

Multiplex Development and Opportunity Fund  
Financial report  
For the year ended  
30 June 2015

# Multiplex Development and Opportunity Fund

ARSN 100 563 488

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# Directory

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### **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  
Barbara Ward  
Shane Ross (resigned as Alternate Director for Russell Proutt and appointed Director on 6 May 2015)  
Russell Proutt (resigned as Director on 6 May 2015)

### **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:

GPO Box 3993  
Sydney NSW 2001  
Telephone: 1300 737 760  
Facsimile: 1300 653 459  
International  
Telephone: +61 2 9290 9600  
Facsimile: +61 2 9279 0664  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### **Auditor**

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Telephone: + 61 2 9322 7000  
Facsimile: + 61 2 9322 7001

# Directors' Report

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 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 2015 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	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross (Resigned as Alternate Director for Russell Proutt and appointed Director on 6 May 2015)	Executive Director / Alternate Director
Russell Proutt (Resigned as Director on 6 May 2015)	Executive Director

### Information on Directors

#### F. Allan McDonald (BEcon, FCPA, FAIM, FGIA), 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 directorship of listed entities is Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust) (appointed February 2005). During the past 3 years Allan has also served as a director of Billabong International Limited (appointed July 2000 – October 2012) and Brookfield Office Properties Inc. (May 2011 – June 2014).

#### Barbara Ward, AM (BEcon, MPoEcon, 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 and Caltex Australia Limited. During the past 3 years Barbara has also served as Chair of Essential Energy (June 2001 – June 2012) and Director of Essential Energy, Ausgrid, Endeavour Energy (July 2012 – December 2012).

#### 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, resigned on 28 February 2014 and was appointed Alternate Director for Russell on that date. Subsequently Shane resigned as Alternate Director on 6 May 2015 and appointed as an Executive Director on that date. BCML is also the Responsible Entity for listed fund MUE and BPA. Shane is also a director of BFML which is the Responsible Entity of Multiplex SITES Trust. Shane joined the organisation in 2003 following a background in banking and has over 20 years of experience in treasury and finance within the property industry.

### Information on Company Secretary

#### Neil Olofsson

Neil has over 19 years of international company secretarial experience and has been with the Brookfield Australia group since 2005.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, 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	–
Barbara Ward	–
Shane Ross	–

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

Russell Proutt resigned as Director on 6 May 2015.

### Policy on hedging equity incentive schemes

The Board of BCML do not receive any equity-based remuneration, and therefore will not be engaging in any hedge arrangements in relation to their remuneration.

A copy of the Security Trading Policy is available on the Brookfield Australia website at [www.au.brookfield.com](http://www.au.brookfield.com).

### Directors' meetings

Director	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings	
	A	B	A	B	A	B
F. Allan McDonald	4	4	2	2	2	2
Barbara Ward	4	4	2	2	2	2
Shane Ross	1	1	n/a	n/a	n/a	n/a
Russell Proutt	3	3	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, or number of meetings held that the Alternate Director was eligible to attend 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 profit before income tax of \$3,785,000 for the year ended 30 June 2015 (2014: \$3,507,000).

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

- total revenue and other income of \$6,670,000 (2014: \$4,466,000);
- net assets attributable to ordinary unitholders of \$35,763,000 or \$0.22 per unit (2014: \$49,938,000 or \$0.31 per unit); and
- share of profit from equity accounted investments \$5,902,000 (2014: \$3,739,000).

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

### 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.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### Interest of the Responsible Entity

#### Management fees

For the year ended 30 June 2015, the Consolidated Entity incurred \$660,000 in management fees to the Responsible Entity (2014: \$795,000). \$151,000 remains payable as at year end (2014: \$55,000).

#### Expense recoveries

For the year ended 30 June 2015, the Consolidated Entity incurred \$87,000 in expense recoveries to the Responsible Entity (2014: \$164,000). At 30 June 2015 expense recoveries payable is \$13,000 (2014: \$11,000).

#### Related party unitholders

The following interests as at 30 June 2015 are held by related entities in the Consolidated Entity:

- JP Morgan Chase Bank N.A as custodian for BAO Trust holds 9,320,388 units or 5.7% (2014: 9,320,388 units or 5.7%); and
- Brookfield Capital Management Limited holds 20,582,496 units or 12.6% (2014: 20,582,496 units or 12.6%).

### Significant changes in the state of affairs

In the opinion of the Directors, there are no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year other than those disclosed in this report or in the consolidated financial statements.

### Going concern

As at 30 June 2015, the Consolidated Entity has classified \$12,404,000 of loans from associate as a current liability, which resulted in the Consolidated Entity being in a net current liability position of \$4,535,000. The classification was made on the basis that, during the current year, the Little Bay South Developer Pty Limited (LBS Developer) consolidated group completed its remaining projects and LBS Developer commenced steps to make a capital reduction with the expectation that it will be completed within the next 12 months. Subsequent to year end, in July 2015, LBS Developer declared a reduction of capital which settled the loans from associate.

There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable and therefore it is considered appropriate for the financial statements to be prepared on a going concern basis.

### Events subsequent to the reporting date

Subsequent to year end, in July 2015, LBS Developer declared a capital reduction, which was used to settle the Consolidated Entity's \$12,404,000 loans from associate.

On 6 August 2015, the Board approved a distribution to unitholders of \$31.1 million (equating to circa 19.05 cents per unit) subject to obtaining a ruling from the Australian Taxation Office confirming payment is capital in nature. Upon the ATO's confirmation the return of capital will be debited against the capital account.

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

### 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 and return of capital

No distributions were declared or paid during the year (2014: nil). A capital return to ordinary unitholders of \$17,967,000 or 11.0 cents per unit was paid on 31 October 2014 (2014: \$17,967,000 or 11.0 cents).

### 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 BAIL group, including BCML.

# Directors' Report continued

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### Indemnification and insurance of officers and auditors continued

Under the deeds of access and indemnity, BAIL has agreed to indemnify these persons (to the extent permitted by law) against:

- liabilities incurred as a director or officer of BCML or a company in the group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the *Corporations Act 2001*; and
- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the *Corporations Act 2001*.

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

As is usual, this policy has certain exclusions and therefore does not insure against liabilities arising out of matters including but not limited to:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of *US Securities Act of 1933*;
- losses for which coverage under a different kind of insurance policy is readily available such as, for example, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

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

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.

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

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' Report for the year ended 30 June 2015.

Dated at Sydney this 21st day of August 2015.

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

**Shane Ross**

**Director**

Brookfield Capital Management Limited

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

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225 George Street  
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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

21 August 2015

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 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

	Note	Consolidated Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
<b>Revenue and other income</b>			
Interest income		368	498
Share of net profit of investments accounted for using the equity method	10	5,902	3,739
Impairment reversal		400	229
<b>Total revenue and other income</b>		<b>6,670</b>	<b>4,466</b>
<b>Expenses</b>			
Little Bay South - Stage 4 release payment	19	2,090	-
Management fees		660	795
Write off of investment in Multiplex Acumen Vale Syndicate Limited		28	-
Other expenses		107	164
<b>Total expenses</b>		<b>2,885</b>	<b>959</b>
<b>Net profit before income tax</b>		<b>3,785</b>	<b>3,507</b>
Income tax expense	8	-	-
<b>Net profit after tax</b>		<b>3,785</b>	<b>3,507</b>
<b>Finance costs attributable to unitholders:</b>			
Distributions to unitholders		-	-
Increase in net assets attributable to ordinary unitholders		(3,785)	(3,507)
<b>Net profit for the year</b>		<b>-</b>	<b>-</b>
Other comprehensive income attributable to: Ordinary unitholders		-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>

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

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As at 30 June 2015

	Note	Consolidated 2015 \$'000	2014 \$'000
<b>Current assets</b>			
Cash and cash equivalents	5	6,157	17,814
Trade and other receivables	6	1,895	87
Other financial assets	7	–	442
<b>Total current assets</b>		<b>8,052</b>	<b>18,343</b>
<b>Non-current assets</b>			
Investment accounted for using the equity method	10	40,298	31,662
<b>Total non-current assets</b>		<b>40,298</b>	<b>31,662</b>
<b>Total assets</b>		<b>48,350</b>	<b>50,005</b>
<b>Current liabilities</b>			
Trade and other payables	11	183	67
Loans from associates	12	12,404	–
<b>Total current liabilities</b>		<b>12,587</b>	<b>67</b>
<b>Total liabilities</b>		<b>12,587</b>	<b>67</b>
<b>Net assets attributable to ordinary unitholders - Liability</b>	13	<b>35,763</b>	<b>49,938</b>

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

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For the year ended 30 June 2015

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

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For the year ended 30 June 2015

	Note	Consolidated Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
<b>Cash flow from operating activities</b>			
Cash payments in the course of operations		(2,819)	(1,158)
Interest received		395	525
<b>Net cash flows used in operating activities</b>	18	<b>(2,424)</b>	<b>(633)</b>
<b>Cash flows from investing activities</b>			
Net amounts from associates		8,320	14,160
Reduction of capital from Multiplex Acumen Vale Syndicate Limited		414	2,232
<b>Net cash flows from investing activities</b>		<b>8,734</b>	<b>16,392</b>
<b>Cash flows from financing activities</b>			
Return of capital		(17,967)	(17,967)
<b>Net cash flows used in financing activities</b>		<b>(17,967)</b>	<b>(17,967)</b>
Net decrease in cash and cash equivalents		(11,657)	(2,208)
Cash and cash equivalents at beginning of year		17,814	20,022
<b>Cash and cash equivalents at 30 June</b>	5	<b>6,157</b>	<b>17,814</b>

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

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For the year ended 30 June 2015

### 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 2015 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). For the purpose of preparing the consolidated financial statements the Fund is a for profit entity.

The financial statements were authorised for issue by the Directors on this 21st day of August 2015.

#### 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.

There are no critical estimates or judgements as at year end 30 June 2015.

#### d New and amended standards adopted

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

*AASB 1031 Materiality* (December 2013) is an interim standard that cross references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contains guidance on materiality.

The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed AASB 1031 will be withdrawn.

*AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* addresses the disclosure of information about the recoverable amount of impaired assets if that value is based on fair value less cost of disposal.

*AASB 2013-5 Amendments to Australian Accounting Standard – Investment Entities* provides an exemption from consolidation of subsidiaries under AASB 10 Consolidated Financial Statements for entities which meet the definition of an "investment entity". Such entities would measure their investment in particular subsidiaries at fair value through profit and loss in accordance with *AASB 9 Financial Instruments* or *AASB 139 Financial Instruments: Recognition and Measurement*.

*AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B* makes changes to particular Australian Accounting Standards to delete reference to AASB 1031.

The adoption of the above revised Standards and Interpretations has resulted in amended disclosures in the financial report but has not impacted the financial results of the Consolidated Entity.

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 2 Basis of preparation *continued*

#### e Going concern

As at 30 June 2015, the Consolidated Entity has classified \$12,404,000 of loans from associate as a current liability, which resulted in the Consolidated Entity being in a net current liability position of \$4,535,000. The classification was made on the basis that, during the current year, the Little Bay South Developer Pty Limited (LBS Developer) consolidated group completed its remaining projects and LBS Developer commenced steps to make a capital reduction with the expectation that it will be completed within the next 12 months. Subsequent to year end, in July 2015, LBS Developer declared a reduction of capital which settled the loans from associate.

There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable and therefore it is considered appropriate for the financial statements to be prepared on a going concern basis.

### 3 Significant accounting policies

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

#### a Principles of consolidation

##### Subsidiaries

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries. Control of an entity is achieved where the Fund is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to significantly affect those returns through its power to direct the activities of the entity.

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.

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.

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 3 Significant accounting policies *continued*

#### a Principles of consolidation *continued*

##### 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.

#### 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.

##### Other expenditure

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

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 3 Significant accounting policies *continued*

#### d Goods and services tax (GST)

Revenues, expenses, assets and liabilities 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 non-recoverable 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.

#### f Tax consolidation

The Fund and its wholly-owned Australian resident subsidiaries have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is the Fund.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised by the 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.

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.

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 3 Significant accounting policies *continued*

#### f Tax consolidation *continued*

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.

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.

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### **3 Significant accounting policies** continued

#### **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 the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The net gain or losses arising on remeasurement recognised in the 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.

##### **Non-financial assets**

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

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

#### **n Trade and other payables**

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

#### **o 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.

# Notes to the Consolidated Financial Statements

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 3 Significant accounting policies continued

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2015 but have not been applied in preparing this financial report:

AASB 9 *Financial Instruments* (and applicable amendments), (effective from 1 January 2018) addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption.

AASB 15 *Revenue from Contracts with Customers* (and applicable amendments), (effective from 1 January 2018) is a new standard for the recognition of revenue. This will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and rewards.

AASB 2014-9 *Amendments to Equity Method in Separate Financial Statements*, (effective 1 January 2016) is an amendment to AASB 127 *Separate Financial Statements* and allows an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements at either cost, in accordance with AASB 9 *Financial Instruments* or using the equity method described in AASB 128 *Investments in Associates and Joint Ventures*.

AASB 2015-2 *Amendments to AASB 101*, (effective from 1 January 2016) provides clarification to the existing disclosure requirements in AASB 101 *Presentation of Financial Statements* and ensures that entities are able to use judgements when applying the standard in determining what information to disclose in their financial statements.

The Consolidated Entity does not intend to early adopt the above new standards and amendments and management continues to assess their impacts. There are no other standards that are not yet effective and that would be expected to have a material impact on the Consolidated Entity in the current or future reporting periods and on foreseeable future transactions.

### 4 Parent entity disclosures

	Note	Fund 2015 \$'000	2014 \$'000
<b>Assets</b>			
Current assets		43,362	45,601
Non-current assets	15	97,183	97,183
<b>Total assets</b>		<b>140,545</b>	<b>142,784</b>
<b>Liabilities</b>			
Current liabilities		109,726	96,807
<b>Total liabilities</b>		<b>109,726</b>	<b>96,807</b>
<b>Net assets attributable to unitholders</b>			
Units on issue		56,008	73,975
Undistributed losses		(25,189)	(27,998)
<b>Net assets attributable to unitholders</b>		<b>30,819</b>	<b>45,977</b>

	Fund Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Net profit for the year	2,809	7,882
Other comprehensive income for the year	–	–
<b>Total comprehensive income for the year</b>	<b>2,809</b>	<b>7,882</b>

The Fund has a net current asset deficiency of \$66,364,000 (2014: \$51,206,000). The deficiency arise as a result of differences in the accounting treatment of intercompany balances with subsidiaries which see the investment in subsidiaries being classified as non-current while the related intercompany balances being current. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

# Notes to the Consolidated Financial Statements

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 5 Cash and cash equivalents

	Consolidated	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Cash at bank	6,157	17,814
<b>Total cash and cash equivalents</b>	<b>6,157</b>	<b>17,814</b>

### 6 Trade and other receivables

	Consolidated	
	2015 \$'000	2014 \$'000
<b>Current</b>		
Interest receivable	15	42
Dividend receivable from associate	1,758	–
Other receivables	122	45
<b>Total trade and other receivables</b>	<b>1,895</b>	<b>87</b>

### 7 Other financial assets

	Consolidated	
	2015 \$'000	2014 \$'000
Investment – Multiplex Acumen Vale Syndicate Limited (In Liquidation)	–	442
<b>Total other financial assets</b>	<b>–</b>	<b>442</b>

During the year ended 30 June 2015 Multiplex Acumen Vale Syndicate Limited (MAVSL) paid a final reduction of capital of which \$414,000 was received by the Consolidated Entity. The balance of the remaining carrying amount of the investment was written off.

### 8 Income tax

	Consolidated	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
<b>Current tax benefit</b>		
Current period tax expense	–	–
Prior period adjustments	–	–
<b>Total current tax expense</b>	<b>–</b>	<b>–</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	–	–
<b>Total deferred tax expense</b>	<b>–</b>	<b>–</b>
<b>Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>–</b>	<b>–</b>
<b>Income tax expense</b>		
Numerical reconciliation between tax expense and pre-tax net profit		
Net profit after tax	3,785	3,507
Total income tax expense	–	–
<b>Net profit before income tax</b>	<b>3,785</b>	<b>3,507</b>
Prima facie income tax expense on profit using the Fund's tax rate of 30% (2014: 30%)	(1,136)	(1,052)
Effect of tax losses and other temporary differences not recognised as deferred tax assets	1,136	1,052
<b>Total income tax expense reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>–</b>	<b>–</b>

In accordance with AASB 112 *Income taxes*, a deferred tax asset of \$6,594,000 (2014: \$7,730,000) 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

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 9 Distributions to unitholders

The Fund did not pay a distribution for the year ended 30 June 2015 (2014: nil). On the 31 October 2014, the Fund made a capital return to ordinary unitholders of \$17,967,000 or 11.0 cents per unit (2014: \$17,967,000 or 11.0 cents per unit).

### 10 Investment accounted for using the equity method

	2015		2014	
	Ownership	\$'000	Ownership	\$'000
Little Bay South Developer Pty Limited	50%	40,298	50%	31,662
			<b>Consolidated</b>	
			2015	2014
			\$'000	\$'000
Share of net profit for the year from investments accounted for using the equity method			5,902	3,739

LBS Developer's place of incorporation and principal place of business is Australia. Its principal activity is direct or indirect development of residential properties.

A summary of financial information for 2015 for investment in LBS Developer and its subsidiaries and comparative prior year, not adjusted for the percentage ownership held by the Consolidated Entity, is detailed below:

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Current assets	53,893	87,328
<b>Total assets</b>	<b>53,893</b>	<b>87,328</b>
Current liabilities	3,520	49,751
<b>Total liabilities</b>	<b>3,520</b>	<b>49,751</b>
<b>Net assets</b>	<b>50,373</b>	<b>37,577</b>

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Opening net assets 1 July	37,577	50,612
Net profit for the year	7,378	4,674
Movement in reserves	9	(9)
Net amounts to/(from) LBS	7,606	(17,700)
Dividends declared	(2,197)	-
<b>Closing net assets</b>	<b>50,373</b>	<b>37,577</b>

Consolidated Entity's share in (%)	80.0%	80.0%
Consolidated Entity's share in (\$)	40,298	30,062
Little Bay South – Stage 4 loan receivable	-	2,000
Impairment provision of investment accounted for using the equity method	-	(400)
<b>Total investment accounted for using the equity method</b>	<b>40,298</b>	<b>31,662</b>

	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Revenues	102,184	48,302
Expenses	(93,909)	(43,628)
Income tax expense	(897)	-
<b>Net profit after income tax for the year</b>	<b>7,378</b>	<b>4,674</b>
<b>Other comprehensive income/(loss) for the year</b>	<b>9</b>	<b>(9)</b>
<b>Total comprehensive income for the year</b>	<b>7,387</b>	<b>4,665</b>

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 10 Investment accounted for using the equity method *continued*

The Consolidated Entity is entitled to 80% of the profit or loss of LBS Developer. The Consolidated Entity's share of net profit in its equity accounted investment for the period was \$5,902,000 (2014: \$3,739,000).

During the year, LBS Developer repaid the full \$2,000,000 Stage 4 loan owing to the Fund. A subsequent assessment of the recoverability of the investment in associate undertaken at 30 June 2015 has resulted in the reversal of \$400,000 remaining impairment provision (2014: \$229,000 reversal).

Any additional contributions are made on an 80/20 basis (the Fund 80% and Brookfield group 20%) in accordance with the terms of the shareholders agreement.

### 11 Trade and other payables

	Consolidated 2015 \$'000	2014 \$'000
<b>Current</b>		
Management fee payable	151	55
Other payables	32	12
<b>Total trade and other payables</b>	<b>183</b>	<b>67</b>

### 12 Loans from associates

	Consolidated 2015 \$'000	2014 \$'000
<b>Current</b>		
Loans from associates	12,404	–
<b>Total interest bearing liabilities</b>	<b>12,404</b>	<b>–</b>

As at 30 June 2015, the Consolidated Entity has classified \$12,404,000 of loans from associate as a current liability. The classification was made on the basis that, during the current year, the LBS Developer consolidated group completed its remaining projects and LBS Developer commenced steps to make a capital reduction with the expectation that it will be completed within the next 12 months. Subsequent to year end, in July 2015, LBS Developer declared a reduction of capital which settled the loans from associate.

### 13 Net assets attributable to unitholders

	Consolidated Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
Units on issue	56,008	73,975
Reserves	–	(7)
Undistributed losses	(20,245)	(24,030)
<b>Net assets attributable to unitholders</b>	<b>35,763</b>	<b>49,938</b>
<b>Opening balance of net assets attributable to unitholders</b>	<b>49,938</b>	<b>64,405</b>
<b>Units on issue</b>		
Return of capital	(17,967)	(17,967)
<b>Undistributed income</b>		
Net profit from operations before distributions to unitholders	3,785	3,507
<b>Reserves</b>		
Movements in reserves	7	(7)
<b>Closing balance of net assets attributable to unitholders</b>	<b>35,763</b>	<b>49,938</b>

#### Units on issue

Date	Details	Units	\$
30 June 2015	Closing balance	163,336,831	56,007,994
30 June 2014	Closing balance	163,336,831	73,975,044

# Notes to the Consolidated Financial Statements

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 13 Net assets attributable to unitholders continued

#### Ordinary units

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

### 14 Auditors' remuneration

The Responsible Entity pays audit fees on behalf of the Fund and is entitled to claim reimbursement of most expenses incurred in the operation of the Fund, up to a limit of 0.3% per annum of the gross asset value of the Fund.

	Consolidated	
	Year ended 30 June 2015	Year ended 30 June 2014
	\$	\$
<b>Auditors of the Fund:</b>		
Audit and review of financial reports	30,000	45,000
<b>Total auditor's remuneration</b>	<b>30,000</b>	<b>45,000</b>

### 15 Investment in controlled entities

	Principal place of business / country of incorporation	Ownership and voting rights 30 June 2015	Ownership and voting rights 30 June 2014
<b>Directly held subsidiaries</b>			
Brookfield Multiplex DT Pty Ltd	Australia	100%	100%
Multiplex Residential Communities No 2 Pty Ltd	Australia	100%	100%
<b>Indirectly held subsidiaries</b>			
Ettalong Project Development Trust	Australia	100%	100%
MDOF Little Bay South Holdings Pty Ltd	Australia	100%	100%
Brookfield MDOF LBS Landowner Pty Ltd	Australia	100%	100%

The principal activity of all of the above entities is direct and indirect property investment.

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

### 16 Financial Instruments

#### Significant accounting policies

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

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

#### a Capital risk management

During the year the Board maintained adequate capital to meet the obligations of the Consolidated Entity to its creditors. The Board's intention is to return excess capital to the unitholders in an orderly manner.

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

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 16 Financial Instruments continued

#### b Financial risk management

##### Overview

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

- risks arising from investments in land syndications; and
- risks arising from the Consolidated Entity's use of financial instruments.

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 2015 and 30 June 2014, 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.

##### 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 2015 and 30 June 2014, the Consolidated Entity held no derivative positions. The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2014.

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 16 Financial Instruments continued

#### c Credit risk continued

##### Exposure to credit risk

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

	Consolidated 2015 \$'000	2014 \$'000
Cash and cash equivalents	6,157	17,814
Trade and other receivables	1,895	87
Other financial assets	–	442
<b>Total exposure to credit risk</b>	<b>8,052</b>	<b>18,343</b>

##### Concentrations of credit risk exposure

There are no concentrations of credit risk at the reporting date (2014: 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 2015, the Consolidated Entity did not call on any collateral provided (2014: nil).

##### Financial assets past due but not impaired

No financial assets of the Consolidated Entity was past due at the reporting date (2014: nil).

##### Financial assets whose terms have been renegotiated

As at 30 June 2015 and 30 June 2014, there were no financial assets of the Consolidated Entity whose terms have been renegotiated.

##### Impairment losses

During the year ended 30 June 2015, the Consolidated Entity wrote off \$28,000 of assets deemed not recoverable. (2014: 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 2015 and 30 June 2014, the Consolidated Entity, including its associates, did not default on or breach any terms of its loan covenants.

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 16 Financial Instruments continued

#### d Liquidity risk continued

##### 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.

2015	Carrying amount	Consolidated \$'000				
		Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
Trade and other payables	183	183	183	–	–	–
Loans from associate	12,404	12,404	12,404	–	–	–
<b>Total</b>	<b>12,587</b>	<b>12,587</b>	<b>12,587</b>	<b>–</b>	<b>–</b>	<b>–</b>

2014	Carrying amount	Consolidated \$'000				
		Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
Trade and other payables	67	67	67	–	–	–
<b>Total</b>	<b>67</b>	<b>67</b>	<b>67</b>	<b>–</b>	<b>–</b>	<b>–</b>

#### 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 type of market risk the Consolidated Entity is exposed to is 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 Consolidated Entity's interest in associates. 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.

2015 Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	157	6,000	–	6,157
Trade and other receivables	–	–	1,895	1,895
<b>Total financial assets</b>	<b>157</b>	<b>6,000</b>	<b>1,895</b>	<b>8,052</b>
<b>Financial liabilities</b>				
Trade and other payables	–	–	183	183
Loans from associate	–	–	12,404	12,404
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>12,587</b>	<b>12,587</b>

2014 Consolidated	Floating rate \$'000	Fixed rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>				
Cash and cash equivalents	134	17,680	–	17,814
Trade and other receivables	–	–	87	87
Other financial assets	–	–	442	442
<b>Total financial assets</b>	<b>134</b>	<b>17,680</b>	<b>529</b>	<b>18,343</b>
<b>Financial liabilities</b>				
Trade and other payables	–	–	67	67
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>67</b>	<b>67</b>

# Notes to the Consolidated Financial Statements

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 16 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 or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

\$'000	2015		2015		2014		2014	
	+ 1% Profit or loss	+ 1% Net assets	- 1% Profit or loss	- 1% Net assets	+ 1% Profit or loss	+ 1% Net assets	- 1% Profit or loss	- 1% Net assets
<b>Consolidated Entity</b>								
Interest on cash	2	2	(2)	(2)	1	1	(1)	(1)
<b>Total increase/(decrease)</b>	<b>2</b>	<b>2</b>	<b>(2)</b>	<b>(2)</b>	<b>1</b>	<b>1</b>	<b>(1)</b>	<b>(1)</b>

#### 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. 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 2015	Level 3 \$'000	Total \$'000
<b>Assets</b>		
Other financial assets	–	–
<b>Total assets</b>	<b>–</b>	<b>–</b>
<b>Consolidated Entity – at 30 June 2014</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>		
Other financial assets	442	442
<b>Total assets</b>	<b>442</b>	<b>442</b>

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 16 Financial Instruments continued

#### f Fair value continued

Reconciliation of level 3 fair value measurements:

	Other financial assets \$'000	Total \$'000
<b>Consolidated Entity – for the year ended 30 June 2015</b>		
Opening balance – 1 July 2014	442	442
Reduction of capital	(414)	(414)
Write off investment in MAVSL	(28)	(28)
<b>Closing balance – 30 June 2015</b>	<b>–</b>	<b>–</b>
<b>Total losses for the year included in the profit or loss attributable to losses relating to assets held at the end of year</b>	<b>(28)</b>	<b>(28)</b>
<b>Consolidated Entity – for the year ended 30 June 2014</b>		
Opening balance – 1 July 2013	2,674	2,674
Reduction of capital	(2,232)	(2,232)
<b>Closing balance – 30 June 2014</b>	<b>442</b>	<b>442</b>
<b>Total losses for the year included in the profit or loss attributable to losses relating to assets held at the end of year</b>	<b>–</b>	<b>–</b>

During the current year there were no financial assets or liabilities which transferred between levels 1, 2 or 3 (2014: nil).

### 17 Non-financial assets and liabilities recognised at fair value

The Fund has no non-financial assets and liabilities measured and recognised at fair value at 30 June 2015 (2014: nil).

### 18 Reconciliation of cash flows from operating activities

	Consolidated	
	Year ended 30 June 2015 \$'000	Year ended 30 June 2014 \$'000
<b>Net profit for the year</b>	3,785	3,507
Adjustments for:		
<i>Non-cash items:</i>		
Impairment reversal	(400)	(229)
Write of investment in MAVSL	28	–
<i>Investing activities</i>		
Share of net profit of equity accounted investment	(5,902)	(3,739)
<b>Operating loss before changes in working capital</b>	<b>(2,489)</b>	<b>(461)</b>
<b>Changes in assets and liabilities during the year:</b>		
(Increase)/decrease in trade and other receivables	(50)	43
Increase/(decrease) in trade and other payables	115	(215)
<b>Net cash flow used in operating activities</b>	<b>(2,424)</b>	<b>(633)</b>

# Notes to the Consolidated Financial Statements

continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### 19 Related parties

#### Responsible Entity

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

#### Key management personnel

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

F. Allan McDonald

Barbara Ward

Shane Ross (Resigned as Alternate Director for Russell Prutt and appointed Director on 6 May 2015)

Russell Prutt (Resigned as Director on 6 May 2015)

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

#### 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 for the current year totalled \$660,000 (2014: \$795,000).

##### 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 gross asset value of the Fund.

##### Little Bay South – Stage 4 payment

In prior years, a payment of \$2,000,000 was made from the LBS Developer consolidated group to a Brookfield related party, to release the LBS Developer consolidated group from its obligation and liabilities to complete Stage 4 of the Little Bay South project. This payment was funded by the Fund and removed the risks associated with the development of Stage 4 from the Fund.

During the year, LBS Developer repaid in full the \$2,000,000 Stage 4 loan owing to the Fund. The Fund assumed directly the release of Stage 4 obligations and liabilities by payment to the same Brookfield related party of \$2,000,000 plus GST and a return of the original payment was provided to the LBS Developer consolidated group.

All transactions with related parties are conducted on normal commercial terms and conditions.

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

	Consolidated 2015 \$'000	2014 \$'000
<b>Transactions with the Responsible Entity</b>		
Management fees	(660)	(795)
Expense recoveries	(87)	(164)
Management fee payable	(151)	(55)
Expense recovery payable	(13)	(11)
<b>Transactions with related parties of the Responsible Entity</b>		
Little Bay South dividend receivable	1,758	–
Loans from associates	(12,404)	–
Little Bay South – Stage 4 loan receivable	–	2,000

#### Related party unitholders

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

	2015 Number Held	2014 Number Held
JP Morgan Chase Bank N.A as custodian for BAO Trust	9,320,388	9,320,388
Brookfield Capital Management Limited	20,582,496	20,582,496

# Notes to the Consolidated Financial Statements

## continued

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## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

### **20 Contingent assets and liabilities**

The Consolidated entity has no contingent assets or liabilities at 30 June 2015 (2014: nil).

### **21 Capital and other commitments**

The Consolidated entity has no capital or other commitments at 30 June 2015 (2014: nil).

### **22 Events subsequent to reporting date**

Subsequent to year end, in July 2015, LBS Developer declared a capital reduction, which was used to settle the Consolidated Entity's \$12,404,000 loans from associate.

On 6 August 2015, the Board approved a distribution to unitholders of \$31.1 million (equating to circa 19.05 cents per unit) subject to obtaining a ruling from the Australian Taxation Office confirming payment is capital in nature. Upon the ATO's confirmation the return of capital will be debited against the capital account.

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

# Directors' Declaration

## Multiplex Development and Opportunity Fund

For the year ended 30 June 2015

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 30, 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 2015 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 21st day of August 2015.



**Shane Ross**  
Director  
Brookfield Capital Management Limited

Deloitte Touche Tohmatsu  
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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 2015, 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 31.

### *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 gives a true and fair view and 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 consolidated 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 the Responsible Entity, 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 2015 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 consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU  
DELOITTE TOUCHE TOHMATSU



AG Collinson  
Partner  
Chartered Accountants  
Sydney, 21 August 2015