

Brookfield Australian Opportunities Fund
Interim financial report
For the half year ended
31 December 2011

Brookfield Australian Opportunities Fund

ARSN 104 341 988

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

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Directory

Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

Responsible Entity

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

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Brian Motteram
Barbara Ward
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office

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

Custodian

JP Morgan Chase Bank N.A. (Sydney Branch)
Level 35, Suncorp Building
259 George Street
Sydney NSW 2000

Stock Exchange

The Fund is listed on the Australian Securities Exchange (ASX Code: BAO). The Home Exchange is Sydney.

Location of Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: +61 1300 737 760
Facsimile: + 61 1300 653 459

Auditor

Deloitte Touche Tohmatsu
The Barrington
Level 10, 10 Smith Street
Parramatta NSW 2150
Telephone: + 61 2 9840 7000
Facsimile: + 61 2 9840 7001

Directors' Report

Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Brookfield Australian Opportunities Fund (ARSN 104 341 988) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries, and the Consolidated Entity's interest in associates for the six months ended 31 December 2011 and the Independent Auditor's Review Report thereon.

Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities

The principal activity of the Consolidated Entity is the investment in Australian Securities Exchange (ASX) listed and unlisted property securities in Australia.

Review of operations

The Consolidated Entity has recorded a net loss of \$2,372,000 for the six month period ended 31 December 2011 (2010: net loss of \$3,201,000). The reported net loss includes \$5,742,000 in impairment losses on a number of the unlisted and ASX listed property securities investments (2010: \$2,217,000).

Distributions

During the current and prior period, no distributions were paid by the Fund to ordinary unitholders.

Distributions paid/payable to minority interests are detailed below.

	Cents per unit	Total amount \$'000	Date of payment
Income units			
July 2011 distribution	0.4590	242	19 August 2011
August 2011 distribution	0.7371	389	20 September 2011
September 2011 distribution	0.3375	178	20 October 2011
October 2011 distribution	0.0353	19	21 November 2011
November 2011 distribution	0.3563	188	20 December 2011
Total distribution for the six months ended 31 December 2011	1.9252	1,016	
Income units			
July 2010 distribution	0.2289	121	20 August 2010
August 2010 distribution	0.3119	165	20 September 2010
September 2010 distribution	0.6455	341	20 October 2010
October 2010 distribution	0.2678	141	22 November 2010
November 2010 distribution	0.1991	105	20 December 2010
Total distribution for the six months ended 31 December 2010	1.6532	873	

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

- total revenue and other income of \$6,907,000 (2010: \$5,052,000);
- earnings per unit (EPU) of 0.07 cents (2010: (0.65) cents);
- net assets of \$146,924,000 (30 June 2011: \$150,489,000)
- net assets attributable to ordinary unitholders of \$110,256,000 and NTA per ordinary units of \$0.14 (30 June 2011: \$109,516,000 and NTA of \$0.13);
- ASX listed portfolio value of \$32,215,000 (30 June 2011: \$31,209,000) including a net revaluation increment to reserves on a number of ASX listed investments of \$620,000 and an impairment charge of \$1,051,000; and
- unlisted security portfolio value of \$105,411,000 (30 June 2011: \$119,172,000) including a net revaluation decrement to reserves on a number of unlisted investments of \$341,000 and an impairment charge of \$4,691,000.

Directors' Report continued

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

Refinance of debt

During the period, the Fund refinanced its existing debt facility, which was due to expire in December 2012. Key terms of the new debt facility are as follows:

- Facility limit of \$35 million, with maturity in November 2014 and subject to terms including the following financial covenants:
 - o Loan to Value Ratio limit at 30%; and
 - o Interest Cover Ratio is at least 1.60.
- Margin of 3% per annum over BBSY.

In addition, the Fund has entered into an interest rate swap for a two year period to hedge \$26.25 million (75% of the facility limit) at a fixed rate of 3.75% resulting in an effective rate of 6.75% for the hedged amount for this period.

Acquisition of Multiplex Property Income Fund assets

During the period, the Directors of BCML as Responsible Entity of the Fund made a conditional offer to BCML as responsible entity of Multiplex Property Income Fund (MPIF) to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange as held by MPIF. Following a unitholder vote on 22 November 2011, the offer was rejected by MPIF unitholders and the assets remain with MPIF.

Investment in unlisted property securities

The Consolidated Entity invests directly in 31 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, 6 have suspended redemptions, 19 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 3 investments were listed on the ASX but are now deemed insolvent and 3 have limited liquidity features meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

Consistent with 30 June 2011, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2011, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Consolidated Entity is not seeking to sell its assets in the near term, an additional discount would not normally be applied.

Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

Controlled entity

The Fund owns 100% of the ordinary units of MPIF. The results of MPIF are consolidated into the results of the Fund's interim financial report. MPIF, on a stand-alone basis, holds \$4,485,000 in cash at 31 December 2011 and has an investment portfolio of ASX listed and unlisted property securities of \$31,790,000 at the period end date.

MPIF has 52,791,450 income units on issue at the reporting date. Under the terms of the MPIF Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where MPIF does not meet the PDP to its income unitholders, the Fund will be prevented from making distributions to its unitholders unless the shortfall has been met within 12 months of the end of the month in which the shortfall occurred.

As MPIF distributed less than the PDP for the months from January 2011 through to December 2011, the Fund will be prevented from making a distribution to its unitholders until the shortfall has been met. This distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months is, or has been, paid to income unitholders of MPIF.

The PDP shortfall at 31 December 2011 was \$2,277,000 (31 December 2010: \$2,104,000).

Directors' Report continued

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

Investment accounted for using the equity method

The Consolidated Entity owns 20.64% of the ordinary units of Multiplex New Zealand Property Fund (MNZPF) (30 June 2011: 20.64%). In accordance with accounting standards, the Consolidated Entity has significant influence over MNZPF and accounts for its investment under the equity accounting method whereby the Consolidated Entity records its share of profit or loss of MNZPF's operations. Any changes to the results and operations of the underlying investment are presented in the Consolidated Entity's financial statements through the share of net profit or loss of investments accounted for using the equity method line item in the consolidated Statement of Comprehensive Income and the carrying value of the investment accounted for using the equity method in the consolidated Statement of Financial Position.

Rounding of amounts

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

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

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2011.

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

Dated at Sydney this 24th day of February 2012



Russell Proutt

Director

Brookfield Capital Management Limited

The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Brookfield Australian Opportunities Fund)
135 King Street
SYDNEY, NSW 2000

24 February 2012

Dear Directors

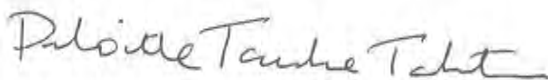
BROOKFIELD AUSTRALIAN OPPORTUNITIES FUND

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 of Brookfield Australian Opportunities Fund.

As lead audit partner for the review of the financial statements of Brookfield Australian Opportunities Fund for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants

Condensed Consolidated Interim Statement of Comprehensive Income

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

	Note	Consolidated Half year ended 31 December 2011 \$'000	Consolidated Half year ended 31 December 2010 \$'000
Revenue and other income			
Distribution income from ASX listed and unlisted property trusts		6,607	3,610
Gain on disposal of ASX listed and unlisted property trusts		–	379
Interest income		300	1,063
Total revenue and other income		6,907	5,052
Expenses			
Share of net loss of investment accounted for using the equity method		883	1,843
Impairment expense	8	5,742	2,217
Finance costs to external parties		1,366	3,324
Loss on disposal of ASX listed and unlisted property trusts		5	–
Management fees		339	390
Other expenses	7	944	479
Total expenses		9,279	8,253
Net loss for the period		(2,372)	(3,201)
Other comprehensive income			
Change in reserves of investment accounted for using the equity method		(436)	(1,669)
Change in fair value of available for sale financial assets		279	7,584
Change in the fair value of cash flow hedge		(20)	–
Other comprehensive (loss)/income for the period		(177)	5,915
Total comprehensive (loss)/income for the period		(2,549)	2,714
Net profit/(loss) attributable to:			
Ordinary unitholders		588	(3,976)
Minority interest – MPIF income unitholders		(2,960)	775
Net loss for the period		(2,372)	(3,201)
Total comprehensive income/(loss) attributable to:			
Ordinary unitholders		740	224
Minority interest – MPIF income unitholders		(3,289)	2,490
Total comprehensive (loss)/income for the period		(2,549)	2,714
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)		0.07	(0.65)

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

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Brookfield Australian Opportunities Fund

As at 31 December 2011

	Note	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Assets			
Current assets			
Cash and cash equivalents		18,512	10,573
Trade and other receivables		1,995	1,897
Investments – available for sale	8	32,215	31,209
Total current assets		52,722	43,679
Non-current assets			
Investments – available for sale	8	105,411	119,172
Investment accounted for using the equity method		24,678	25,997
Total non-current assets		130,089	145,169
Total assets		182,811	188,848
Liabilities			
Current liabilities			
Trade and other payables		1,058	1,054
Distribution payable		–	205
Total current liabilities		1,058	1,259
Non-current liabilities			
Fair value of financial derivative	9	20	–
Interest bearing liabilities	9	34,809	37,100
Total non-current liabilities		34,829	37,100
Total liabilities		35,887	38,359
Net assets		146,924	150,489
Equity			
Attributable to ordinary unitholders			
Units on issue – ordinary units	10	231,827	231,827
Reserves		2,530	2,378
Undistributed losses		(124,101)	(124,689)
Attributable to MPIF income unitholders			
Minority interest – MPIF income units	10	52,960	52,960
Reserves		4,245	4,574
Undistributed losses		(20,537)	(16,561)
Total equity		146,924	150,489

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

Condensed Consolidated Interim Statement of Changes in Equity

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

	Attributable to unitholders of the Fund				Attributable to minority interest				
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Income units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Total equity \$'000
Consolidated Entity									
Opening equity – 1 July 2011	231,827	(124,689)	2,378	109,516	52,960	(16,561)	4,574	40,973	150,489
Change in reserves of investment accounted for using the equity method	–	–	(436)	(436)	–	–	–	–	(436)
Change in fair value of available for sale financial assets	–	–	608	608	–	–	(329)	(329)	279
Change in fair value of cash flow hedge	–	–	(20)	(20)	–	–	–	–	(20)
Other comprehensive income/(loss) for the period	–	–	152	152	–	–	(329)	(329)	(177)
Net profit/(loss) for the period	–	588	–	588	–	(2,960)	–	(2,960)	(2,372)
Total comprehensive income/(loss) for the period	–	588	152	740	–	(2,960)	(329)	(3,289)	(2,549)
Transactions with unitholders in their capacity as unitholders:									
Distributions paid	–	–	–	–	–	(1,016)	–	(1,016)	(1,016)
Total transactions with unitholders in their capacity as unitholders	–	–	–	–	–	(1,016)	–	(1,016)	(1,016)
Closing equity – 31 December 2011	231,827	(124,101)	2,530	110,256	52,960	(20,537)	4,245	36,668	146,924

Condensed Consolidated Interim Statement of Changes in Equity continued

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

	Attributable to unitholders of the Fund				Attributable to minority interest				
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Income units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Total equity \$'000
Consolidated Entity									
Opening equity – 1 July 2010	203,381	(122,540)	(1,133)	79,708	52,960	(15,647)	1,933	39,246	118,954
Change in reserves of investment accounted for using the equity method	–	–	(1,669)	(1,669)	–	–	–	–	(1,669)
Change in fair value of available for sale financial assets	–	–	5,869	5,869	–	–	1,715	1,715	7,584
Other comprehensive income/(loss) for the period	–	–	4,200	4,200	–	–	1,715	1,715	5,915
Net loss/(profit) for the period	–	(3,976)	–	(3,976)	–	775	–	775	(3,201)
Total comprehensive income/(loss) for the period	–	(3,976)	4,200	224	–	775	1,715	2,490	2,714
Transactions with unitholders in their capacity as unitholders:									
Units issued	28,446	–	–	28,446	–	–	–	–	28,446
Distributions paid	–	–	–	–	–	(873)	–	(873)	(873)
Total transactions with unitholders in their capacity as unitholders	28,446	–	–	28,446	–	(873)	–	(873)	27,573
Closing equity – 31 December 2010	231,827	(126,516)	3,067	108,378	52,960	(15,745)	3,648	40,863	149,241

The Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Cash Flows

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

	Consolidated	
	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	6,553	3,715
Cash payments in the course of operations	(709)	(2,289)
Interest received	253	1,060
Financing costs paid	(2,124)	(1,103)
Net cash flows from operating activities	3,973	1,383
Cash flows from investing activities		
Payments for purchase of available for sale assets	(1,057)	(6,439)
Proceeds from sale of available for sale assets	8,344	3,524
Net cash flows from/(used in) investing activities	7,287	(2,915)
Cash flows from financing activities		
Proceeds from issue of ordinary units	–	30,429
Issue costs	–	(1,740)
Repayments of interest bearing liabilities	(2,100)	(27,130)
Distributions paid to minority interests	(1,221)	(1,154)
Net cash flows (used in)/from financing activities	(3,321)	405
Net increase/(decrease) in cash and cash equivalents	7,939	(1,127)
Cash and cash equivalents at the beginning of the period	10,573	7,822
Cash and cash equivalents at 31 December	18,512	6,695

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

Notes to the Condensed Consolidated Interim Financial Statements

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

1 Reporting entity

Brookfield Australian Opportunities 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 interim financial report of the Fund as at and for the six months ended 31 December 2011 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interest in associates.

2 Basis of preparation

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial report does not include all the information required for a full year report and should be read in conjunction with the annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2011.

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

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

3 Significant accounting policies

The accounting policies applied in this consolidated interim financial report are the same as those applied in the consolidated financial report as at and for the year ended 30 June 2011, except for the impact of the new or revised Standards and Interpretations that are first effective in the current reporting period, as described below.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-4 amends a number of pronouncements as a result of the International Accounting Standards Board's (IASB's) 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity, financial instrument disclosures and significant events and transactions in interim reports.

AASB 2010-5 Amendments to Australian Accounting Standards (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-5 makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

AASB 2010-6 makes amendments to AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect, in particular, entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

Revised AASB 124 Related Party Disclosures and *AASB 2009-12 Amendments to Australian Accounting Standards*

The amendment clarifies the definition of a related party and includes an explicit requirement to disclose commitments involving related parties.

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

Notes to the Condensed Consolidated Interim Financial Statements continued

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

4 Estimates

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

5 Segment reporting

Management have identified the Chief Operating Decision Maker function is performed by the Board of Directors of the Responsible Entity (Board). The following sectors are identified as reporting segments which are reviewed by the Board to make decisions and assess performance:

ASX listed property securities

This segment represents the Consolidated Entity's investment in a portfolio of ASX listed securities, including impairment expenses and any gains or losses recognised on ASX listed property securities.

Unlisted property securities

This segment represents the Consolidated Entity's investments in unlisted property securities, including the share of results of operations of the investment in associate (as the associate is an unlisted property security), impairment expenses and any gains or losses recognised on unlisted property securities.

Other

Other represents costs associated with the management of the Consolidated Entity and finance costs associated with the Consolidated Entity's debt, cash and interest bearing liabilities.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the period under review.

	ASX listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
For the half year ended 31 December 2011				
Total segment revenue and other income	2,145	4,462	300	6,907
Net profit/(loss) for the period	1,082	(1,105)	(2,349)	(2,372)

	ASX listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
For the half year ended 31 December 2010				
Total segment revenue and other income	936	3,053	1,063	5,052
Net profit/(loss) for the period	618	(688)	(3,131)	(3,201)

The following is an analysis of the Consolidated Entity's assets by reportable operating segment.

	ASX listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
31 December 2011				
Total assets	32,880	131,344	18,587	182,811

	ASX listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
30 June 2011				
Total assets	31,820	146,425	10,603	188,848

Notes to the Condensed Consolidated Interim Financial Statements continued

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

6 Distributions

During the current and prior periods, no distributions were paid by the Fund to ordinary unitholders.

Distributions paid/payable to minority interests are detailed below.

	Cents per unit	Total amount \$'000	Date of payment
Income units			
July 2011 distribution	0.4590	242	19 August 2011
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Total distribution for the six months ended 31 December 2010	1.6532	873	

The Fund's subsidiary, Multiplex Property Income Fund (MPIF), has 52,791,450 income units on issue at the reporting date. Under the terms of the MPIF Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where MPIF does not meet the PDP to its income unitholders, the Fund will be prevented from making distributions to its unitholders unless the shortfall has been met within 12 months of the end of the month in which the shortfall occurred.

As MPIF distributed less than the PDP for the period from January 2011 to December 2011, the Fund will be prevented from making a distribution to its unitholders until the shortfall has been met. This distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months is, or has been, paid to income unitholders of MPIF. The shortfall at 31 December 2011 was \$2,277,000 (31 December 2010: \$2,104,000).

	Consolidated Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
7 Other expenses		
Legal costs	(550)	(447)
Consultant costs	(146)	-
Other expenses	(248)	(32)
Total other expenses	(944)	(479)

Notes to the Condensed Consolidated Interim Financial Statements continued

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

	Consolidated	
	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
8 Investments – available for sale		
ASX listed investments		
Carrying amount as at beginning of period	31,209	27,980
Movement due to acquisitions, disposals and return of capital	1,437	5,714
Changes in fair value recognised in reserves	620	3,486
Impairments recognised during the period	(1,051)	(319)
Carrying amount at end of period	32,215	36,861
Unlisted investments		
Carrying amount as at beginning of period	119,172	130,413
Movement due to acquisitions, disposals and return of capital	(8,729)	(2,335)
Changes in fair value recognised in reserves	(341)	4,098
Impairments recognised during the period	(4,691)	(1,898)
Carrying amount at end of period	105,411	130,278
Total investments - available for sale	137,626	167,139

Impairment

During the year, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of \$5,742,000 in relation to its available for sale investments (ASX listed and unlisted property trusts) (2010: \$2,217,000).

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the portfolio and the market value as at 31 December 2011, less any previously recorded impairment losses and reductions to accumulated reserves.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's ASX listed and unlisted property trust portfolio is impaired. This determination has arisen due to the significant and prolonged decline in value of ASX listed and unlisted property trusts during the period and market conditions within the property sector generally.

Investments in unlisted property securities

The Consolidated Entity invests directly in 31 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, 6 have suspended redemptions, 19 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 3 investments were listed on the ASX but are now deemed insolvent and 3 have limited liquidity features meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

Consistent with 30 June 2011, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2011, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Consolidated Entity is not seeking to sell its assets in the near term, an additional discount would not normally be applied.

Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

Acquisition of MPIF assets

During the period, the Directors of BCML as Responsible Entity of the Fund made a conditional offer to BCML as responsible entity of MPIF to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange as held by MPIF. Following a unitholder vote on 22 November 2011, the offer was rejected by MPIF unitholders and the assets remain with MPIF.

Consolidated

Notes to the Condensed Consolidated Interim Financial Statements continued

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

	31 December 2011 \$'000	30 June 2011 \$'000
9 Interest bearing liabilities		
Non current		
Secured bank debt	35,000	37,100
Debt establishment fees	(191)	–
Total interest bearing liabilities – non current	34,809	37,100
Total interest bearing liabilities	34,809	37,100

	Expiry Date	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Finance arrangements			
Facilities available			
Bank debt facility	16 November 2014	35,000	–
Bank debt facility	1 December 2012	–	37,100
Investment facility	1 June 2012	20,000	20,000
Less: Facilities utilised		(35,000)	(37,100)
Facilities not utilised		20,000	20,000

Refinance of debt and new interest rate swap

During the period, the Fund refinanced its existing debt facility, which was due to expire in December 2012. Key terms of the new debt facility are as follows:

- Facility limit of \$35 million, with maturity in November 2014 and subject to terms including the following financial covenants:
 - o Loan to Value Ratio limit at 30%; and
 - o Interest Cover Ratio is at least 1.60.
- Margin of 3% per annum over BBSY.

In addition to the above, the Fund has entered into an interest rate swap for a two year period to hedge \$26.25 million (75% of the facility limit) at a fixed rate of 3.75% resulting in an effective rate of 6.75% for the hedged amount for this period.

Investment facility

Consistent with 30 June 2011 prior year end, a \$20 million investment facility to fund investments by the Fund exists. This facility has been provided by a wholly owned subsidiary of Brookfield Asset Management Inc. and has a maturity date of 1 June 2012. At both current period and prior year end, the facility remains undrawn.

	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2011 Units	Year ended 30 June 2011 \$'000	Year ended 30 June 2011 Units
10 Units on issue				
Ordinary units				
Opening balance	231,827	811,443,720	203,381	202,860,930
Issue of units	–	–	30,429	608,582,790
Unit issue costs	–	–	(1,983)	–
Closing balance – ordinary units	231,827	811,443,720	231,827	811,443,720
Minority interest – income units				
Opening balance	52,960	52,791,450	52,960	52,791,450
Closing balance – minority interest – income units	52,960	52,791,450	52,960	52,791,450

Notes to the Condensed Consolidated Interim Financial Statements continued

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Brookfield Australian Opportunities Fund

For the half year ended 31 December 2011

11 Controlled entity

The Fund owns 100% of the ordinary units of MPIF. The results of MPIF are consolidated into the results of the Fund's interim financial report. The headline items of the MPIF financial position are detailed below:

	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Assets		
Total current assets	9,707	7,975
Total non-current assets	27,057	33,203
Total assets	36,764	41,178
Liabilities		
Total current liabilities	96	205
Total liabilities	96	205
Net assets	36,668	40,973

12 Related parties

Acquisition of MPIF assets

During the period, the Directors of BCML as Responsible Entity of the Fund made a conditional offer to BCML as responsible entity of MPIF to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange as held by MPIF. Following a unitholder vote on 22 November 2011, the offer was rejected by MPIF unitholders and the assets remain with MPIF. Costs of this proposal were borne by BAO.

Other than the above, there have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2011.

13 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2011 (30 June 2011: nil).

14 Capital and other commitments

There were no capital or other commitments at 31 December 2011 (30 June 2011: nil).

15 Events subsequent to the reporting date

Subsequent to 31 December 2011 period end, a distribution to MPIF's income unitholders for the December 2011 month was declared by MPIF. The distribution was for \$172,000 or 0.3252 cents per unit and was paid on 20 January 2012.

Other than the matters disclosed above, 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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Directors' Declaration

Brookfield Australian Opportunities Fund

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For the half year ended 31 December 2011

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of Brookfield Australian Opportunities Fund:

- a The condensed consolidated interim financial statements and notes, set out in pages 8 to 18, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney, this 24th day of February 2012



Russell Proutt
Director
Brookfield Capital Management Limited

Independent Auditor's Review Report to the Unitholders of Brookfield Australian Opportunities Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brookfield Australian Opportunities Fund ("the Fund"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2011, and the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 19.

Directors' Responsibility for the Half-Year Financial Report

The directors of Brookfield Capital Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brookfield Australian Opportunities Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 24 February 2012

Brookfield Australian Opportunities Fund (Standalone)
Special purpose interim financial report
For the half year ended
31 December 2011

Brookfield Australian Opportunities Fund

ARSN 104 341 988

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Brookfield Australian Opportunities Fund (Standalone)

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Directory

Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

Responsible Entity

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

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Brian Motteram
Barbara Ward
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office

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

Custodian

JP Morgan Chase Bank N.A. (Sydney Branch)
Level 35, Suncorp Building
259 George Street
Sydney NSW 2000

Stock Exchange

The consolidated Brookfield Australian Opportunities Fund is listed on the Australian Securities Exchange (ASX Code: BAO). This special purpose interim financial report represents the interim financial statements of the Standalone Entity, being the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value (Standalone Entity). The Home Exchange is Sydney.

Location of Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: +61 1300 737 760
Facsimile: + 61 1300 653 459

Auditor

Deloitte Touche Tohmatsu
The Barrington
Level 10, 10 Smith Street
Parramatta NSW 2150
Telephone: + 61 2 9840 7000
Facsimile: + 61 2 9840 7001

Directors' Report

Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

Introduction

The Directors of Brookfield Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Brookfield Australian Opportunities Fund (ARSN 104 341 988) (Fund), present their report together with the condensed interim financial statements of the Standalone Entity, being the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value (Standalone Entity), for the period ended 31 December 2011 and the Independent Auditor's Review Report thereon.

Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities

The principal activity of the Standalone Entity is the investment in Australian Securities Exchange (ASX) and unlisted property securities in Australia.

Review of operations

The Standalone Entity has recorded a net profit of \$579,000 for the six month period ended 31 December 2011 (2010: net loss of \$3,951,000). The reported net profit includes \$1,642,000 in impairment losses on a number of the unlisted and ASX listed property securities investments (2010: \$1,781,000).

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

- total revenue and other income of \$5,616,000 (2010: \$3,809,000);
- earnings per unit (EPU) of 0.07 cents (2010: (0.65) cents);
- net assets of \$110,267,000 (30 June 2011: \$109,526,000)
- net tangible assets (NTA) per ordinary unit of \$0.14 (30 June 2011: \$0.13);
- ASX listed portfolio value of \$27,482,000 (30 June 2011: \$26,531,000) including a net revaluation increment to reserves on a number of ASX listed investments of \$482,000 and an impairment charge of \$46,000; and
- unlisted security portfolio value of \$78,982,000 (30 June 2011: \$86,632,000) including a net revaluation increment to reserves on a number of unlisted investments of \$125,000 and an impairment charge of \$1,596,000.

Refinance of debt

During the period, the Fund refinanced its existing debt facility, which was due to expire in December 2012. Key terms of the new debt facility are as follows:

- Facility limit of \$35 million, with maturity in November 2014 and subject to terms including the following financial covenants:
 - o Loan to Value Ratio limit at 30%; and
 - o Interest Cover Ratio is at least 1.60.
- Margin of 3% per annum over BBSY.

In addition, the Fund has entered into an interest rate swap for a two year period to hedge \$26.25 million (75% of the facility limit) at a fixed rate of 3.75% resulting in an effective rate of 6.75% for the hedged amount for this period.

Acquisition of MPIF assets

During the period, the Directors of BCML as Responsible Entity of the Fund made a conditional offer to BCML as responsible entity of MPIF to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange as held by MPIF. Following a unitholder vote on 22 November 2011, the offer was rejected by MPIF unitholders and the assets remain with MPIF.

Directors' Report continued

Brookfield Australian Opportunities Fund (Standalone)

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For the half year ended 31 December 2011

Rounding of amounts

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

Signed on behalf of the directors.

Dated at Sydney this 24th day of February 2012



Russell Proutt

Director

Brookfield Capital Management Limited

Condensed Interim Statement of Comprehensive Income 6

Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

	Note	Standalone Entity	
		Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Revenue and other income			
Distribution income from ASX listed and unlisted property trusts		5,369	2,532
Gain on disposal of ASX listed and unlisted property trusts		13	329
Interest income		234	948
Total revenue and other income		5,616	3,809
Expenses			
Share of net loss of investment accounted for using the equity method	5	861	1,797
Impairment expense		1,642	1,781
Finance costs to external parties		1,366	3,324
Management fees		339	390
Other expenses		829	468
Total expenses		5,037	7,760
Net profit/(loss) for the period		579	(3,951)
Other comprehensive income			
Change in reserves of investment accounted for using the equity method		(425)	(1,627)
Change in fair value of available for sale financial assets		607	5,783
Change in the fair value of cash flow hedge		(20)	-
Other comprehensive income for the period		162	4,156
Total comprehensive income for the period		741	205
Net profit/(loss) attributable to ordinary unitholders		579	(3,951)
Total comprehensive income attributable to ordinary unitholders		741	205
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)		0.07	(0.65)

The Condensed Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the Condensed interim Financial Statements.

Condensed Interim Statement of Financial Position

Brookfield Australian Opportunities Fund (Standalone)

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As at 31 December 2011

	Note	Standalone Entity 31 December 2011 \$'000	30 June 2011 \$'000
Assets			
Current assets			
Cash and cash equivalents		14,027	7,764
Trade and other receivables		1,547	1,446
Investments – available for sale	5	27,482	26,531
Total current assets		43,056	35,741
Non-current assets			
Investments – available for sale	5	78,982	86,632
Investment accounted for using the equity method		24,061	25,347
Total non-current assets		103,043	111,979
Total assets		146,099	147,720
Liabilities			
Current liabilities			
Trade and other payables		1,003	1,094
Total current liabilities		1,003	1,094
Non-current liabilities			
Fair value of financial derivative	6	20	–
Interest bearing liabilities	6	34,809	37,100
Total non-current liabilities		34,829	37,100
Total liabilities		35,832	38,194
Net assets		110,267	109,526
Equity			
Attributable to ordinary unitholders			
Units on issue – ordinary units	7	231,827	231,827
Reserves		2,546	2,384
Undistributed losses		(124,106)	(124,685)
Total equity		110,267	109,526

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

Condensed Interim Statement of Changes in Equity

Brookfield Australian Opportunities Fund (Standalone)

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For the half year ended 31 December 2011

Standalone Entity	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
Opening equity - 1 July 2011	231,827	(124,685)	2,384	109,526
Change in reserves of investment accounted for using the equity method	-	-	(425)	(425)
Changes in fair value of available for sale financial assets	-	-	607	607
Change in the fair value of cash flow hedge	-	-	(20)	(20)
Other comprehensive income for the period	-	-	162	162
Net profit for the period	-	579	-	579
Total comprehensive income for the period	-	579	162	741
Total transactions with unitholders in their capacity as unitholders	-	-	-	-
Closing equity - 31 December 2011	231,827	(124,106)	2,546	110,267

Standalone Entity	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
Opening equity - 1 July 2010	203,381	(122,581)	(1,077)	79,723
Change in reserves of investment accounted for using the equity method	-	-	(1,627)	(1,627)
Changes in fair value of available for sale financial assets	-	-	5,783	5,783
Other comprehensive income for the period	-	-	4,156	4,156
Net profit for the period	-	(3,951)	-	(3,951)
Total comprehensive income/(loss) for the period	-	(3,951)	4,156	205
Transactions with unitholders in their capacity as unitholders:				
Units issued	28,446	-	-	28,446
Total transactions with unitholders in their capacity as unitholders	28,446	-	-	28,446
Closing equity - 31 December 2010	231,827	(126,532)	3,079	108,374

The Condensed Interim Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Interim Financial Statements.

Condensed Interim Statement of Cash Flows

Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

	Standalone Entity	
	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	5,315	2,691
Cash payments in the course of operations	(691)	(2,289)
Interest received	189	935
Financing costs paid	(2,124)	(1,103)
Net cash flows from operating activities	2,689	234
Cash flows from investing activities		
Payments for purchase of available for sale assets	(1,057)	(3,691)
Proceeds from sale of available for sale assets	6,731	3,165
Net cash flows from/(used in) investing activities	5,674	(526)
Cash flows from financing activities		
Proceeds from issue of ordinary units	–	30,429
Issue costs	–	(1,740)
Repayments of interest bearing liabilities	(2,100)	(27,130)
Net cash flows (used in)/from financing activities	(2,100)	1,559
Net increase in cash and cash equivalents	6,263	1,267
Cash and cash equivalents at the beginning of the period	7,764	4,232
Cash and cash equivalents at 31 December	14,027	5,499

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

Notes to the Condensed Interim Financial Statements 10

Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

1 Reporting entity

Brookfield Australian Opportunities 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 condensed interim financial statements of the Standalone Entity as at and for the period ended 31 December 2011 comprise the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value (Standalone Entity). As at 31 December 2011, the Standalone Entity's investment in MPIF has been carried at nil (30 June 2011: nil).

2 Basis of preparation

Statement of compliance

The standalone interim financial report is a special purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*, with the exception of AASB 127 *Consolidated and Separate Financial Statements*. AASB 127 has been adopted in the preparation of these interim financial statements, except for the consolidated MPIF subsidiary which has not been consolidated but has been carried at the lower of cost or net realisable value.

The standalone interim financial report does not include all the information required for a full year report and should be read in conjunction with the special purpose annual financial statements of the Standalone Entity as at and for the year ended 30 June 2011.

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

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

3 Significant accounting policies

The accounting policies applied in this interim financial report are the same as those applied in the standalone financial report as at and for the year ended 30 June 2011, except for the impact of the new or revised Standards and Interpretations that are first effective in the current reporting period, as described below.

AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-4 amends a number of pronouncements as a result of the International Accounting Standards Board's (IASB's) 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity, financial instrument disclosures and significant events and transactions in interim reports.

AASB 2010-5 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-5 makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

AASB 2010-6 makes amendments to AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect, in particular, entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards*

The amendment clarifies the definition of a related party and includes an explicit requirement to disclose commitments involving related parties.

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

Notes to the Condensed Interim Financial Statements

continued

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Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

4 Estimates

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

	Standalone Entity	
	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
5 Investments – available for sale		
ASX listed investments		
Carrying amount as at beginning of period	26,531	26,140
Movement due to acquisitions, disposals and return of capital	515	3,189
Changes in fair value recognised in reserves	482	3,469
Impairments recognised during the period	(46)	(275)
Carrying amount at end of period	27,482	32,523
Unlisted investments		
Carrying amount as at beginning of period	86,632	97,611
Movement due to acquisitions, disposals and return of capital	(6,179)	(2,073)
Changes in fair value recognised in reserves	125	2,314
Impairments recognised during the period	(1,596)	(1,506)
Carrying amount at end of period	78,982	96,346
Total investments - available for sale	106,464	128,869

Impairment

During the year, the Standalone Entity recognised an impairment loss in accordance with accounting standards of \$1,642,000 in relation to its available for sale investments (ASX listed and unlisted property trusts) (2010: \$1,781,000).

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the portfolio and the market value as at 31 December 2011, less any previously recorded impairment losses and reductions to accumulated reserves.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Standalone Entity's ASX listed and unlisted property trust portfolio is impaired. This determination has arisen due to the significant and prolonged decline in value of ASX listed and unlisted property trusts during the period and market conditions within the property sector generally.

Investments in unlisted property securities

The Standalone Entity invests directly in 25 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the fund as detailed in their original product disclosure statements and constitutions, 4 have suspended redemptions, 17 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 2 investments were listed on the ASX but are now deemed insolvent and 2 have limited liquidity features meaning that the Standalone Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

Consistent with 30 June 2011, the Standalone Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2011, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Standalone Entity is not seeking to sell its assets in the near term, an additional discount would not normally be applied.

Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

Notes to the Condensed Interim Financial Statements

continued

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Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

		31 December 2011 \$'000	30 June 2011 \$'000
6 Interest bearing liabilities			
Non current			
Secured bank debt		35,000	37,100
Debt establishment fees		(191)	–
Total interest bearing liabilities – non current		34,809	37,100
Total interest bearing liabilities		34,809	37,100
		Standalone Entity	
		31 December 2011 \$'000	30 June 2011 \$'000
	Expiry Date		
Finance arrangements			
Facilities available			
Bank debt facility	16 November 2014	35,000	–
Bank debt facility	1 December 2012	–	37,100
Investment facility	1 June 2012	20,000	20,000
<i>Less: Facilities utilised</i>		(35,000)	(37,100)
Facilities not utilised		20,000	20,000

Refinance of debt and new interest rate swap

During the period, the Fund refinanced its existing debt facility, which was due to expire in December 2012. Key terms of the new debt facility are as follows:

- Facility limit of \$35 million, with maturity in November 2014 and subject to terms including the following financial covenants:
 - o Loan to Value Ratio limit at 30%; and
 - o Interest Cover Ratio is at least 1.60.
- Margin of 3% per annum over BBSY.

In addition to the above, the Fund has entered into an interest rate swap for a two year period to hedge \$26.25 million (75% of the facility limit) at a fixed rate of 3.75% resulting in an effective rate of 6.75% for the hedged amount for this period.

Investment facility

Consistent with 30 June 2011 prior year end, a \$20 million investment facility to fund investments by the Fund exists. This facility has been provided by a wholly owned subsidiary of Brookfield Asset Management Inc. and has a maturity date of 1 June 2012. At both current period and prior year end, the facility remains undrawn.

	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2011 Units	Year ended 30 June 2011 \$'000	Year ended 30 June 2011 Units
7 Units on issue				
Ordinary units				
Opening balance	231,827	811,443,720	203,381	202,860,930
Units issued	–	–	30,429	608,582,790
Unit issue costs	–	–	(1,983)	–
Closing balance – ordinary units	231,827	811,443,720	231,827	811,443,720

Notes to the Condensed Interim Financial Statements continued

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Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

8 Related parties

During the period, the Directors of BCML as Responsible Entity of the Fund made a conditional offer to BCML as responsible entity of MPIF to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange as held by MPIF. Following a unitholder vote on 22 November 2011, the offer was rejected by MPIF unitholders and the assets remain with MPIF. Costs of this proposal were borne by the fund.

Other than the above, there have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2011.

9 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2011 (30 June 2011: nil).

10 Capital and other commitments

There were no capital or other commitments at 31 December 2011 (30 June 2011: nil).

11 Events subsequent to the reporting date

Other than the matters disclosed above, 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 Standalone Entity, the results of those operations, or the state of affairs of the Standalone Entity in subsequent financial periods.

Directors' Declaration

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Brookfield Australian Opportunities Fund (Standalone)

For the half year ended 31 December 2011

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of Brookfield Australian Opportunities Fund:

- a The special purpose interim financial statements and notes (as defined in notes 1 and 2), set out in pages 6 to 13, are in accordance with the following:
 - i giving a true and fair view of the Standalone Entity's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting*, with the exception as detailed in Note 2;
- 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 on behalf of the Directors of Brookfield Capital Management Limited.

Dated at Sydney, this 24th day of February 2012



Russell Proutt
Director
Brookfield Capital Management Limited

Independent Auditor's Report to the Unitholders of Brookfield Australian Opportunities Fund (Stand-alone Entity)

We have reviewed the accompanying half-year financial report, being a special purpose financial report, of Brookfield Australian Opportunities Fund, being the Fund and its subsidiaries except for the consolidated Multiplex Property Income Fund (MPIF) subsidiary which has not been consolidated but has been carried at lower of cost or net realisable value ('Stand-alone Entity'), which comprises the condensed interim statement of financial position as at 31 December 2011, and the condensed interim statement of comprehensive income, the condensed interim statement of cash flows and the condensed interim statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 14.

Directors of the Responsible Entity Responsibility for the half-year Financial Report

The Directors of the Responsible Entity of the Fund are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2, is appropriate to meet the financial reporting requirements of the Directors and is appropriate to meet the needs of the Unitholders. The Directors of the Responsible Entity's responsibility also includes such internal control as the Directors determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. As the auditor of Brookfield Australian Opportunities Fund (Stand-alone Entity), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

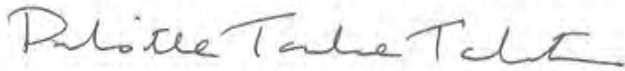
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Brookfield Australian Opportunities Fund (Stand-alone Entity) does not present fairly, in all material respects, the Fund's financial position as at 31 December 2011 and of its financial performance for the half-year ended on that date in accordance with Australian Accounting Standards as described in Note 2.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Brookfield Australian Opportunities Fund (Stand-alone Entity) to meet the financial reporting requirements of the Directors. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Directors and Unitholders of the Fund and should not be distributed to or used by parties other than the Directors and Unitholders of the Fund.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 24 February 2012