

Multiplex Property Income Fund

ARSN 117 674 049

Annual report

For the period ended 30 June 2007

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This financial report covers Multiplex Property Income Fund as an individual entity and the consolidated entity consisting of Multiplex Property Income Fund and its subsidiaries.

Directors' report

The directors of Multiplex Capital Securities Limited ("the Responsible Entity", ACN 103 736 081), the responsible entity of Multiplex Property Income Fund ("the Fund"), present their report together with the financial report of the Fund, and the consolidated financial report of the Fund and its controlled entities (collectively, "the consolidated entity") for the period ended 30 June 2007 and the auditor's report thereon.

Responsibility Entity

The responsible entity of the Fund is Multiplex Capital Securities Limited which has been the Responsible Entity since the inception of the Fund. The registered office and principle place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney, NSW 2000.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia and is an open ended unlisted unit trust.

The investment activities of the Fund are in accordance with the investment policy as outlined in the product disclosure statement dated 13 March 2007.

The consolidated entity did not have any employees during the period.

The Fund was constituted on 21 December 2006 and commenced operations on 8 March 2007.

There were no significant changes in the nature of the consolidated entity's activities during the period.

Directors

The following persons held office as directors of the Responsible Entity during the period or since the end of the period and up to the date of this report:

Peter Morris (Chairman)	Appointed 19 February 2007
Rex Bevan	Appointed 29 April 2003
Brian Motteram	Appointed 14 February 2003
Robert McCuaig	Appointed 19 February 2007
Ian O'Toole	Appointed 19 February 2007
Robert Rayner	Appointed 14 February 2003
Brian Hewitt	Appointed 14 August 2003, Resigned 15 February 2007

Review of operations

As at 30 June 2007 the Fund's portfolio comprises investments in 20 unlisted property securities and 19 listed property securities with exposure to 22 property fund managers and indirect exposure to over 2,000 underlying property assets.

Directors' report (continued)

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Consolidated Period from 8 March 2007 to 30 June 2007 \$'000	Parent Period from 8 March 2007 to 30 June 2007 \$'000
Net profit for the period	1,286	1,286
<i>Distributions</i>		
<i>Distributions - Income unitholders</i>		
Distribution paid and payable	125	125
Weighted average distribution (cents per unit)	1.40	1.40
<i>Distributions - Ordinary unitholders</i>		
Distribution paid and payable	1,161	1,161
Distribution (cents per unit)	3.86	3.86

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial period.

Matters subsequent to the end of the financial period

No matter or circumstance has arisen since 30 June 2007 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future periods, or
- (ii) the results of those operations in future periods, or
- (iii) the state of affairs of the Fund in future periods.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. As investment conditions change over time, past returns should not be used to predict future returns.

Further information on likely developments in the operations of the Fund and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Fund.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund. The auditors of the Fund are in no way indemnified out of the assets of the Fund.

Fees paid and interests held in the Fund by the Responsible Entity or its associates

No fees were paid to the Responsible Entity or its associates out of Fund property during the period.

No fees were paid out of Fund property to the directors of the Responsible Entity during the period.

Directors' report (continued)

Interests in the Fund

The movement in units on issue in the Fund during the period is disclosed in Note 4 of the financial statements.

The value of the Fund's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in Note 2 of the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under either Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the directors.

On behalf of the Directors



Ian O'Toole
Executive Director
Multiplex Capital Securities Limited



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

To: the directors of Multiplex Capital Securities Limited as the Responsible Entity of Multiplex Property Income Fund

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

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

KPMG

Tanya Gilerman
Partner

Sydney, NSW

3 September 2007

Multiplex Property Income Fund
Income Statements
For the period ended 30 June 2007

Income Statements

		Consolidated Period from 8 March 2007 to 30 June 2007 S'000	Parent Period from 8 March 2007 to 30 June 2007 S'000
<i>Revenue</i>			
Interest income		14	11
Distribution income		1,340	1,498
Other investment income		<u>163</u>	<u>8</u>
<i>Total revenue and other income</i>		<u>1,517</u>	<u>1,517</u>
<i>Expenses</i>			
Other operating expenses		<u>231</u>	<u>231</u>
<i>Total expenses</i>		<u>231</u>	<u>231</u>
<i>Profit for the period</i>		<u>1,286</u>	<u>1,286</u>
Distribution paid and payable			
Income unitholder	5	<u>125</u>	<u>125</u>
Ordinary unitholder	5	<u>1,161</u>	<u>1,161</u>

The above Income Statements should be read in conjunction with the accompanying notes as set out on pages 9 to 19.

Multiplex Property Income Fund
Balance Sheets
As at 30 June 2007

Balance Sheets

	Notes	Consolidated 30 June 2007 \$'000	Parent 30 June 2007 \$'000
<i>Assets</i>			
Cash and cash equivalents	6	927	542
Receivables	9	1,608	1,511
Investments in controlled entities	8	-	36,076
Investments available for sale	7	<u>40,290</u>	<u>2,905</u>
Total assets		<u>42,825</u>	<u>41,034</u>
<i>Liabilities</i>			
Distribution payable	5	1,223	1,223
Payables	10	<u>246</u>	<u>231</u>
Total liabilities		<u>1,469</u>	<u>1,454</u>
Net assets		<u>41,356</u>	<u>39,580</u>
 <i>Equity</i>			
Units on issue			
<i>Income unitholder</i>	4	9,596	9,596
<i>Ordinary unitholder</i>	4	30,076	30,076
Available for sale revaluation reserve	4	1,684	(92)
Retained earnings		<u>-</u>	<u>-</u>
Total Equity		<u>41,356</u>	<u>39,580</u>

The above Balance Sheets should be read in conjunction with the accompanying notes as set out on pages 9 to 19.

Multiplex Property Income Fund
Statements of Changes in Equity
For the period ended 30 June 2007

Statements of Changes in Equity

		Consolidated Period from 8 March 2007 to 30 June 2007	Parent Period from 8 March 2007 to 30 June 2007
	Notes	\$'000	\$'000
Opening Equity		-	-
Units issued			
Ordinary units	4(i)(b)	30,076	30,076
Income units	4(i)(a)	9,596	9,596
Available for sale reserve			
Fair value movements in all listed and unlisted investments	4(ii)	1,684	(92)
Retained earnings			
Profit		1,286	1,286
Distributions		<u>(1,286)</u>	<u>(1,286)</u>
Closing Equity		<u>41,356</u>	<u>39,580</u>

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes as set out on pages 9 to 19.

Multiplex Property Income Fund
Statements of Cash Flows
For the period ended 30 June 2007

Statements of Cash Flows

		Consolidated Period from 8 March 2007 to 30 June 2007 \$'000	Parent Period from 8 March 2007 to 30 June 2007 \$'000
	Notes		
<i>Cash flows from operating activities</i>			
Interest received		7	6
Distributions received		380	-
Other income received		4	-
<i>Net cash inflow/(outflow) from operating activities</i>	13(a)	391	6
<i>Cash flows from investing activities</i>			
Payments for purchase of investments		(8,998)	(8,998)
<i>Net cash inflow/(outflow) from investing activities</i>		(8,998)	(8,998)
<i>Cash flows from financing activities</i>			
Proceeds from applications by unitholders		9,596	9,596
Distributions paid		(62)	(62)
<i>Net cash inflow/(outflow) from financing activities</i>		9,534	9,534
<i>Net increase/(decrease) in cash and cash equivalents</i>		927	542
Cash and cash equivalents at beginning of the period		-	-
<i>Cash and cash equivalents at 30 June</i>	6	927	542

The above Statements of Cash Flows should be read in conjunction with the accompanying notes as set out on pages 9 to 19.

1 General information

This financial report covers the Multiplex Property Income Fund ("the Fund") as an individual entity and the consolidated entity consisting of the Fund and its subsidiaries. The Fund was constituted on 21 December 2006. The Fund is a registered managed investment fund domiciled in Australia.

The responsible entity of the Fund is Multiplex Capital Securities Limited ("the Responsible Entity"). The responsible entity's registered office is 1 Kent Street, Sydney, NSW 2000.

The financial statements were authorised for issue by the directors on 3 September 2007.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

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

- Available for sale financial assets are measured at fair value

(b) Foreign currency translation

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for capital and is regulated. The Australian dollar is also the Fund's presentation currency.

(c) Rounding of amounts

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

(d) Principles of consolidation

The consolidated financial statements incorporate the financial statements of all subsidiaries of Multiplex Property Income Fund (the "parent entity") as at 30 June 2007. Multiplex Property Income Fund and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Fund has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Fund. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Fund.

All transactions (including gains and losses) and balances between entities in the consolidated group are eliminated in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Fund.

In the Fund's financial statements investments in controlled entities are carried at cost.

2 Summary of significant accounting policies (continued)

(e) Investments

Listed and unlisted investments are classified as being available for sale and are stated at fair value, with any resulting gain or loss recognised directly in equity in the balance sheet, except for impairment losses, which are recognised directly in the income statement. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity in the balance sheet is recognised in the income statement.

The fair value of listed investments is the quoted bid price at the balance sheet date.

The fair value of unlisted investments, which is either the original acquisition price or updated net asset backing as advised by the relevant responsible entity, or where a secondary market exists for the unit, the last quoted redemption price at balance date.

(f) Cash and cash equivalents

For Statements of Cash Flows presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within liabilities on the balance sheet.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Fund's main income generating activity.

(g) Investment income

Interest income is recognised in the income statement as it accrues, using the original effective interest rate method. Interest income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest bearing instrument and its amount calculated on an effective interest rate basis.

Dividend income related to exchange traded equity instruments is recognised in the income statement on the ex-dividend date with any related foreign withholding tax recorded as an expense.

In some cases, the Fund may receive or choose to receive dividends in the form of additional shares rather than cash. In such cases the Fund recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

Income distribution from private equity investments and other managed investment schemes are recognised in the income statement as dividend income when declared.

(h) Expenses

All expenses, including responsible entity's fees and custodian fees, are recognised in the income statement on an accruals basis.

(i) Income tax

Under current legislation, the Fund is not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

(j) Distributions

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date.

Distribution paid and payable on units are recognised in equity as a reduction of retained earnings for the year. Distributions paid are included in cash flows from financing activities in the Statements of Cash Flows.

2 Summary of significant accounting policies (continued)

(k) Receivables

Receivables may include amounts for dividends, trust distributions and interest. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities and accrued expenses owing by the Fund which are unpaid as at the reporting date.

Trades are recorded on trade date, and are normally settled within three business days. Purchases of securities and investments that are unsettled at the reporting date are included in payables.

The distribution amount payable to unitholders as at the reporting date is recognised separately on the balance sheet as unitholders are presently entitled to the distributable income as at 30 June 2007 under the Fund's Constitution.

(m) Applications and redemptions

Unit application and redemption prices are determined by reference to the product disclosure statement dated 13 March 2007.

(n) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodial services and investment management fees, have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees, custodial fees and other expenses have been recognised in the income statement net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet. Cash flows relating to GST are included in the cash flow statement on a gross basis.

(o) Equity

Issued and paid up units are recognised at the fair value of the consideration received by the consolidated entity.

(p) Use of estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Fair value of investments in unlisted unit trusts

Investments in unlisted unit trusts are valued at their net tangible asset value per unit.

(q) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2007 reporting period. The Responsible Entity's assessment of the impact of these standards (to the extent relevant to the Fund) and interpretations are set out below:

AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the Fund's financial instruments.

AASB 2005-10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. AASB 2005 - 10 is applicable for annual reporting periods on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

3 Auditor's remuneration

Audit fees have been fully borne by the Multiplex Property Fund (MPF) in accordance with the product disclosure statement dated 13 March 2007.

4 Capital and reserves

(i) Units

(a) Income units

	Consolidated/Parent	
	Period from 8 March 2007 to 30 June 2007 S'000	Period from 8 March 2007 to 30 June 2007 Units'000
Opening balance at 8 March 2007	-	-
Units issued	9,596	9,558
Total income units on issue at 30 June 2007	9,596	9,558

(b) Ordinary units

	Consolidated/Parent	
	Period from 8 March 2007 to 30 June 2007 S'000	Period from 8 March 2007 to 30 June 2007 Units'000
Opening balance at 8 March 2007	-	-
Units issued	30,076	30,076
Closing balance at 30 June 2007	30,076	30,076
Total ordinary units on issue at 30 June 2007	30,076	30,076

To the extent that there will be a distribution of income, investors of the income units will be entitled to receive monthly income distribution in priority to any distributions paid to ordinary unit holders. Ordinary and income unit holders have equal voting rights.

4 Capital and reserves (continued)

(ii) Reserves

	Consolidated Period from 8 March 2007 to 30 June 2007 \$'000	Parent Period from 8 March 2007 to 30 June 2007 \$'000
Available for sale revaluation reserve		
Opening balance	-	-
Change in fair value	<u>1,684</u>	<u>(92)</u>
Closing balance	<u>1,684</u>	<u>(92)</u>
Undistributed income		
Opening balance	-	-
Net profit	1,286	1,286
Distributions provided for or paid	<u>(1,286)</u>	<u>(1,286)</u>
Closing balance	<u>-</u>	<u>-</u>

5 Distributions

	Consolidated / Parent Period from 8 March 2007 to 30 June 2007	
	\$'000	Cents per unit
Income unitholders		
Distributions paid		
- 31 March	1	0.21
- 30 April	3	0.65
- 31 May	59	0.67
Distribution payable		
- 30 June	<u>62</u>	<u>0.65</u>
	<u>125</u>	<u>2.18</u>

5 Distributions (continued)

	Consolidated / Parent Period from 8 March 2007 to 30 June 2007	
	S'000	Cents per unit
Ordinary unitholders Distribution payable – 30 June	<u>1,161</u>	<u>3.86</u>
	<u>1,161</u>	<u>3.86</u>
Total Distribution payable	<u>1,223</u>	

6 Cash and cash equivalents

	Consolidated 30 June 2007 S'000	Parent 30 June 2007 S'000
Cash at bank	<u>927</u>	<u>542</u>
	<u>927</u>	<u>542</u>

7 Investments available for sale

	Consolidated 30 June 2007 S'000	Parent 30 June 2007 S'000
Unlisted unit trusts	37,385	-
Listed unit trusts	<u>2,905</u>	<u>2,905</u>
	<u>40,290</u>	<u>2,905</u>

Material investments

Investments by the Fund which constitute 5% or more by value of that investment are disclosed below:

30 June 2007

Security Description	Units	% Interest Held
Charter Hall diversified Property Fund	4,783,316	11.20
Rimcorp Property Trust No 3	750,000	9.30
APN UKA Poland Trust	3,016,840	8.00
Centro MCS 22	645,872	5.80
APN UKA Poland Retail Fund	2,400,000	5.50

8 Investments in controlled entities

	Parent 30 June 2007 \$'000
Investment in Multiplex Income UPT International Investments Trust	100 8,074
Investment in Multiplex Income UPT Domestic Investments Trust	100 28,002
	<u>36,076</u>

9 Receivables

	Consolidated 30 June 2007 \$'000	Parent 30 June 2007 \$'000
Unit trusts distribution receivable	960	1,498
Interest receivable	7	5
Brokerage receivable	165	-
Other income receivable	476	8
	<u>1,608</u>	<u>1,511</u>

10 Payables

	Consolidated 30 June 2007 \$'000	Parent 30 June 2007 \$'000
Reimbursable expenses accrual	231	231
Other payables	15	-
	<u>246</u>	<u>231</u>

11 Financial risk management

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments held. The risk management policies employed by the Fund to manage these risks are discussed below.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with their respective credit limits, are approved
- ensuring that transactions are undertaken with a number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date. This also relates to financial assets carried at amortised cost as they have a short term to maturity. There were no significant concentrations of credit risk to counterparties at 30 June 2007.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows from holding financial instruments will fluctuate. The risk management guidelines adopted by the Fund are designed to minimise liquidity and cash flow risk through:

- ensuring that there is no significant exposure to illiquid or thinly traded financial instruments, and
- applying limits to ensure there is no concentration of liquidity risk to a particular counterparty or market.

(c) Market risk

(i) Price risk

Market price risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market price risk analysis is conducted regularly on a total portfolio basis which includes the effect of derivatives.

There is no significant direct price risk in this Fund.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The interest rate risk disclosures have been prepared on the basis of the Fund's direct investment and not on a look-through basis for investments held indirectly through unit trusts. Consequently, the disclosure of interest rate risk in the note may not represent the true risk profile of the Fund where the Fund has significant investments in unit trusts which also have exposure to the interest rate markets.

11 Financial risk management (continued)

The following tables summarise the Fund's exposure to interest rate risk.

30 June 2007	Effective interest rate % pa	Consolidated		Total \$'000
		Current \$'000	Non interest bearing \$'000	
Assets				
Cash and cash equivalents	3.90	927	-	927
Receivables	-	-	1,608	1,608
Financial assets held at fair value through profit or loss	-	-	40,290	40,290
Total assets		<u>927</u>	<u>41,898</u>	<u>42,825</u>
Liabilities				
Distributions payable	-	-	1,223	1,223
Payables	-	-	246	246
Total liabilities		<u>-</u>	<u>1,469</u>	<u>1,469</u>
Net assets		<u>927</u>	<u>40,429</u>	<u>41,356</u>

(d) Net fair values of financial assets and financial liabilities

All financial assets and financial liabilities included in the balance sheet are carried at fair value.

(e) Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in Note 2(p) of the basis of preparation section.

12 Related party transactions

Responsible Entity

The Responsible Entity of the Fund is Multiplex Capital Securities Limited ("the Responsible Entity"), a wholly owned subsidiary of the Multiplex Limited.

Key management personnel

(a) Directors

The following persons held office as directors of the Responsible Entity during the period or since the end of the period and up to the date of this report:

Peter Morris (Chairman)	Appointed 19 February 2007
Rex Bevan	Appointed 29 April 2003
Brian Motteram	Appointed 14 February 2003
Robert McCuaig	Appointed 19 February 2007
Ian O'Toole	Appointed 19 February 2007
Robert Rayner	Appointed 14 February 2003
Brian Hewitt	Appointed 14 August 2003, Resigned 15 February 2007

12 Related party transactions (continued)

Responsible Entity's fees and other transactions

For the period ended 30 June 2007, all expenses in connection with the preparation of accounting records and the maintenance of the register have been fully borne by Multiplex Property Fund ("MPF") in accordance to the Product Disclosure Statement dated 13 March 2007.

Key management personnel unit holdings

At 30 June 2007 no key management personnel held units in the Fund.

Key management personnel remuneration

Key management personnel are paid by the responsible entity. Payments made from the Fund to the responsible entity do not include any amounts directly attributable to key management personnel remuneration.

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Investments

The consolidated entity held investments in the following Fund which were also managed by the responsible entity or its related parties:

30 June 2007

Entity Name	Net fair value of investment \$'000	Interest held %	Distributions received/ receivable \$'000
Multiplex New Zealand Property Fund	<u>1,870</u>	0.60	<u>40</u>
	<u>1,870</u>		<u>40</u>

The proportion of ownership interest is equal to the proportion of the voting power held.

The Fund did not hold any other investments in Multiplex Group related entities during the period.

Other transactions within the Scheme

Apart from those details disclosed in this note, no director has entered into a material contract with the Fund during the period and there were no material contracts involving director's interests subsisting at period end.

The terms and conditions of the transactions with other related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

13 Reconciliation of net operating profit to net cash (outflow) from operating activities

	Consolidated	Parent
	Period from	Period from
	8 March 2007	8 March 2007
	to	to
	30 June 2007	30 June 2007
	\$'000	\$'000
(a) Reconciliation of net operating profit to net cash (outflow) from operating activities		
Net operating profit	1,286	1,286
Adjustments for:		
Net unrealised gain on capital return	467	-
Net change in accrued income and receivables	(1,608)	(1,511)
Net change in accounts payable and accrued liabilities	246	231
<i>Net cash (outflow) from operating activities</i>	391	6

14 Segment information

The Fund is organised into one main segment and operates solely in the business of investment management within Australia. Consequently, no segmental reporting is provided in the Fund's financial statements.

15 Events occurring after the balance sheet date

No significant events have occurred since the balance sheet date which would impact on the financial position of the Fund disclosed in the balance sheet as at 30 June 2007 or on the results and cash flows of the Fund for the period ended on that date.

16 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 30 June 2007.

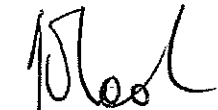
Directors' declaration

In the opinion of the Directors of Multiplex Capital Securities Limited as Responsible Entity for Multiplex Property Income Fund:

- (a) The consolidated financial statements and notes, set out in pages 5 to 19 are in accordance with the Corporations Act 2001, including
- (i) giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2007 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney, this 3 September, 2007



Ian O'Toole
Executive Director
Multiplex Capital Securities Limited



Independent auditor's report to the unitholders of Multiplex Property Income Fund

Report on the financial report

We have audited the accompanying financial report of Multiplex Property Income Fund (the "Fund"), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 16 and the directors' declaration set out on page 20, of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Responsible Entity, as well as evaluating the overall presentation of the financial report.

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

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



Auditor's opinion

In our opinion:

(a) the financial report of Multiplex Property Income Fund is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2007 and of their performance for the ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

KPMG

Tanya Gilerman
Partner

Sydney, NSW

3 September 2007