

Multiplex European Property Fund
Interim condensed consolidated financial report
For the half year ended
31 December 2019

Multiplex European Property Fund

ARSN 124 527 206

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Multiplex European Property Fund

For the half year ended 31 December 2019

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Directory

Multiplex European Property Fund

For the half year ended 31 December 2019

Responsible Entity

Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Barbara Ward
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Men Chiang

Registered Office of Brookfield Capital Management Limited

Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
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Custodian

Brookfield Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
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Location of Share Registry

Link Market Services Limited
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Sydney NSW 2000
Telephone: +61 1800 685 455
Facsimile: +61 2 9287 0303

Auditor

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

Directors' Report

Multiplex European Property Fund

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For the half year ended 31 December 2019

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Multiplex European Property Fund (ARSN 124 527 206) (Fund), present their report together with the interim condensed consolidated financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the half year ended 31 December 2019 and the Independent Auditor's Review Report thereon.

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007.

All amounts quoted in this report are in Australian dollars, unless otherwise noted.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). BCML has been the Responsible Entity since inception of the Fund. The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney NSW 2000.

Directors

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

Name	Capacity
F. Allan McDonald	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross	Executive Director

Principal activities

The principal activity of the Consolidated Entity was the investment in direct properties in Europe. The Fund disposed of its properties in September 2015. The Consolidated Entity is in wind-up.

Wind-up of the Fund

At a meeting of unitholders held on 27 July 2015, an ordinary resolution was passed by unitholders to wind up the Fund in accordance with its Constitution and the *Corporations Act 2001*. The Responsible Entity continues to take steps consistent with those detailed in the Notice of Meetings and Explanatory Memorandum dated 1 July 2015. It is expected that the wind-up process will take more than 12 months to complete.

The merger of Multiplex Malta 2 Ltd into Multiplex Malta 1 Ltd became effective on 10 August 2019. On this date, Multiplex Malta 2 Ltd has been struck off the company register.

Multiplex Malta 1 Ltd is in the process of being being liquidated.

Review of operations

The Consolidated Entity recorded a net loss after tax of \$143,620 for the half year ended 31 December 2019 (2018: net loss after tax \$126,160).

Some of the significant events during the period are detailed below.

- total revenue and other income of \$2,342 (half year ended 31 December 2018: \$4,121); and
- net assets of \$5,454,885 and net asset per unit of \$0.02 (30 June 2019: \$10,217,031 and net asset per unit of \$0.04).

Tax

VAT audit and general tax audit

During the half year ended 31 December 2019 the Fund received the German tax authority's VAT assessment for the years ending 2014 and 2015. The VAT assessment was in line with the preliminary audit findings and the Fund paid the assessed amount. No announcement was made by the German tax authority regarding the balance of the general tax audit. The general tax audit and VAT tax audit remain open until the general tax audit is completed and the matter closed.

Events subsequent to the reporting date

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

Directors' Report continued

Multiplex European Property Fund

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For the half year ended 31 December 2019

Returns of capital and distributions

The Consolidated Entity declared and paid a return of capital of \$4,499,926 for the six months ended 31 December 2019. (2018:nil).

Rounding of amounts

The Consolidated Entity is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2019.

Dated at Sydney this 25th day of February 2020.

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



Shane Ross

Director

Brookfield Capital Management Limited

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

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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Multiplex European Property Fund)
Level 22, 135 King St
Sydney NSW 2000

25 February 2020

Dear Directors

Multiplex European Property 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 Multiplex European Property Fund.

As lead audit partner for the review of the financial statements of Multiplex European Property Fund for the half year ended 31 December 2019, 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.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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Multiplex European Property Fund

For the half year ended 31 December 2019

	Note	Consolidated	
		Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Revenue and other income			
Interest income		2,342	4,084
Other income		–	37
Total revenue and other income		2,342	4,121
Expenses			
Other expenses	5	141,643	120,474
Total expenses		141,643	120,474
Loss before income tax		(139,301)	(116,353)
Income tax expense		(4,319)	(9,807)
Net loss after tax		(143,620)	(126,160)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Changes in foreign currency translation reserve		(118,600)	211,216
Other comprehensive (loss)/income for the period, net of income tax		(118,600)	211,216
Total comprehensive (loss)/income for the period		(262,220)	85,056
Net loss attributable to ordinary unitholders		(143,620)	(126,160)
Total comprehensive (loss)/income attributable to ordinary unitholders		(262,220)	85,056

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

Interim Condensed Consolidated Statement of Financial Position

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Multiplex European Property Fund

As at 31 December 2019

	Note	Consolidated 31 December 2019 \$	30 June 2019 \$
Assets			
Current assets			
Cash and cash equivalents		6,229,093	11,081,447
Trade and other receivables		1,031	1,595
Total current assets		6,230,124	11,083,042
Total assets		6,230,124	11,083,042
Liabilities			
Current liabilities			
Trade and other payables		775,239	866,011
Total current liabilities		775,239	866,011
Total liabilities		775,239	866,011
Net assets		5,454,885	10,217,031
Equity			
Units on issue	6	183,278,904	187,778,830
Reserves		(518,052)	(399,452)
Undistributed losses		(177,305,967)	(177,162,347)
Total equity		5,454,885	10,217,031

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

Interim Condensed Consolidated Statement of Changes in Equity

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Multiplex European Property Fund

For the half year ended 31 December 2019

	Attributable to Unitholders of the Fund			
	Ordinary units \$	Undistributed losses \$	Reserves \$	Total \$
Consolidated Entity				
Opening equity – 1 July 2019	187,778,830	(177,162,347)	(399,452)	10,217,031
Changes in foreign currency translation reserve	–	–	(118,600)	(118,600)
Other comprehensive loss for the period, net of income tax	–	–	(118,600)	(118,600)
Net loss for the period	–	(143,620)	–	(143,620)
Total comprehensive loss for the period	–	(143,620)	(118,600)	(262,220)
Total transactions with unitholders in their capacity as unitholders	(4,499,926)	–	–	(4,499,926)
Closing equity – 31 December 2019	183,278,904	(177,305,967)	(518,052)	5,454,885

	Attributable to Unitholders of the Fund			
	Ordinary units \$	Undistributed losses \$	Reserves \$	Total \$
Consolidated Entity				
Opening equity – 1 July 2018	187,778,830	(176,896,073)	(621,157)	10,261,600
Changes in foreign currency translation reserve	–	–	211,216	211,216
Other comprehensive income for the period, net of income tax	–	–	211,216	211,216
Net loss for the period	–	(126,160)	–	(126,160)
Total comprehensive income for the period	–	(126,160)	211,216	85,056
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
Closing equity – 31 December 2018	187,778,830	(177,022,233)	(409,941)	10,346,656

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

Interim Condensed Consolidated Statement of
Cash Flows
Financial Statements
Multiplex European Property Fund
For the half year ended 31 December 2019

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	Consolidated	
	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Cash flows from operating activities		
Cash receipts in the course of operations	211	239
Cash payments in the course of operations	(163,721)	(269,647)
Interest received	2,482	4,123
Income tax	–	(28,087)
Finance costs paid	–	(550)
Net cash flows used in operating activities	(161,028)	(293,922)
Cash flows from financing activities		
Return of capital	6	–
Net cash flows used in financing activities	(4,499,926)	–
Net decrease in cash and cash equivalents	(4,660,954)	(293,922)
Impact of foreign exchange	(191,400)	294,642
Cash and cash equivalents at beginning of the period	11,081,447	11,305,398
Cash and cash equivalents at 31 December	6,229,093	11,306,118

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

Notes to the Interim Condensed Consolidated Financial Statements continued Multiplex European Property Fund

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For the half year ended 31 December 2019

1 Reporting entity

Multiplex European Property 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 interim condensed consolidated financial report of the Fund as at and for the year ended 31 December 2019 comprises the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Significant accounting policies

Statement of compliance

The interim condensed consolidated financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB134 *Interim Financial Reporting* (AASB134). Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*. The interim condensed consolidated financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2019. For the purpose of preparing the consolidated financial statements, the Fund is a for profit entity.

The interim condensed consolidated financial statements were authorised for issue by the Directors on this 25th day of February 2020.

Basis of preparation

The interim condensed consolidated financial statements are presented in Australian dollars, which is the Fund's presentation currency and functional currency. However, the Consolidated Entity is predominantly comprised of operations that are located in Europe. The functional currency of the controlled entities that hold these operations is Euros.

The Consolidated Entity is an entity of the kind referred to in Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

The consolidated Entity has adopted AASB Interpretation 23 *Uncertainty over Income Tax Treatments* from 1 July 2019. There are no adjustments required in the opening balance of retained earnings and it has been determined that the adoption does not have a material impact on the Consolidated Entity's financial statements for the half year ended 31 December 2019.

Other accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2019.

Wind-up of the Fund and going concern

At a meeting of unitholders held on 27 July 2015, an ordinary resolution was passed by unitholders to wind up the Fund in accordance with its Constitution and the *Corporations Act 2001*. The Responsible Entity continues to take steps consistent with those detailed in the Notice of Meetings and Explanatory Memorandum dated 1 July 2015. It is expected that the wind-up process will take more than 12 months to complete.

Based on the above, the Directors of the Responsible Entity believe it is appropriate to continue to adopt the going concern basis for this set of financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset accounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

3 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As at 31 December 2019 significant area of judgement relate to contingent liabilities and assets refer to Note 9.

4 Distributions and returns of capital

The Consolidated Entity declared and paid a return of capital of \$4,499,926 for the six months ended 31 December 2019. (2018:nil).

Notes to the Interim Condensed Consolidated Financial Statements continued

Multiplex European Property Fund

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For the half year ended 31 December 2019

5 Other expenses

	Consolidated	
	Half year ended 31 December 2019 \$	Half year ended 31 December 2018 \$
Professional service fees	79,820	62,383
Other expenses	61,823	58,091
Total other expenses	141,643	120,474

6 Units on issue

	Half year ended 31 December 2019 \$	Half year ended 31 December 2019 Units	Year ended 30 June 2019 \$	Year ended 30 June 2019 Units
Opening balance	187,778,830	246,950,150	187,778,830	246,950,150
Return of capital	(4,499,926)	–	–	–
Closing balance	183,278,904	246,950,150	187,778,830	246,950,150

7 Related parties

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2019.

8 Contingent liabilities and assets

Other than as disclosed in Note 9 there are no contingent liabilities or assets at 31 December 2019 (30 June 2019: nil).

9 Tax

VAT audit and general tax audit

During the half year ended 31 December 2019 the Fund received the German tax authority's VAT assessment for the years ending 2014 and 2015. The VAT assessment was in line with the preliminary audit findings and the Fund paid the assessed amount. No announcement was made by the German tax authority regarding the balance of the general tax audit. The general tax audit and VAT tax audit remain open until the general tax audit is completed and the matter closed.

10 Events subsequent to the reporting date

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

Directors' Declaration

Multiplex European Property Fund

For the half year ended 31 December 2019

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of Multiplex European Property Fund:

- a The interim condensed consolidated financial statements and notes, set out in pages 7 to 12, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2019 and of its performance for the half year period ended on that date; and
 - ii complying with Australian Accounting Standard 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 25th day of February 2020.



Shane Ross
Director
Brookfield Capital Management Limited

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

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Independent Auditor's Review Report to the Unitholders of Multiplex European Property Fund

We have reviewed the accompanying half-year financial report of Multiplex European Property Fund ("the Fund"), which comprises the condensed consolidated statement of financial position as at 31 December 2019, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 13.

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 gives a true and fair view and 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 2019 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 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 Multiplex European Property 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 2019 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.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 25 February 2020