Multiplex Property Income Fund
Financial report
For the year ended
30 June 2009

Multiplex Property Income Fund

ARSN 117 674 049

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Multiplex Property Income Fund

For the year ended 30 June 2009

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Directory

Multiplex Property Income Fund

For the year ended 30 June 2009

Responsible Entity
Brookfield Multiplex Capital Management Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Directors of Brookfield Multiplex Capital Management Limited
Peter Morris
Brian Motteram
Robert McCuaig
Mark Wilson
Brian Kingston

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

Principal Registered Office
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Custodian
JP Morgan Nominees Australia Limited
Level 35 Suncorp Building
259 George Street
Sydney NSW 2000
Telephone: (02) 9250 4111

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

Directors' Report
Multiplex Property Income Fund

Year ended 30 June 2009

Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ACN 32 094 936 866) (BMCML), the Responsible Entity of Multiplex Property Income Fund (ARSN 104 341 988) (MPIF or Fund), present their report together with the financial report of the Fund and the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2009 and the Independent Audit Report thereon. The Fund was constituted on 8 March 2007.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML) who was appointed as Responsible Entity on 26 October 2007, replacing Multiplex Capital Securities Limited. The registered office and principal place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney.

Directors

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

Name	Capacity
Peter Morris (Director since 14 April 2004)	Non-Executive Independent Chairman
Brian Motteram (Director since 21 February 2007)	Non-Executive Independent Director
Robert McCuaig (Director since 31 March 2004)	Non-Executive Independent Director
Mark Wilson (Director since 27 August 2008)	Executive Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Robert Rayner (Director since 31 October 2000 – resigned 22 August 2008)	Executive Director
Bob McKinnon (Director since 7 December 2007 – resigned 18 July 2008)	Non-Executive Director

Information on Directors

Peter Morris, Non-Executive Independent Chairman

Peter has more than 38 years of experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects. Peter acts as Independent Chairman of BMCML. There are no listed companies of which Peter has served as a director during the past three years.

Brian Motteram, Non-Executive Independent Director

Brian has in excess of 32 years of experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 18 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. There are no listed companies of which Brian has served as a director during the past three years.

Robert McCuaig, Non-Executive Independent Director

Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia, now one of the world's largest professional property service groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of New South Wales, the State of New South Wales and the Commonwealth of Australia. There are no listed companies of which Robert has served as a director during the past three years.

Mark Wilson, Executive Director

Mark is the CEO for Funds Management and Infrastructure for Brookfield Multiplex Limited. Mark has overall responsibility for the strategy and operations of the funds management business. In his 12 years at Brookfield Multiplex Limited, Mark has also held various managerial roles including Executive General Manager, Corporate Development and Group Company Secretary. Mark has been instrumental in a number of major equity capital markets transactions undertaken by Brookfield Multiplex, including the establishment of the Brookfield Multiplex Capital division and the Brookfield Multiplex Group Initial Public Offering in 2003. Mark has 19 years' operating and investing experience and is a Fellow of Finance with Financial Services Institute of Australasia. There are no listed companies of which Mark has served as a director during the past three years.

Brian Kingston, Executive Director
Brian is the Chief Financial and Investment Officer of Brookfield Multiplex Limited. Brian joined Brookfield Asset Management Inc. in 2001 and has held various senior management positions within Brookfield and its affiliates, including mergers and acquisitions, merchant banking and real estate advisory services. There are no listed companies other than Brookfield Multiplex Limited (delisted December 2007) of which Brian has served as a director during the past three years.

Information on Company Secretary
Neil Olofsson
Neil has over 13 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

Directors' interests
The following table sets out each Director's relevant interest in the units, debentures, rights or options over such instruments, 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	Multiplex Property Income Fund units held
Peter Morris	–
Brian Motteram	–
Robert McCuaig	–
Mark Wilson	–
Brian Kingston	–

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

Directors' meetings

Director		Board Meetings		Audit Committee Meetings	
		A	B	A	B
Peter Morris		15	15	3	3
Brian Motteram		13	15	3	3
Robert McCuaig		12	15	3	3
Mark Wilson		14	14	N/A	N/A
Brian Kingston		12	14	N/A	N/A
Robert Rayner	(Resigned 22 August 2008)	1	1	N/A	N/A
Bob McKinnon	(Resigned 18 July 2008)	–	–	N/A	N/A

A – Number of meetings attended
B – Number of meetings held during the time the Director held office during the year

Committee meetings
There were no other Board committee meetings held during the year other than those stated above.

Principal activities
The principal activity of the Consolidated Entity is the investment in listed and unlisted property securities.

The Consolidated Entity did not have any employees during the year or subsequent to balance date.

Review of operations
On 17 December 2008, the Responsible Entity of the Fund resolved to temporarily close the Fund to new applications and redemptions. On 28 April 2009, the Responsible Entity of the Fund resolved to redeem units to a maximum value of the cash reserves at that time, or $10,700,000. At the balance date, the Fund remains temporarily closed to new applications and redemptions.

The Fund has recorded a net loss of $23,816,000 for the year ended 30 June 2009 (period ended 30 June 2008: net loss $3,583,000). The reported net loss of $23,816,000 includes $26,177,000 in impairment losses on the Fund's listed and unlisted property securities portfolio. Some of the significant events during the year are as follows:
- total revenue and other income $3,127,000 (period ended 30 June 2008: $6,925,000);
- net loss attributable to unitholders totalled $23,816,000 (period to 30 June 2008: net loss of $3,583,000);
- earnings per unit (EPU) of (28.74) cents (period to 30 June 2008: (3.88) cents);
- distributions per unit (DPU) to Income unitholders of 5.63 cents (period to 30 June 2008: 8.28 cents);
- distributions per unit (DPU) to Ordinary unitholders of nil cents (period to 30 June 2008: 11.03 cents);
- as at 30 June 2009, net assets were $45,191,000 (2008: $84,086,000);
- net tangible assets (NTA) per Income unit at 30 June 2009 was $0.86 (2008: $1.00); and
- NTA per Ordinary unit at 30 June 2009 was nil (2008: $0.73).

Investment in unlisted property securities
The Consolidated Entity invests directly in 24 unlisted property securities funds. Due to a lack of liquidity in their underlying investment portfolios, 7 have suspended redemptions, 16 have always been closed to redemptions due to the investment structure as outlined in their original constitutions and 12 have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures. Unit prices have continued to be provided by the respective managers on either a monthly or quarterly basis.

Consistent with 30 June 2008, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2009, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Fund is not seeking to sell its assets in the near term, an additional discount would not normally be applied. However further consideration was then given to each net asset value in the current environment to determine whether an additional discount should be applied by assessing other prevailing market evidence, including transactional evidence and an assessment of the ability of the underlying investments to continue as a going concern. This analysis included application of discounts to a number of unaudited net asset values and unit prices.

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

Interests of the Responsible Entity
Management Fees
For the year ended 30 June 2009, all expenses in connection with management of the Fund have been fully borne by Multiplex Acumen Property Fund in accordance with the Product Disclosure Statement dated 31 March 2007. As such, no management fees have been paid to the Responsible Entity from the assets of the Consolidated Entity.

Related party unitholders
ANZ Nominees Limited, as custodian of Multiplex Acumen Property Fund, holds all of the ordinary units of the Fund.

Significant changes in the state of affairs
In the opinion of the Directors there were no significant changes in the state of affairs of the Fund that occurred during the financial year not otherwise disclosed in this report or in the financial report.

Events subsequent to reporting date
Subsequent to the reporting date, the fair value of the Fund's and Consolidated Entity's A-REIT portfolio on the day immediately prior to the date the financial statements were approved was $1,574,351, which represents an increase to the 30 June 2009 value of $137,590. The financial statements have not been amended to reflect this change in fair value. Had the financial statements been amended, the impact would have been to decrease impairment expense and increase available for sale assets by $137,590.

Other than the matter discussed above, there were no other matters or circumstances, which have arisen since the end of the financial year 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.

Likely developments
Information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations has not been included in this report because the directors believe that to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation
The Consolidated Entity has systems in place to manage its environmental obligations. Based upon 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.

Distributions
Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount $'000	Date of payment
Income Units			
May 2009 distribution	0.39366	250	22 June 2009
April 2009 distribution	0.13648	87	21 May 2009
March 2009 distribution	0.17831	113	23 April 2009
February 2009 distribution	0.38976	247	20 March 2009
January 2009 distribution	0.45464	289	20 February 2009
December 2008 distribution	0.52423	333	22 January 2009
November 2008 distribution	0.69672	450	17 December 2008
October 2008 distribution	0.71995	473	19 November 2008
September 2008 distribution	0.69672	465	20 October 2008
August 2008 distribution	0.71995	488	18 September 2008
July 2008 distribution	0.71995	469	19 August 2008
Total distribution to Income unitholders for the year ended 30 June 2009	**5.63037**	**3,664**	
Ordinary units			
Distributions for the year ended 30 June 2009	–	–	
Total distribution to Ordinary unitholders for the year ended 30 June 2009	**–**	**–**	
Income Units			
June 2008 distribution	0.6967	434	17 July 2008
May 2008 distribution	0.7199	431	17 June 2008
April 2008 distribution	0.6967	401	14 May 2008
March 2008 distribution	0.7199	401	15 April 2008
February 2008 distribution	0.6753	353	18 March 2008
January 2008 distribution	0.7219	350	20 February 2008
December 2007 distribution	0.6956	319	14 January 2008
November 2007 distribution	0.6452	248	13 December 2007
October 2007 distribution	0.6727	189	14 November 2007
September 2007 distribution	0.6781	142	11 October 2007
August 2007 distribution	0.6896	110	14 September 2007
July 2007 distribution	0.6710	86	10 August 2007
Total distribution to Income unitholders for the year ended 30 June 2008	**8.2826**	**3,464**	
Ordinary units			
Distributions for the year ended 30 June 2008	11.0298	3,318	Throughout the year
Total distribution to Ordinary unitholders for the year ended 30 June 2008	**11.0298**	**3,318**	

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

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

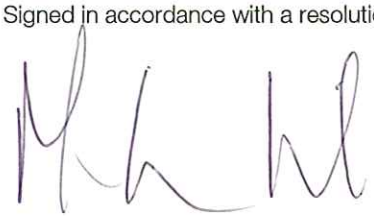
No insurance premiums are paid out of the Fund's assets in relation to cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Fund. The insurance premiums are paid by the Responsible Entity.

Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' report for the year ended 30 June 2009.

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

Dated at Sydney this 27th day of August 2009.

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



Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

KPMG

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

To: the directors of Brookfield Multiplex Capital Management Limited, as 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 2009 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

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney
27 August 2009

Income Statement

Multiplex Property Income Fund

For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Revenue and other income					
Distribution income – listed and unlisted property trusts		2,556	5,310	442	1,194
Distribution income from controlled entities		–	–	2,140	5,363
Brokerage income		–	1,162	–	–
Interest income		571	453	568	442
Total revenue and other income		**3,127**	**6,925**	**3,150**	**6,999**
Expenses					
Impairment expense	8	26,177	10,365	26,177	10,365
Loss on sale of investments		766	143	789	217
Total expenses		**26,943**	**10,508**	**26,966**	**10,582**
Net loss		**(23,816)**	**(3,583)**	**(23,816)**	**(3,583)**

The Income Statement should be read in conjunction with the Notes to the Financial Statements.

Balance Sheet

Multiplex Property Income Fund

As at 30 June 2009

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Fund 2009 $000	Fund 2008 $000
Current assets					
Cash and cash equivalents		1,221	9,212	1,206	9,191
Trade and other receivables	7	696	2,911	119	1,603
Total current assets		**1,917**	**12,123**	**1,325**	**10,794**
Non-current assets					
Investments – available for sale	8	43,288	73,733	1,437	9,126
Investments in controlled entities	9	–	–	43,574	63,821
Total non-current assets		**43,288**	**73,733**	**45,011**	**72,947**
Total assets		**45,205**	**85,856**	**46,336**	**83,741**
Current liabilities					
Trade and other payables	10	14	–	1,145	–
Distribution payable		–	1,770	–	1,770
Total current liabilities		**14**	**1,770**	**1,145**	**1,770**
Total liabilities		**14**	**1,770**	**1,145**	**1,770**
Net assets		**45,191**	**84,086**	**45,191**	**81,971**
Equity					
Units on issue – Income units	11	52,960	62,260	52,960	62,260
Units on issue – Ordinary units	11	30,076	30,076	30,076	30,076
Reserves	12	–	2,115	–	–
Undistributed losses	13	(37,845)	(10,365)	(37,845)	(10,365)
Total equity		**45,191**	**84,086**	**45,191**	**81,971**

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Statement of Changes in Equity

Multiplex Property Income Fund

For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Opening equity		**84,086**	**41,356**	**81,971**	**39,580**
Movement in income units					
Income units issued	11	8,934	56,004	8,934	56,004
Income units redeemed	11	(18,234)	(3,340)	(18,234)	(3,340)
Available for sale reserve					
Fair value movement in relation to available for sale investments	12	(28,292)	(9,934)	(5,930)	(10,273)
Net change in fair value of listed and unlisted property trusts recognised as an impairment expense	12	26,177	10,365	5,930	10,365
Undistributed income					
Net loss	13	(23,816)	(3,583)	(23,816)	(3,583)
Distributions to Income unitholders	6	(3,664)	(3,464)	(3,664)	(3,464)
Distributions to Ordinary unitholders	6	–	(3,318)	–	(3,318)
Closing equity		**45,191**	**84,086**	**45,191**	**81,971**

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

Cash Flow Statement

Multiplex Property Income Fund

For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		3,917	5,450	5,177	6,510
Cash payments in the course of operations		–	(246)	–	(231)
Interest received		604	406	601	397
Net cash flows from operating activities	15	**4,521**	**5,610**	**5,778**	**6,676**
Cash flows from investing activities					
Payments for investments		(239)	(44,474)	(239)	(17,431)
Proceeds from disposal of investments		2,461	720	1,210	720
Investments in controlled entities		–	–	–	(27,745)
Net cash flows used in investing activities		**2,222**	**(43,754)**	**971**	**(44,456)**
Cash flows from financing activities					
Proceeds from issues of income units		8,771	56,004	8,771	56,004
Redemption of income units		(18,234)	(3,340)	(18,234)	(3,340)
Distributions paid to unitholders		(5,271)	(6,235)	(5,271)	(6,235)
Net cash flows from financing activities		**(14,734)**	**46,429**	**(14,734)**	**46,429**
Net increase in cash and cash equivalents		**(7,991)**	**8,285**	**(7,985)**	**8,649**
Cash and cash equivalents at beginning of period		9,212	927	9,191	542
Cash and cash equivalents at 30 June		**1,221**	**9,212**	**1,206**	**9,191**

The Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.

1 Reporting entity

Multiplex Property Income Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2009 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity). The Fund was constituted on 8 March 2007.

2 Basis of preparation

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report of the Consolidated Entity and the Fund complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Boards (IASB).

The financial statements were authorised for issue by the directors on this 27th day of August 2009.

b Basis of measurement

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

– Available for sale financial assets which are measured at fair value.

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

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

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

c Use of estimates and judgements

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.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect on amounts recognised in the financial statements is provided in Note 8, investments – available for sale.

3 Significant accounting policies

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

a Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries. Control is achieved where the Fund has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transitions, 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.

3 Significant accounting policies continued

b Revenue recognition

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax (GST), rebates and discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific criteria for the major business activities must also be met before revenue is recognised. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

Dividends and distributions

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

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Gains and losses on available for sale financial assets

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.

c Expense recognition

Management Fees

All expenses in connection with management of the Fund have been fully borne by Multiplex Acumen Property Fund (MPF) in accordance with the Product Disclosure Statement dated 31 March 2007. As such, no management fees have been paid to the Responsible Entity from assets of the Consolidated Entity.

Other expenditure

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

d Goods and services tax (GST)

Revenues, expenses and assets 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 balance sheet.

Cash flows are included in Statement of Cash Flow 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 Income tax – funds

Under current income tax legislation, the Fund is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year. The Fund fully distributes its taxable income each year, calculated in accordance with the Trust Constitution and applicable legislation to unitholders who are presently entitled to income under the Constitution.

Tax allowances for buildings, plant and equipment are distributed to unitholders in the form of a tax deferred component of the distributions.

3 Significant accounting policies continued

f Cash and cash equivalents

For purposes of the Cash Flow Statement, 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 on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

g Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Impairment charges are brought to account as described in Note 3j. Non-current receivables are measured at amortised cost using the effective interest rate method.

h Available for sale financial assets

Listed and unlisted investments are classified as being available for sale. Available for sale financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value, with any resulting gain or loss recognised directly in equity. Where there is evidence of impairment in the value of the investment, usually through adverse market conditions, the impairment loss will be recognised directly in the income statement. Where listed and unlisted investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

i Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivate financial instruments are recognised initially at fair value plus, for instruments not at a fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchase and sales of financial assets are accounted for at trade date, i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting policies for cash and cash equivalents (Note 3f), trade and other receivables (Note 3g) and trade and other payables (Note 3k) are discussed elsewhere within the financial report.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

j Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the income statement. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

k 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.

3 Significant accounting policies continued

l Distributions

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

m 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.

n New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied preparing this financial report:

Revised AASB 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Consolidated Entity's operations:

- the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations
- contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
- transaction costs, other than share and debt issue costs, will be expensed as incurred
- any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss
- any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Consolidated Entity's 2010 consolidated financial statement.

Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Consolidated Entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, requires a change in presentation and disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them for listed vehicles only. Currently the Consolidated Entity presents segment information in respect of its business and geographical segments (see Note 4). Under the new standard, the Consolidated Entity will no longer be required to present segment information.

Revised AASB 101 Presentation of Financial Statements (2008) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Consolidated Entity plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

3 Significant accounting policies continued

AASB 2008-7 Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate changes the recognition and measurement of distribution receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the amendments.

AASB Interpretation 17 Distributions of Non-Cash Assets to Owners provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AASB Interpretation 17 will become mandatory for the Consolidated Entity's 30 June 2010 consolidated financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

AASB 2009-3 introduced a three level hierarchy for determining the amount of information to be disclosed around estimating fair values and clarifies quantitative disclosure on liquidity risk. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The revised standard is applicable from 1 January 2009. The amendments to the standard are expected impact the disclosures made in future financial statements.

4 Segment reporting

The Consolidated Entity operates in a single, primary business and geographical segment, being investment in property securities within Australia.

5 Auditors' remuneration

All costs incurred in relation to the Consolidated Entity are borne by MPF. A summary of fees incurred by MPF on behalf of the Fund and Consolidated Entity is provided below. Fees paid to the auditors of the Fund and Consolidated Entity in relation to compliance plan audits are borne by the Responsible Entity.

	Consolidated		Fund	
	2009 $	2008 $	2009 $	2008 $
Auditors of the Fund, KPMG:				
Audit and review of financial reports	68,800	45,000	68,800	45,000
Non-audit services	5,200	–	5,200	–
	74,000	**45,000**	**74,000**	**45,000**

6 Distributions

	Cents per unit	Total amount $'000	Date of payment
Income units			
May 2009 distribution	0.39366	250	22 June 2009
April 2009 distribution	0.13648	87	21 May 2009
March 2009 distribution	0.17831	113	23 April 2009
February 2009 distribution	0.38976	247	20 March 2009
January 2009 distribution	0.45464	289	20 February 2009
December 2008 distribution	0.52423	333	22 January 2009
November 2008 distribution	0.69672	450	17 December 2008
October 2008 distribution	0.71995	473	19 November 2008
September 2008 distribution	0.69672	465	20 October 2008
August 2008 distribution	0.71995	488	18 September 2008
July 2008 distribution	0.71995	469	19 August 2008
Total distribution to income unitholders for the year ended 30 June 2009	**5.63037**	**3,664**	
Ordinary units			
Distributions for the year ended 30 June 2009	–	–	–
Total distribution to ordinary unitholders for the year ended 30 June 2009	**–**	**–**	
Income units			
June 2008 distribution	0.6967	434	17 July 2008
May 2008 distribution	0.7199	431	17 June 2008
April 2008 distribution	0.6967	401	14 May 2008
March 2008 distribution	0.7199	401	15 April 2008
February 2008 distribution	0.6753	353	18 March 2008
January 2008 distribution	0.7219	350	20 February 2008
December 2007 distribution	0.6956	319	14 January 2008
November 2007 distribution	0.6452	248	13 December 2007
October 2007 distribution	0.6727	189	14 November 2007
September 2007 distribution	0.6781	142	11 October 2007
August 2007 distribution	0.6896	110	14 September 2007
July 2007 distribution	0.6710	86	10 August 2007
Total distribution to income unitholders for the year ended 30 June 2008	**8.2826**	**3,464**	
Ordinary units			
Distributions paid for the period	11.0298	3,318	Throughout the year
Total distribution to ordinary unitholders for the period ended 30 June 2008	**11.0298**	**3,318**	

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
7 Trade and other receivables				
Current				
Distributions receivable – listed and unlisted property trusts	636	1,983	58	492
Distributions receivable – controlled entities	–	–	–	1,018
Interest receivable	12	45	12	45
Other receivables	48	883	49	48
Total trade and other receivables	**696**	**2,911**	**119**	**1,603**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
8 Investments – available for sale				
Listed investments				
Listed investments at cost	4,874	19,491	4,874	19,491
Fair value adjustments	–	–	–	–
Impairment	(3,437)	(10,365)	(3,437)	(10,365)
	1,437	**9,126**	**1,437**	**9,126**
Unlisted investments				
Unlisted investments at cost	62,081	63,042	–	–
Fair value adjustments	–	1,565	–	–
Impairment	(20,230)	–	–	–
	41,851	**64,607**	**–**	**–**
Total	**43,288**	**73,733**	**1,437**	**9,126**

Reconciliation of the carrying amount of impairment is set out below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Investments – available for sale (listed property trusts)				
Carrying amount as at beginning of period	(10,365)	–	(10,365)	–
Reduction of impairment balance due to disposal of investments	12,858	–	12,858	–
Impairment recognised in the current period	(5,930)	(10,365)	(5,930)	(10,365)
Carrying amount as at 30 June	**(3,437)**	**(10,365)**	**(3,437)**	**(10,365)**
Investments – available for sale (unlisted property trusts)				
Carrying amount as at beginning of period	–	–	–	–
Reduction of impairment balance due to disposal of investments	17	–	–	–
Impairment recognised in the current period	(20,247)	–	–	–
Carrying amount as at 30 June	**(20,230)**	**–**	**–**	**–**

8 Investments – available for sale continued

Reconciliation of the impairment expense is set out below:

	Consolidated		Fund	
	30 June 2009 $'000	30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Investments – available for sale				
Impairment recognised – listed property trusts	(5,930)	(10,365)	(5,930)	(10,365)
Impairment recognised – unlisted property trusts	(20,247)	–	–	–
Investments – controlled entities				
Impairment recognised – investment in controlled entities	–	–	(20,247)	–
Net impairment expense recognised in the income statement	**(26,177)**	**(10,365)**	**(26,177)**	**(10,365)**

Impairment expense

During the year, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of $26,176,520 in relation to its available for sale investments (listed and unlisted property trusts) (2008: listed property trusts of $10,365,000). The Fund recognised impairment loss in relation to its available for sale investments (listed property trusts) of $5,930,000 (2008: listed property trusts of $10,365,000). The Fund also recognised an impairment loss in relation to its investment in controlled entities totalling $20,246,520 (2008: nil). Further information related to investments in controlled entities can be found in Note 9 of the financial report.

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the portfolio and the market value as at 30 June 2009, less any previously recorded impairment losses.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Fund's and Consolidated Entity's listed and unlisted property trust portfolio is impaired. This determination has arisen due to the significant and prolonged decline in value of listed and unlisted property trusts during the year, their further subsequent decline in value after year end and market conditions within the property sector generally. As such, any previous declines in value recognised in the available for sale reserve have been recognised directly in the income statement.

Investment in unlisted property securities

The Consolidated Entity invests directly in 24 unlisted property securities funds. Due to a lack of liquidity in their underlying investment portfolios, 7 have suspended redemptions, 16 have always been closed to redemptions due to the investment structure as outlined in their original constitutions and 12 have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures. Unit prices have continued to be provided by the respective managers on either a monthly or quarterly basis.

Consistent with 30 June 2008, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2009, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Fund is not seeking to sell its assets in the near term, an additional discount would not normally be applied. However further consideration was then given to each net asset value in the current environment to determine whether an additional discount should be applied by assessing other prevailing market evidence, including transactional evidence and an assessment of the ability of the underlying investments to continue as a going concern. This analysis included application of discounts to a number of unaudited net asset values and unit prices.

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

8 Investments – available for sale continued

Material investments

Investments by the Consolidated Entity which constitute 5% or more by value of that investment are disclosed below. The Fund does not hold more than 5% of any property securities.

Consolidated	2009 Units	2009 % ownership	2008 Units	2008 % ownership
Unlisted managed investment schemes				
APN Champion Retail Fund	11,000,000	15.8	11,000,000	15.8
APN UKA Poland Retail Fund	3,016,840	8.0	3,016,840	8.0
APN UKA Vienna Retail Fund	2,400,000	5.2	2,400,000	5.2
Centro MCS 22	645,872	5.8	645,872	5.8
Charter Hall Diversified Property Fund	4,783,316	5.6	4,783,316	5.6
Reed Property Trust	5,515,213	8.2	5,515,213	8.2
Rimcorp Property Trust No 3	750,000	9.3	750,000	9.3

	Fund 2009 Ownership %	2009 $'000	Fund 2008 Ownership %	2008 $'000
9 Investments in controlled entities				
Multiplex Income UPT International Investments Trust	100	19,074	100	19,074
Provision for impairment		(8,130)		–
Carrying amount – Multiplex Income UPT International Investments Trust		**10,944**		**19,074**
Multiplex Income UPT Domestic Investments Trust	100	44,747	100	44,747
Provision for impairment		(12,117)		–
Carrying amount – Multiplex Income UPT Domestic Investments Trust		**32,630**		**44,747**
Investments in controlled entities		**43,574**		**63,821**

A review of the carrying value of the investments in controlled entities at 30 June 2009 indicated that the investments in Multiplex Income UPT International Investments Trust and Multiplex Income UPT Domestic Investments Trust are impaired. Provision of $8,130,000 and $12,117,000 respectively were therefore recorded in the current year to reflect the value of the investments at a value equivalent to the value of net assets attributable to the underlying subsidiary investments.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
10 Trade and other payables				
Amounts owing to controlled entities	–	–	1,131	–
Other payables	14	–	14	–
Total trade and other payables	**14**	**–**	**1,145**	**–**

	2009 $'000	2009 units	2008 $'000	2008 units
11 Units on Issue				
Ordinary units				
Opening balance	30,076	30,075,871	30,076	30,075,871
Units issued	–	–	–	–
Units redeemed	–	–	–	–
Closing balance – Ordinary units	**30,076**	**30,075,871**	**30,076**	**30,075,871**
Income units				
Opening balance	62,260	62,331,445	9,596	9,557,653
Units issued	8,934	8,687,012	56,004	56,114,127
Units redeemed	(18,234)	(18,227,007)	(3,340)	(3,340,335)
Closing balance - Income units	**52,960**	**52,791,450**	**62,260**	**62,331,445**

During the current year 162,669 Income units at a value of $162,669 were issued via the Distribution Reinvestment Plan (DRP) which was closed after the October 2008 DRP units were issued. In accordance with the Fund's constitution, each Income unitholder is entitled to receive distributions as declared from time to time. Only ordinary unitholders are entitled to vote at unitholder meetings. Each ordinary unit represents a right to a share in the Fund's equity in excess of the value of the issued income units.

On 17 December 2008, the Responsible Entity of the Fund resolved to temporarily close the Fund to new applications and redemptions. On 28 April 2009, the Responsible Entity of the Fund resolved to redeem units to a maximum value of the cash reserves at that time, or $10,700,000. At the balance date, the Fund remains temporarily closed to new applications and redemptions.

12 Reserves

Available for sale reserve

Movements in the available for sale reserve during the current year and comparative period were as follows.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance	2,115	1,684	–	(92)
Fair value movement in relation to unlisted investments	(22,362)	339	–	–
Fair value movement in relation to listed investments	(5,930)	(10,273)	(5,930)	(10,273)
Impairment recognised on available for sale assets	26,177	10,365	5,930	10,365
Closing balance	**–**	**2,115**	**–**	**–**

13 Undistributed income

Undistributed income

Movements in undistributed income during the current year and comparative period were as follows.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance	(10,365)	–	(10,365)	–
Net loss	(23,816)	(3,583)	(23,816)	(3,583)
Distributions to Income unitholders	(3,664)	(3,464)	(3,664)	(3,464)
Distributions to Ordinary unitholders	–	(3,318)	–	(3,318)
Closing balance	**(37,845)**	**(10,365)**	**(37,845)**	**(10,365)**

14 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 3 to the financial statements.

Throughout the year, in assessing the size and frequency of any distributions, the capacity of the Fund to accept redemption requests or to accept new applications for units, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments made by the Fund.

On 17 December 2008, the Responsible Entity of the Fund resolved to temporarily close the Fund to new applications and redemptions. On 28 April 2009, the Responsible Entity of the Fund resolved to redeem units to a maximum value of the cash reserves at that time, or $10,700,000. At the balance date, the Fund remains temporarily closed to new applications and redemptions.

a Capital risk management

The Board's intention is to maintain a strong capital base so as to maintain investor confidence and the sustainable future development of the Fund. The Board monitors the net tangible assets (NTA) of the Consolidated Entity, along with earnings per unit invested and distributions paid per unit.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position. As per the Fund's Product Disclosure Statement, the Responsible Entity seeks to restrict the level of short term borrowings (up to 12 months in maturity) to 30% of the total tangible assets of the Fund.

b Financial risk management

Overview

The Fund and Consolidated Entity are exposed to financial risks in the course of their operations. These exposures arise at two levels, direct exposures, which arise from the Fund's and Consolidated Entity's use of financial instruments and indirect exposures, which arise from the Fund's and Consolidated Entity's equity investments in other funds (Underlying Funds), and can be summarised as follows:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

The Underlying Funds are exposed to financial risks in the course of their operations, which can impact their profitability. The profitability of the Underlying Funds impacts the returns the Fund and Consolidated Entity earn from these investments and the investment values.

The Responsible Entity has responsibility for the establishment and monitoring of a risk management framework. This framework seeks to minimise the potential adverse impact of the above risks on the Fund's and Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan.

Compliance with the Fund and Consolidated Entity's policies is reviewed by the Responsible Entity on a regular basis. The results of these reviews are reported to the Board and Compliance Committee of the Responsible Entity quarterly.

Investment mandate

The Fund's investment mandate, as disclosed in its constitution and Product Disclosure Statement, is to invest in unlisted and listed property trust securities and cash.

Derivative financial instruments

Whilst the Fund may utilise derivative financial instruments, it will not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Fund's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Fund. At 30 June 2009 the Consolidated Entity and Fund are not party to any derivative agreements (2008: nil).

14 Financial instruments continued

c Credit risk

Sources of credit risk and risk management strategies

Credit risk is the risk of financial loss to the Fund or Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund and Consolidated Entity are exposed to both direct and indirect credit risk in the normal course of their operations. Direct credit risk arises principally from the Consolidated Entity's investment securities (in terms of distributions receivable and capital invested). For the Fund, credit risk arises principally from investment securities (in terms of distributions receivable and capital invested), and receivables due from subsidiaries. Other credit risk also arises for both the Fund and Consolidated Entity from cash and cash equivalents.

Indirect credit risk arises principally from the Underlying Funds' property tenants and derivative counterparties.

Trade and other receivables

The Fund's and Consolidated Entity's exposures to credit risk are influenced mainly by the individual characteristics of each customer and counterparty. The Fund and Consolidated Entity manage and minimise exposure to credit risk by actively reviewing the investment portfolio to ensure committed distributions are paid.

Investments - available for sale – listed and unlisted property trusts

Credit risk arising from investments is mitigated by investing in securities in accordance with the Fund's Constitution and Product Disclosure Statement. The Fund's and Consolidated Entity's investments can be made in the following asset classes within specified ranges:

- unlisted property securities – target range of 50 – 100% of total assets;
- listed property securities – target range of 0 – 50 % of total assets;
- direct real property – target range of 0 – 20% of total assets;
- property investment companies – target range of 0 – 10% of total assets; and
- cash and cash equivalents – target range of 0 – 10% of total assets.

The Fund and Consolidated Entity must limit their exposures in the portfolio to the following property sectors and geographic locations:

- property sectors – office (20 – 60%), retail (20 – 60%), industrial (10 – 40%) and other (0 – 20%); and
- geographic locations – Australia (40 – 80%) and international (20 – 60%).

Prior to making an investment in an Underlying Fund, the Responsible Entity will assess the Underlying Funds' asset portfolio to ensure the risk investment strategy of the Underlying Fund is consistent with the investment objectives of the Fund.

The Fund's and Consolidated Entity's overall strategy of credit risk management remains unchanged from 2008.

Exposure to credit risk

The table below shows the maximum exposure to credit risk at the reporting date. The carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash and cash equivalents	1,221	9,212	1,206	9,191
Trade and other receivables	696	2,911	119	1,603
Investments – available for sale	43,288	73,733	1,437	9,126
Total	**45,205**	**85,856**	**2,762**	**19,920**

Concentrations of credit risk exposure

The Fund and Consolidated Entity do not have any significant concentrations of credit risk at the reporting date.

Collateral obtained/held

Where applicable, the Fund and Consolidated Entity obtain collateral from counterparties to minimise the risk of default on their contractual obligations. At the reporting date the Fund and Consolidated Entity did not hold any collateral in respect of its financial assets (2008: nil). During the year ended 30 June 2009 neither the Fund nor the Consolidated Entity called on any collateral provided (2008: nil).

14 Financial instruments continued

Financial assets past due but not impaired

The ageing of the Fund's and Consolidated Entity's receivables at the reporting date is detailed below:

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current	60	2,911	60	1,603
Past due 0-30 days	–	–	–	–
Past due 31-120 days	593	–	59	–
Past due 121 days to one year	43	–	–	–
More than one year	–	–	–	–
Total	**696**	**2,911**	**119**	**1,603**

For the Fund and Consolidated Entity, amounts recognised above are not deemed to be impaired. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired (2008: nil). During the year ended 30 June 2009, receivables totalling $18,250 were written off by the Consolidated Entity (2008: nil). The Fund has not recognised any impairment losses during the year ended 30 June 2009 (2008: nil).

d Liquidity risk

Sources of liquidity risk and risk management strategies

Liquidity risk is the risk the Fund and Consolidated Entity will not be able to meet their financial obligations as and when they fall due. The Fund and Consolidated Entity are exposed to direct and indirect liquidity risk in the normal course of their operations. The main sources of liquidity risk for the Fund and Consolidated Entity are related to redemptions by unitholders and unlisted investment securities. The Fund and Consolidated Entity do not have any interest bearing liabilities.

The Fund's approach to managing liquidity risk is to work to ensure that it has sufficient cash available to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damage to the Fund's reputation.

The main source of indirect liquidity risk for the Fund and Consolidated Entity is the refinancing of interest bearing liabilities held by the Underlying Funds, as this can directly impact the amount of distributions the Underlying Funds remit to the Fund and Consolidated Entity. The Fund's and Consolidated Entity's approaches to managing this risk forms part of the investment selection process. The Fund will only invest in Underlying Funds with investment strategies consistent with the investment objectives of the Fund and will monitor the performance of those funds.

The Fund's and Consolidated Entity's specific risk management strategies are discussed below.

Interest bearing liabilities

The Fund and Consolidated Entity are not exposed to liquidity risk (refinancing risk) on interest bearing loans as no interest bearing loans exist. The Underlying Funds are exposed to liquidity risk (refinancing risk) on their interest bearing liabilities. The Fund and Consolidated Entity manage this risk by ensuring the Fund only invests in funds with investment strategies consistent with the investment objectives of the Fund and monitoring the performance of those funds.

Unitholders

The Fund was exposed to liquidity risk during a portion of the year on the Income units as these units were able to be redeemed by unitholders, subject to the following conditions:

- indirect unitholders (via wrap platforms) – unit redemptions were made at the beginning of every month at a price of $1.00 per unit.
- redemptions were subject to the total number of units redeemed not exceeding 5% of the total number of units on issue (as at the preceding quarter end), and that each request is made at least 5 working days before the redemption date.
- direct unitholders – redemptions of units were only made after the units have been held for a minimum period of twelve months. Unit redemptions may be settled either in cash or by issuance of units in Multiplex Acumen Property Fund. The terms of settlement were at the discretion of the Responsible Entity.

Effective 17 December 2008, the Fund temporarily closed to applications and redemptions. This liquidity risk therefore existed for a portion of the current year only.

14 Financial instruments continued

Available for sale investments

The Fund's and Consolidated Entity's listed investments are considered readily realisable as they are listed on the Australian Securities Exchange. The Fund's and Consolidated Entity's unlisted investments are not considered as liquid as listed investments. The Fund and Consolidated Entity manage this risk by ensuring the Fund only invests in funds with investment strategies consistent with the investment objectives of the Fund and monitoring the performance of those funds.

The Fund's and Consolidated Entity's liquidity risk is also managed in accordance with their investment strategy, as disclosed in the Product Disclosure Statement.

The Fund's and Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2008.

Defaults and breaches

During the year ended 30 June 2009, the Fund and Consolidated Entity were not subject to any covenants, and as such, no covenants have been breached (2008: nil).

Maturity analysis of financial liabilities

The following are the contractual maturities of financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund and Consolidated Entity can be required to pay.

	Consolidated $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Trade and other payables	14	14	14	–	–	–
Total financial liabilities	**14**	**14**	**14**	**–**	**–**	**–**
2008						
Distributions payable	1,770	1,770	1,770	–	–	–
Total financial liabilities	**1,770**	**1,770**	**1,770**	**–**	**–**	**–**

	Fund $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Trade and other payables	1,145	1,145	1,145	–	–	–
Total financial liabilities	**1,145**	**1,145**	**1,145**	**–**	**–**	**–**
2008						
Distributions payable	1,770	1,770	1,770	–	–	–
Total financial liabilities	**1,770**	**1,770**	**1,770**	**–**	**–**	**–**

e Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's and Consolidated Entity's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Sources of market risk and risk management strategies

The Fund and Consolidated Entity are exposed to both direct and indirect market risk in the normal course of their operations. Direct market risk arises principally from the Consolidated Entity's listed property securities investment portfolio and the related equity price risk. Indirect market risk arises in the form of equity price risk, interest rate risk and foreign currency risk.

The Fund will only invest in funds with investment strategies consistent with the investment objectives of the Fund and will monitor the performance of those funds.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Fund and Consolidated Entity is derived from cash balances. The Fund and Consolidated Entity are not exposed to interest rate risk on liabilities.

14 Financial instruments continued

The table below shows the Fund's and Consolidated Entity's direct exposure to interest rate risk.

	Floating rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2009			
Financial assets			
Cash and cash equivalents	1,221	–	**1,221**
Trade and other receivables	–	696	**696**
Investments – available for sale	–	43,288	**43,288**
Total financial assets	**1,221**	**43,984**	**45,205**
Financial liabilities			
Trade and other payables	–	14	**14**
Total financial liabilities	**–**	**14**	**14**
Fund 2009			
Financial assets			
Cash and cash equivalents	1,206	–	**1,206**
Trade and other receivables	–	119	**119**
Investments – available for sale	–	1,437	**1,437**
Total financial assets	**1,206**	**1,556**	**2,762**
Financial liabilities			
Trade and other payables	–	1,145	**1,145**
Total financial liabilities	**–**	**1,145**	**1,145**
Consolidated 2008			
Financial assets			
Cash and cash equivalents	9,212	–	**9,212**
Trade and other receivables	–	2,911	**2,911**
Investments – available for sale	–	73,733	**73,733**
Total financial assets	**9,212**	**76,644**	**85,856**
Financial liabilities			
Distributions payable	–	1,770	**1,770**
Total financial liabilities	**–**	**1,770**	**1,770**
Fund 2008			
Financial assets			
Cash and cash equivalents	9,191	–	**9,191**
Trade and other receivables	–	1,603	**1,603**
Investments – available for sale	–	9,126	**9,126**
Total financial assets	**9,191**	**10,729**	**19,920**
Financial liabilities			
Distributions payable	–	1,770	**1,770**
Total financial liabilities	**–**	**1,770**	**1,770**

14 Financial instruments continued

Sensitivity analysis

A change of +/- 1% in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2009		2009		2008		2008	
	+ 1% Profit and loss $'000	+ 1% Equity $'000	- 1% Profit and loss $'000	- 1% Equity $'000	+ 1% Profit and loss $'000	+ 1% Equity $'000	- 1% Profit and loss $'000	- 1% Equity $'000
Consolidated Entity								
Interest on cash	113	113	(113)	(113)	63	63	(63)	(63)
Total increase/(decrease)	**113**	**113**	**(113)**	**(113)**	**63**	**63**	**(63)**	**(63)**
Fund								
Interest on cash	113	113	(113)	(113)	61	61	(61)	(61)
Total increase/(decrease)	**113**	**113**	**(113)**	**(113)**	**61**	**61**	**(61)**	**(61)**

Foreign currency risk

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

During the current year the Fund and Consolidated Entity have not been exposed to direct foreign currency risk (2008: nil). The Fund and Consolidated Entity are exposed to indirect foreign currency risk due to their investment in entities that are exposed to foreign currency risk related to their overseas operations. The Fund and Consolidated Entity manage this risk by ensuring the Fund only invests in funds with investment strategies consistent with the investment objectives of the Fund and monitoring the performance of those funds.

Whilst the Fund and Consolidated Entity have an indirect risk exposure to foreign currency risk, no sensitivity analysis has been performed as the impact of a reasonably possible change in foreign exchange rates on the Consolidated Entity cannot be reliably measured.

f Other market risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices. The primary source of other market risk for the Fund and Consolidated Entity is associated with its listed and unlisted investment portfolio. The Responsible Entity manages the Fund's and Consolidated Entity's market risk on a daily basis in accordance with the Fund's and Consolidated Entity's investment objectives and policies. These are detailed in the Fund's constitution and Product Disclosure Statement.

Sensitivity analysis

A 10% increase in equity prices would have increased/(decreased) profit and loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2009		2009		2008		2008	
	+ 10% Profit and loss $'000	+ 10% Equity $'000	- 10% Profit and loss $'000	- 10% Equity $'000	+ 10% Profit and loss $'000	+ 10% Equity $'000	- 10% Profit and loss $'000	- 10% Equity $'000
Consolidated Entity								
Listed investments	144	144	(144)	(144)	913	913	(913)	(913)
Unlisted investments	4,185	4,185	(4,185)	(4,185)	–	6,461	–	(6,461)
Total increase/(decrease)	**4,329**	**4,329**	**(4,329)**	**(4,329)**	**913**	**7,374**	**(913)**	**(7,374)**
Fund								
Listed investments	144	144	(144)	(144)	913	913	(913)	(913)
Total increase/(decrease)	**144**	**144**	**(144)**	**(144)**	**913**	**913**	**(913)**	**(913)**

14 Financial instruments continued

g Fair values

Methods for determining fair values

A number of the Fund's and Consolidated Entity's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair values versus carrying amounts

The carrying amounts of the Fund's and Consolidated Entity's financial assets and liabilities reasonably approximate their fair values.

15 Reconciliation of cash flows from operating activities

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Net loss for the period	(23,816)	(3,583)	(23,816)	(3,583)
Adjustments for:				
Items classified as investing activities				
Loss on sale of investments	766	143	789	217
Non cash items				
Impairment expense	26,177	10,365	26,177	10,365
Operating profit before changes in working capital	**3,127**	**6,925**	**3,150**	**6,999**
Changes in assets and liabilities during the period				
Decrease/(increase) in trade and other receivables	1,380	(1,069)	1,483	(92)
Increase/(decrease) in trade and other payables	14	(246)	1,145	(231)
Net cash flow from operating activities	**4,521**	**5,610**	**5,778**	**6,676**

16 Related parties

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity and their names are Dr Peter Morris, Mr Brian Motteram, Mr Robert McCuaig, Mr Mark Wilson and Mr Brian Kingston. Messrs Robert Rayner and Bob McKinnon resigned during the year.

No expenses were paid out of the assets of the Consolidated Entity during the year (2008: nil).

No compensation is paid to any of the key management personnel of the Responsible Entity directly by the Fund or Consolidated Entity.

Directors' interests

The Directors have no interest in the unit capital of the Fund at the date of this report.

Responsible Entity fees and other transactions

Management Fees

For the year ended 30 June 2009, all expenses in connection with the preparation of accounting records and the maintenance of the register have been fully borne by MPF in accordance with the Product Disclosure Statement dated 31 March 2007. As such, no management fees have been paid to the Responsible Entity from assets of the Consolidated Entity.

Related party unitholders

ANZ Nominees Limited, custodian of Multiplex Acumen Property Fund holds all of the ordinary units of the Fund.

16 Related parties continued

Unitholdings in other related parties

JP Morgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as responsible entity for Multiplex Property Income Fund holds an investment in Multiplex New Zealand Property Fund (ARSN 110 281 055) of 1,325,635 units or 0.61% of the fund (2008: 1,325,635 units or 0.61% of the fund).

Transactions with related parties

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Transactions with Multiplex Acumen Property Fund				
Distributions paid	–	3,318	–	3,318
Amounts receivable	39	37	39	37
Amounts payable	–	1,332	–	1,332
Transactions with subsidiaries				
Distribution income	–	–	2,140	5,363
Intercompany receivables	–	–	–	1,018
Intercompany payables	–	–	1,131	–
Investments in controlled entities	–	–	43,574	63,821
Transactions with related parties of the Responsible Entity				
Distribution income	27	126	–	–
Distributions receivable	–	31	–	–
Investment in Multiplex New Zealand Property Fund (at fair value)	808	1,591	–	–

Transactions with related parties are conducted on normal commercial terms and conditions.

17 Contingent liabilities and assets

No contingent liabilities or assets existed at 30 June 2009 or 30 June 2008.

18 Capital commitments

There were no capital commitments at 30 June 2009 or 30 June 2008.

19 Events subsequent to reporting date

Subsequent to the reporting date, the fair value of the Fund's and Consolidated Entity's A-REIT portfolio on the day immediately prior to the date the financial statements were approved was $1,574,351, which represents an increase to the 30 June 2009 value of $137,590. The financial statements have not been amended to reflect this change in fair value. Had the financial statements been amended, the impact would have been to decrease impairment expense and increase available for sale assets by $137,590.

Other than the matter disclosed above, there were no other matters or circumstances which have arisen since the end of the financial year 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.

Director's Declaration

Multiplex Property Income Fund

For the year ended 30 June 2009

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

a The consolidated financial statements and notes, set out in pages 10 to 31, are in accordance with the *Corporations Act 2001*, including:

i giving a true and fair view of the financial position of the Fund and Consolidated Entity as at 30 June 2009 and of their performance, for the financial year ended on that date; and

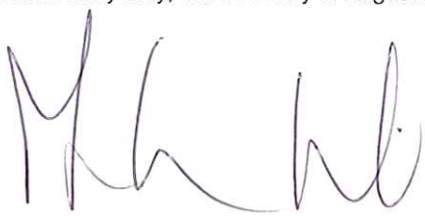
ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

b The financial report also complies with International Financial Reporting Standards as disclosed in Note 2a.

c 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 Multiplex Capital Management Limited required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 27th day of August 2009.



Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

KPMG

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 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 19 and the directors' declaration 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 Brookfield Multiplex Capital Management 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. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

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, 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 Australian 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

Whilst we draw attention to the significant uncertainty as described below, 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 Fund and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Carrying value of investment in unlisted property securities

Without qualification to the opinion expressed above attention is drawn to note 8 of the financial statements. The Consolidated Entity holds material investments in unlisted property security funds, which as a result of a lack of liquidity have suspended redemptions or only have limited liquidity facilities. As outlined in note 8 of the financial statements, the directors of the Responsible Entity have adopted the net tangible asset backing ("NTA") as the fair value of each of the underlying property security funds at 30 June 2009 with an additional discount applied to specific investments; however significant uncertainty exists as to whether the underlying property security funds will be able to be realised at the NTA value when redemption facilities re-open.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney

27 August 2009