

Multiplex Property Income Fund
Interim financial report
For the half year ended
31 December 2013

Multiplex Property Income Fund

ARSN 117 674 049

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Multiplex Property Income Fund

For the half year ended 31 December 2013

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Directory

Multiplex Property Income Fund

For the half year ended 31 December 2013

Responsible Entity

Brookfield Capital Management Limited
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Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

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

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office of Brookfield Capital Management Limited

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

JP Morgan Chase Bank N.A. (Sydney Branch)
Level 18, JPMorgan House
85 Castlereagh Street
Sydney NSW 2000

Location of Share Registry

Boardroom (Victoria) Pty Limited
Level 8, 446 Collins Street
Melbourne VIC 3000

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Sydney NSW 2001
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Auditor

Deloitte Touche Tohmatsu
Eclipse Tower
Level 19, 60 Station Street
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NSW 2150
Telephone: +61 2 9840 7000
Facsimile: +61 2 9840 7001

Directors' Report

Multiplex Property Income Fund

For the half year ended 31 December 2013

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Multiplex Property Income Fund (ARSN 117 674 049) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2013 and the Independent Auditor's Review Report thereon.

The Fund was constituted on 21 December 2005.

Responsible Entity

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

Directors

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

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

Principal activities

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

Wind up of the Fund

The Responsible Entity continues with the wind up of the Fund. A number of underlying assets were realised or capital returns received, during the period. The Fund declared and paid total returns of capital and distributions to income unitholders of \$10,820,400 for the current period. The Responsible Entity will continue to realise the remaining Fund assets on an orderly basis with a view to maximising value for unitholders over a period expected to be a number of years.

Income unitholders are entitled to receive up to \$1 per unit (plus accrued income) during the course of the wind up. At 31 December 2013, the value of the Consolidated Entity's assets, plus the amount returned to income unitholders during the course of the wind up to date, is below the income unitholders' maximum entitlement by an amount of \$21,089,193 (\$0.40 per income unit) (30 June 2013: \$18,905,820 or \$0.36 per income unit). Ordinary unitholders only have an entitlement to any excess capital distributed during the course of the wind up.

Review of operations

The Consolidated Entity has recorded a net profit of \$1,962,484 for the six month period ended 31 December 2013 (2012: \$1,606,446). The reported net profit is largely attributable to the net gain recorded on disposal of ASX listed and unlisted property trusts.

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

- total revenue and other income of \$2,129,005 (2012: \$2,156,195);
- net profit attributable to income unitholders totalled \$1,962,484 (2012: \$1,606,446)
- total distributions and returns of capital to income unitholders of \$10,820,400 or 20.5 cents per unit (2012: \$13,336,809 or 25.3 cents per unit);
- net assets of \$9,245,675 and net asset per income unit of \$0.18 (30 June 2013: \$19,516,863 and \$0.37);
- ASX listed portfolio value of \$1,842,704 (30 June 2013: \$2,071,491); and
- unlisted security portfolio value of \$6,975,118 (30 June 2013: \$14,337,824).

The Fund is in wind up. The strategy of the Fund is to realise the remaining Fund assets on an orderly basis with a view to maximising value for unitholders.

Management fees for MPIF will continue to be waived for as long as an entity controlled by Brookfield Asset Management Inc. remains as responsible entity of MPIF.

Directors' Report continued

Multiplex Property Income Fund

For the half year ended 31 December 2013

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Distributions and capital returns

The following distributions and returns of capital were declared/paid by the Fund to its income unitholders during the current and prior periods.

	Cents per unit	Total amount \$	Date of payment
Income unitholders			
August 2013 distribution	5.7937	3,058,578	9 August 2013
September 2013 distribution	4.8237	2,546,501	6 September 2013
October 2013 distribution	1.6453	868,578	10 October 2013
November 2013 distribution	6.8441	3,613,100	20 November 2013
December 2013 distribution	1.3897	733,643	17 December 2013
Total distributions and returns of capital for the six months ended 31 December 2013	20.4965	10,820,400	
Income unitholders			
July 2012 distribution	0.3172	167,494	20 August 2012
August 2012 distribution	0.3162	166,922	20 September 2012
September 2012 distribution	0.4474	236,207	19 October 2012
October 2012 distribution	0.2957	156,109	19 November 2012
November 2012 distribution	14.8666	7,848,288	21 December 2012
December 2012 distribution	9.0200	4,761,789	3 January 2013
Total distributions and returns of capital for the six months ended 31 December 2012	25.2631	13,336,809	

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2013.

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

Dated at Sydney this 21st day of February 2014.



Russell Proutt
Director

Brookfield Capital Management Limited

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

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

21 February 2014

Dear Directors

Multiplex Property Income Fund

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Capital Management Limited as the Responsible Entity of Multiplex Property Income Fund.

As lead audit partner for the review of the financial statements of Multiplex Property Income Fund for the half year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants

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

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Multiplex Property Income Fund

For the half year ended 31 December 2013

	Note	Consolidated	
		Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$
Revenue and other income			
Distribution income from ASX listed and unlisted property trusts		544,272	794,016
Net gain on disposal of ASX listed and unlisted property trusts		1,580,118	1,219,023
Interest income		4,615	143,156
Total revenue and other income		2,129,005	2,156,195
Expenses			
Impairment expense	5, 7	58,139	379,132
Other expenses		108,382	170,617
Total expenses		166,521	549,749
Net profit for the period		1,962,484	1,606,446
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available for sale financial assets		(1,413,272)	(1,177,857)
Other comprehensive loss for the period		(1,413,272)	(1,177,857)
Total comprehensive income for the period		549,212	428,589
Net profit attributable to:			
Ordinary unitholders		–	–
Income unitholders		1,962,484	1,606,446
Net profit for the period		1,962,484	1,606,446
Total comprehensive income attributable to:			
Ordinary unitholders		–	–
Income unitholders		549,212	428,589
Total comprehensive income for the period		549,212	428,589

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

Condensed Consolidated Interim Statement of Financial Position

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Multiplex Property Income Fund

As at 31 December 2013

	Note	Consolidated 31 December 2013 \$	30 June 2013 \$
Assets			
Current assets			
Cash and cash equivalents		229,946	1,941,068
Trade and other receivables		251,691	2,982,616
Investments – available for sale	5	1,842,704	1,980,420
Total current assets		2,324,341	6,904,104
Non-current assets			
Investments – available for sale	5	6,975,118	14,428,895
Total non-current assets		6,975,118	14,428,895
Total assets		9,299,459	21,332,999
Liabilities			
Current liabilities			
Trade and other payables		53,784	68,686
Distributions and returns of capital payable		–	1,747,450
Total current liabilities		53,784	1,816,136
Total liabilities		53,784	1,816,136
Net assets		9,245,675	19,516,863
Equity			
Units on issue – Ordinary units	6	30,075,861	30,075,861
Units on issue – Income units	6	30,334,868	38,422,683
Reserves		1,700,421	3,113,693
Undistributed losses		(52,865,475)	(52,095,374)
Total equity		9,245,675	19,516,863

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

Condensed Consolidated Interim Statement of Changes in Equity

Multiplex Property Income Fund

For the half year ended 31 December 2013

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Consolidated Entity	Attributable to Ordinary unitholders of the Fund				Attributable to Income unitholders of the Fund				Total equity
	Ordinary units \$	Undistributed profits/(losses) \$	Reserves \$	Total \$	Income units \$	Undistributed profits/(losses) \$	Reserves \$	Total \$	
Opening equity - 1 July 2013	30,075,861	(30,075,861)	-	-	38,422,683	(22,019,513)	3,113,693	19,516,863	19,516,863
Change in fair value of available for sale financial assets	-	-	-	-	-	-	(1,413,272)	(1,413,272)	(1,413,272)
Other comprehensive loss for the period	-	-	-	-	-	-	(1,413,272)	(1,413,272)	(1,413,272)
Net profit for the period	-	-	-	-	-	1,962,484	-	1,962,484	1,962,484
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,962,484	(1,413,272)	549,212	549,212
Transactions with unitholders in their capacity as unitholders:									
Returns of capital declared/paid	-	-	-	-	(8,087,815)	-	-	(8,087,815)	(8,087,815)
Distributions declared/paid	-	-	-	-	-	(2,732,585)	-	(2,732,585)	(2,732,585)
Total transactions with unitholders in their capacity as unitholders	-	-	-	-	(8,087,815)	(2,732,585)	-	(10,820,400)	(10,820,400)
Closing equity - 31 December 2013	30,075,861	(30,075,861)	-	-	30,334,868	(22,789,614)	1,700,421	9,245,675	9,245,675

Condensed Consolidated Interim Statement of Changes in Equity continued

Multiplex Property Income Fund

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For the half year ended 31 December 2013

Consolidated Entity	Attributable to Ordinary unitholders of the Fund				Attributable to Income unitholders of the Fund				Total equity \$
	Ordinary units \$	Undistributed profits/(losses) \$	Reserves \$	Total \$	Income units \$	Undistributed profits/(losses) \$	Reserves \$	Total \$	
Opening equity - 1 July 2012	30,075,861	(30,075,861)	-	-	52,959,706	(23,352,917)	4,641,437	34,248,226	34,248,226
Change in fair value of available for sale financial assets	-	-	-	-	-	-	(1,177,857)	(1,177,857)	(1,177,857)
Other comprehensive loss for the period	-	-	-	-	-	-	(1,177,857)	(1,177,857)	(1,177,857)
Net profit for the period	-	-	-	-	-	1,606,446	-	1,606,446	1,606,446
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,606,446	(1,177,857)	428,589	428,589
Transactions with unitholders in their capacity as unitholders:									
Returns of capital declared/paid	-	-	-	-	(12,522,133)	-	-	(12,522,133)	(12,522,133)
Distributions declared/paid	-	-	-	-	-	(814,676)	-	(814,676)	(814,676)
Total transactions with unitholders in their capacity as unitholders	-	-	-	-	(12,522,133)	(814,676)	-	(13,336,809)	(13,336,809)
Closing equity - 31 December 2012	30,075,861	(30,075,861)	-	-	40,437,573	(22,561,147)	3,463,580	21,340,006	21,340,006

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

Condensed Consolidated Interim Statement of Cash Flows

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Multiplex Property Income Fund

For the half year ended 31 December 2013

	Consolidated Half year ended 31 December 2013 \$	Consolidated Half year ended 31 December 2012 \$
Cash flows from operating activities		
Cash receipts in the course of operations	617,402	1,007,839
Cash payments in the course of operations	(119,695)	(121,153)
Interest received	4,230	165,037
Net cash flows from operating activities	501,937	1,051,723
Cash flows from investing activities		
Payments for purchase of available for sale assets	–	(46,240)
Proceeds from sale of available for sale assets	10,354,790	7,245,802
Net cash flows from investing activities	10,354,790	7,199,562
Cash flows from financing activities		
Distributions and returns of capital to income unitholders	(12,567,849)	(8,726,190)
Net cash flows used in financing activities	(12,567,849)	(8,726,190)
Net decrease in cash and cash equivalents	(1,711,122)	(474,905)
Cash and cash equivalents at the beginning of the period	1,941,068	5,661,492
Cash and cash equivalents at 31 December	229,946	5,186,587

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

Notes to the Condensed Consolidated Interim Financial Statements

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Multiplex Property Income Fund

For the half year ended 31 December 2013

1 Reporting entity

Multiplex Property Income Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial report of the Fund as at and for the six months ended 31 December 2013 comprises the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2013.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2013, except for the impact of the Standards and Interpretations described below.

AASB 10 *Consolidated Financial Statements* which replaces all of the guidance on control and consolidation. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities, whereby an investor controls an investee only if the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

AASB 11 *Joint Arrangements* which introduces a principle based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account for their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard AASB 131 *Interests in Joint Ventures*.

AASB 12 *Disclosure of Interests in Other Entities* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*, which set out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11 and replace the disclosure requirements previously found in AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* which sets out in a single standard a framework for measuring fair value, including related disclosure requirements in relation to fair value measurement. AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* which removes the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*.

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)* which requires an entity to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.

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

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For the half year ended 31 December 2013

2 Significant accounting policies

Basis of preparation *continued*

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* which amends a number of pronouncements as a result of the 2009-2011 annual improvements cycle.

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* which provides transition guidance for the amendments to AASB 10 *Consolidated Financial Statements*.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The adoption of the above revised Standards and Interpretations has resulted in amended disclosures in the financial report but has not impacted the financial results of the Consolidated Entity.

Going concern

The financial statements have been prepared on a going concern basis which assumes the Consolidated Entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The Responsible Entity continues with the wind up of the Fund and pursuing opportunities to realise the remaining Fund assets on an orderly basis, with a view to maximising value for unitholders over a period expected to be a number of years. Based on the above, the Directors of the Responsible Entity believe it is appropriate to adopt the going concern basis for this set of financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

3 Estimates

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

4 Distributions and capital returns

The following distributions and returns of capital were declared/paid by the Fund to its income unitholders during the current and prior periods.

	Cents per unit	Total amount \$	Date of payment
Income unitholders			
August 2013 distribution	5.7937	3,058,578	9 August 2013
September 2013 distribution	4.8237	2,546,501	6 September 2013
October 2013 distribution	1.6453	868,578	10 October 2013
November 2013 distribution	6.8441	3,613,100	20 November 2013
December 2013 distribution	1.3897	733,643	17 December 2013
Total distributions and returns of capital for the six months ended 31 December 2013	20.4965	10,820,400	
Income unitholders			
July 2012 distribution	0.3172	167,494	20 August 2012
August 2012 distribution	0.3162	166,922	20 September 2012
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November 2012 distribution	14.8666	7,848,288	21 December 2012
December 2012 distribution	9.0200	4,761,789	3 January 2013
Total distributions and returns of capital for the six months ended 31 December 2012	25.2631	13,336,809	

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

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For the half year ended 31 December 2013

5 Investments – available for sale

	Consolidated	
	Half year ended 31 December 2013 \$	Half year ended 31 December 2012 \$
ASX listed investments		
Carrying amount as at beginning of period	2,071,491	5,062,543
Movement due to acquisitions, disposals, transfers and returns of capital	(519,508)	(5,075,679)
Changes in fair value recognised in reserves	290,721	693,726
Impairments recognised during the period	–	(39,500)
Total investments – available for sale – ASX listed	1,842,704	641,090
Unlisted investments		
Carrying amount as at beginning of period	14,337,824	22,299,120
Movement due to acquisitions, disposals, transfers and returns of capital	(7,388,135)	(1,483,396)
Changes in fair value recognised in reserves	83,568	(371,676)
Impairments recognised during the period	(58,139)	(339,632)
Total investments – available for sale - unlisted	6,975,118	20,104,416
Total investments – available for sale	8,817,822	20,745,506
Total investments – available for sale – Current	1,842,704	–
Total investments – available for sale – Non-current	6,975,118	20,745,506
Total investments – available for sale	8,817,822	20,745,506

Impairment

During the period, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of \$58,139 in relation to its available for sale investments (2012: \$379,132). The impairment loss recognised during the period represents the difference between the cost of the investments and their market value as at 31 December 2013, less any previously recorded impairment losses and reductions to accumulated reserves.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's investment portfolio is impaired due to the individual circumstances of certain underlying investments.

Investment in unlisted property securities

The Consolidated Entity continues to hold a number of unlisted property security funds. During the period, the Consolidated Entity received capital returns from certain underlying investments and participated in redemption and sale opportunities where possible. Due to a variety of factors inherent in the underlying funds, the Consolidated Entity may have limited ability to realise these investments as and when it wishes to.

Consistent with 30 June 2013, the Consolidated Entity has generally valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2013, 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. Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

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

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For the half year ended 31 December 2013

6 Units on issue

	Half year ended 31 December 2013 \$	Half year ended 31 December 2013 units	Year ended 30 June 2013 \$	Year ended 30 June 2013 Units
Ordinary units				
Opening balance	30,075,861	30,075,871	30,075,861	30,075,871
Closing balance	30,075,861	30,075,871	30,075,861	30,075,871
Income units				
Opening balance	38,422,683	52,791,450	52,959,706	52,791,450
Return of capital	(8,087,815)	–	(14,537,023)	–
Closing balance	30,334,868	52,791,450	38,422,683	52,791,450

In accordance with the Fund's constitution, each income unitholder is entitled to receive distributions as declared from time to time. Each ordinary unit represents a right to a share in the Fund's equity in excess of the value of the issued income units.

The Fund is in wind up. Income unitholders are entitled to receive up to \$1 per unit (plus accrued income) during the course of the wind up. At 31 December 2013, the value of the Consolidated Entity's assets, plus the amount returned to income unitholders during the course of the wind up to date, is below the income unitholders' maximum entitlement by an amount of \$21,089,193 (\$0.40 per income unit) (30 June 2013: \$18,905,820 or \$0.36 per income unit). Ordinary unitholders only have an entitlement to any excess capital distributed during the course of the wind up.

7 Financial instruments

A number of the Consolidated Entity's financial assets and liabilities are measured at fair value at the end of each reporting period. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Cash and cash equivalents and 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.

Investments – available for sale

Fair value for ASX listed investments is calculated based on the quoted closing price of the security at the reporting date. Fair value for unlisted investments is calculated based on the latest available net asset values. Refer to investments – available for sale (note 5) for further details.

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 Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 31 December 2013. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

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

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For the half year ended 31 December 2013

7 Financial instruments continued

Consolidated Entity – at 31 December 2013	Level 1 \$	Level 3 \$	Total \$
Assets			
Investments – available for sale			
– ASX listed investments	1,842,704	–	1,842,704
– Unlisted investments	–	6,975,118	6,975,118
Total assets	1,842,704	6,975,118	8,817,822

Consolidated Entity – at 30 June 2013	Level 1 \$	Level 3 \$	Total \$
Assets			
Investments – available for sale			
– ASX listed investments	2,071,491	–	2,071,491
– Unlisted investments	–	14,337,824	14,337,824
Total assets	2,071,491	14,337,824	16,409,315

Reconciliation of level 3 fair value measurements:

Consolidated Entity – for the period ended 31 December 2013	Investments available for sale \$	Total \$
Opening balance – 1 July 2013	14,337,824	14,337,824
Acquisitions, disposals and return of capital	(6,297,278)	(6,297,278)
Transfers out of level 3	(1,090,857)	(1,090,857)
Losses recognised in the profit or loss	(58,139)	(58,139)
Gains recognised in other comprehensive income	83,568	83,568
Closing balance – 31 December 2013	6,975,118	6,975,118
Total losses for the period included in the profit or loss attributable to losses relating to assets held at period end	(58,139)	(58,139)

Consolidated Entity – for the period ended 31 December 2012	Investments available for sale \$	Total \$
Opening balance – 1 July 2012	22,299,120	22,299,120
Acquisitions, disposals and return of capital	(1,483,396)	(1,483,396)
Losses recognised in the profit or loss	(339,632)	(339,632)
Losses recognised in other comprehensive income	(371,676)	(371,676)
Closing balance – 31 December 2012	20,104,416	20,104,416
Total losses for the period included in the profit or loss attributable to losses relating to assets held at period end	(339,632)	(339,632)

As at 31 December 2013 and 31 December 2012, there were no financial assets or liabilities in level 2. During the current period, one financial asset transferred from level 3 to level 1 as a result of an unlisted investment stapling with another entity and the new stapled group ultimately listing on the ASX (2012: none).

8 Related parties

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2013.

9 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2013 (30 June 2013: none).

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

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For the half year ended 31 December 2013

10 Events subsequent to the reporting date

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

Directors' Declaration

Multiplex Property Income Fund

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For the half year ended 31 December 2013

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

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 17, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2013 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 21st day of February 2014



Russell Proutt
Director
Brookfield Capital Management Limited

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

We have reviewed the accompanying half-year financial report of Multiplex Property Income Fund ("the Fund"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2013, and the condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of Brookfield Capital Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 21 February 2014