

Multiplex European Property Fund

Financial report

For the period from 1 July 2020 to 22 February 2021

Multiplex European Property Fund

ARSN 124 527 206

Table of Contents

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

	Page
Directory	3
Directors' Report	4
Auditor's Independence Declaration	7
Consolidated Financial Statements	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Consolidated Financial Statements	12
1 Reporting entity	12
2 Basis of preparation.....	12
3 Significant accounting policies	13
4 Parent entity disclosures	15
5 Other expenses	15
6 Auditor's remuneration.....	16
7 Income tax.....	16
8 Distributions and returns of capital	17
9 Cash and cash equivalents	17
10 Trade and other receivables	17
11 Trade and other payables	17
12 Units on issue	17
13 Reserves.....	18
14 Undistributed losses	18
15 Controlled entities	18
16 Reconciliation of cash flows from operating activities.....	18
17 Related parties.....	19
18 Contingent liabilities and assets.....	20
19 Capital and other commitments	20
20 Events subsequent to the reporting date	20
Directors' Declaration	21
Independent Auditor's Report	22

Directory

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

Prior to wind up of the Fund on 22 February 2021, the following appointments were in place:

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

Mr. F. Allan McDonald
Ms. Barbara K. Ward
Mr. Shane A. Ross

Company Secretary of Brookfield Capital Management Limited

Ms. Men (Mandy) Chiang

Registered Office of Brookfield Capital Management Limited

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

Custodian

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

Location of Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Telephone: +61 1300 554 474
Facsimile: +61 2 9287 0303

Auditor

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

Directors' Report

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

Introduction

The Directors of Brookfield Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex European Property Fund (ARSN 124 527 206) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the period from 1 July 2020 to 22 February 2021 and the Independent Auditor's 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.

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. The Consolidated Entity was terminated on 22 February 2021.

Accordingly, the consolidated financial statements have been prepared on a non-going concern basis.

Cost reimbursements include actual invoices and estimates the Fund received from external advisors and service providers in relation to winding up the Fund. The Fund made a payment of \$69,648 to the Responsible Entity to assume liability for these costs. The Responsible Entity will pay the wind-up costs on behalf of the Fund in order for the Fund to complete its wind up. To the extent that actual costs exceed estimated costs, the Responsible Entity will be responsible for the differential.

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 K. Ward	Non-Executive Independent Director
Shane A. Ross	Executive Director

Information on Directors

F. Allan McDonald (BEcon, FCPA, FAIM, FGIA), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of BCML on 1 January 2010. Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. Allan's directorship of previously listed entities include Brookfield Funds Management Limited (BFML) as the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020), BCML (as Responsible Entity of Brookfield Prime Property Fund, delisted 3 July 2017) (appointed January 2010) and Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust, delisted on 10 October 2017, deregistered on 31 October 2019) (February 2005 – October 2019).

Barbara K. Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director and Chairperson of Board Risk and Compliance Committee

Barbara was appointed as a Non-Executive Independent Director of BCML on 1 January 2010. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. Barbara's directorship of previously listed entities include BFML as the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020) and BCML (as Responsible Entity of Brookfield Prime Property Fund, delisted 3 July 2017). Barbara is presently a director of Qantas Airways Limited (appointed June 2008), Ampol Limited (formerly Caltex Australia Limited) (appointed 1 April 2015) and Crestone Holdings Limited (appointed 20 November 2019).

Shane A. Ross (BBus), Executive Director

Shane is the Managing Director of Portfolio Management for Brookfield Property Group Australia and was appointed as an Executive Director of BCML on 6 May 2015. Shane also performs that role for BFML, the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020). Shane joined the organisation in 2003 following a background in banking and has over 23 years of experience in treasury and finance within the property industry.

Directors' Report continued

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

Information on Company Secretary

Men (Mandy) Chiang

Mandy was appointed Company Secretary of BCML on 15 November 2016. Mandy has over 20 years of company secretarial experience including having previously worked at Brookfield Australia Group for over 10 years.

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, interests in registered schemes and rights or options over such instruments issued by the entities within the Consolidated Entity and other related bodies corporate as at the date of this report:

Director	Units held at 22 February 2021	Units held at 30 June 2020
F. Allan McDonald	–	50,000
Barbara K. Ward	–	–
Shane A. Ross	–	–

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

Mr. F. Allan McDonald redeemed his units on 22 February 2021 for \$398.

Policy on hedging equity incentive schemes

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

A copy of the Security Trading Policy is available on the Brookfield Australia website at au.brookfield.com.

Directors' meetings

Director	Board Meetings		Board Risk and Compliance Committee Meetings	
	A	B	A	B
F. Allan McDonald	4	4	2	2
Barbara K. Ward	4	4	2	2
Shane A. Ross	4	4	2	2

A – Number of meetings attended.

B – Number of meetings held during the time the Director held office during the period.

Committee meetings

There were no Board committee meetings held during the financial period other than those stated above.

Principal activities

Prior to the termination of the Consolidated Entity, the principal activity of the Consolidated Entity was to finalise the wind-up of the Fund.

Review of operations

The Consolidated Entity recorded a net profit after tax of \$38,603 for the period ended 22 February 2021 (2020: net loss after tax of \$187,121).

Interests of the Responsible Entity

Management Fee

Management fees have been waived by the Responsible Entity since 1 January 2018.

Significant changes in the state of affairs

The Fund has ceased operations and cancelled its units on issue. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the period from 1 July 2020 to 22 February 2021, other than those disclosed in this report or in the consolidated financial statements.

General tax audit and VAT audit

Late 2020, the German Tax Authority provided the Fund's subsidiary in Europe the final tax assessment for the period 2014-2016. The tax assessment concluded that there were no adverse tax findings in the tax audit. There are no further outstanding tax issues.

Events subsequent to the reporting date

Other than as disclosed, there are no other 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.

Directors' Report continued

Multiplex European Property Fund

6

For the period from 1 July 2020 to 22 February 2021

Likely developments

Information on likely developments in the operations of the Consolidated Entity is not applicable as the Consolidated Entity was terminated on 22 February 2021.

Distributions and returns of capital

The Consolidated Entity declared and paid a return of capital of \$5,968,039 during the financial period ended 22 February 2021 (2020: \$4,499,926).

Indemnification and insurance of officers and auditors

Under deeds of access and indemnity, Brookfield Australia Investments Pty Ltd or Brookfield Australia Pty Ltd has agreed to indemnify the Directors and Secretary of BCML, to the extent permitted by law, against:

- liabilities incurred as Director or Secretary of BCML, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the Corporations Act 2001; and
- reasonable legal costs incurred in defending an action for a liability as Director or Secretary of BCML, except for costs incurred in relation to matters set out in section 199A(3) of the Corporations Act 2001, (the "Indemnity").

A global directors' and officers' insurance policy is maintained by Brookfield relating to the Indemnity. The policy insures against liability arising out of allegations relating to duties as a director or officer of BCML, but does not insure against liabilities arising out of:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage (where confirmed by final, non-appealable adjudication);
- losses for which coverage under a different kind of insurance policy is readily available such as, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures);
- claims made by a major shareholder; and
- pension liability or compensation and labour liability.

The obligation to effect and maintain coverage for director's and officer's liability on behalf of a director continues for a period of seven years after the Director or Company Secretary of BCML has left office, to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

BCML has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of BCML or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental regulation

The Consolidated Entity has systems in place to manage its environmental obligations. Based on the results of inquiries made, the Responsible Entity is not aware of any significant breaches or non-compliance issues during the period covered by this report.

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 financial period ended 22 February 2021.

Dated at Sydney this 2nd day of March 2021.

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



Shane Ross

Director

Brookfield Capital Management Limited

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

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

2 March 2021

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 for Multiplex European Property Fund.

As lead audit partner for the audit of the financial statements of Multiplex European Property Fund for the period ended 22 February 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income

8

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

	Note	Consolidated	
		Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
Revenue			
Interest income		236	3,332
Other income		660,864	–
Total revenue and other income		661,100	3,332
Expenses			
Legal fees		–	(31,897)
Foreign currency losses previously recognised in other comprehensive income		(464,477)	–
Other expenses	5	(155,217)	(188,132)
Total expenses		(619,694)	(220,029)
Profit / (loss) before income tax		41,406	(216,697)
Income tax (expense) / benefit	7	(2,803)	29,576
Net profit / (loss) after tax for the period		38,603	(187,121)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Changes in foreign currency translation reserve	13	408,924	(9,472)
Other comprehensive income / (loss) for the period, net of income tax		408,924	(9,472)
Total comprehensive income / (loss) for the period		447,527	(196,593)
Net profit / (loss) attributable to ordinary unitholders		38,603	(187,121)
Total comprehensive income / (loss) attributable to ordinary unitholders		447,527	(196,593)

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

Consolidated Statement of Financial Position

Multiplex European Property Fund

9

As at 22 February 2021

	Note	Consolidated As at 22 February 2021 \$	As at 30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents	9	–	6,279,231
Trade and other receivables	10	–	873
Total current assets		–	6,280,104
Total assets		–	6,280,104
Liabilities			
Current liabilities			
Trade and other payables	11	–	759,592
Total current liabilities		–	759,592
Total liabilities		–	759,592
Net assets		–	5,520,512
Equity			
Units on issue	12	–	183,278,904
Reserves	13	–	(408,924)
Undistributed losses	14	–	(177,349,468)
Total equity		–	5,520,512

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

Consolidated Statement of Changes in Equity

Multiplex European Property Fund

10

For the period from 1 July 2020 to 22 February 2021

Consolidated Entity	Attributable to Unitholders of the Consolidated Entity			
	Ordinary units \$	Undistributed losses \$	Foreign currency translation reserves \$	Total \$
Opening equity as at 1 July 2020	183,278,904	(177,349,468)	(408,924)	5,520,512
Changes in foreign currency translation reserve	–	–	408,924	408,924
Other comprehensive income for the period	–	–	408,924	408,924
Net profit for the period	–	38,603	–	38,603
Total comprehensive income for the period	–	38,603	408,924	447,527
Return of capital	(5,968,039)	–	–	(5,968,039)
Cancellation of units	(177,310,865)	177,310,865	–	–
Total transactions with unitholders in their capacity as unitholders	(183,278,904)	177,310,865	–	(5,968,039)
Closing equity as at 22 February 2021	–	–	–	–

Consolidated Entity	Attributable to Unitholders of the Consolidated Entity			
	Ordinary units \$	Undistributed losses \$	Foreign currency translation reserves \$	Total \$
Opening equity as at 1 July 2019	187,778,830	(177,162,347)	(399,452)	10,217,031
Changes in foreign currency translation reserve	–	–	(9,472)	(9,472)
Other comprehensive loss for the year	–	–	(9,472)	(9,472)
Net loss for the year	–	(187,121)	–	(187,121)
Total comprehensive loss for the year	–	(187,121)	(9,472)	(196,593)
Return of capital	(4,499,926)	–	–	(4,499,926)
Total transactions with unitholders in their capacity as unitholders	(4,499,926)	–	–	(4,499,926)
Closing equity as at 30 June 2020	183,278,904	(177,349,468)	(408,924)	5,520,512

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

Consolidated Statement of Cash Flows

Multiplex European Property Fund

11

For the period from 1 July 2020 to 22 February 2021

	Note	Consolidated	
		Period ended 22 February 2021	Year ended 30 June 2020
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		74	559
Cash payments in the course of operations		(191,885)	(334,259)
Interest received		306	3,618
Tax refunded		–	29,897
Net cash outflows from operating activities	16	(191,505)	(300,185)
Cash flows from financing activities			
Return of capital paid		(5,968,039)	(4,499,926)
Expense reimbursement paid to related party		(69,648)	–
Net cash outflows from financing activities		(6,037,687)	(4,499,926)
Net decrease in cash		(6,229,192)	(4,800,111)
Impact of foreign exchange		(50,039)	(2,105)
Cash and cash equivalents at beginning of period		6,279,231	11,081,447
Cash and cash equivalents at period end	9	–	6,279,231

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

Notes to the Consolidated Financial Statements

Multiplex European Property Fund

12

For the period from 1 July 2020 to 22 February 2021

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 consolidated financial statements of the Fund as at and for the period from 1 July 2020 to 22 February 2021 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Basis of preparation

a Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) (including Australian interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Consolidated Entity and the Fund comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). For the purpose of preparing the consolidated financial statements the Fund is a for profit entity.

The consolidated financial statements were authorised for issue by the Directors on this 2nd day of March 2021.

b Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost.

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

c 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 has taken steps consistent with those detailed in the Notice of Meetings and Explanatory Memorandum dated 1 July 2015. The Consolidated Entity was terminated on 22 February 2021.

Accordingly, the consolidated financial statements have been prepared on a non-going concern basis.

Cost reimbursements include actual invoices and estimates the Fund received from external advisors and service providers in relation to winding up the Fund. The Fund made a payment of \$69,648 to the Responsible Entity to assume liability for these costs. The Responsible Entity will pay the wind up costs on behalf of the Fund in order for the Fund to complete its wind up. To the extent that actual costs exceed estimated costs, the Responsible Entity will be responsible for the differential.

d 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 amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no critical estimates or judgements as at the period ended 22 February 2021.

Notes to the Consolidated Financial Statements continued¹³

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

3 Significant accounting policies

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

a Principles of consolidation

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

The results of the subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Entity.

All intra-group transactions, balances, income and expenses, including unrealised profits arising from intra-group transactions, are eliminated in full in the consolidated financial statements. In the separate financial statements of the Fund, intra-group transactions (common control transactions) are generally accounted for by reference to the existing carrying value of the items. Where the transaction value of common control transactions differs from their carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

In the Fund's financial statements, investments in controlled entities are carried at cost less impairment, if applicable.

Changes in the Consolidated Entity's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders.

When the Consolidated Entity loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

b Foreign and cross currency transactions

Foreign and cross currency transactions of the Consolidated Entity are converted to Australian dollars at the rate of exchange prevailing at the date of the transaction or at hedge rates where applicable. Amounts receivable or payable by entities within the Consolidated Entity that are outstanding as at period end and are denominated in foreign currencies are converted to Australian dollars using rates of exchange at the end of the period. All resulting exchange differences arising on settlement are brought to account in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR).

c Expense recognition

Management fee

Management fees have been waived by the Responsible Entity since 1 January 2018.

Other expenditure

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

Notes to the Consolidated Financial Statements continued¹⁴

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

3 Significant accounting policies continued

d Goods and services tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

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

e Value added tax (VAT)

Revenues, expenses, assets and liabilities are recognised net of the amount of VAT (where applicable), except where the amount of VAT incurred is not recoverable from the relevant tax authority. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of VAT. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

f Income tax - funds

Under current income tax legislation, the Fund is not liable for Australian income tax as unitholders are presently entitled at period end to the income of the trust estate calculated in accordance with the Fund's Constitution and applicable tax law.

The subsidiary entities of the Fund that own properties in Germany are liable to pay tax under German tax legislation at the current corporate rate of 15% plus a solitary surcharge of 5.5% on the corporate rate. Wholly owned entities of the Fund that are based in Luxembourg are subject to tax at just under 30%.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

The carrying amount of deferred income tax assets is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

g Cash and cash equivalents

For purposes of presentation in the Consolidated Statement of Cash Flows, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

h Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Non-current receivables are measured at amortised cost using the effective interest rate method.

i Trade and other payables

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

Notes to the Consolidated Financial Statements continued 15

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

3 Significant accounting policies continued

j Distributions

A provision for distribution is recognised in the Consolidated Statement of Financial Position if the distribution has been declared prior to period end. Distributions paid and payable on units are recognised as a reduction in equity. Distributions paid are included in cash flows from financing activities in the Consolidated Statement of Cash Flows.

k Units on issue

Issued and paid up units are recognised as changes in equity at the fair value of the consideration received by the Consolidated Entity, less any incremental costs directly attributable to the issue of new units.

l Adoption of new and revised Australian Accounting Standards

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the period beginning 1 July 2020 that have a material impact on the Consolidated Entity.

4 Parent entity disclosures

	Fund As at 22 February 2021 \$	As at 30 June 2020 \$
Assets		
Current assets	–	456,899
Total assets	–	456,899
Liabilities		
Current liabilities	–	359,419
Total liabilities	–	359,419
Equity		
Units on issue	–	183,278,904
Undistributed losses	–	(183,181,424)
Total equity	–	97,480

	Fund Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
Net profit / (loss) for the period	5,870,566	4,394,954
Total comprehensive profit / (loss) for the period	5,870,566	4,394,954

The Fund did not have any contingent assets or liabilities, commitments or guarantees at 22 February 2021 or 30 June 2020. Refer to contingent liabilities and assets (Note 18) and capital and other commitments (Note 19) for amounts in relation to the Consolidated Entity.

The net profit generated during the period ended 22 February 2021 primarily consists of reversal of payable to controlled entity.

5 Other expenses

	Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
Share registry fee	(32,738)	(42,025)
Professional service fee*	(17,380)	(88,088)
Bank charge	(4,365)	(39,113)
Company filing fee	–	(2,921)
Other	(100,734)	(15,985)
Total other expenses**	(155,217)	(188,132)

* Professional service fee includes \$17,380 auditor's remuneration.

* Total other expenses include \$65,428 wind up costs.

Notes to the Consolidated Financial Statements continued 16

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

6 Auditor's remuneration

	Consolidated Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
Auditors of the Fund:		
Audit and review of financial reports	17,380	35,090
Other audit firms:		
Audit and review of the financial reports	–	–
Total auditor's remuneration	17,380	35,090

Fees paid to the auditors of the Fund in relation to compliance plan audits are borne by the Responsible Entity.

7 Income tax

	Consolidated Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
a Major components of income tax expense		
Current income tax charge and adjustments in respect of prior year charges	(2,803)	29,576
Total current income tax (expense) / benefit	(2,803)	29,576
Deferred income tax		
Relating to origination and reversal of temporary differences	–	–
Total deferred income tax expense	–	–
Total income tax (expense) / benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(2,803)	29,576
b Income tax (expense) / benefit		
Numerical reconciliation between tax expense and pre-tax net loss		
Profit / (loss) before income tax	41,406	(214,657)
Prima facie income tax (expense) / benefit using the domestic corporate tax rate of 30% (2020: 30%)	(12,422)	64,397
Effect of tax rates in foreign jurisdictions using the Luxembourg and German tax rates of 28.6% and 15.8% respectively (2020: 28.6% and 15.8%)	(143,479)	(94,564)
Non-assessable income ¹	501,352	1,504,637
Deferred tax not previously brought to account and utilised in the current period	(348,254)	(1,444,894)
Total income tax (expense) / benefit reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	(2,803)	29,576

¹ Under current income tax legislation, the Fund is not liable for Australian income tax as unitholders are presently entitled at period end to the income of the trust estate calculated in accordance with the Fund's Constitution and applicable tax law.

	Consolidated As at 22 February 2021 \$	As at 30 June 2020 \$
c Tax assets and liabilities		
Tax liability – current (recognised within trade and other payables)	–	(11,204)

d Recognised deferred tax assets and liabilities

In accordance with AASB 112 Income Taxes, there are no unrecognised deferred tax assets (2020: nil).

There are no tax amounts recognised directly in equity for the current period or prior years.

Notes to the Consolidated Financial Statements continued 17

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

8 Distributions and returns of capital

The Consolidated Entity declared and paid a return of capital of \$5,968,039 during the financial period ended 22 February 2021 (Year ended 30 June 2020: \$4,499,926).

9 Cash and cash equivalents

	Consolidated As at 22 February 2021 \$	As at 30 June 2020 \$
Cash at bank	–	6,279,231
Total cash and cash equivalents	–	6,279,231

10 Trade and other receivables

	Consolidated As at 22 February 2021 \$	As at 30 June 2020 \$
Trade receivables	–	755
Total trade receivables	–	755
Prepayments and other receivables	–	118
Total prepayments and other receivables	–	118
Total trade and other receivables	–	873

11 Trade and other payables

	Consolidated As at 22 February 2021 \$	As at 30 June 2020 \$
Current		
Trade payables	–	73,666
Other payables and accruals	–	685,926
Total trade and other payables	–	759,592

12 Units on issue

	Period ended 22 February 2021 \$	Period ended 22 February 2021 Units	Year ended 30 June 2020 \$	Year ended 30 June 2020 Units
Opening balance	183,278,904	246,950,150	187,778,830	246,950,150
Return of capital	(5,968,039)	–	(4,499,926)	–
Cancellation of units	(177,310,865)	(246,950,150)	–	–
Closing balance	–	–	183,278,904	246,950,150
	Cents per unit	Total amount	Date of payment	
		\$		
Ordinary unitholders				
Return of capital	1.62	4,000,592	7 December 2020	
Return of capital	0.80	1,967,447	19 February 2021	
Total return of capital for period ended 22 February 2021	2.42	5,968,039		

Notes to the Consolidated Financial Statements continued 18

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

12 Units on issue continued

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of units held. On a show of hands, every holder of units present at a meeting of unitholders, in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote. All units in the Fund are of the same class and carry equal rights.

13 Reserves

	Consolidated	
	Period ended 22 February 2021	Year ended 30 June 2020
	\$	\$
Opening balance	(408,924)	(399,452)
Movement in reserves due to changes in foreign exchange rates	(55,553)	(9,472)
Foreign currency losses previously recognised in other comprehensive income	464,477	–
Closing balance	–	(408,924)

14 Undistributed losses

	Consolidated	
	Period ended 22 February 2021	Year ended 30 June 2020
	\$	\$
Opening balance	(177,349,468)	(177,162,347)
Net profit / (loss)	38,603	(187,121)
Closing balance immediately prior to cancellation of units on issue	(177,310,865)	(177,349,468)
Cancellation of units on issue	177,310,865	–
Closing balance	–	(177,349,468)

15 Controlled entities

	Principal place of business / country of incorporation	Ownership interest	Ownership interest
		22 February 2021 %	30 June 2020 %
<i>Directly held subsidiaries</i>			
Multiplex German Property Fund	Australia	–	100.0
<i>Indirectly held subsidiaries</i>			
Multiplex German Landowning Fund	Australia	–	100.0
Multiplex Malta 1 Ltd	Malta	–	100.0
Multiplex Luxembourg Limited Partner S.a.r.l.	Luxembourg	–	100.0

16 Reconciliation of cash flows from operating activities

	Consolidated	
	Period ended 22 February 2021	Year ended 30 June 2020
	\$	\$
Net profit / (loss) after tax for the period/year	38,603	(187,121)
Adjustments for:		
<i>Non-cash items</i>		
Income tax expense / (benefit)	2,803	(29,576)
Other (income) / costs	(119,797)	22,209
Operating loss before changes in working capital	(78,391)	(194,488)
Changes in assets and liabilities during the period:		
Decrease in trade and other receivables	–	722
Decrease in trade and other payables	(113,114)	(106,419)
Net cash outflows from operating activities	(191,505)	(300,185)

Notes to the Consolidated Financial Statements continued 19

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

17 Related parties

Responsible Entity

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

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund. The Directors of the Responsible Entity are Key Management Personnel of that entity.

Mr. F. Allan McDonald

Ms. Barbara K. Ward

Mr. Shane A. Ross

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross assets less fair value of derivatives attributable to unitholders. Refer below for further details related to the management fee and other fees the Responsible Entity is entitled to.

No compensation is paid to any of the Key Management Personnel of the Responsible Entity directly by the Fund.

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, interests in registered schemes and rights or options over such instruments issued by the entities within the Consolidated Entity and other related bodies corporate as at the date of this report:

Director	Units held at 22 February 2021	Units held at 30 June 2020
F.Allan McDonald	–	50,000
Barbara K. Ward	–	–
Shane A. Ross	–	–

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

Mr.F. Allan McDonald redeemed his units on 22 February 2021 for \$398.

Responsible Entity's fees and other transactions

In accordance with the Fund Constitution, Brookfield Capital Management Limited is entitled to receive:

Management fee

Management fees have been waived by the Responsible Entity since 1 January 2018.

Related party unitholders

The following related parties held units in the Fund during the financial period:

- Multiplex German Investment Pty Ltd as trustee for Multiplex German Investment Trust, owned 100% by Brookfield Australia Property Trust, holds 49,750,100 units or 20.2% of the Fund at period end (2020: 49,750,100 units or 20.2%); and
- Brookfield Funds Management Limited, as custodian for BAO Trust, holds 12,750,050 units or 5.2% of the Fund at period end (2020: 12,750,050 or 5.2%).

	Consolidated Period ended 22 February 2021 \$	Year ended 30 June 2020 \$
Transactions with the Responsible Entity		
Cost reimbursements	69,648	13,733

Transactions with related parties are conducted on normal commercial terms and conditions. Distributions paid by the Consolidated Entity to related party unitholders are made on the same terms and conditions applicable to all unitholders.

Notes to the Consolidated Financial Statements continued²⁰

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

18 Contingent liabilities and assets

In late 2020, the German Tax Authority provided the Fund's subsidiary in Europe the final tax assessment for the period 2014-2016. The tax assessment concluded that there were no adverse tax findings in the tax audit. There are no further outstanding tax issues.

There are no contingent liabilities or assets at 22 February 2021.

19 Capital and other commitments

There are no capital or other commitments at 22 February 2021 (30 June 2020: nil).

20 Events subsequent to the reporting date

Other than as disclosed, 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 years.

Directors' Declaration

Multiplex European Property Fund

For the period from 1 July 2020 to 22 February 2021

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

- a The consolidated financial statements and notes, set out in pages 8 to 20, 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 22 February 2021 and of its performance for the financial period ended on that date;
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - iii complying with International Financial Reporting Standards, as stated in Note 2 to the consolidated financial statements.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited pursuant to Section 295(5) of the Corporations Act 2001.

Dated at Sydney this 2nd day of March 2021.



Shane Ross
Director
Brookfield Capital Management Limited

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

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

Opinion

We have audited the financial report of Multiplex European Property Fund (the "Fund") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 22 February 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 22 February 2021 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report included in the Group's financial report for the period ended 22 February 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, as they apply on a non-going concern basis as disclosed in Note 2 to the financial statements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis due to the termination of the Group on 22 February 2021.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

- Conclude on the appropriateness of the directors' use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 2 March 2021