

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
ARSN 100 563 488

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007

MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
FOR THE YEAR ENDED 30 JUNE 2007

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Responsible Entity

Multiplex Capital Investments Limited (formerly Multiplex Investments Limited)
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Directors of Multiplex Capital Investments Limited (formerly Multiplex Investments Limited)

Peter Morris
Robert McCuaig
Michael Hodgetts
Rex Bevan
Brian Motteram
Ian O'Toole
Robert Rayner

Company secretary of Multiplex Capital Investments Limited (formerly Multiplex Investments Limited)

Alex Carrodus

Location of unit registry

Registries (Victoria) Pty Limited
PO Box R67
Royal Exchange
Sydney NSW 1223
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Custodian

Multiplex Funds Management Limited
C/- Multiplex Capital Investments Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000
Telephone: (02) 9335 7000
Facsimile: (02) 9299 7077

DIRECTORS' REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
FOR THE YEAR ENDED 30 JUNE 2007

Introduction

The Directors of Multiplex Capital Investments Limited (formerly Multiplex Investments Limited) (ABN: 48 096 295 233), the Responsible Entity of Multiplex Development and Opportunity Fund ("the Fund"), present their report together with the financial report of the Fund and the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2007 and the auditor's report thereon.

Responsible Entity

The Responsible Entity of Multiplex Development Opportunity Fund is Multiplex Capital Investments Limited (formally Multiplex Investments Limited), which has been the Responsible Entity since the inception of the Fund. The registered office and principle place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney.

On the 21 February 2007 the Responsible Entity changed its name from Multiplex Investments Limited to Multiplex Capital Investments limited.

Directors

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

Name

| | |
|------------------|--|
| Peter Morris | (Director since 1 November 2001) |
| Robert McCuaig | (Director since 30 May 2002) |
| Michael Hodgetts | (Director since 9 November 2001, resigned 31 January 2007) |
| Rex Bevan | (Appointed 21 February 2007) |
| Brian Motteram | (Appointed 21 February 2007) |
| Ian O'Toole | (Director since 27 October 2004) |
| Robert Rayner | (Director since 31 March 2004) |

Information on Directors

Dr Peter Morris, Non-executive Chairman

Peter has over 35 years' experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects.

Peter acts as Independent Chairman of Multiplex Capital Management Limited, Multiplex Capital Investments Limited and Multiplex Capital Securities Limited.

Robert McCuaig, Non-executive Director

Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia, now one of the world's largest professional property services groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia.

Brian Motteram, Non-executive Director

Brian has in excess of 30 years' 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 18 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a private Perth-based property group in positions of Chief Financial Officer and later, Finance Director.

Rex Bevan, Non-executive Director

Rex has many years' business experience in the areas of financial management, investment banking and the provision of economic and investment advice. From 1988 to 2005 he filled a number of roles within Western Pacific Portfolio Planning Pty Ltd (now Western Pacific Finance Ltd), including the position of Research Manager, and later, Managing Director. From 1994 to 1998 Rex was a director of the master trust operator, Flexiplan Australia Ltd, prior to its acquisition by MLC.

Ian O'Toole, Executive Director

Ian has responsibility for the overall direction and strategy of the Multiplex Capital funds management business, including both MPT and the external funds management business of Multiplex Capital. He has over 24 years' experience in funds management and prior to joining Multiplex Capital in 2003, was responsible for both capital transactions and asset management within ING Real Estate Investment Management Limited.

Robert Rayner, Executive Director

Robert has responsibility for the day-to-day operation and development of Multiplex Capital's funds management activities. Robert has been involved in property and property funds management for more than 17 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. Robert was a founding shareholder and director of the Acumen Capital funds management business, since renamed Multiplex Capital.

Company Secretary

Alex Carrodus was appointed to the position of company secretary on 25 January 2005.

Information on Company Secretary

Alex Carrodus

Alex has over 12 years experience in the areas of company secretarial practice and compliance in the funds management industry having worked for the ASX listed Ronin Property Group prior to its acquisition by the Multiplex Group, AMP and ASX Limited. Prior to this period Alex worked for 8 years in the insolvency and audit divisions of a number of local and international accounting firms both in Sydney and London.

Principal activities

The principal activity of the Fund 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.

There has been no change in the Fund's activities during or since the end of the financial year. The Fund did not have any employees during the period or subsequent to balance date.

Review of operations

Key highlights over the period include:

- Profit attributable to unitholders before distributions for the year ended 30 June 2007 was \$22,316,000 (June 2006: \$9,944,000).
- The Fund realised \$13.502m (June 2006: \$10.532 m) profit on available-for-sale financial assets, which include the close out of Latitude Site C (\$5.8m), Walsh Bay Moorings (\$0.3m), Cotton Beach (\$2.4m) and Nedlands Park Hotel (\$5.3m).
- The Fund increased its contributed equity by 10.6 million units raising \$11.13 m.
- Total assets for the year ended 30 June 2007 were \$278.435m (June 2006: \$308.353m). All assets are valued at historical cost except for available for sale financial assets and derivative financial instruments which are carried at fair value.
- The total return to unitholders for the year ended 30 June 2007 is \$15.006m (2006: \$13.006m).
- New investments were made in Henley Brook (\$17m), Able Point Marina (\$10m), Vale Stages 7-11 (\$42m).
- A total of \$56m was invested in Mezzanine loans, namely Pegasus Town (\$21m), Claremont (\$8.5m), Cotton Beach (\$8.3m), Latitude (\$12.5m) and SX West Tower (\$6m).

DIRECTORS' REPORT (CONTINUED)
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
FOR THE YEAR ENDED 30 JUNE 2007

Distributions

Distributions paid to unitholders or declared were as follows:

| | Cents per unit | \$'000 |
|--|----------------|--------|
| Distribution for quarter ended 30 June 2006 ¹ | 2.68 | 3,848 |
| Distribution for quarter ended 30 September 2006 | 1.65 | 2,364 |
| Distribution for quarter ended 31 December 2006 | 3.02 | 4,419 |
| Distribution for quarter ended 31 March 2007 | 2.91 | 4,375 |
| | 10.26 | 15,006 |

Note 1: The distribution paid of \$3.848 million on 31 July 2006 was not declared until after 30 June 2006.

Subsequent to the reporting date, the Fund declared and paid a distribution to unitholders of 2.65 cents per unit on 27 July 2007.

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 Fund that occurred during the financial year.

Likely developments

Information about likely developments in the operations of the Fund and the expected results of those operations in subsequent financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Fund.

Environmental regulations

The Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

Events subsequent to balance date

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

Indemnification and insurance premiums

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

The Fund has not indemnified any auditor of the Consolidated Entity.

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

Responsible Entity Particulars

The registered address for Multiplex Capital Investments Limited is 1 Kent Street, Sydney, NSW 2000.

DIRECTORS' REPORT (CONTINUED)
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
FOR THE YEAR ENDED 30 JUNE 2007

Lead Auditors independence declaration

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the financial year ended 30 June 2007.

Rounding of amounts

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

Dated at Sydney this 24 day of August 2007

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



Ian O'Toole
Director
Multiplex Capital Investments Limited



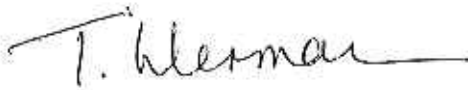
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Multiplex Capital Investments Limited as the Responsible Entity of
Multiplex Development and Opportunity Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG



Tanya Gilerman
Partner

Sydney, NSW
24 August 2007

INCOME STATEMENTS
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
 FOR THE YEAR ENDED 30 JUNE 2007

| | Note | Consolidated | | Fund | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Revenues from ordinary activities | | | | | |
| Revenue from the sale of land held for development | 4 | 240,713 | 43,026 | - | - |
| Realised profit on available-for-sale financial assets | | 13,502 | 10,532 | - | - |
| Interest income | | 11,916 | 3,961 | 1,588 | 287 |
| Income guarantee – total return | 20 | - | 9,031 | - | 9,031 |
| Net gain on financial derivatives | | 302 | 141 | 297 | - |
| Dividends received – Controlled entities | | - | - | 16,957 | 9,128 |
| Total revenues and other income | | 266,433 | 66,691 | 18,842 | 18,446 |
| Expenses from ordinary activities | | | | | |
| Cost of sale of land held for development | | 211,338 | 33,201 | - | - |
| Marketing and selling costs | | 6,826 | 2,785 | - | - |
| Administration expenses | | 1,601 | 654 | 140 | 121 |
| Responsible entities fees | | 2,204 | 2,167 | 2,204 | 2,167 |
| Income guarantee expense | | - | 5,354 | - | - |
| Loss on available-for-sale financial assets | | - | 1,308 | - | - |
| Management service fees | | 1,341 | 574 | 412 | 404 |
| Performance fee | 5 | 2,382 | - | - | - |
| Finance costs | | 124 | - | - | - |
| Total expenses | | 225,816 | 46,043 | 2,756 | 2,692 |
| Profit before income tax | | 40,617 | 20,648 | 16,086 | 15,754 |
| Income tax expense/ (benefit) | 6(a) | 13,496 | 8,471 | (261) | 2,103 |
| Profit after tax before distributions to unitholders | | 27,121 | 12,177 | 16,347 | 13,651 |
| Profit attributable to minority interests | | (4,805) | (2,233) | - | - |
| Profit attributable to unitholders | | 22,316 | 9,944 | 16,347 | 13,651 |
| Finance costs – Distributions to unitholders | 7 | (15,006) | (13,006) | (15,006) | (13,006) |
| Changes in net assets attributable to unitholders | | 7,310 | (3,062) | 1,341 | 645 |

The above income statements should be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 32.

Statement of Change in Equity

As the Consolidated Entity has no equity, the consolidated entity has not included a Statement of Changes in Equity for the current or comparative year.

BALANCE SHEETS
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

| | Note | Consolidated | | Fund | |
|---|-------|----------------|----------------|----------------|----------------|
| | | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 9(a) | 40,714 | 7,990 | 13,144 | 4,940 |
| Trade and other receivables | 10 | 20,596 | 59,608 | 38,038 | 50,230 |
| Available-for-sale financial assets | 13(a) | 13,350 | 25,842 | - | - |
| Inventories - Land held for development | 14 | 55,319 | 142,316 | - | - |
| Accrued income | 11 | 557 | 2,189 | - | - |
| Fair value of financial derivatives | 19(d) | 5 | 141 | - | - |
| Total current assets | | 130,541 | 238,086 | 51,182 | 55,170 |
| Non-current assets | | | | | |
| Investment in controlled entity | 12 | - | - | 97,183 | 97,183 |
| Available-for-sale financial assets | 13(a) | 21,490 | 47,170 | - | - |
| Inventories - Land held for development | 14 | 61,733 | 21,940 | - | - |
| Future income tax benefit | 6 | 1,195 | 1,157 | - | - |
| Trade and other receivables | 10 | 62,301 | - | 20,751 | - |
| Accrued income | 11 | 1,175 | - | 1,175 | - |
| Total non-current assets | | 147,894 | 70,267 | 119,109 | 97,183 |
| Total assets | | 278,435 | 308,353 | 170,291 | 152,353 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 15 | 38,165 | 4,989 | 3,714 | 1,100 |
| Income tax payable | 6 | 8,349 | 3,234 | 3,899 | 1,639 |
| Fair value of financial derivatives | 19(d) | 38 | - | 38 | - |
| Interest bearing loans and borrowings | 16 | 36,407 | 123,206 | - | - |
| Total current liabilities | | 82,959 | 131,429 | 7,651 | 2,739 |
| Non-current liabilities | | | | | |
| Trade and other payables | 15 | 14,100 | 8,578 | - | - |
| Provisions for performance fee | 5 | 2,382 | - | - | - |
| Deferred income tax liability | 6 | - | 3,453 | 559 | - |
| Total non-current liabilities | | 16,482 | 12,031 | 559 | - |
| Total liabilities (excluding net assets attributable to unitholders interests) | | 99,441 | 143,460 | 8,210 | 2,739 |
| Net assets attributable to unitholders | 18 | 178,994 | 164,893 | 162,081 | 149,614 |

The above balance sheets should be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 32.

STATEMENTS OF CASH FLOWS
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
 FOR THE YEAR ENDED 30 JUNE 2007

| | Note | Consolidated | | Fund | |
|---|------|-----------------|------------------|-----------------|-----------------|
| | | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Cash flows from operating activities | | | | | |
| Cash receipts in the course of operations | | 234,361 | 54,266 | 29,568 | 16,248 |
| Cash payments in the course of operations | | (158,452) | (179,860) | (142) | (2,697) |
| Interest received | | 12,373 | 2,430 | 413 | 287 |
| Interest paid | | (1,780) | (4) | - | (4) |
| Income taxes paid | | (9,705) | (3,562) | (8,032) | (4,461) |
| Net cash flows (used in)/from operating activities | 9(b) | 76,797 | (126,730) | 21,807 | 9,373 |
| Cash flows from investing activities | | | | | |
| Proceeds from disposal of available-for-sale-financial assets | | 86,016 | 37,571 | - | - |
| Payments to related parties for investments | | (51,551) | - | - | - |
| Net cash flows from investing activities | | 34,465 | 37,571 | - | - |
| Cash flows from financing activities | | | | | |
| Proceeds from issues of units | | 11,126 | 17,170 | 11,126 | 2,037 |
| Payments from capital raising | | - | (5,241) | - | - |
| Repayment of borrowings | | (102,799) | - | - | - |
| Proceeds from interest bearing liabilities | | 30,107 | 96,329 | - | - |
| Loans to related parties | | - | (8,800) | (9,723) | (1,817) |
| Distributions paid | | (16,972) | (13,006) | (15,006) | (13,006) |
| Net cash flows from/(used in) financing activities | | (78,538) | 86,452 | (13,603) | (12,786) |
| Net (decrease)/increase in cash and cash equivalents | | | | | |
| Cash and cash equivalents at 1 July | | 7,990 | 10,697 | 4,940 | 8,353 |
| Cash and cash equivalents at 30 June | 9(a) | 40,714 | 7,990 | 13,144 | 4,940 |

The above Statement of cash flows should be read in conjunction with the accompanying notes to the financial statements set out on pages 11 to 32.

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

1 REPORTING ENTITY

Multiplex Development and Opportunity Fund (the "Fund") is an Australian registered Management Investment Scheme under the Corporations Act 2001. Multiplex Capital Investments Limited, 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 2007 comprises the Fund and its subsidiaries (together referred to as the "Consolidated Entity").

2 BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report of Multiplex Development and Opportunity Fund ("the Fund") for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 24 August 2007.

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the following:

- Derivative financial instruments which are measured at fair value
- Available for sale financial assets which are measured at fair value

The methods used to measure fair value are discussed further in note 3.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Principles of consolidation

The Consolidated financial statements include the financial statements of the Fund and entities controlled by the Fund (its subsidiaries) (referred to as the "Consolidated Entity" in these financial statements). 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 subsidiaries acquired or disposed of during the year are included in the consolidated income statement 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.

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

(a) Principles of consolidation (continued)

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 are generally accounted for by reference to the existing book value of the items. Where the transaction value differs from the 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.

(b) Segment Reporting

A segment is a distinguishable component of the Consolidated Entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Fund is organised into one main segment which operates in the business of investment management within Australia.

(c) 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.

Exchange of goods and services of the same nature and value without any cash recognition are not recognised as revenues. 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 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.

Realised profit on available-for-sale financial assets

The consideration received on close out of a development project by the Fund is included as revenue at the date of close out. Prior to close out of development projects, valuation increments above initial investment are included in the available for sale reserve. On close out the available for sale reserve related to the specific project closed out is transferred to the income statement.

Interest income

Revenue is recognised as interest accrues using the effective interest rate method.

Income guarantee

Revenue from the income guarantee is calculated and accrued on a monthly basis where the conditions under the guarantee are fulfilled. An amount equal to 70% (tax effected) is accrued as an income guarantee expense at the same time. This is reflected in current trade and other payables. The Fund relies on Multiplex Limited for continued support under the income guarantee agreement to ensure the Fund is in a position to pay at least an 8% per annum distribution in any distribution period.

Dividends and distributions

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

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

(d) Expense recognition

Finance costs

Finance costs include interest, amortisation of discounts or premiums relating to borrowing, amortisation of ancillary costs incurred in connection with arrangement of borrowings. Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than 12 months to prepare for their intended use or sale. In these circumstance, 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.

Performance fees

Performance fees are recognised on an accrual 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

Expenditure including marketing and selling costs, management fees, administration costs, rates, taxes, other outgoings, performance fees and responsible entity fees are brought to account on an accrual basis.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (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 balance sheet.

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

(f) Taxation

The income tax expense or revenue for the period is the tax payable on the current period'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 income 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 income 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.

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

(f) Taxation (continued)

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Tax Consolidation

(i) Tax consolidation

The Fund and its wholly-owned Australian resident entities 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 company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Fund as an equity contribution or distribution.

The Fund 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.

(ii) 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.

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(h) Cash and cash equivalents

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

(i) Available-for-sale financial assets

Available-for-sale financial assets are investments in risk participation agreements and grant of development rights. These available-for-sale financial assets are recorded at fair value as at 30 June 2007.

These agreements are between the Fund or a Project Development Trust ("PDT") controlled by the Fund, and entities within the Multiplex Limited group of companies, whereby the Fund or PDT effectively acquires an interest in the relevant development. In determining the fair value of an existing available-for-sale-financial asset, consideration has been given to the specific nature and stage of the project. The fair value assumptions for the available-for-sale financial asset can be affected by such factors as, but not limited to, delays in planning approvals, environmental issues, industrial disputes, unexpected rises in inflation, unforeseen escalation in construction costs, the supply and demand of the property market, third party failure, increases in interest rates, variations to construction specifications, inability to sell developments at the projected sale price and/or within the projected sale period, changes in law or government policy, changes in taxation legislation, conflicts of interest between the developer and the Fund, insurance shortfalls and changes to premium costs, due diligence failure and other force majeure events such as fire, floods, earthquakes etc. These factors, and others, can affect the risk of each project and in turn affect the value of the available-for-sale financial assets.

Once a project has actually commenced construction phase, the cash flows generated by the project can be estimated and the fair value is based on the present value of the expected future net cash flows having been discounted to their present value using market determined risk adjusted discount rates. Where the development project has not reached the construction phase, the investment is valued at its historic cost. All unrealised revaluations of the available-for-sale financial assets are taken to the available for sale reserve in equity. Once an available-for-sale financial asset is realised, the revaluation is recognised in the income statement.

(j) 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 (refer Note 3(d)), and rates and taxes.

(k) 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 charges are brought to account as described in note 3 (q). Non-current receivables are measured at amortised cost using the effective interest rate method.

(l) Trade and other payables

Trade and other 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 year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Finance costs - Distributions

Distributions paid and payable on units are recognised in the income statement as finance costs and as a liability where not paid. Distributions paid are included in cash flows from operating activities in the statement of cash flows.

(n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less any attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest rate method with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings.

Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

(o) Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designed as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit and loss. In the current year all hedges have been treated as ineffective.

(p) Units of issue

Issued and paid up units are recognised in change 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.

(q) 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 flows 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.

Individually 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 profit and loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit and loss.

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 profit and loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS
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(q) Impairment (continued)

Non financial assets

The carrying amount of the Consolidated Entity's non financial assets other than inventories and 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.

In respect of all assets (other than goodwill), 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.

(r) Net assets attributable to unitholders

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

(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 Consolidated Entity in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements:

- AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Consolidated Entity's financial instruments.
- AASB 2005 – 10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1 *First – time Adoption of Australian equivalents to International Financial Reporting Standards*. AASB 2005 – 10 is applicable for annual reporting periods on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

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4 REVENUE FROM THE SALE OF LAND HELD FOR DEVELOPMENT

| | Consolidated | | Fund | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Vale Stages 2-6, Perth | 100,546 | 43,026 | - | - |
| Portside Wharf | 140,167 | - | - | - |
| | 240,713 | 43,026 | - | - |

5 PROVISIONS

| | Consolidated | | Fund | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Opening balance | - | - | - | - |
| Performance fee | 2,382 | - | - | - |
| Closing balance | 2,382 | - | - | - |

The performance fee is payable by Multiplex Acumen Vale Landowner Pty Limited on completion of the project to the Development Manager. The performance fee is calculated at 20% of the amount by which the overall Shareholder return exceeds a 20% annualised internal rate of return on equity (before tax) to Shareholders.

6 INCOME TAX

| | Consolidated | | Fund | |
|--|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| (a) Income tax expense / (benefit) Numerical reconciliation between tax expense/ (benefit) and pre-tax net profit | | | | |
| Profit for the period | 27,121 | 12,177 | 16,347 | 13,651 |
| Total income tax expense/(benefit) | 13,496 | 8,471 | (261) | 2,103 |
| Profit before income tax | 40,617 | 20,648 | 16,086 | 15,754 |
| Prima facie income tax expense/ (benefit) on profit/ (loss) using the Fund's tax rate of 30% (2006: 30%) | 12,185 | 6,194 | 4,826 | 4,726 |
| Tax exempt income dividend received | - | - | (5,087) | (2,738) |
| Non-deductible expenses | 152 | 2,277 | - | 115 |
| Non-deductible dividend received | 1,159 | - | - | - |
| Total income tax expense/(benefit) | 13,496 | 8,471 | (261) | 2,103 |
| (b) Tax assets & liabilities | | | | |
| Tax liability – current | 8,349 | 3,234 | 3,899 | 1,639 |
| Future income tax benefit | 1,195 | 1,157 | - | - |
| Deferred income tax liability – non-current | - | 3,453 | 559 | - |

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6 INCOME TAX (CONTINUED)

(c) Recognised deferred tax assets & liabilities

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Consolidated | | | | | | |
| Accrued Income | 657 | - | (520) | - | 137 | - |
| Provisions | 749 | - | - | (3,453) | 749 | (3,453) |
| Other | 2,126 | - | (529) | - | 1,597 | - |
| Amounts recognised directly in equity | - | 1,157 | (1,288) | - | (1,288) | 1157 |
| | 3,532 | 1,157 | (2,337) | (3,453) | 1,195 | (2,296) |
| Fund | | | | | | |
| Accrued Income | - | - | (353) | - | (353) | - |
| Other | - | - | (206) | - | (206) | - |
| | - | - | (559) | - | (559) | - |

There were no amounts recognised directly in equity in respect of the Fund

7 FINANCE COSTS – DISTRIBUTIONS TO UNITHOLDERS

Distributions paid to unitholders or declared were as follows:

| Ordinary units | Cents per unit | Total amount \$'000 | Franked/unfranked | Date of payment |
|--|----------------|---------------------|-------------------|-----------------|
| June 2005 distribution ¹ | 2.31 | 3,272 | Franked | 29 Jul 2005 |
| September 2005 distribution | 2.72 | 3,870 | Franked | 28 Oct 2005 |
| December 2005 distribution | 1.86 | 2,649 | Franked | 27 Jan 2006 |
| March 2006 distribution | 2.25 | 3,215 | Franked | 3 May 2006 |
| Total distribution 30 June 2006 | 9.14 | 13,006 | | |
| | | | Franked | |
| June 2006 distribution ² | 2.68 | 3,848 | Franked | 31 Jul 2006 |
| September 2006 distribution | 1.65 | 2,364 | Franked | 1 Nov 2006 |
| December 2006 distribution | 3.02 | 4,419 | Franked | 1 Feb 2007 |
| March 2007 distribution | 2.91 | 4,375 | Franked | 30 Apr 2007 |
| Total distribution 30 June 2007³ | 10.26 | 15,006 | | |

Note 1: The distribution of \$3,272 million was paid on 29 July 2005 and not declared until after 30 June 2005.

Note 2: The distribution of \$3,848 million was paid on 31 July 2006 and not declared until after 30 June 2006.

Note 3: A distribution of \$4,055 million was paid on 31 July 2007 and not declared until after 30 June 2007.

| Franked distributions declared or paid during the year were franked at the tax rate of 30% | 2007 \$'000 | 2006 \$'000 |
|--|----------------|----------------|
| | | |

Distributions franking account

30 per cent franking credits available to unit holders of the Fund for subsequent financial years

| | |
|-------|-----|
| 2,447 | 846 |
|-------|-----|

NOTES TO THE FINANCIAL STATEMENTS
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8 AUDITORS' REMUNERATION

| | Consolidated | | Fund | |
|---|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Audit services: | | | | |
| Auditors of the Fund | | | | |
| KPMG - Audit and review of the financial reports | 82,500 | - | - | - |
| Ernst & Young - Audit and review of the financial reports | - | 124,000 | - | 124,000 |
| Ernst & Young - Other services | - | 37,475 | - | 37,475 |
| | 82,500 | 161,475 | - | 161,475 |

In the financial statements of the Fund the audit fee of \$98,500 and the other services fee for MDOF distribution review of \$10,000 is borne by a related entity Multiplex Capital Investments Limited.

9 (a) CASH AND CASH EQUIVALENTS

| | Consolidated | | Fund | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Current cash at bank and on hand | 40,714 | 7,990 | 13,144 | 4,940 |

Cash at bank balances earns interest at floating rates based on daily bank deposit rates.

As at 30 June 2007, the Fund had \$3,273,100 of applications monies that are not available until units are allotted. The corresponding liability has been reflected under payables (refer note 15).

9 (b) RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

| | Consolidated | | Fund | |
|--|----------------|------------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Profit attributable to unitholders | 27,121 | 12,177 | 16,347 | 13,651 |
| Adjustments for: | | | | |
| Net fair value change on derivatives | 33 | (141) | 38 | - |
| Unrealised foreign exchange gains | (335) | - | (335) | - |
| Profit before changes in working capital | 26,819 | 12,036 | 16,050 | 13,651 |
| Changes in operating assets and liabilities during the year | | | | |
| Decrease/(increase) in inventories | 47,204 | (147,898) | - | - |
| Decrease/(increase) in receivables | (23,289) | 2,941 | 1,500 | (1,160) |
| Decrease/(increase) in accrued income | 457 | (1,531) | (1,175) | - |
| Decrease/(increase) in deferred tax asset | (38) | (1,056) | - | - |
| (Decrease)/increase in payables | 23,982 | 6,408 | 2,613 | (2,565) |
| (Decrease)/increase in deferred tax liability | (3,453) | 1,331 | 559 | - |
| (Decrease)/increase in current tax liability | 5,115 | 1,039 | 2,260 | (553) |
| Net cash inflow/(outflow) from operating activities | 76,797 | (126,730) | 21,807 | 9,373 |

NOTES TO FINANCIAL REPORT
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10 TRADE AND OTHER RECEIVABLES

| | Consolidated | | Fund | |
|---|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Current | | | | |
| Amounts due from related parties | | | | |
| Income guarantee receivable from Multiplex Ltd | - | 2,422 | - | 2,422 |
| Loan to Multiplex Castlereagh Investments Pty (a) | - | 14,000 | - | - |
| Loan to Multiplex Dee Why Pty (a) | - | 3,800 | - | - |
| Loan to Multiplex Hurstville Pty (a) | - | 5,000 | - | - |
| Loan to Multiplex W9&10 Constructions Stage 4B Pty(a) | - | 10,000 | - | - |
| Loan to Multiplex Latitude Site C Pty (a) | 12,500 | - | - | - |
| Other related party receivables (a) | 5,822 | 22,862 | 37,988 | 47,723 |
| Other receivables | 2,274 | 1,524 | 50 | 85 |
| | 20,596 | 59,608 | 38,038 | 50,230 |
| Non-current | | | | |
| Amounts due from related parties | | | | |
| Loan to Multiplex Pegasus Town Limited (a) | 20,751 | - | 20,751 | - |
| Loan to Multiplex Hurstville Pty (a) | 5,000 | - | - | - |
| Loan to Multiplex W9&10 Constructions Stage 4B Pty(a) | 10,000 | - | - | - |
| Loan to Multiplex Claremont Pty (a) | 8,450 | - | - | - |
| Loan to Multiplex Cotton Beach Pty (a) | 8,300 | - | - | - |
| Loan to Multiplex SX West Tower Landowner Pty (a) | 6,000 | - | - | - |
| Loan to Multiplex Dee Why Pty (a) | 3,800 | - | - | - |
| | 62,301 | - | 20,751 | - |

(a) Terms and conditions relating to related party transactions have been disclosed in note 20. Interest at 16.8% is charged by the Consolidated Entity and has been taken to income. No interest is capitalised. Interest received on the loans treated as income for the year was \$11.106m (2006: \$3.519m) for the Consolidated Entity and \$1.175m (2006: \$NIL) for the Fund.

11 ACCRUED INCOME

| | Consolidated | | Fund | |
|--------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Current | | | | |
| | 557 | 2,189 | - | - |
| | 557 | 2,189 | - | - |
| Non current | | | | |
| | 1,175 | - | 1,175 | - |
| | 1,175 | - | 1,175 | - |

Accrued income relates to interest receivable on related party loans to Multiplex Cotton Beach Pty, Multiplex Hurstville Pty and Multiplex Pegasus Town Limited. These receivables attract interest at the rate of 16.8%.

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12 INVESTMENT IN CONTROLLED ENTITIES

| | Percentage ownership | Company 2007 \$'000 | Company 2006 \$'000 |
|----------------------------------|-------------------------|---------------------------|---------------------------|
| Investment in MPX DT Pty Limited | 100% | 97,183 | 97,183 |

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

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The table below summarises the underlying available-for-sale financial assets in development projects held by entities within the consolidated group.

a) Interest in developments – at fair value

| | Date of acquisition of financial asset by the consolidated entity | Cost 2007 \$'000 | Capital revaluation reserve 2007 \$'000 | Consolidated | |
|--|--|------------------------|---|------------------------------|------------------------------|
| | | | | Fair value 2007 \$'000 | Fair value 2006 \$'000 |
| Consolidated – current developments | | | | | |
| Ettalong Development | 23 Dec 2003 | 2,250 | - | 2,250 | 4,027 |
| Multiplex Latitude Site C Pty Limited | 31 May 2004 | - | - | - | 16,415 |
| Tarneit Development | 31 Dec 2004 | 1,100 | - | 1,100 | - |
| Meridien Investment Trust No 5 | 31 Dec 2006 | 10,000 | - | 10,000 | - |
| Walsh Bay Moorings 8 & 9 Development | 23 May 2005 | - | - | - | 1,100 |
| Stage 4 Lakelands (Apartments) Developments | 30 June 2005 | - | - | - | 4,300 |
| Total current investments | | 13,350 | - | 13,350 | 25,842 |
| Consolidated – non current developments | | | | | |
| Rhodes Development | 23 Dec 2004 | 5,900 | 3,012 | 8,912 | 7,778 |
| Tarneit Development | 31 Dec 2004 | - | - | - | 1,837 |
| Nedlands Park Hotel Development | 29 June 2005 | - | - | - | 16,320 |
| Bluewater Stages 1-4 Developments | 29 June 2005 | 11,300 | 1,278 | 12,578 | 12,934 |
| Cotton Beach Development | 29 June 2005 | - | - | - | 8,301 |
| Total non current investments | | 17,200 | 4,290 | 21,490 | 47,170 |

There are no available for sale financial assets held in the financial statements of the Fund at 30 June 2007 (30 June 2006: \$NIL).

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13 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

b) Reconciliation of carrying amounts

Reconciliations of the carrying amounts of available-for-sale financial assets at the beginning and the end of the financial year is set out below:

| | Consolidated | |
|---|---------------|---------------|
| | 2007 | 2006 |
| | \$'000 | \$'000 |
| Carrying amounts at the beginning of the financial year | 73,012 | 131,929 |
| Aquisitions | 10,000 | - |
| Disposals | (46,495) | (68,394) |
| Net fair value increments/(decrements) | (1,677) | 9,477 |
| Carrying amount at the end of the financial year | 34,840 | 73,012 |

There are no available-for-sale financial assets held in the financial statements of the Fund at 30 June 2007 (30 June 2006: \$ NIL).

14 INVENTORIES – LAND HELD FOR DEVELOPMENT

| | | Consolidated | | Fund | |
|---------------------|-----|--------------|---------|--------|--------|
| | | 2007 | 2006 | 2007 | 2006 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Inventories at cost | | | | | |
| Portside Wharf | (a) | 17,115 | 86,025 | - | - |
| Vale stages 2-6 | (b) | 21,457 | 56,291 | - | - |
| Henley Brook | (c) | 16,747 | - | - | - |
| Total current | | 55,319 | 142,316 | - | - |
| Vale stages 2-6 | (b) | 18,978 | 21,940 | - | - |
| Vale stages 7-11 | (d) | 42,755 | - | - | - |
| Total Non current | | 61,733 | 21,940 | - | - |
| Total inventories | | 117,052 | 164,256 | - | - |

(a) \$17.115 million - Land at Portside Wharf, Brisbane. This land is being developed into residential apartments.

(b) \$40.435 million - Land held at the north-eastern Perth suburb of Ellenbrook. This land is held through the subsidiary Multiplex Acumen Vale Landowner Pty Limited which intends to subdivide, develop and sell as residential land. An independent valuation as at the 14 August 2007 valued the land at \$65m.

(c) \$16.747 million – Land held at the north eastern localities of Henley Brook and Whiteman, Perth. The land is held through the subsidiary Multiplex Henley Brook Landowner Pty Limited which intends to develop and sell as residential land. An independent valuation as at the 30 March 2007 valued the land at \$58m

(d) \$42.348 million – Land held at Aveley, north east Perth. This land is held through the subsidiary Vale Stages 7-11 Landowner Pty Limited which intends to develop and sell as residential land. An independent valuation as at the 8 May 2007 valued the land at \$40m.

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15 **TRADE AND OTHER PAYABLES**

| | Consolidated | | Fund | |
|------------------------------------|---------------|--------------|--------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Payables | 15,292 | 4,351 | 3,519 | 904 |
| Loans from related parties (a) | 14,100 | 442 | - | - |
| Responsible entity fee payable (a) | 195 | 196 | 195 | 196 |
| Income guarantee liability (a) | 8,578 | - | - | - |
| | 38,165 | 4,989 | 3,714 | 1,100 |
| Non-Current | | | | |
| Income guarantee liability (a) | - | 8,578 | - | - |
| Loans from related parties (a) | 14,100 | - | - | - |
| | 14,100 | 8,578 | - | - |

(a) Terms and conditions relating to related party transactions have been disclosed in note 20.

Income guarantee liability

Multiplex Limited has agreed to ensure that the Fund is in a position to pay a distribution each distribution period of 8% per annum net of management fees (including the GST impact of those management fees) and operating expenses and before tax, on the net asset value of the Fund until 30 June 2008. To the extent that the Fund does not generate at least an 8% per annum distribution in any distribution period, Multiplex Limited will ensure the Fund is put into a position so that it can pay a distribution of that amount.

Any amount paid by Multiplex Limited to the Fund under the guarantee will be reimbursed to 70% by the Consolidated Entity to Multiplex Limited from income of the Consolidated Entity in subsequent periods.

The income recognised by the Consolidated Entity in relation to the income guarantee during the year ended 30 June 2007 was \$nil. The amount payable to Multiplex Limited by the Consolidated Entity out of future profits of the Consolidated Entity in relation to the income guarantee as at year end was \$8,577,668 (2006: \$8,577,668). The income guarantee liability and expense is recognised payable at 70% of the total income support received in accordance with the income guarantee agreement.

16 **INTEREST BEARING LOANS AND BORROWINGS**

| | Consolidated | | Fund | |
|-----------------------|---------------|----------------|----------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Secured bank debt (a) | - | 76,025 | - | - |
| Secured bank debt (b) | 20,000 | 47,181 | - | - |
| Secured bank debt (c) | 16,407 | - | - | - |
| | 36,407 | 123,206 | - | - |

- (a) The bank facility is secured by a first charge over all assets of Portside Wharf Finance Pty Limited.
(b) The bank facility is secured by a first charge over all assets of Multiplex Acumen Vale Landowner Pty Limited.
(c) The bank facility is secured by a first charge over all assets of Vale Stages 7-11 Landowner Pty Limited

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16 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

| Financing Arrangements | Expiry Date | Consolidated | | Fund | |
|--------------------------------|--------------|----------------|----------------|----------------|----------------|
| | | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Facilities available | | | | | |
| Bank debt facility (1) | 31 July 2007 | 40,000 | 47,325 | - | - |
| Bank debt facility (2) | | - | 126,150 | - | - |
| Bank debt facility (3) | 30 Sept 2008 | 22,000 | - | - | - |
| Less: facilities utilised | | (36,407) | (123,206) | - | - |
| Facilities not utilised | | 25,593 | 50,269 | - | - |

(1) This floating rate cash facility is for a maximum commitment of \$40 million financed by National Australia Bank Limited with respect to Multiplex Acumen Vale Landowner Pty Limited. At 30 June 2007, the Consolidated Entity had an interest rate swap agreement in place with National Australia Bank whereby the Consolidated Entity pays a fixed interest rate of 5.83% and receives a variable rate equal to the BBSY on the notional amount. The interest rate swap matures on a monthly basis.

(2) This floating rate cash facility is for a maximum commitment of \$126.15 million financed by ANZ Bank Limited with respect to the Portside Wharf development. This floating rate cash facility with ANZ National Bank Limited was closed out on 31 March 2007.

(3) This fixed rate cash facility is for a maximum commitment of \$22 million financed by National Australia Bank Limited with respect to Vale Stages 7-11 Landowner Pty Limited. The fixed rate is 6.795% plus an activation fee of 0.8% for a period of 1 year and 3 months.

17 UNITS ON ISSUE

| Date | Details | Units | \$ |
|--------------|--|--------------------|--------------------|
| 1 July 2005 | Opening balance | 142,142,730 | 144,364,875 |
| | November 2005 capital raising costs | - | (45,229) |
| | 27 January 2006 Distribution reinvestment plan | 114,518 | 116,809 |
| | 1 March 2006 issue of units | 1,094,616 | 1,105,560 |
| | 3 May 2006 Distribution reinvestment plan | 152,383 | 155,431 |
| 30 June 2006 | Closing balance | 143,504,247 | 145,697,446 |
| | 31 July 2006 Distribution reinvestment plan | 181,407 | 192,305 |
| | 1 November 2006 Distribution reinvestment plan | 121,787 | 126,667 |
| | 1 November 2006 issue of units | 1,355,271 | 1,409,482 |
| | 1 December 2006 issue of units | 1,935,588 | 2,032,367 |
| | 2 January 2007 issue of units | 1,104,011 | 1,170,252 |
| | 1 February 2007 Distribution reinvestment plan | 236,493 | 250,683 |
| | 1 February 2007 issue of units | 1,119,378 | 1,186,539 |
| | 1 March 2007 issue of units | 1,363,546 | 1,445,359 |
| | 30 April 2007 Distribution reinvestment plan | 243,847 | 256,039 |
| | 1 May 2007 issue of units | 298,464 | 307,409 |
| | 1 June 2007 issue of units | 2,643,844 | 2,748,453 |
| 30 June 2007 | Closing balance | 154,107,883 | 156,823,001 |

Ordinary units

Ordinary units are issued monthly in accordance with the end of month Net Asset Value. All units in the Fund were fully paid and are of the same class and carry equal rights. Unitholders are entitled to a pro rate distribution from date of issue. Any month during which there are no new units are issued, the liquidity facility is utilised.

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
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18 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

| | Note | Consolidated | | Fund | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2007 \$000 | 2006 \$000 | 2007 \$000 | 2006 \$000 |
| Units on issue | | 156,823 | 145,697 | 156,823 | 145,697 |
| Share issue costs | | (1,698) | (1,698) | - | - |
| Available for sale reserve | | 3,002 | (518) | - | - |
| Undistributed income | | 4,109 | 5,376 | 5,258 | 3,917 |
| Parent interests | | 162,236 | 148,857 | 162,081 | 149,614 |
| Minority Interests | | 16,758 | 16,036 | - | - |
| Net assets attributable to unitholders | | 178,994 | 164,893 | 162,081 | 149,614 |
| | | | | | |
| Opening balance of unitholder's interests | | 164,893 | 149,177 | 149,614 | 151,762 |
| | | | | | |
| Units on issue | | | | | |
| Issue of units | | 10,300 | 1,105 | 10,300 | 1,105 |
| Units reinvested | | 826 | 272 | 826 | 272 |
| Capital raising costs | | - | (1,742) | - | (45) |
| Available for sale reserve | | | | | |
| Unrealised fair value movement in available for sale assets | | 1,677 | 4,439 | - | (4,125) |
| Deferred income tax liability on unrealised value of financial assets available for sale | | (503) | (1,332) | - | - |
| Close out of Stage 4 Lakeland's (apartments) development | | (3,080) | - | - | - |
| Close out of Multiplex Latitude Site C | | (3,151) | - | - | - |
| Transfer from/ (to) statement of distribution | | 8,577 | (5,354) | - | - |
| Undistributed Income | | | | | |
| Net profit from operations before distributions to unit holders | | 22,316 | 9,944 | 16,347 | 13,651 |
| Finance costs – Distribution to unit holders | | (15,006) | (13,006) | (15,006) | (13,006) |
| Transfer (to) / from available for sale reserve | | (8,577) | 5,354 | - | - |
| Minority interests | | | | | |
| Issue of shares | | - | 13,803 | - | - |
| Dividend | | (4,083) | - | - | - |
| Share of net income | | 4,805 | 2,233 | - | - |
| Closing balance of unit holder's interests | | 178,994 | 164,893 | 162,081 | 149,614 |

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
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19 FINANCIAL INSTRUMENTS

The Consolidated Entity maintains positions in financial instruments and various other financial assets and liabilities, which arise directly from its operations. The Consolidated Entity's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The main type of financial risk to which the Consolidated Entity is exposed to are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the Consolidated Entity are discussed below:

(a) Market risk

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and price risk. The Fund's strategy on the management of such risk is driven by the Fund's investment objectives. The Fund's market risk is managed in accordance with the investment guidelines as outlined in the Fund's product disclosure statement.

(1) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Fund's exposure to interest rate risk and the effective weighted average interest rate for classes of interest bearing financial assets and interest bearing financial liabilities is set out below:

| | Note | Weighted average effective interest rate % | Floating interest rate maturing in one year or less \$'000 | Non- interest bearing \$'000 | Total \$'000 |
|--|------|--|--|---------------------------------------|-----------------|
| Consolidated 2007 | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 9(a) | 5.55 | 40,714 | - | 40,714 |
| Available for sale financial assets | 13 | - | - | 34,840 | 34,840 |
| Amounts receivable from related parties | 10 | 16.8 | 74,801 | 5,822 | 80,623 |
| Receivables | 10 | - | - | 2,274 | 2,274 |
| | | | 115,515 | 42,936 | 158,451 |
| Financial liabilities | | | | | |
| Trade and other payables | 15 | - | - | 17,869 | 17,869 |
| Amounts payable to related parties | 15 | - | - | 36,778 | 36,778 |
| Interest bearing loans and borrowings | | | | | |
| Current – Vale 2-6 | 16 | 6.38 | 20,000 | - | 20,000 |
| Current – Vale 7-11 | 16 | 6.83 | 16,407 | - | 16,407 |
| | | | 36,407 | 54,647 | 91,054 |
| Consolidated 2006 | | | | | |
| Financial assets | | | | | |
| Cash and deposits | 9 | 5.1 | 7,990 | - | 7,990 |
| Available for sale financial assets | 13 | - | - | 73,012 | 73,012 |
| Amounts receivable from related parties | 10 | 16.8 | 35,222 | 22,862 | 58,084 |
| Receivables | 10 | - | - | 1,524 | 1,524 |
| | | | 43,212 | 97,398 | 140,610 |
| Financial liabilities | | | | | |
| Trade and other payables | 15 | - | - | 4,547 | 4,547 |
| Provisions payable to related parties | | - | - | 9,020 | 9,020 |
| Interest bearing loans and borrowings | | | | | |
| Current – Portside | 16 | 7.08 | 76,025 | - | 76,025 |
| Current – Vale 2-6 | 16 | 6.53 | 47,181 | - | 47,181 |
| | | | 123,206 | 13,567 | 136,773 |

19 FINANCIAL INSTRUMENTS (CONTINUED)

(2) Currency risk

The Consolidated Entity may invest in financial assets and enter into transactions denominated in currencies other than its functional currency. Consequently, the Consolidated Entity is exposed to risks that the exchange rate of the currency to other foreign currencies may change in a manner that has an adverse affect on the value of the Consolidated Entity's assets and liabilities denominated in currencies other than the Australian Dollar. The currency risk is managed by entry into foreign exchange contracts (refer note 19(d)).

(3) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of change in market prices whether caused by factors specific to an individual instrument, its issuer or all factors affecting all instruments traded in the market. Price risk is mitigated by the Fund's Manager by entering into a diversified portfolio of instruments traded in various markets.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of on-balance sheet financial assets and liabilities as they are marked to market. The total credit risk for on-balance sheet items including securities is therefore limited to the amount carried on the balance sheet.

(c) Liquidity risk

The Consolidated Entity's liquidity objective is to deliver working capital, fund the equity portion of Consolidated Entity assets and invest surplus assets. The Consolidated Entity maintains sufficient cash resources to maintain operations, meet it's financial obligations and liabilities and provide funds for capital expenditure and investment opportunities as they arise.

(d) Specific Instruments

Derivatives

The Consolidated Entity's holdings in derivatives translated into AUD were as specified in the table below:

| Type of contract | Expiration | Underlying | Notional amount of contracts outstanding \$'000 | Fair value (assets) \$'000 |
|---------------------------|-------------|-----------------------|---|----------------------------|
| As at 30 June 2007 | | | | |
| Interest rate swap | 31 Jul 2007 | Fixed to Floating (a) | 5,760 | 5 |
| Exchange rate swap | 30 Jun 2009 | Exchange rates (b) | 9,977 | (22) |
| Exchange rate swap | 30 Jun 2009 | Exchange rates (c) | 4,794 | (16) |
| | | | 20,531 | (33) |
| As at 30 June 2006 | | | | |
| Interest rate swap | 23 Oct 2006 | Fixed to Floating | 82,695 | 107 |
| Interest rate swap | 21 Sep 2006 | Fixed to Floating | 19,789 | 34 |
| | | | 102,484 | 141 |

(a) At 30 June 2007, the Consolidated Entity had an interest rate swap agreement in place with National Australia Bank whereby the Consolidated Entity pays a fixed interest rate of 5.83% and receives a variable rate equal to the BBSY on the notional amount. The interest rate swap matures on a monthly basis.

(b) At 30 June 2007, the Consolidated Entity had an exchange rate swap agreement in place with Commonwealth Bank of Australia whereby the Consolidated Entity pays a fixed exchange rate of 1.1465, to the NZ\$.

(c) At 30 June 2007, the Consolidated Entity had an exchange rate swap agreement in place with Commonwealth Bank of Australia whereby the Consolidated Entity pays a fixed exchange rate of 1.1496, to the NZ\$.

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
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19 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in note 3. The fair values of financial assets and liabilities together with the carrying amount shown in the Balance Sheet are set out below:

| | 2007 | | 2006 | |
|---------------------------------------|------------------------------|----------------------|------------------------------|----------------------|
| | Carrying amount \$'000 | Fair value \$'000 | Carrying amount \$'000 | Fair value \$'000 |
| Consolidated | | | | |
| Available for sale financial assets | 34,840 | 34,840 | 73,012 | 73,012 |
| Trade and other receivables | 82,897 | 82,897 | 59,608 | 59,608 |
| Cash and cash equivalents | 40,714 | 40,714 | 7,990 | 7,990 |
| Interest bearing loans and borrowings | (36,407) | (36,407) | (123,206) | (123,206) |
| Trade and other payables | (54,647) | (54,647) | (13,576) | (13,576) |
| Total | 67,397 | 67,397 | 3,828 | 3,828 |

20 RELATED PARTIES

Responsible Entity

The Responsible Entity of the Fund is Multiplex Capital Investments Limited (formally Multiplex Investments Limited) (ABN 48 096 295 233) whose immediate and ultimate holding companies are Multiplex Capital Pty Ltd (formally Multiplex Investment Funds Pty Limited) (ABN 34 103 114 441) and Multiplex Limited (ABN 96 008 687 063) respectively.

Ultimate parent

Multiplex Development and Opportunity Fund, the ultimate parent of the group, holds 100% of the following entity which is included in the consolidated financial statements.

- MPX DT Pty Limited

The following transaction occurred between the parent and its 100% subsidiary:

Dividend received from MPX DT Pty Limited amount to \$16,956,929 (2006: \$9,127,994).

Control of subsidiary

The Fund, via its wholly owned subsidiary, MPX DT Pty Ltd has a 49.6% interest in Multiplex Acumen Vale Syndicate Limited ("MAVSL" or "the Company"), a company limited by shares, which in turn has a 100% interest in Multiplex Acumen Vale Landowner Pty Ltd ("MAVL") as at 30 June 2007. The owners of the remaining 50.4% interest in Multiplex Acumen Vale Syndicate Limited are widely held by various institutional and individual investors.

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

20 RELATED PARTIES (CONTINUED)

Key management personnel ("KMP")

The Consolidated Entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Entity and this is considered the KMP. The directors of the Responsible Entity are key management personnel of that entity and their names are Peter Morris, Robert McCuaig, Michael Hodgetts, Rex Bevan (appointed 21 February 2007), Brian Motteran (appointed 21 February 2007), Ian O'Toole and Robert Rayner.

The responsible entity is entitled to a management fee which is calculated as a proportion of net assets attributed to unitholders (refer below). No compensation is paid directly by the Consolidated Entity to any of the key management personnel of the Responsible Entity.

Responsible Entity's fees

Multiplex Capital Investments Limited is entitled to receive the following fees:

Management fee

The Responsible Entity is entitled to a management fee of 1.5% per annum of the Gross Assets of the Fund calculated and payable monthly. Fees paid by the fund to the Responsible Entity amounted to \$2,203,729, (2006: \$2,167,044).

Reimbursement of expenses

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

Equity Raising Fee

The equity raising fee for the year was \$0.445m (2006: \$1.698m).

Related party transactions

All transactions with related parties are conducted on normal commercial terms and conditions. All transactions require the unanimous approval of all Independent Directors.

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

| Income Statement | Consolidated 2007 \$'000 | Consolidated 2006 \$'000 |
|--|---|---|
| Responsible entity fees paid directly by the Fund | 2,204 | 2,167 |
| Expenses incurred by the Responsible Entity and reimbursed by the Fund in accordance with the provisions of the Trust Constitution | 412 | 404 |
| Fees paid to Multiplex Limited and wholly owned subsidiaries: | | |
| Sales, marketing & development fees | 6,826 | 2,834 |
| Income earned from Multiplex Limited and wholly owned subsidiaries: | | |
| Income guarantee - total return | - | 9,031 |
| Income guarantee - project level | - | - |
| Income return on investments received from wholly owned entities | 13,502 | 10,532 |

NOTES TO FINANCIAL REPORT
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
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20 RELATED PARTIES (CONTINUED)

Related party transactions (continued)

| | Consolidated 2007 \$'000 | Consolidated 2006 \$'000 |
|---|--------------------------------|--------------------------------|
| Balance Sheet | | |
| Responsible entity fees payable | 195 | 196 |
| Amounts receivable from Multiplex Limited and wholly owned subsidiaries | 80,623 | 46,662 |
| Amount receivable from Income earned from Multiplex Limited and wholly owned subsidiaries | | |
| Loan to Multiplex Castlereagh investments Pty | - | 1,638 |
| Loan to Multiplex Dee Why Pty | - | 152 |
| Loan to Multiplex Hurstville Pty | 209 | 224 |
| Loan to Multiplex W9&10 Constructions Stage 4B Pty | - | 174 |
| Loan to Multiplex Cotton Beach Pty | 347 | - |
| Loan to Multiplex Pegasus Town Limited | 1,175 | - |
| Income guarantee receivable from Multiplex Limited | - | 2,422 |
| Non-interest bearing loans from Multiplex Limited and its wholly owned subsidiaries | 28,200 | 442 |
| Amounts payable to Multiplex Limited and wholly owned subsidiaries | 8,578 | 8,578 |

Related party unitholders

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

| | 2007 Number Held | 2006 Number Held |
|---------------------------------------|---------------------|---------------------|
| Mr Robert McCuaig | 52,037 | 52,037 |
| Multiplex Capital Investments Limited | - | 1,747,063 |

Multiplex Limited Income guarantee – from 1 October 2004

Multiplex Limited has agreed to ensure that the Fund is in a position to pay a distribution each distribution period of 8% per annum net of management fees (including the GST impact of those management fees) and operating expenses and before tax, on the net asset value of the Fund until 30 June 2008. To the extent that the Fund does not generate at least an 8% per annum distribution in any distribution period, Multiplex Limited will ensure the Fund is put into a position so that it can pay a distribution of that amount.

Any amount paid by Multiplex Limited to the Fund under the guarantee will be reimbursed by the Consolidated Entity to Multiplex Limited from income of the Consolidated Entity in subsequent periods.

The income recognised by the Consolidated Entity in relation to the income guarantee during the year ended 30 June 2007 was \$nil (2006: \$9,030,514). The amount receivable from Multiplex Limited as at year end in relation to the income guarantee was \$nil, (2006: \$3,421,724). The amount payable to Multiplex Limited by the Consolidated Entity out of future profits of the Consolidated Entity in relation to the income guarantee as at year end was \$8,577,668. (2006: \$8,577,668).

20 RELATED PARTIES (CONTINUED)

Multiplex Limited income guarantee – from 1 July 2004 to 30 September 2004

The Information Memorandum dated March 2002 provided that Multiplex Limited would guarantee a minimum 8% per annum before income tax return on the Fund equity invested in each development project. This guarantee was due to expire in December 2003 but was extended. Multiplex Limited did not guarantee that there would be a profit upon sale of each development and therefore capital invested was not guaranteed.

Priority development return entitlement

The Fund will, in relation to Multiplex Developments in which it has invested, have a priority entitlement to an agreed development return once all development costs have been paid and any funding of those costs have been repaid.

- To the extent that the proceeds realised from the development are sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 16.8% per annum on the equity invested for the period it is invested.
- The Fund is entitled to a 50% share of the remaining development return.

Prior to November 2004, the Information Memorandum dated March 2002 prescribed that the Trust had a priority entitlement in the allocation of the development returns generated on Trust equity invested in each development. This priority entitlement was calculated as follows:

- To the extent that the proceeds from the development were sufficient after meeting all development costs, the Fund would be entitled to the return of equity invested plus an amount equal to 20% per annum on the equity invested for the period it is invested.
- The Fund would be entitled to 20% of the remaining development return.

The Fund has sourced its revenues from developments proposed by Multiplex Limited and its related entities.

21 FINANCE COSTS

| | Consolidated | | Fund | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Interest incurred | 2,640 | 5,255 | - | - |
| Interest capitalised | 2,516 | 5,255 | - | - |
| Interest expensed | 124 | - | - | - |

22 CONTINGENT ASSETS AND LIABILITIES

The Fund has no contingent assets or liabilities at 30 June 2007 and 30 June 2006.

23 CAPITAL AND OTHER COMMITMENTS

A subsidiary company Multiplex Acumen Vale Landowner Pty Limited has a commitment for inventory development costs according to the feasibility at 30 June 2007 of \$113.247m (2006: \$165.444m).

24 EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION
MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND
AS AT 30 JUNE 2007

Multiplex Development and Opportunity Fund
Directors' Declaration

- 1 In the opinion of the Directors of Multiplex Capital Investments Limited as Responsible Entity for Multiplex Development and Opportunity Fund:
- (a) The consolidated financial statements and notes, set out in pages 8 to 32 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2007 and of their 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;
- (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.

This declaration is made in accordance with a resolution of the Directors.

Dated at Sydney, this 24 day of August 2007.



Ian O'Toole
Director
Multiplex Capital Investments Limited



Independent auditor's report to the unitholders of Multiplex Development and Opportunity Fund

Report on the financial report

We have audited the accompanying financial report of Multiplex Development and Opportunity Fund (the "Fund"), which comprises the balance sheets as at 30 June 2007, and the income statements and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 24 and the directors' declaration set out on page 33, 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.

Directors' responsibility for the financial report

The directors of Multiplex Capital Investments Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These Auditing 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 and fair presentation of the financial report 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 of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australia Accounting Interpretations) a view which is consistent with our understanding of the Fund and the Consolidated Entity's financial position, and of their performance.



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

Auditor's opinion

In our opinion 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 financial position of the Fund and the Consolidated Entity as at 30 June 2007 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

KPMG

Tanya Gilerman
Partner

Sydney, NSW
24 August 2007