the financial statements of the Consolidated Entity, rather it is reflected in the carrying value of the Consolidated Entity's investment in MAVSL. Refer to Note 9 for further information.

17 Investment in controlled entities

| | Percentage ownership | Fund 2013 \$'000 | 2012 \$'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.

18 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.

Notes to the Consolidated Financial Statements continued 26

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

18 Financial Instruments continued

Significant accounting policies continued

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 2013 and 30 June 2012, 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).

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.

Notes to the Consolidated Financial Statements continued 27

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

18 Financial Instruments continued

c Credit risk continued

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 2013 and 30 June 2012, the Consolidated Entity held no derivative positions. The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2012.

Exposure to credit risk

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

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|--------------------------------------|--------------------------------|----------------|
| Cash and cash equivalents | 20,022 | 27,972 |
| Trade and other receivables | 130 | 816 |
| Other financial assets | 2,674 | – |
| Total exposure to credit risk | 22,826 | 28,788 |

Concentrations of credit risk exposure

There are no concentrations of credit risk at the reporting date (2012: nil).

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 2013, the Consolidated Entity did not call on any collateral provided (2012: nil).

Financial assets past due but not impaired

No financial assets of the Consolidated Entity was past due at the reporting date (2012: nil).

Financial assets whose terms have been renegotiated

As at 30 June 2013 and 30 June 2012, there were no financial assets of the Consolidated Entity whose terms have been renegotiated.

Impairment losses

The Consolidated Entity did not write off any assets deemed not recoverable. (2012: nil).

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 prohibits the Fund from incurring 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.

Defaults and breaches

During the financial years ended 30 June 2013 and 30 June 2012, 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.

Notes to the Consolidated Financial Statements continued 28

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

18 Financial Instruments continued

d Liquidity risk continued

| | Carrying amount | Contractual cash flows | Consolidated \$'000 Less than 1 year | 1 to 2 years | 2 to 5 years | Greater than 5 years |
|-------------------------------|-----------------|------------------------|---|--------------|--------------|----------------------|
| 2013 | | | | | | |
| Trade and other payables | 282 | 282 | 282 | – | – | – |
| Provision for performance fee | – | – | – | – | – | – |
| Total | 282 | 282 | 282 | – | – | – |
| 2012 | | | | | | |
| Trade and other payables | 6,872 | 6,872 | 6,872 | – | – | – |
| Provision for performance fee | 1,900 | 1,900 | 1,900 | – | – | – |
| Total | 8,772 | 8,772 | 8,772 | – | – | – |

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 |
|------------------------------------|-------------------------|----------------------|-----------------------------------|-----------------|
| 2013 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 1,461 | 18,561 | – | 20,022 |
| Trade and other receivables | – | – | 130 | 130 |
| Other financial assets | – | – | 2,674 | 2,674 |
| Total financial assets | 1,461 | 18,561 | 2,804 | 22,826 |
| Financial Liabilities | | | | |
| Performance fee | – | – | – | – |
| Trade and other payables | – | – | 282 | 282 |
| Total financial liabilities | – | – | 282 | 282 |

| 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 |

Notes to the Consolidated Financial Statements continued 29

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

18 Financial Instruments continued

e Market risk continued

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 | 2013 + 1% Net assets | - 1% Profit and loss | 2013 - 1% Net assets | + 1% Profit and loss | 2012 + 1% Net assets | - 1% Profit and loss | 2012 - 1% Net assets |
|----------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|-------------------------------|
| Consolidated Entity | | | | | | | | |
| Interest on cash | 15 | 15 | (15) | (15) | 96 | 96 | (96) | (96) |
| Total increase/(decrease) | 15 | 15 | (15) | (15) | 96 | 96 | (96) | (96) |

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 (2012: 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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- 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
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2013. 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.

| Consolidated Entity – at 30 June 2013 | Level 3 \$'000 | Total \$'000 |
|---|---------------------------|-------------------------|
| Assets | | |
| Investment – Multiplex Acumen Vale Syndicate Limited (In Liquidation) | 2,674 | 2,674 |
| Total assets | 2,674 | 2,674 |
| Consolidated Entity – at 30 June 2012 | Level 3 \$'000 | Total \$'000 |
| Assets | | |
| Investment – Multiplex Acumen Vale Syndicate Limited (In Liquidation) | – | – |
| Total assets | – | – |

Notes to the Consolidated Financial Statements continued 30

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

19 Reconciliation of cash flows from operating activities

| | Consolidated Year ended 30 June 2013 \$'000 | Year ended 30 June 2012 \$'000 |
|--|--|--------------------------------------|
| Net loss for the year | (2,284) | (1,385) |
| Adjustments for: | | |
| <i>Non cash items:</i> | | |
| Impairment expense | 629 | – |
| Performance fee expense/(reversal) | 280 | (260) |
| Reversal of guarantee fee | (4,500) | – |
| <i>Investing activities</i> | | |
| Share of loss of equity accounted investment | 6,233 | 1,542 |
| Operating profit/(loss) before changes in working capital | 358 | (103) |
| <i>Changes in assets and liabilities during the year:</i> | | |
| Decrease in inventories | 5,412 | 129,221 |
| Decrease/(increase) in trade and other receivables | 890 | (694) |
| (Decrease)/increase in trade and other payables | (2,715) | 360 |
| Net cash flow from operating activities | 3,945 | 128,783 |

20 Related parties

Responsible Entity

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

Control of subsidiary

On 26 June 2013 Multiplex Acumen Vale Syndicate Limited (In Liquidation) (MAVSL), an entity in which the Consolidated Entity has a 49.6% ownership stake, was placed into a members' voluntary liquidation, as a result of MAVSL's last major project being successfully completed. The wholly-owned, and only, subsidiary of MAVSL, Brookfield Multiplex Vale Landowner Pty Limited (In Liquidation) (BVML) was also placed into a members' voluntary liquidation. Brett Lord and Christopher Hill of PPB Advisory have been appointed as liquidators of both MAVSL and BVML.

Prior to MAVSL being placed into liquidation, the Consolidated Entity was deemed to control MAVSL and the Consolidated Entity consolidated the financial results of MAVSL.

Due to the appointment of a liquidator to MAVSL the Consolidated Entity has been deemed to have lost control over MAVSL, as it no longer has power over MAVSL. Consequently, MAVSL has been deconsolidated by the Consolidated Entity from this date.

As a result of the liquidation the Fund has ceased to control MAVSL, with the activities of the MAVSL now at the direction of the liquidator.

Prior to being placed in liquidation the Fund being the largest individual shareholder of the Company had the capacity to exercise considerable powers in relation to the control of the Company. On this basis, the Fund has applied the consolidation method of accounting for the investment in the Company up to the date of liquidation. Post being placed into liquidation on the 26 June 2013 the investment has been carried at fair value and shown separately on the Balance Sheet as Other financial assets. Refer to Note 9 for further information.

The liquidator will make the final dividend/capital payment to all shareholders during or upon completion of the liquidation process. The expected return at year end represents the current investment balance.

| | Country of incorporation | Ownership interest | |
|--|-----------------------------|--------------------|-------|
| | | 2013 | 2012 |
| <i>Directly held subsidiaries</i> | | | |
| 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% |
| <i>Indirectly held subsidiaries</i> | | | |
| Multiplex Acumen Vale Syndicate Ltd (In Liquidation) | Australia | – | 49.6% |
| Brookfield Multiplex Vale Landowner Pty Ltd (In Liquidation) | Australia | – | 49.6% |
| Brookfield Multiplex Henley Brook Landowner Pty Ltd | Australia | 100% | 100% |
| Brookfield Vale Stages 7-11 Landowner Pty Ltd | Australia | 100% | 100% |

Notes to the Consolidated Financial Statements continued 31

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

20 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 \$1,070,000 (2012: \$1,329,000).

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 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. An increase of the anticipated liability has resulted in a \$280,000 performance fee expense being recognised in the current year (2012: \$260,000 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 \$328,210 (2012: \$546,412).

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 \$246,158 (2012: \$362,409).

Little Bay South – Stage 4 payment

A payment of \$2 million was made from the associate Little Bay South Group (further details of MDOF's equity investment are detailed in note 12). The payment was made to Brookfield Residential Properties Australia Pty Limited, a related party of the responsible entity, to relieve the Little Bay South Group from the obligation to complete Stage 4 of the Little Bay South project. This payment was funded by the Fund and removes the risks associated with the development of Stage 4 from the fund.

Income Guarantee

The Income Guarantee provision of \$4.5 million (as detailed in note 13) which was released during the year was in respect of an agreement with a Brookfield related party.

Notes to the Consolidated Financial Statements continued 32

Multiplex Development and Opportunity Fund

For the year ended 30 June 2013

20 Related parties continued

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.

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

| | Consolidated 2013 \$'000 | 2012 \$'000 |
|--|--------------------------------|----------------|
| Transactions with the Responsible Entity | | |
| <i>Expenses for the year</i> | | |
| Management fees | 1,070 | 1,329 |
| Expense recoveries | 200 | 353 |
| <i>Payables at year end</i> | | |
| Management fee payable | (234) | (85) |
| Expense recovery payable | (48) | (16) |
| Transactions with related parties of the Responsible Entity | | |
| <i>(Income)/expenses for the year</i> | | |
| Interest income | – | (590) |
| Sales and marketing fees | 328 | 546 |
| Development management service fee | 246 | 362 |
| Little Bay South – Stage 4 payment | 2,000 | – |
| Income guarantee reversal | (4,500) | – |
| Performance fee expense/(reversal) | 280 | (260) |
| Repayment of loan from related party | 314 | – |
| <i>Receivables/(payables) at year end</i> | | |
| Receivables | – | 303 |
| Income guarantee liability | – | (4,500) |
| Performance fee payable | – | (1,900) |

Related party unitholders

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

| | 2013 Number Held | 2012 Number Held |
|---------------------------------------|------------------------|------------------------|
| Brian Motteram | 46,154 | 46,154 |
| BAO Trust | 9,320,388 | 9,320,388 |
| Brookfield Capital Management Limited | 20,582,496 | 20,582,496 |

21 Contingent assets and liabilities

The Fund and Consolidated entity has no contingent assets or liabilities at 30 June 2013 (2012: nil).

22 Capital and other commitments

The Fund and Consolidated entity has no capital or other commitments at 30 June 2013 (2012: nil).

23 Events subsequent to reporting date

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

Directors' Declaration

Multiplex Development and Opportunity Fund

33

For the year ended 30 June 2013

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 32, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2013 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 consolidated 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 19th day of August 2013.



Russell Proutt
Director
Brookfield Capital Management Limited

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund ('the Fund'), which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated 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 33.

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.

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 2013 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



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 19 August 2013