

Multiplex SITES Trust ARSN 111 903 747

Annual Report 2006

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# Annual Report

**MULTIPLEX**



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Above  
Ernst & Young  
Centre, Sydney

Front Cover  
Southern Cross,  
Melbourne

# Chairman's Letter

Dear Multiplex SITES holder

This is the second Annual Report of the Multiplex SITES Trust (the Trust) since its listing on the Australian Stock Exchange on 20 January 2005 and the Board of Directors of Multiplex Funds Management Limited, the Responsible Entity of the Trust welcome your continued support.

Multiplex SITES have traded under the code "MXUPA" since listing and in accordance with the Product Disclosure Statement (PDS) dated 29th November 2004 (PDS) have paid distributions on a quarterly basis.

As set out in the PDS, the distribution rate is set at the start of each quarter and represents the three month bank bill rate determined on the first business day of each relevant distribution period plus the margin of 1.90%. The directors expect that Multiplex SITES will continue to pay quarterly distributions as contemplated in the PDS.

Further securityholder information, press releases and indicative market prices for your investment in Multiplex SITES can be found on our website at [www.multiplex.biz](http://www.multiplex.biz). Our website also allows Multiplex SITES holders to print and download a range of forms to assist in the management of their holding. Alternatively, if you have any queries in relation to your investment please contact the Multiplex SITES registry, Link Market Services on 1800 68 54 55.

In accordance with the PDS the sole asset of the Trust remains the investment in units in Multiplex Hybrid Investment Trust. The Board of Directors do not anticipate any change to this situation.

We trust this Annual Report will provide a useful source of information on the Trust and its financial position.

Yours faithfully,



**Allan McDonald**

Chairman

Multiplex Funds Management Limited  
(Responsible Entity of Multiplex SITES Trust)



This section outlines the main corporate governance practices that are currently in place for Multiplex Funds Management Limited (the Company) in its capacity as responsible entity for Multiplex SITES Trust (the Trust). The Company as Responsible Entity of the Trust is committed to maintaining the highest standards of corporate governance.

As a wholly owned subsidiary of Multiplex Limited the Company aims to make best use of the existing governance expertise and framework within Multiplex Group as it applies to the Trust's operations wherever possible.

## Best Practice Principles

The Australian Stock Exchange (the ASX) has established best practice guidelines that are embodied in ten principles (the Principles). The Board is supportive of the Principles and has applied these Principles to the extent relevant to Multiplex SITES Trust. The Board's approach has been guided by the Principles and practices which are in the best interests of investors while ensuring compliance with legal requirements. In pursuing its commitment to best practice governance standards, the Board will continue to review and improve its governance practices.

The Principles as set out by the Corporate Governance Council are intended only as guidelines. Due to the investment structure of the Trust with its only investment being units in Multiplex Hybrid Investment Trust, there are several Principles that are neither relevant nor practically applicable to the Trust. The ASX Listing Rules require listed companies (or in the case of a listed trust, the responsible entity of that trust) to include in their annual report a statement disclosing the extent to which they have followed the Principles during the financial year.

The Principles have been adopted, where appropriate, to ensure that the Company as responsible entity of the Trust continues to protect stakeholder interests. This Corporate Governance Statement sets out each Principle and provides details of how these Principles have been addressed by the Company as responsible entity of the Trust for the year ended 30 June 2006.

## Principle 1: Lay Solid Foundations for Management and Oversight

It is the responsibility of the Board to ensure that the foundations for management and oversight of the Trust are established and appropriately documented.

### Role of the Board

The Board has formalised its role and responsibilities in a charter (the Board Charter). The Board Charter clearly defines the matters reserved for the Board. The Board determines and monitors the Trust's policies and considers its future strategic direction. The Board is also responsible for presenting a balanced and understandable assessment of

the Trust's position and, where appropriate, its prospects in annual report and other forms of public reporting. It monitors and reviews the investor base of the Trust and marketing and investor communication strategies, and evaluates the performance of all service providers, with input from its Committees where appropriate. The role of the Board is to act as the guardian of securityholder value for the Trust's investors. The Board as a whole is collectively responsible for promoting the success of the Trust by directing and supervising the Trust's affairs.

The role of the Board is summarised as follows:

- provision of guidance on and approval of the strategy and performance of the Trust;
- monitoring the progress of the financial situation of the Trust and other objectives;
- approving and monitoring the progress of major investments;
- oversight and approval of the risk, control and accountability systems;
- monitoring compliance with legal, constitutional and ethical standards; and,
- ensuring effective communications with holders of Multiplex SITES and other stakeholders.

In essence, the Board Charter identifies the role of the Board, its committees and the powers reserved for the Board.

## Principle 2: Structure the Board to Add Value

The ASX views independence of Board members as a key element of an effective corporate governance regime. It recommends that a majority of the Board be deemed independent, that the Chairperson be independent, that the roles of Chairperson and Chief Executive Officer be split and further that the Board establish a Nomination Committee with a charter in line with best practice recommendations.

The Board believes that sound corporate governance is crucial to protecting the interests of investors. The Board has a broad range of relevant financial and other skills, experience and expertise necessary to meet its objectives and is subject to a continuous review of its composition. The Board meets formally at least 10 times per year and whenever deemed necessary to deal with specific matters needing attention between scheduled meetings. The Board currently consists of 10 directors.

The year also saw the sad death of Founding Chairman, John C Roberts AO on 8 June 2006 after a long illness.

Profiles of each of the directors including age and length of service may be found on pages 7 to 9.

### Independence

The Board has assessed the independence of its non-executive directors in accordance with ASX best practice guidelines and concluded that four of the 10 members of the Board are independent. The Board identified all four non-executive directors being Peter Dransfield, Allan McDonald, John Poynton and Barbara Ward as being independent. In assessing independence the Board adopted materiality tests using both quantitative and qualitative bases. An amount of over 2.5% of annual turnover of the Group or 2.5% of the individual director's net worth is considered material for these purposes.

Although the Chairman is independent, the majority of the Board are not and this results in a departure from the ASX Best Practice Principle. This departure remains appropriate due to the important contribution played by the executive directors in the future success and growth of Multiplex Group. The independence of each director is considered on a continuing basis.

In accordance with the Corporations Act the Company has also established a Compliance Committee. The Compliance Committee comprises two external members and one internal member. The Compliance Committee is governed by a formal Charter which includes a Compliance Plan that sets out a number of general matters relating to the operation of the Compliance Committee and its members. Broadly, the functions of the Compliance Committee are to:

- monitor to what extent the responsible entity complies with the Compliance Plan and report its findings to the Board;
- as soon as practicable report any breach of the Corporations Act involving the Trust, or a provision of the Trust's constitution of which it becomes aware or that it suspects; and
- regularly review the adequacy of the Compliance Plan.

The Responsible Entity relies upon the Compliance Committee, which has a majority of external members, to monitor and ensure that compliance with all laws and regulations are upheld and by reporting its findings directly to the Board.

The Board does not have a separate Nomination Committee as the selection and appointment process for directors is undertaken by Multiplex Limited. Due to the Company's role as Responsible Entity of the Trust the Board has deemed that the operations do not warrant a separate Nomination Committee.

### Access to Information and Advice

All directors have unrestricted access to records of the Company and Trust, and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties. The Board collectively, and each director individually, has the right to seek independent professional advice at the Trust's expense to help them carry out their responsibilities.

### Principle 3: Promote Ethical and Responsible Decision Making

The Board has established both a Code of Conduct and a Security Trading Policy.

#### Code of Conduct

Neither the Trust nor the Company employs individuals. However, all directors, managers and employees involved in the operation of the Trust and the Company are employees of Multiplex Limited and, along with all other employees in the Multiplex Group, are required to act honestly and with integrity. The Board acknowledges that all Multiplex Group employees are subject to a Code of Conduct that governs workplace and human resource practices, risk management and legal compliance. This Code of Conduct therefore applies to all directors, managers and employees of Multiplex Limited involved in the operation of the Trust and the Company. The Code is aligned to the Multiplex Group's core values of teamwork, integrity and performance and is fully supported by the Board.

#### Security Trading Policy

All directors of the Company and Multiplex Group employees are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company, if they are in possession of inside information. The Multiplex Group Security Trading Policy has been formally adopted by the Board and specifically lists securities issued by the Trust as restricted securities for the purposes of the policy. A copy of the Security Trading Policy is available at [www.multiplex.biz](http://www.multiplex.biz) under the heading of Multiplex SITES – Corporate Governance.

### Principle 4: Safeguard Integrity in Financial Reporting

The approach adopted by the Board is consistent with the Principle that the Board requires the Managing Director & Chief Executive and the Chief Financial Officer to provide a written statement that the financial statements of the Trust present a true and fair view, in all material aspects, of the financial position and operational results.

#### Audit and Risk Committee

The Board has established an Audit and Risk Committee with its own charter (the Charter) specifically for the Trust. The purpose of the Audit and Risk Committee is to oversee, on behalf of the Board, the integrity of the financial reporting controls and procedures and the effectiveness of the risk control framework utilised by the Company as responsible entity of the Trust.

It achieves this by:

- assessing the risk and control environment;
- overseeing financial reporting to ensure balance, transparency and integrity; and
- evaluating and monitoring the effectiveness of the external audit function.

The Charter sets out the Audit and Risk Committee's role and responsibilities, composition, structure and membership requirements. The members of the Audit and Risk Committee throughout the financial year are set out below:

Name	Position	Number of Meetings in Period*	Attendance
Barbara Ward	Chairperson	9	9
Peter Dransfield	Member	9	9
Allan McDonald	Member	9	9
John Poynton AM	Member	9	8
James Tuckey	Member	3	3

\* Number of meetings held during the time the Member held office.

The current members of the Audit and Risk Committee are Allan McDonald, Peter Dransfield, John Poynton AM and Barbara Ward. None of the Committee members are involved in the day to day operation or management of the Company or the Trust and therefore are deemed independent. A summary of the Audit and Risk Committee's Charter is available at [www.multiplex.biz](http://www.multiplex.biz) under the heading of Multiplex SITES – Corporate Governance.

### Principle 5: Make Timely and Balanced Disclosure

The Company is committed to the promotion of investor confidence by providing full and timely information to all investors about the Trust's activities and by complying with the continuous disclosure obligations, contained in the *Corporations Act 2001* and the ASX Listing Rules. The Board has adopted a Continuous Disclosure Policy which governs how the Company as Responsible Entity communicates with investors and the market. This policy applies to all directors, managers and employees of the Multiplex Group involved in the operation of the Trust and the Company.

There are likely to be few events that are discloseable for the Trust as its only investment is in the units of the Multiplex Hybrid Investment Trust.

### Principle 6: Respect the Rights of Multiplex SITES Trust Holders

In addition to its statutory reporting obligations, the Trust and the Company are committed to timely and ongoing communication with Multiplex SITES holders. The Company's communication strategy is incorporated into the Multiplex Continuous Disclosure Policy which can be found on the Multiplex internet site [www.multiplex.biz](http://www.multiplex.biz).

The Company also seeks to accomplish ongoing communication through the distribution of the annual and half yearly reports each year and through updates to all investors whenever significant developments occur.

It should be noted that under best practice principles it states that in the event of a general meeting of Multiplex SITES holders the external auditor should be requested to attend and, if necessary, answer questions. However, there is no requirement under the Trust's constitution to hold general meetings except in prescribed circumstances.

### Principle 7: Recognise and Manage Risk

An important role of the Company is to effectively manage the risks inherent in its business while supporting the reputation, performance and success of the Trust. The Board regularly reviews procedures in respect of compliance with the maintenance of statutory, legal, ethical and environmental obligations through the Audit and Risk Committee. As risks are primarily concerned with compliance rather than an operational nature, the existing risk management approach will continue to be enforced.

The procedures adopted by the Company are consistent with those in Principle 7, that the Chief Executive Officer and the Chief Financial Officer should approve the sign off of financial statements based upon a sound system of risk management and that the internal compliance and control system is operating efficiently in all material respects, as provided for under Principle 4.

The Board has also established a Compliance Committee.

### Principle 8: Encourage Enhanced Performance

Due to the structural nature of the Trust, the Company does not receive a management fee for its services and as such there are no performance related criteria or measures to assess performance. However, management are employees of Multiplex Limited, and therefore all senior management responsible for the operation of the Trust are subject to Multiplex Group's own performance evaluation procedures.

### Principle 9: Remunerate Fairly and Responsibly

Principle 9 suggests that the Company should establish a dedicated Remuneration Committee. As neither the Trust nor the Company has employees of their own no remuneration committee has been established.

### Principle 10: Recognise the Legitimate Interests of Stakeholders

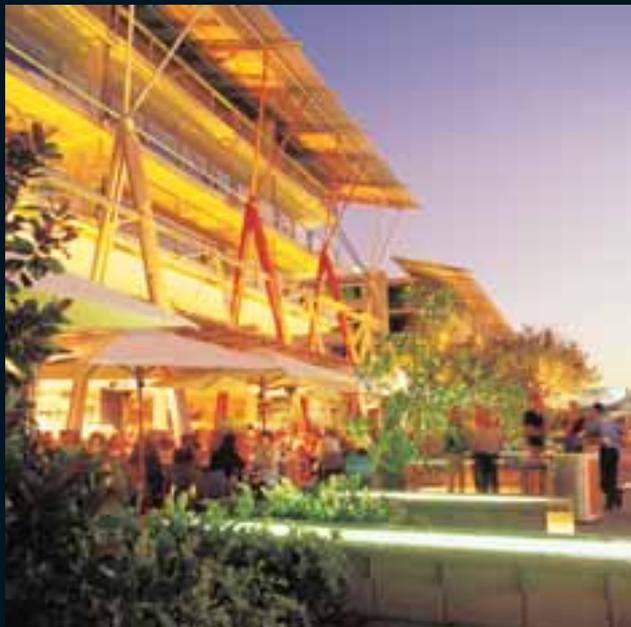
The Board are committed to recognising the interests of investors and other stakeholders as well as all staff involved in the management and operation of the Company and Trust. The Board has adopted a Code of Conduct (see Principle 3) in line with this Principle 10.

With the exception of the departures from the ASX Corporate Governance Guidelines detailed above, the Company as Responsible Entity of the Trust believes that it has followed the best practice recommendations set by the ASX.

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# Financial Report



Above  
King Street  
Wharf Retail,  
Sydney

Right  
Raffles Waterfront,  
Perth



# Directors' Report

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## Introduction

The directors of Multiplex Funds Management Limited (ACN 105 371 917), the Responsible Entity (the Responsible Entity) of the Multiplex SITES Trust (the Trust) present their report together with the financial report of the Trust, for the year ended 30 June 2006 (the year) and the Independent Auditor Report thereon. The Responsible Entity is a wholly-owned subsidiary of Multiplex Limited (Multiplex) and forms part of the consolidated Multiplex Group (the Group).

## Directors

The following persons were directors of the Responsible Entity at the date of this report:

Mr F Allan McDonald  
Mr Peter J Dransfield  
Mr Ross A McDiven  
Mr Robert V McKinnon (appointed 16 January 2006)  
Mr John H Poynton AM  
Mr Andrew T Roberts  
Mr Timothy A Roberts  
Mr Ian R O'Toole  
Mr James L Tuckey (appointed 23 September 2005)  
Ms Barbara K Ward  
Mr John C Roberts AO (Deceased 8 June 2006)  
Mr John A Corcoran (Resigned 16 October 2005)

## Information on Directors

Director (of Multiplex Funds Management Limited as the Responsible Entity)

Director (of Multiplex Funds Management Limited as the Responsible Entity)	Experience	Special Responsibilities
<b>Non-Executive Chairman</b>		
Allan McDonald BEC, FCPA, FAIM, FCIS	<p>Allan McDonald was appointed to the Board prior to the Group's listing in December 2003 and was appointed Non-Executive Chairman of Multiplex in May 2005. Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and company director. Allan's other directorships of listed companies are Babcock &amp; Brown Japan Property Management Limited (responsible entity of Babcock &amp; Brown Japan Property Trust) (appointed November 2004), Billabong International Limited (appointed July 2000), DCA Group Limited (appointed May 1988) and Ross Human Directions Limited (appointed April 2000). Age 66.</p> <p>During the past three years Allan has also served as a director of the following other listed companies: Australian Leisure and Hospitality Group Limited (October 2003 to November 2004), Brambles Industries Limited (August 1981 to November 2005), Brambles Industries plc (August 2001 to November 2005) and TAB Limited (October 1997 to July 2004).</p>	Chairman of Nomination Committee Non-Executive Chairman
<b>Other Non-Executive Directors</b>		
Peter J Dransfield	<p>Peter Dransfield has formerly worked in executive roles at Australand Holdings Limited, Long Corporation and as the Director of Housing for the New South Wales State Government. Peter also serves on the Board of the trustee for the Grant Samuel Development Trust, is a member of the Investment Committee of the St Hilliers Enhanced Property Trust as well as Independent Chairman of two Landcom joint ventures. Peter is also a director of Bremer Park Limited (appointed November 2005). Peter has over 30 years' experience in the industrial, retail and residential property development sectors across Australia and in the United States. Age 57.</p> <p>There are no other listed companies of which Peter has served as a director during the past three years.</p>	Chairman of Remuneration Committee
John Poynton AM CitWA BCom, FSIA, FAIM, FAICD	<p>John is a co-founder and executive Chairman of Azure Capital.</p> <p>John is Chairman of Alinta Limited and Deputy Chairman of Austal Limited. John is a non-executive Director of Burswood Ltd and Multiplex Ltd and is a member of the Payments System Board of the Reserve Bank of Australia. He is Chairman of the West Australian Museum Foundation and a member of the Board of the Business School at the University of Western Australia, where he also serves as Adjunct Professor of Financial Services. John has previously served as a Director of ASX and as Chairman of the ASX in Perth.</p> <p>John is a Senior Fellow of the Financial Services Institute of Australasia (FINSIA), and a Fellow of the Australian Institute of Company Directors (AICD) and Australian Institute of Management (AIM).</p> <p>John is a Member in the General Division of the Order of Australia.</p> <p>In June 2006, John was awarded with Citizen of the Year in the Industry and Commerce category. Age 54.</p> <p>There are no other listed companies of which John has served as a director during the past three years.</p>	

Director (of Multiplex Funds Management Limited as the Responsible Entity)	Experience	Special Responsibilities
Barbara Ward BEcon, MPolEcon, MAICD	<p>Barbara Ward has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a senior ministerial adviser. Barbara is Chairman of Country Energy, a director of Commonwealth Bank of Australia (appointed September 1994) and Lion Nathan Limited (appointed February 2003). Barbara is also a director of Allco Finance Group Limited (appointed April 2005) and acts as Chairman of the Allco Finance Group Audit, Finance and Risk Committee. In addition, Barbara is a trustee of the Sydney Opera House Trust and a director of the Australia Day Council of New South Wales. Age 52.</p>	Chairman of the Audit and Risk Committee
<p>There are no other listed companies of which Barbara has served as a director during the past three years.</p>		
<p><b>Executive Directors</b></p>		
Ross McDiven BCom	<p>Ross McDiven is Chief Operating Officer of Multiplex. Ross has over 36 years' experience with Multiplex and is a key member of the core management team of Multiplex Group. He spent his early years at Multiplex in the Construction business and for 18 years led the Company's operations in New South Wales. Ross was also responsible for overseeing significant growth of Multiplex's Development operations and is now responsible for the Group's Construction, Development and Facilities Management businesses worldwide. Age 57.</p>	Chief Operating Officer
<p>There are no other listed companies of which Ross has served as a director during the past three years.</p>		
Bob McKinnon BCom, CA, MAICD	<p>Bob McKinnon was appointed Multiplex's Chief Financial Officer in November 2005. Bob brings 35 years of extensive financial and senior management experience to Multiplex, having held senior positions with Lend Lease, MLC, State Street Australia and latterly, Commonwealth Bank of Australia where he was Group Executive, Technology and Chief Information Officer. Age 53.</p>	Chief Financial Officer
<p>There are no other listed companies of which Bob has served as a Director during the past three years.</p>		
Ian O'Toole AssocDipVal	<p>Ian O'Toole is a Director of the Responsible Entity and is Managing Director of the Investment Management division, Multiplex Capital. The Capital division is responsible for the execution and implementation of the Trust's investment strategies and managing a "Family of Trusts". This is in addition to the creation and management of new Trusts, acquisitions, disposals, asset and debt management, and investor relations for each Fund. Ian has over 24 years' experience in funds management and real estate and was previously responsible for the capital transactions and asset management of the ING Industrial Fund and the ING Office Fund. Age 47.</p>	
<p>There are no other listed companies of which Ian has served as a director during the past three years.</p>		

Director (of Multiplex Funds Management Limited as the Responsible Entity)	Experience	Special Responsibilities
Andrew Roberts BCom, MBA	<p>Andrew Roberts is Managing Director and Chief Executive of Multiplex. During more than 20 years with Multiplex, Andrew has been involved in all aspects of the business. Through his position as Managing Director and Chief Executive, Andrew provides strategic and managerial leadership for the Multiplex Group executive team. Andrew is a Board member of the University of Western Australia Business School. Age 40.</p> <p>Andrew also serves as a director of Scarborough Minerals plc (appointed July 2006).</p> <p>During the past three years Andrew also served as a director of MTM Funds Management Limited (May 1998 to December 2005) (responsible entity of MTM Entertainment Trust), Greenwich Resources plc (December 2001 to September 2005) (a company listed on the London Stock Exchange) and Danae Resources NL (December 1998 to May 2006).</p>	Managing Director and Chief Executive
Tim Roberts	<p>Tim Roberts has over 18 years' experience in the construction and property industry, working both overseas and throughout Australia. Tim is in part responsible for strategic and operational leadership within the Development division throughout Australia and has also assumed responsibility for divisional integration within the Group. Throughout his career Tim has been involved in numerous major projects such as the Perth Convention and Exhibition Centre, the Raffles Hotel redevelopment, the King St Wharf development and the Vale land syndication in Western Australia. Age 35.</p> <p>There are no other listed companies of which Tim has served as a director during the past three years.</p>	
James Tuckey	<p>James Tuckey was appointed as a non-executive director in September 2005 and subsequently accepted an executive appointment as Chairman of Multiplex's UK operations in February 2006. James is currently an investment adviser to BP plc in respect of its pension fund assets and is Chairman of property consultants NAI Fuller Peiser. James spent 28 years at MEPC plc, a UK property owner and developer, most recently as Chief Executive from 1993 to 1999. A Fellow of the Royal Institute of Chartered Surveyors, James is a Member of the President's Committee of the British Property Federation, having served as President during 1993 and is a former Deputy Chairman of English Partnerships, the UK Government regeneration agency for England and a former Member of the Property Advisory Group to the United Kingdom Department of the Environment (1993 to 1997). Age 60.</p> <p>There are no other listed companies of which James has served as a director during the past three years.</p>	Chairman – UK Operations
<b>Company Secretary</b>		
Mark Wilson BCom LLB FFIN	<p>Mark Wilson was appointed Company Secretary of Multiplex in 2003. He joined Multiplex in 1997 and has held various positions in the Group including director, secretary and managing director of various Group entities. Prior to joining Multiplex, Mark was with one of the major accounting firms specialising in corporate finance. Age 39.</p>	

## Directors' meetings

The number of directors' meetings (including meetings of committees of directors) for the Responsible Entity, and the number of meetings attended by each of the directors during the financial year were:

Director	Note	Board Meetings		Audit & Risk Committee Meetings	
		A	B	A	B
<b>Multiplex Funds Management Limited</b>					
Mr J A Corcoran		3	4	*	*
Mr P J Dransfield		11	12	9	9
Mr R A McDiven		12	12	*	*
Mr F A McDonald		12	12	9	9
Mr R V McKinnon		5	5	*	*
Mr I R O'Toole		12	12	*	*
Mr J H Poynton AM		10	12	8	9
Mr A T Roberts		12	12	*	*
Mr J C Roberts AO	2	3	11	*	*
Mr T A Roberts		12	12	*	*
Mr J L Tuckey	1	9	9	3	3
Ms B K Ward		12	12	9	9

A Number of meetings attended

B Number of meetings held during the time the Director held office during the year

\* Not a member of the relevant committee

1 Mr Tuckey was a Non-Executive Director of Multiplex Limited until his appointment to an executive role as Chairman – UK Operations in February 2006.

2 Mr John C Roberts AO passed away on 8th June 2006.

## Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and is listed on the Australian Stock Exchange.

The investment activities of the Trust continue to be in accordance with the policies outlined in the original Product Disclosure Statement for the Trust, dated 29 November 2004. During the year the Trust's sole activity was holding units in the Multiplex Hybrid Investment Trust.

Neither the Trust nor the Responsible Entity had any employees during the year.

## Fees paid to and interests held by the Responsible Entity

The Responsible Entity was not paid fees by the Trust during the financial year (2005: \$nil).

As at 30 June 2006 there were 4,500,000 units in the Trust on issue. There were no withdrawals or new issues through the financial year. Neither the Responsible Entity nor any of its associates held interests in the Trust during the financial year.

## Valuation of Trust's assets

The value of the Trust's assets is detailed in the balance sheet of the financial statements. The valuation of the Trust's assets is in accordance with the accounting policies detailed in Note 1 of the financial statements.

## Review of operations

During the year the Trust's net profit attributable to SITES holders was \$nil (2005: \$nil).

Total quarterly distributions paid or payable in respect of the period were \$33,870,000 (2005: \$15,181,000).

The Trust's only activity is an investment in the units of the Multiplex Hybrid Investment Trust; there were no other relevant operations during the year.

## Significant changes in state of affairs

In the opinion of the directors of the Responsible Entity, there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

## Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report any matter or circumstance that is likely, in the opinion of the directors, to affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

## Likely developments and expected results of operations

Information on likely developments in the operations of the Trust in future financial years and the expected results of those operations has not been included in the Annual Report. Further information 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 Trust.

## Environmental regulation

The Trust has systems in place to manage its environmental obligations. Based upon the results of enquiries made, the Board is not aware of any significant breaches or non-compliance issues during the year.

## Distributions

Distributions per Multiplex SITES paid or declared by the Trust during the year were as follows:

	\$'000s
Quarterly distribution for the period from 1 July 2005 and 30 September 2005 of 7.5467% per annum and paid on 18 October 2005	8,559
Quarterly distribution for the period from 1 October 2005 and 31 December 2005 of 7.5350% per annum and paid on 17 January 2006	8,547
Quarterly distribution for the period from 1 January 2006 and 31 March 2006 of 7.5317% per annum and paid on 19 April 2006	8,357
Quarterly distribution for the period from 1 April 2006 and 30 June 2006 of 7.4933% per annum and paid on 17 July 2006	8,407
<b>Total</b>	<b>33,870</b>

On 3 July 2006, the Trust announced to the ASX that the forecast distribution rate for the period from 1 July 2006 and 30 September 2006 was 7.860% per annum.

## Remuneration Report

Your directors submit their Remuneration Report (the Report) for the year ended 30 June 2006.

Neither Multiplex Funds Management Limited nor the Multiplex SITES Trust have employees but the disclosures for Multiplex Limited and its controlled entities (the Group or the Consolidated Entity) are included below as the Trust is managed as part of the Group.

### Key Management Personnel

The names and details of the Key Management Personnel of Multiplex Limited and its controlled entities (the Group or the Consolidated Entity) in office during the financial year until the date of this report are listed below. Key Management Personnel were in office for this entire period unless otherwise stated. This disclosure also includes the five executives who received the highest remuneration, whether or not they were Key Management Personnel by any other definition. Independent directors are defined as Key Management Personnel, but they do not consider themselves as part of management.

Name	Capacity	Title
Mr F A McDonald	Non-Executive Chairman	Non-Executive Chairman
Mr P J Dransfield	Non-Executive Director	Non-Executive Director
Mr J H Poynton AM	Non-Executive Director	Non-Executive Director
Ms B K Ward	Non-Executive Director	Non-Executive Director
Mr J C Roberts AO	Executive Director	Founding Chairman and Executive Director; deceased 8 June 2006
Mr A T Roberts	Executive Director	Chief Executive & Managing Director
Mr R A McDiven	Executive Director	Chief Operating Officer
Mr J L Tuckey	Executive Director	Executive Chairman UK; appointed 23 September 2005
Mr R V McKinnon	Executive Director	Chief Financial Officer; appointed 16 January 2006
Mr T A Roberts	Executive Director	Executive Director
Mr M G Wilson	Member of the Executive Committee	Executive General Manager Corporate & Company Secretary
Mr J A Corcoran	Former Executive Director	Former Chief Investment Officer; ceased as a director November 2005. Ceased employment 30 June 2006
Mr N R Henderson	Former Executive Director	Former Chairman – Construction division; ceased employment 30 April 2006
Mr I R O'Toole	Member of the Executive Committee	Managing Director – Multiplex Capital
Mr M J E Tidd	Executive	Managing Director, Construction UK
Mr G Kostas	Executive	GGM Strategy, Capital & Transactions
Mr M H Stagg	Executive	Former Director Construction UK; ceased employment 12 August 2005
Mr D C O'Regan	Executive	Managing Director, Developments Australasia

## Remuneration Report continued

This Report outlines the remuneration arrangements in place for directors and executives of the Group. Throughout this report compensation is referred to as remuneration, and includes cash, non-monetary and other consideration received by any of the Key Management Personnel over the course of the financial year.

### Remuneration policy

This Report describes the Group's policy on the remuneration of directors and Key Management Personnel. The Report also contains specific details of the remuneration and interests in securities held by the directors and Key Management Personnel.

The Multiplex Group Remuneration Committee reviews, evaluates and makes recommendations to Multiplex Limited's Board regarding remuneration policy.

The Group has adopted four key guiding principles which underpin the Group's executive remuneration structure:

- Remuneration should result in an alignment of interests of all executives with the interests of the Group's securityholders through the creation of value for the securityholders. As for most organisations, the Group's remuneration strategy evolves in line with contemporary market practice;
- Remuneration should be market based and competitive. The Group periodically reviews the components of the remuneration system; such as salary competitiveness, short-term and long-term incentive plans, and equity ownership;
- Remuneration should enable the Group to attract and retain talented executives; and
- Remuneration structures should be transparent and readily understood. As the Group changes, important aspects such as remuneration need to similarly develop.

The Group aims to maintain the effectiveness of the remuneration framework and systems in order to provide the necessary alignment with securityholder interests.

Remuneration arrangements and performance targets for executives are agreed with each individual. Reference is made to independent remuneration consulting advice, including benchmarking against comparative data where available.

At the time of the Initial Public Offering (IPO) in December 2003, executives were able to take interest-free loans to purchase Group stapled securities. The Employee Ownership Plan is discussed in more detail below.

### Remuneration Committee

The Remuneration Committee reviews the remuneration strategy to ensure policies and practices are appropriate. This committee makes recommendations to the Board on the Chief Executive's remuneration, and approves the remuneration for all direct reports to the Chief Executive.

The current members of the Remuneration Committee are Peter Dransfield (Chair), Barbara Ward, Allan McDonald

and John Poynton AM. All members of the Remuneration Committee are independent non-executive directors. The Chief Executive, though not a member of the Committee, may attend by invitation.

### Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

#### Non-executive director remuneration

##### Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

##### Structure

Remuneration of non-executive directors is determined by the Board within a cap of \$1.0 million. Non-executive directors take no part in the discussion or decision relating to their own fees. In setting the fees, the responsibilities of directors in dealing with the complex global nature of Multiplex's business, and the level of fees paid to non-executive directors in comparable companies, are considered.

The amount of aggregate remuneration sought to be approved by securityholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Group. An additional fee is also paid for each Board committee on which a director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by directors who serve on one or more sub-committees.

Non-executive directors have been encouraged by the Board to hold securities in the Group (purchased by the director on market). It is considered good governance for directors to have a stake in the Group on whose Board they sit.

The non-executive directors are not entitled to receive bonuses, nor are they entitled to receive retirement benefits. As required, the Company obtains regular market research to ensure non-executive director remuneration is in line with market rates.

Mr McDonald receives fees higher than other non-executive directors by virtue of his position as Non-Executive Chairman of Multiplex Limited and Multiplex Funds Management Limited (the Responsible Entity of the Multiplex Property Trust).

Details of the nature and amount of each major element of the remuneration received by the directors are set out in the remuneration table.

### Executive director and other executive remuneration

This section of the Report contains details of the various potential components of remuneration for Multiplex's Key Management Personnel, including the executive directors.

#### Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of securityholders;
- Link rewards with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

#### Structure

The remuneration structure for executives typically comprises a base package (including superannuation and allowances), and a variable short-term incentive component.

The Group provides salary, superannuation contributions and other benefits for executive directors and Key Management Personnel within a framework known as "Total Remuneration Package" (TRP). This framework provides an executive with the flexibility to choose the precise mix of cash, superannuation, and other benefits up to the overall specified total amount. It should be noted, as explained below, over-performance on the part of the executive could mean that total actual remuneration may exceed the TRP because Short-Term Incentives (STIs) have the ability to increase commensurate with strong performance.

In determining the level and composition of executive remuneration, the Remuneration Committee engaged an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles from which the Committee made its recommendations to the Board. Consideration is also given to the appropriate mix of fixed, variable and long-term remuneration.

Details of employment terms and conditions are provided below, and consist of the following key elements:

- Fixed Remuneration (including base salary, superannuation, deferred amounts, and sign-on bonuses);
- Short-Term Incentives provided through suitably challenging performance-based incentive plans;
- Non-Monetary Benefits; and
- Equity Ownership Benefits.

The Remuneration Committee establishes the proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) for the Chief Executive and each of the Chief Executive's direct reports. Details of the nature and amount of each major element of the remuneration received by the Key Management Personnel including the executive directors are set out in the remuneration table.

### Salary and cash benefits

These payments include cash salary and cash-like benefits, paid as part of the TRP. Executive directors do not receive fees for serving on the Board of Multiplex Limited.

It is intended that the TRP for executives be set at competitive levels within a market range. The Remuneration Committee progressively benchmarks remuneration levels against comparator data provided by independent sources.

The TRP is calculated on the basis of the total cost to Multiplex, including actual cash, plus benefits such as motor vehicles, car parking, international assignment premiums, and the fringe benefits tax (FBT) applicable to each benefit.

### Non-monetary benefits

The executive directors and other company executives have flexibility regarding the mix of benefits they receive within their TRP. These are provided at cost and include benefits such as motor vehicles, car parking and salary sacrifice superannuation.

In line with Multiplex Group's international strategy, significant numbers of executives are required to travel to the UK and other international locations. This important travel often involves significant time in these locations, including some international transfers. Internationalisation is an important component of the Group's strategy and in circumstances where Multiplex requires an executive to relocate to a foreign base an expatriate policy is applied. This policy includes providing housing, paying relocation costs and other location adjustment expenses where appropriate, plus applicable taxation.

### Short-Term Incentive (STI)

A short-term incentive component is structured as part of each executive's terms and conditions as discussed in detail below. Each STI component is tailored to reflect the nature of the position held.

The complex nature, geographical and business diversity of Multiplex's business means that individual executives may receive bonuses even though Multiplex as a Group fails to meet its forecast or budget profits. Primarily this occurs when a particular business unit or division performs in a strong manner despite other parts of the Group's operations performing below budget. Discretionary bonuses are also approved, from time to time, to recognise significant achievements that are beyond the agreed scope of an executive's objectives.

The impact of this independent target setting is that each of the divisions is considered separately with its own targets and actual performance. These individual performance figures are then consolidated to result in the Group profit as disclosed. As a result, it is possible for executive STI payments to vary widely.

Qualitative and quantitative measures are included in each incentive plan. All executives disclosed here have a 20% weighting attached to qualitative performance as determined by their manager. This component includes their manager's

## Remuneration Report continued

assessment of the effectiveness of their teamwork, the strength of external relationships, their leadership, their operational excellence and the overall quality of their contribution to the Group as a whole.

The majority of executives disclosed here have the remaining 80% weighting attached to quantitative performance as determined by their objectives agreed with their manager. The quantitative component is typically linked to the performance of the relevant division or business unit, or of their individual team or projects. This quantitative component includes the degree to which they have under achieved, met, or exceeded the objectives agreed by them with their manager. The measures used could include profit against budget, revenue against targets, and cost management.

Once the actual Group performance is known, relevant targets are compared with final results. These comparisons are then used to calculate the STI payable to the executive. For executives in support roles this nexus is potentially less clear and therefore their manager, in relation to their STI, retains a greater degree of discretion.

Given the relatively independent nature of executive's STI, it is possible that the division/business unit that executive leads exceeds its budgets and thus qualifies for a greater than target return. This is so even if the Group overall misses its target. Assuming the executive rates strongly in the qualitative factors, he or she will receive most of their target incentive payment, perhaps even exceeding it.

Consistent with previous years and depending on company performance, STI payments could reach 250% of target through performance exceeding objectives. In such circumstances, the Group retains amounts over 170% of target for up to three years as a retention mechanism.

### Post-employment benefits

No retirement benefits are provided to the executive directors or the Key Management Personnel outside usual superannuation arrangements. None of the directors or Key Management Personnel has a contractual entitlement to a notice period of more than 12 months. Mr Henderson received a termination payment consistent with his contractual terms and conditions when he left the Group, as detailed below. Mr Corcoran's employment with Multiplex ceased on 30 June 2006. Under his contract of employment with Multiplex, Mr Corcoran was entitled at law to reasonable notice of the termination of his employment. The amount of notice was not specified. The parties remain in discussion about the quantum of a lawful and reasonable benefit to be paid to Mr Corcoran.

### Employee Ownership Plan

Prior to the Group's listing in December 2003, an Employee Ownership Plan ("EOP") was established to provide employees with the opportunity to acquire an equity stake in the Group.

Participants were invited to take interest-free loans to become participants under the EOP. The loan scheme is described elsewhere in this Report. Employees are the registered legal owner of the securities and as such have the same rights as other owners of Multiplex Group securities, with the exception that there are restrictions on participants' rights to sell or pledge the securities. As the registered legal owner, participants also receive distributions (if any) and will be subject to increases or decreases in the market value of the securities.

The EOP and accompanying loan scheme are structured on the basis that the Board may elect at its discretion to waive loan amounts payable by executives. The EOP contemplated the possibility of loans being waived over a three-year period.

For the first time since their issue, this year the Board determined not to forgive \$1.4 million in loans owing by members of the Executive Committee. Even though the total return to the Group's securityholders for the year was approximately 20%, the Board believed it appropriate to withhold loan forgiveness. The EOP is discussed in more detail later in this report.

### Long Term Incentive Plan (LTI)

The Group has previously foreshadowed the introduction of a LTI, including an undertaking to do so by the Chairman of Multiplex Limited at the Annual General Meeting in November 2005. The Group recognises the importance of ensuring appropriate alignment between the executives and the long-term interests of securityholders. While Key Management Personnel typically have considerable security holdings and therefore a strong alignment with securityholders' interests generally, the absence of a LTI has meant that remuneration of senior executives has been negatively impacted relative to comparable arrangements elsewhere.

It is intended to submit a LTI for approval to the next general meeting of Multiplex Limited securityholders, expected to be held in November 2006. It is further intended that this plan will:

- Maximise the value of the business for securityholders;
- Allow senior employees to share in the wealth created for securityholders;
- Balance short term with long term Group focus;
- Act as a retention mechanism for high calibre senior employees and ensure our remuneration packages are competitive; and
- Provide an ownership vehicle for senior employees that is linked to the success of the Group.

Principles which will be adopted in proposing a LTI will include:

- Lowest possible cost to company, while still achieving the objectives of the plan;
- Ensuring adequate alignment between the Group's performance, over a longer term, and the employee; and
- Minimised dilution impact on securityholders.

It is anticipated the LTI will contemplate the issue of Performance Rights to certain executives. The LTI is expected to be structured such that specified performance hurdles for Earning Per Share growth and Total Securityholder Return will have to be met to trigger entitlements.

In the absence of a LTI in 2006, the Remuneration Committee has approved the Chief Executive making several discounted retention awards under a Deferred STI Plan which mature in 2009. If the LTI is approved at the next general meeting, it is intended that the first awards under the LTI will be made effective January 2007 and vesting (subject to performance) on 30 June 2010.

#### Employment contracts

The Key Management Personnel of the Group are under contract, the terms and conditions are noted below.

Key Management Personnel	Contract Terms	Special Conditions	Termination Conditions Note 1
<a href="#">Mr F A McDonald</a> Non-Executive Chairman	Ongoing role.	None	At each AGM one-third of the directors and any director who has held office for three years or more must retire from office; they may stand for re-election assuming they are eligible under the Corporations Act.
<a href="#">Mr P J Dransfield</a> Non-Executive Director	Ongoing role.	None	At each AGM one-third of the directors and any director who has held office for three years or more must retire from office; they may stand for re-election assuming they are eligible under the Corporations Act.
<a href="#">Mr J H Poynton AM</a> Non-Executive Director	Ongoing role.	None	At each AGM one-third of the directors and any director who has held office for three years or more must retire from office; they may stand for re-election assuming they are eligible under the Corporations Act.
<a href="#">Ms B K Ward</a> Non-Executive Director	Ongoing role.	None	At each AGM one-third of the directors and any director who has held office for three years or more must retire from office; they may stand for re-election assuming they are eligible under the Corporations Act.
<a href="#">Mr J C Roberts AO</a> Executive Director	Not applicable see Note 2.		
<a href="#">Mr A T Roberts</a> Chief Executive & Managing Director	Ongoing employment contract. STI: Target is 66% of fixed pay. KPIs: 20% qualitative including teamwork, 80% profit of the Group against budget. Actual STI was nil.	The costs of relocation, accommodation and additional work-related assignment expenses are reimbursed for the additional financial and tax burdens incurred as a result of UK tax residency.	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.

## Remuneration Report continued

Key Management Personnel	Contract Terms	Special Conditions	Termination Conditions Note 1
<b>Mr J A Corcoran</b> Former Chief Investment Officer (ceased employment 30 June 2006)	Ceased employment.	None	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.
<b>Mr N R Henderson</b> Former Chairman Constructions (ceased employment 30 April 2006)	Ceased employment.	None	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.
<b>Mr G Kostas</b> GGM Strategy, Capital & Transactions	Ongoing employment contract. STI: Potential 70% of base: KPIs: 20% qualitative including teamwork; 80% performance of projects and function.  Actual STI was 100% of target; 40% of maximum.	None	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.
<b>Mr R A McDiven</b> Chief Operating Officer	Ongoing employment contract. STI: Target is 70% of fixed pay. KPIs: 20% qualitative including teamwork; 20% group profit against group budget; 60% Construction & Development divisions against budgets.  Actual STI was 42% of target; 17% of maximum.	\$800,000 deferred short-term benefit offered as retention payment. Not payable if not in service 2009. <sup>3</sup> Mr McDiven was awarded foreign service allowance to recognise his extended period of work in the UK.	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.
<b>Mr R V McKinnon</b> Chief Financial Officer	Ongoing employment contract. STI: Target is 95% of fixed pay. KPIs: 20% qualitative including teamwork; 80% profit of Multiplex Group against budget and agreed KPIs.	Guarantee minimum STI \$500,000 for 2006 year being 77% of target; 30% of maximum.  \$650,000 deferred short-term benefit offered as retention payment. Not payable if not in service 2009. <sup>3</sup>  Contractual entitlement to receive 135,000 Multiplex Securities or cash equivalent in November 2006, 2007, and 2008 subject to service conditions only. <sup>4</sup>	1: Statutory entitlements; 2: 12 months' notice; 3: Three months' notice
<b>Mr D C O'Regan</b> Managing Director, Developments Australasia	Ongoing employment contract. STI: Target is 60% of fixed pay. KPIs: 20% qualitative including teamwork; 80% profit of Developments vs. budget.  Actual STI was 100% of target; 40% of maximum.	None	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.

Key Management Personnel	Contract Terms	Special Conditions	Termination Conditions Note 1
<a href="#">Mr I R O'Toole</a> Managing Director, Multiplex Capital	Ongoing employment contract. STI: Target 77% of base: KPIs: 20% group profit against group budget; 80% Multiplex Capital performance.  Actual STI was 100% of target; 40% of maximum.	At sign-on, Multiplex provided an interest-free loan of \$500,000, a benefit which had been provided by Mr O'Toole's previous employer. \$750,000 deferred short-term benefit offered as retention payment. Not payable if not in service 2009. <sup>3</sup>  Mr O'Toole may also receive a further discretionary bonus upon the successful allotment of securities in the Multiplex Acumen Prime Property Fund.	1: Statutory entitlements; 2: 12 months' notice; 3: Six months' notice.
<a href="#">Mr T A Roberts</a> Executive Director	Ongoing employment contract. STI: Target is 81% of fixed pay. KPIs: 20% qualitative including teamwork; 80% profit of Developments division.  Actual STI was 92% of target; 37% of maximum.	None	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice
<a href="#">Mr M H Stagg</a> Former Director Construction UK (ceased employment 12 August 2005)	Former employee.	None	Not applicable
<a href="#">Mr M J E Tidd</a> Managing Director, Construction Division UK	Ongoing employment contract. STI: Target is 65% of fixed pay. KPIs: 20% qualitative including teamwork, 80% profit of Construction UK vs. budget.	Six months' post-termination restraint. Last year, Mr Tidd received a payment GBP338,000 as a sign-on benefit and retention mechanism, the pro rata amount is repayable if Mr Tidd resigns before 2012.	1: Statutory entitlements; 2: 12 months' notice; 3: Six months' notice.
<a href="#">Mr J L Tuckey</a> Chairman – UK Operations	Fixed term contract terminating 2007. No STI in 2006.	Fixed term contract terminating 2007. Subject to KPIs on business success, a Contract Bonus may be paid of up to GBP 250,000.	1: Statutory entitlements; 2: 12 months' notice; 3: Six months' notice.
<a href="#">Mr M G Wilson</a> Executive General Manager Corporate & Company Secretary	Ongoing employment contract. STI: Potential 64% of base: KPIs: 20% qualitative including teamwork; 80% performance of projects and Secretarial function.  Actual STI was 100% of target; 40% of maximum.	\$275,000 deferred short-term benefit offered as retention payment. Not payable if not in service 2009. <sup>3</sup>	1: Statutory entitlements; 2: Reasonable notice; 3: Reasonable notice.

Note 1 Legend for above contract terms: 1: Termination for Cause; 2: Termination by Multiplex, 3: Termination by Executive.

Note 2 Mr J Roberts AO passed away on 8 June 2006.

Note 3 This deferred short-term benefit is being amortised over the 37-month term of the agreement. One month's value is included in "Other Long-Term Benefits" in the remuneration table.

Note 4 The 2006 securities are not yet issued. The estimated value is amortised over the term during which they are expected to be subject to service conditions. The seven-month value for 2006 based on the closing value of the Multiplex security at 30 June 2006 is included in the "Share Based Payments" column in the remuneration table. The potential options which may be issued in November 2006 for exercise in 2007 and 2008, subject to the approval of the LTI, will be disclosed in those appropriate accounting periods.

**Remuneration Report** continued**Key Management Personnel remuneration for the year ended 30 June 2006**

	Cash Salary \$	Short-Term Employee Benefits		Other Short-Term Benefits \$	Post-Employment Benefits	
		Short-Term Profit Share & Bonuses \$	Non-Monetary Benefits \$		Pension & Superannuation \$	Other Post-Employment Benefits \$
<b>Mr F A McDonald</b> Non-Executive Chairman	257,860	–	–	–	12,139	–
<b>Mr J H Poynton AM</b> Non-Executive Director	103,670	–	–	–	9,330	–
<b>Mr P J Dransfield</b> Non-Executive Director	107,339	–	–	–	9,661	–
<b>Ms B K Ward</b> Non-Executive Director	112,844	–	–	–	10,156	–
<b>Mr J C Roberts AO</b> Founding Chairman (Deceased 8 June 2006)	81,322	–	4,599	–	5,969	–
<b>Mr A T Roberts</b> Chief Executive & Managing Director	1,046,013	–	739,263	–	12,140	–
<b>Mr R A McDiven<sup>1</sup></b> Chief Operating Officer	837,844	500,000	49,783	200,000	13,151	–
<b>Mr R V McKinnon<sup>2</sup></b> Chief Financial Officer	318,350	830,000	22,285	–	6,070	–
<b>Mr T A Roberts</b> Executive Director	401,853	300,000	27,010	–	12,139	–
<b>Mr J Tuckey</b> Executive Chairman UK (AUD equiv)	561,436	–	–	–	–	–
<b>Mr I R O'Toole<sup>5</sup></b> Managing Director, Multiplex Capital	627,854	800,000	40,790	68,417	12,139	–
<b>Mr M G Wilson<sup>3</sup></b> Executive General Manager Corporate & Company Secretary	500,350	500,000	25,633	–	12,139	–
<b>Mr J A Corcoran<sup>4</sup></b> Former Chief Investment Officer (Ceased employment 30 June 2006)	515,330	–	34,953	–	3,000	–
<b>Mr N R Henderson</b> Former Chairman, Construction Division (Ceased employment 30 April 2006)	632,592	–	–	246,277	10,116	–
<b>Mr M J E Tidd</b> Managing Director, Construction Division UK (AUD equiv)	904,762	595,238	–	–	–	–



**Remuneration Report** continued**Key Management Personnel remuneration for the year ended 30 June 2006** continued

	Cash Salary \$	Short-Term Employee Benefits			Post-Employment Benefits	
		Short-Term Profit Share & Bonuses \$	Non-Monetary Benefits \$	Other Short-Term Benefits \$	Pension & Superannuation \$	Other Post-Employment Benefits \$
<b>Mr G Kostas<sup>6</sup></b> GGM Strategy, Capital & Transactions	447,485	750,000	24,595	–	12,739	–
<b>Mr M H Stagg</b> Former Director Construction UK (Ceased employment 12 August 2005)	2,667	–	–	–	1,834	–
<b>Mr D C O'Regan</b> Managing Director, Developments Australasia	591,189	540,000	27,956	–	13,151	–
<b>Total</b>	<b>8,050,760</b>	<b>4,815,238</b>	<b>996,867</b>	<b>514,694</b>	<b>155,873</b>	<b>–</b>

1 Mr McDiven received the following short-term benefits: \$200,000 short-term bonus that related to key strategic events which were incomplete at the end of the 2005 financial year and as such were not paid or accrued in that year. He also received \$200,000 other short-term benefit amount relating to the significant time he spent in the UK.

2 Mr McKinnon received a sign-on bonus of \$330,000; \$500,000 STI payment for the 2006 financial year and has a grant of securities due in November 2006 consistent with his contractual terms.

3 Mr Wilson received \$150,000 short-term bonus that related to key strategic deliverables in the beginning of the 2006 financial year and were paid once recognised and \$350,000 STI payment for the 2006 financial year.

4 Mr Corcoran's employment with Multiplex ceased on 30 June 2006. Under his contract of employment with Multiplex, Mr Corcoran was entitled at law to reasonable notice of the termination of his employment. The amount of notice was not specified. The parties remain in discussion about the quantum of a lawful and reasonable benefit to be paid to Mr Corcoran.

5 Mr O'Toole received \$300,000 short-term bonus that related to the successful completion of a key business project, which was recognised and paid in December 2005 and \$500,000 STI payment for the 2006 financial year.

6 Mr Kostas received \$400,000 short-term bonus that related to key strategic deliverables in the beginning of the 2006 financial year and were paid once recognised, and \$350,000 STI payment for the 2006 financial year.

**Key Management Personnel remuneration for the year ended 30 June 2005**

	Cash Salary \$	Short-Term Employee Benefits			Post-Employment Benefits	
		Short-Term Profit Share & Bonuses \$	Non-Monetary Benefits \$	Other Short-Term Benefits \$	Pension & Superannuation \$	Other Post-Employment Benefits \$
<b>Mr F A McDonald</b> Non-Executive Chairman	138,415	–	–	–	11,585	–
<b>Mr J H Poynton AM</b> Non-Executive Director	91,743	–	–	–	8,257	–
<b>Mr P J Dransfield</b> Non-Executive Director	91,743	–	–	–	8,257	–
<b>Ms B K Ward</b> Non-Executive Director	91,743	–	–	–	8,257	–
<b>Mr J C Roberts AO</b> Founding Chairman (Deceased 8 June 2006)	78,214	–	3,883	–	10,428	–



**Remuneration Report** continued

**Key Management Personnel remuneration for the year ended 30 June 2005** continued

	Cash Salary \$	Short-Term Employee Benefits		Other Short-Term Benefits \$	Post-Employment Benefits	
		Short-Term Profit Share & Bonuses \$	Non-Monetary Benefits \$		Pension & Superannuation \$	Other Post-Employment Benefits \$
<b>Mr A T Roberts</b> Chief Executive & Managing Director	985,327	–	550,647	–	11,585	–
<b>Mr R A McDiven</b> Chief Operating Officer	788,718	100,000	–	–	11,585	–
<b>Mr R V McKinnon</b> Chief Financial Officer	–	–	–	–	–	–
<b>Mr T A Roberts</b> Executive Director	400,064	100,000	2,000	–	13,936	–
<b>Mr J Tuckey</b> Executive Chairman UK (AUD equiv)	–	–	–	–	–	–
<b>Mr M G Wilson</b> Executive General Manager Corporate & Company Secretary	389,194	100,000	–	–	11,585	–
<b>Mr J A Corcoran</b> Former Chief Investment Officer (Ceased employment 30 June 2006)	562,500	200,000	–	–	2,167	–
<b>Mr N R Henderson</b> Former Chairman, Construction Division (Ceased employment 30 April 2006)	930,141	–	–	–	88,207	–
<b>Mr I R O'Toole</b> Managing Director, Multiplex Capital	339,103	200,000	–	–	11,585	–
<b>Mr M J E Tidd</b> Managing Director, Construction Division UK (AUD equiv)	1,336,306	–	–	–	–	–
<b>Mr G Kostas</b> GGM Strategy, Capital & Transactions	378,415	–	–	–	11,585	–
<b>Mr M H Stagg</b> Former Director Construction UK (Ceased employment 12 August 2005)	420,632	–	909,942	–	11,054	–
<b>Mr D C O'Regan</b> Managing Director, Developments Australasia	489,422	100,000	–	–	38,702	–
<b>Total</b>	<b>7,511,680</b>	<b>800,000</b>	<b>1,466,472</b>	<b>–</b>	<b>258,775</b>	<b>–</b>

Other Long-Term Employee Benefit		Termination Benefits	Share-Based Payments				Total Employment Benefits
Other Long-Term Benefits	LTI Payments	Termination Benefits	Equity Settled Shares & Units	Equity Settled Options & Rights	Cash Settled Share-Based Payments	Other Share-Based Payments	Total Employment Benefits
\$	\$	\$	\$	\$	\$	\$	\$
-	-	-	-	-	-	-	1,547,559
-	-	-	-	1,643,339	-	-	2,543,642
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	516,000
-	-	-	-	-	-	-	-
-	-	-	-	139,602	-	-	640,381
-	-	-	-	357,217	-	-	1,121,884
-	-	-	-	428,742	-	-	1,447,090
-	-	-	-	285,795	-	-	836,483
-	-	-	-	-	-	-	1,336,306
-	-	-	-	142,847	-	-	532,847
-	-	-	-	33,600	-	-	1,375,228
-	-	-	-	285,795	-	-	913,919
-	-	-	-	<b>3,316,937</b>	-	-	<b>13,353,864</b>

**Remuneration Report** continued

**Key Management Personnel equity interests**

The numbers of Multiplex stapled securities held during the period 1 July 2005 to 30 June 2006 (inclusive) by the Key Management Personnel of the Consolidated Entity, including their personally related entities, are set out below.

	Non-EOP Securities Held at Beginning of Period	EOP Securities Held at Beginning of Period	Changes During the Period	Balance at the End of the Period
Mr F A McDonald	69,692	–	–	69,692
Mr P J Dransfield	70,000	–	–	70,000
Mr J H Poynton AM	425,173	–	–	425,173
Ms B K Ward	20,000	–	–	20,000
Mr J C Roberts AO <sup>1</sup>	214,625,570	–	–	214,625,570
Mr A T Roberts <sup>1</sup>	214,625,570	–	–	214,625,570
Mr R A McDiven	419,753	567,902	–	987,655
Mr N R Henderson (ceased employment 30 April 2006)	55,022	148,149 <sup>2</sup>	–	203,171
Mr J A Corcoran (ceased employment 30 June 2006)	511,999	123,457 <sup>2</sup>	–	635,456
Mr T A Roberts <sup>1</sup>	214,625,570	–	–	214,625,570
Mr I R O'Toole	14,500	98,766	–	113,266
Mr J L Tuckey	–	–	–	–
Mr R V McKinnon <sup>3</sup>	8,000	–	–	8,000
Mr M G Wilson	–	49,383	–	49,383
Mr M J E Tidd	16,500	–	–	16,500
Mr G Kostas	–	49,383	–	49,383
Mr M H Stagg (ceased employment 12 April 2005)	123,457	–	(123,457)	–

1 Interest is held by Roberts Family Nominees Pty Limited, in which the Key Management Personnel holds a relevant interest. Mr J C Roberts deceased 8 June 2006.

2 Transferred out of Employee Ownership Plan upon cessation of employment.

3 Mr McKinnon held his securities prior to his appointment as a Director on 16 January 2006.

**Directors' and executives' equity interests**

	Multiplex SITES Held at the Start of the Period	Changes During the Period	Multiplex SITES Held at the End of the Period
Mr F A McDonald Securities held	705	–	705

As at the date of this report no other directors of the Responsible Entity had a relevant interest in the securities of the Trust.

**Multiplex Loan Scheme**

At the time of the Group's Initial Public Offering (IPO), and subject to certain conditions Australian-based permanent employees were eligible to participate in loan schemes established for executives and employees.

Eligible employees could apply for interest-free loans from Multiplex Limited of varying amounts to acquire stapled securities in the Group's IPO. The amount of the loans varied depending on seniority and length of service. Under the terms of the loans, employees are not liable for any amount by which the value of the securities falls short of the employee's loan balance upon demand for repayment and are not required to make loan repayments except on termination of employment before 1 January 2007.

The loan scheme for executives contemplated that executives could have some or all of their loans forgiven progressively over a period of three years. Depending on the seniority of the recipient, the waiver of the loan is at the absolute discretion of the Board. The Board may also subject loans to such conditions as the Board determines.

In light of the new IFRS accounting standards, these amounts have been reclassified as treasury shares, and are therefore no longer disclosed as loans for historical purposes. The total of these advances for those disclosed is \$3.5 million. The option value of these limited recourse loans has been included in share-based payments in the remuneration tables.

Upon termination of employment from the Multiplex Group before 1 January 2007, participants may either repay the outstanding balance and keep the securities or transfer the securities to the Plan Manager in full repayment of the loan.

The Plan Manager will then arrange to sell the securities, repay the balance and the remainder (if any) is distributed to the participant after the deduction of any sale costs.

#### Individuals with advances above \$100,000

	Balance at the Start of the Period \$	Interest Paid and Payable for the Period \$	Balance at the End of the Period \$	Interest not Charged \$	Highest Indebtedness During the Period \$
<b>Key Management Personnel and disclosed executive advances</b>					
Mr I R O'Toole	500,000	–	500,000	35,250	500,000
<b>Total advances</b>	<b>500,000</b>	<b>–</b>	<b>500,000</b>	<b>35,250</b>	<b>500,000</b>

#### Multiplex performance

The remuneration policy of the Group is focused on achieving internal financial and non-financial objectives. Achievement of these internal objectives are considered an appropriate basis for determining remuneration, particularly incentive payments, rather than comparison against any arbitrary comparator group. For reference, the total securityholder return in 2006 was approximately 20%.

For executives who are responsible for the management of the operating divisions, their business unit performance is paramount to their reward. During the year a number of Group executives have been awarded bonuses at or below target levels, depending on their individual objectives; while some business units have exceeded budgets, and thus some executives have received larger than target awards.

It is anticipated that a stronger long-term link will be created between the remuneration of executives and securityholders with the implementation of the proposed LTI.

#### Indemnification and insurance of officers and auditors

Multiplex Limited has entered into deeds of access and indemnity with each of its directors, company secretary and other nominated officers. The terms of the deed are in accordance with the provisions of the *Corporations Act 2001* and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of Multiplex Group.

Under the deeds of access and indemnity, Multiplex Limited has agreed to indemnify these persons (to the extent permitted by law) against:

- liabilities incurred as a director or officer of Multiplex Limited, Multiplex Funds Management Limited as the Responsible Entity of the Trust or a company in the Multiplex Group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the *Corporations Act 2001*; and

- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the *Corporations Act 2001*.

Multiplex Limited has also agreed to effect, maintain and pay the premium on a director's and officer's insurance policy. This policy does not seek to insure against liabilities (other than for legal costs) arising out of:

- conduct involving a wilful breach of duty in relation to Multiplex Limited, Multiplex Funds Management Limited as Responsible Entity for the Trust, or a company in the Multiplex Group; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*.

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office.

#### Contract of insurance

Multiplex Limited has paid or agreed to pay a premium in respect of a contract insuring the directors and officers of the Responsible Entity against a liability. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability, as such disclosure is prohibited under the terms of the contract.

#### Rounding of amounts

The Trust is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the Financial Report. Amounts in the Directors' Report and the Financial Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

#### Auditor independence and non-audit services

##### Independence

The directors received the following declaration from the auditor of the Trust:



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

To: the directors of Multiplex Funds Management Limited, as responsible entity of Multiplex SITES Trust:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 there have been:

- a no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Andrew Dickinson'.

**Andrew Dickinson**  
Partner

16 August 2006, Sydney

KPMG, an Australian partnership, is part of the KPMG International network. KPMG International is a Swiss cooperative.

**Non-audit services**

During the year, there were no amounts paid to KPMG for the provision of non-audit services.

KPMG continues in office in accordance with section 327 of the *Corporations Act 2001*.

This Report is signed in accordance with a resolution of the Board of Directors, and for and on behalf of the directors.



**Andrew Roberts**  
Chief Executive and Managing Director  
Multiplex Funds Management Limited



**F Allan McDonald**  
Non-Executive Chairman  
Multiplex Funds Management Limited

16 August 2006, Sydney

# Income Statement

## Multiplex SITES Trust

For the year ended 30 June 2006

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	Note	Year ended 30 Jun 2006 \$'000	12 Nov 2004 to 30 Jun 2005 \$'000
Revenue		–	–
Finance cost – interest paid and payable to Multiplex SITES holders	2	(33,870)	(15,181)
Share of net profit of associates accounted for using the equity method	3	33,870	15,181
Net profit before income tax		–	–
Income tax expense		–	–
Net profit attributable to unitholders		–	–
Basic and diluted earnings per unit		–	–

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

# Balance Sheet

## Multiplex SITES Trust

As at 30 June 2006

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	Note	30 Jun 2006 \$'000	30 Jun 2005 \$'000
<b>Non-current assets</b>			
Investments accounted for using the equity method	3	458,407	458,695
Total non-current assets		458,407	458,695
Total assets		458,407	458,695
<b>Current liabilities</b>			
Payables	4	8,407	8,695
Total current liabilities		8,407	8,695
<b>Non-current liabilities</b>			
Interest bearing liabilities	5	450,000	450,000
Total non-current liabilities		450,000	450,000
Total liabilities		458,407	458,695
Net assets		–	–
Equity		–	–

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

# Cash Flow Statement

## Multiplex SITES Trust

For the year ended 30 June 2006

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	Note	Year ended 30 Jun 2006 \$'000	12 Nov 2004 to 30 Jun 2005 \$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		34,158	6,486
Borrowing costs paid to Multiplex SITES holders		(34,158)	(6,486)
Net cash inflow from operating activities		–	–
<b>Cash flows from investing activities</b>			
Payments for investments		–	(450,000)
Net cash outflow from investing activities		–	(450,000)
<b>Cash flows from financing activities</b>			
Proceeds from issues of Multiplex SITES		–	450,000
Net cash inflow from financing activities		–	450,000
Net increase in cash held		–	–
Cash at the beginning of the financial period		–	–
Cash at the end of the financial period		–	–

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

# Notes to the Financial Statements

## Multiplex SITES Trust

For the year ended 30 June 2006

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### 1 Summary of principal accounting policies

The financial report of Multiplex SITES Trust for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors of Multiplex Funds Management Limited ("the Responsible Entity") on 16 August 2006.

#### (a) Trust structure

The Multiplex SITES units of the Multiplex SITES Trust ("the Trust") have been listed on the Australian Stock Exchange (ASX) and are guaranteed by the Responsible Entity and Multiplex Property Trust ("the Guarantors").

#### (b) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards and Urgent Issues Group ("UIG") Interpretations adopted by the Australian Accounting Standards Board ("AASB").

This financial report should be read in conjunction with the Multiplex Group Product Disclosure Statement issued and lodged with the Australian Securities & Investments Commission ("ASIC") on 29 November 2004 and the Supplementary Product Disclosure Statement issued and lodged with the Australian Securities & Investments Commission ("ASIC") on 9 December 2004 and any public announcements by the Multiplex Group during the period in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

The financial report has been prepared using the historic cost basis except for the assets and liabilities that are stated at their fair value.

The financial report is presented in Australian dollars. The Trust is of a kind referred to in Class Order 98/100, issued by ASIC, relating to the "rounding off" of amounts in the financial report.

Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

The trust was registered on 12 November 2004, therefore the comparatives in this financial report are for the period from the date of registration to 30 June 2005.

Given that there is no unitholder equity in the Trust, there is no Statement of Changes in Equity.

#### (c) Statement of compliance

International Financial reporting Standards ("IFRS") form the basis of the Australian Accounting Standards adopted by the AASB, being the Australian equivalents to IFRS ("AIFRS"). AIFRS are applicable to the Trust from the date of registration being 12 November 2004, with the comparative Financial Statements restated accordingly.

The preparation of the financial report in accordance with Australian Accounting Standards has resulted in changes to the accounting policies as compared with the annual Financial Statements for the Trust prepared under previous Generally Accepted Accounting Principles (GAAP) for the period ended 30 June 2005.

An explanation of how the transition to AIFRS has affected the total equity, net profit and cash flows of the Trust is provided in Note 12. This note includes reconciliations for the period ended 30 June 2005 only.

#### (d) Principles of consolidation

##### Associates

The Trust's investment in its associate is accounted for using the equity method of accounting in the financial report.

The associate is an entity in which the Trust has significant influence, but not control, over their financial and operating policies.

Under the equity method, the investment in the associates is carried in the Balance Sheet at cost plus post-acquisition changes in the Trust's share of net assets of the associate. After application of the equity method, the Trust determines whether it is necessary to recognise any additional impairment loss with respect to the Trust's net investment in the associate. The Income Statement reflects the Trust's share of the results of operations of the associate.

When the Trust's share of losses exceeds its interest in an associate, the Trust's carrying amount is reduced to \$nil and recognition of further losses is discontinued except to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of an associate.

Where there has been a change recognised directly in the associate's equity, the Trust recognises its share of any changes and discloses this directly in Equity.

#### (e) Investments

Investments in associates are accounted for as set out in Note 1(d).

#### (f) Interest bearing liabilities and payables

Interest bearing borrowings are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Refer to Note 5 for terms and conditions.

# Notes to the Financial Statements continued

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## Multiplex SITES Trust

For the year ended 30 June 2006

	Cents per unit	Total Amount \$'000	Date of Payment
<b>2 Finance costs</b>			
<b>For the period ended 30 June 2005</b>			
Finance cost paid for the period ended 31 March 2005	144.13	6,486	15 April 2005
Finance cost paid for the period ended 30 June 2005	193.22	8,695	15 July 2005
<b>Total finance cost paid/payable</b>	<b>337.35</b>	<b>15,181</b>	
<b>For the year ended 30 June 2006</b>			
Finance cost paid for the period ended 30 September 2005	190.22	8,559	18 October 2005
Finance cost paid for the period ended 31 December 2005	189.92	8,547	17 January 2006
Finance cost paid for the period ended 31 March 2006	185.00	8,357	19 April 2006
Finance cost paid for the period ended 30 June 2006	186.00	8,407	17 July 2006
<b>Total finance cost paid/payable</b>	<b>751.14</b>	<b>33,870</b>	

Finance costs on Multiplex SITES are payable at the greater of 5.40% per annum or the three month bank bill rate on the issue date plus a margin of 1.90%. The rate is determined on the first business day of each relevant period.

	30 Jun 2006 \$'000	30 Jun 2005 \$'000
<b>3 Investments accounted for using the equity method</b>		
<b>Non-current</b>		
Units in unlisted associates	458,407	458,695
<b>Total</b>	<b>458,407</b>	<b>458,695</b>

The Responsible Entity's valuation of unlisted units in associates was based on the book value of net assets of the associate. Net asset value is equal to the fair value per the directors of the responsible entity's assessment. The valuation was made in accordance with a policy of regular revaluation.

### (a) Carrying value

Details of material interests in associates are as follows:

Name	Principal Activities	Voting Interest %	Carrying Value 2006 \$'000	Carrying Value 2005 \$'000
Multiplex Hybrid Investment Trust	Investment	25	458,407	458,695
<b>Total</b>			<b>458,407</b>	<b>458,695</b>

	2006 \$'000	2005 \$'000
<b>3 Investments accounted for using the equity method</b> continued		
<b>(b) Movement in the carrying value</b>		
Carrying amount at the beginning of the period	458,695	–
Acquisition during the period	–	450,000
Share of profit accounted for using the equity method	33,870	15,181
Distribution received during the period	(34,158)	(6,486)
Carrying amount at the end of the period	458,407	458,695
<b>(c) Other disclosures</b>		
<b>Share of associates' revenues and profits</b>		
Revenues	33,870	15,181
Share of associates:		
Net profit before tax	33,870	15,181
Income tax expense attributable to net profit	–	–
Total share of associates' net profit after tax accounted for using the equity method	33,870	15,181
<b>Share of associates' assets and liabilities</b>		
Assets	459,733	460,022
Liabilities	(9,733)	(10,022)
Net assets	450,000	450,000
<b>Commitments and contingencies</b>		
There are no commitments or contingencies requiring disclosure.		
<b>4 Payables</b>		
<b>Current</b>		
Interest payable on Multiplex SITES	8,407	8,695

	2006 \$'000	2005 \$'000
<b>5 Interest bearing liabilities</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Amounts owing to Multiplex SITES holders	450,000	450,000

**Terms and conditions**

Multiplex SITES represents Step-up Income-distributing Trust-issued Exchangeable Securities. A fully paid security in Multiplex SITES Trust is entitled to interest that is derived by Multiplex SITES Trust being a non-cumulative, floating priority distribution payment, payable quarterly in arrears.

Multiplex SITES rank in priority to other units in Multiplex SITES Trust, but behind creditors of the Multiplex SITES Trust.

The Responsible Entity and Multiplex Limited guarantee the Face Value and unpaid distribution amount on redemption or exchange. In addition, while the responsible entity of the Multiplex SITES Trust is a member of Multiplex Group, the Responsible Entity and Multiplex Limited guarantee any distributions which have been declared payable by the Multiplex SITES Trust. As there is discretion not to pay particular distributions, the guarantee does not ensure that priority distribution payments will be paid in all circumstances.

Under the guarantee, Multiplex SITES rank in priority to units in the Multiplex Property Trust and shares in Multiplex Limited but are subordinated to senior creditors.

**Assets pledged as security**

Multiplex SITES have an unsecured and subordinated guarantee of the Face Value and unpaid distribution amount. In addition, while the Responsible Entity of the Multiplex SITES Trust is a member of Multiplex Group, the Responsible Entity and Multiplex Limited guarantee any distributions which have been declared payable by Multiplex SITES Trust. As there is a discretion not to pay particular distributions prior to a realisation date, the guarantee does not ensure that priority distribution payments will be paid in all circumstances.

The guarantee ranks in priority to units in the Multiplex Property Trust and shares in Multiplex Limited, is subordinated to senior creditors of the Multiplex Property Trust and Multiplex Limited and ranks equally with other creditors of the Multiplex Property Trust and Multiplex Limited who are not senior creditors.

**Holder redemption**

Holders have the right to initiate redemption of Multiplex SITES, by issue of a holder realisation notice, in the following limited circumstances:

- a breach of the restrictions imposed on stapled securities, where a priority distribution payment is not paid in full; or
- the occurrence of a winding-up event, with respect to either of the guarantors, Multiplex SITES Trust (for as long as the responsible entity of Multiplex SITES Trust is a member of Multiplex Group) or Multiplex Hybrid Investment Trust (MHIT) (for as long as MHIT Trustee is a member of Multiplex Group)

The request for redemption is effective and will be implemented if made by holders who cumulatively hold 5% or more of Multiplex SITES on issue.

Upon redemption, holders will receive the aggregate of \$100 plus the unpaid distribution amount in cash.

**Issuer redemption**

Subject to the approval of the Responsible Entity and Multiplex Limited, the Issuer may initiate redemption of all or some of the Multiplex SITES for cash, by sending a Realisation Notice to holders, in the following circumstances:

- The step-up date or the last day of each distribution period after the step-up date;
- An increased costs event;
- An accounting event;
- Where the responsible entity of the Multiplex SITES Trust is no longer a member of the Multiplex Group;
- A change of control event; or
- There are less than \$50 million of Multiplex SITES remaining on Issue.

**Holder exchange**

Holders have no right to request exchange.

## 5 Interest bearing liabilities continued

### Issuer exchange

Subject to the approval of the Responsible Entity and Multiplex Limited, the Issuer may initiate exchange of all or some Multiplex SITES for stapled securities in the same circumstances as those where the Issuer may initiate redemption.

The exchange process will be effected on the realisation date.

If the issuer initiates one of more of redeem or exchange, then, if they do not redeem or exchange all Multiplex SITES then on issue, they may do so in such proportions as they determine as long as they treat all holders equally.

### Exchange ratio

The exchange ratio is used to calculate the number of stapled securities received by a holder on exchange of each Multiplex SITES. It is calculated by dividing:

- The aggregate of the Face Value plus the unpaid distribution amount; by
- The average of the daily volume weighted average sales prices of stapled securities sold on ASX (VWAP) during the 20 business days immediately before the realisation date, reduced by the exchange discount of 2.5%.

In the case of a change of control event, the Face Value plus the unpaid distribution amount will generally be divided by 97.5% of the offer price under the takeover bid or scheme of arrangement.

## 6 Segment information

### Primary segment

The Trust operates in a single, primary segment being investment in the Multiplex Hybrid Investment Trust. The Trust derives income solely from distributions from the Multiplex Hybrid Investment Trust.

### Secondary segment

The Trust operates in one geographical segment being Australia.

## 7 Remuneration of auditors

During the year all amounts paid to the auditor of the Trust were borne by the Responsible Entity.

## 8 Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets requiring recognition.

## 9 Related party disclosures

### (a) Associates

Interests in associates are set out in Note 3.

### (b) Key Management Personnel

Disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 relating to Key Management Personnel are set out in the Directors' Report. The Trust has applied the exemption under Corporations Amendments Regulation 2006 which exempts listed entities from providing remuneration disclosures in relation to their Key Management Personnel in their annual financial reports by Accounting Standards AASB 124 "Related Party Disclosures". These remuneration disclosures are provided in the Remuneration Report section of the Directors' Report.

### (c) Transactions with related parties

Transactions between Multiplex SITES Trust and Multiplex Hybrid Investment Trust

- An investment in Multiplex Hybrid Investment Trust of \$450,000,000 (2005: \$450,000,000); and
- Distributions received of \$34,158,000 (2005: \$6,486,000).

### Responsible Entity

The Responsible Entity of the Trust is Multiplex Funds Management Limited whose immediate and ultimate parent entity is Multiplex Limited.

# Notes to the Financial Statements continued

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## Multiplex SITES Trust

For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
<b>10 Reconciliation of profit from ordinary activities after income tax to net cash inflow/outflow from operating activities</b>		
Profit from ordinary activities	–	–
Change in operating assets and liabilities, net of effects from purchase and disposal of controlled entities:		
Decrease/(Increase) in other assets	288	(458,695)
Decrease/(Increase) in other operating liabilities	(288)	458,695
Net cash inflow from operating activities	–	–

### 11 Financial instruments

#### (a) Fair Value

Set out below is a comparison, by category, of carrying amounts and fair values of all the financial instruments recognised in the Financial Statements.

The fair values of derivatives and borrowings have been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of loans and other financial assets have been calculated using market interest rates.

Financial Liabilities	Carrying Amount 2006 \$'000	Fair Value 2006 \$'000	Carrying Amount 2005 \$'000	Fair Value 2005 \$'000
Interest bearing loans and borrowings:				
– Floating Interest rate borrowings	450,000	450,000	450,000	450,000
Unrecognised gains/(losses)	–	–	–	–

**11 Financial instruments** continued**(b) Effective interest rates**

In respect of income earning financial assets and interest bearing financial liabilities, the following table sets out the carrying amount, by maturity of the financial instruments exposed to effective market rate risk at the Balance Sheet date.

		Fixed/ Floating	Effective Interest Rate %	Total \$'000	1 year or less \$'000	1 to 5 years \$'000	More than 5 years \$'000
2006	Note						
<b>Financial assets</b>							
Total financial assets				–	–	–	–
<b>Financial liabilities</b>							
Interest bearing liabilities	5	Floating	7.5	450,000	450,000	–	–
Total financial liabilities				450,000	450,000	–	–
2005	Note						
<b>Financial assets</b>							
Total financial assets				–	–	–	–
<b>Financial liabilities</b>							
Interest bearing liabilities	5	Floating	5.9	450,000	450,000	–	–
Total financial liabilities				450,000	450,000	–	–

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The other financial instruments that are not included in the above tables are non-interest bearing and therefore not subject to interest rate risk.

**12 Explanation of transition to Australian equivalents to IFRS****(a) Reconciliation of total equity as presented under previous GAAP to that under AIFRS.**

As the Trust has no equity, the adoption of AIFRS has not resulted in any material adjustments to total equity.

**(b) Reconciliation of net profit as presented under previous GAAP to that under AIFRS.**

The adoption of AIFRS has not resulted in any material adjustments to net profit.

**(c) Reconciliation of Cash Flow Statement for the period ended 30 June 2005**

The adoption of AIFRS has not resulted in any material adjustments to the Cash Flow Statement.

**13 Events occurring after reporting date**

There have been no significant events or transactions that have arisen since the end of the financial year, which in the opinion of the directors of the Responsible Entity, would affect significantly the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

## Directors' Declaration

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### Multiplex SITES Trust

For the year ended 30 June 2006

In the opinion of the directors of Multiplex Funds Management Limited, the Responsible Entity of Multiplex SITES Trust:

(a) the Financial Statements and notes, set out from pages 28 to 37, are in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of the Trust as at 30 June 2006 and of its performance, as represented by the results of its operations and its cash flows, for the period ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The Trust has operated during the year in accordance with the provisions of the Trust Constitution dated 12 November 2004.

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



**Andrew Roberts**  
Chief Executive and Managing Director  
Multiplex Funds Management Limited



**F Allan McDonald**  
Chairman  
Multiplex Funds Management Limited

16 August 2006, Sydney

# Independent Audit Report

## to the unitholders of Multiplex SITES Trust

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### Scope

#### The Financial Report and Directors' responsibility

The financial report comprises the income statement, balance sheet, statement of cash flows, accompanying notes 1 to 13 to the financial statements, and the directors' declaration set out on pages 28 to 38 for Multiplex SITES Trust (the "Trust") for the year ended 30 June 2006.

The directors of the responsible entity, Multiplex Funds Management Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

#### Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Scheme's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

#### Audit opinion

In our opinion, the financial report of Multiplex SITES Trust for the year ended 30 June 2006 is in accordance with:

- (a) the *Corporations Act 2001*, including: giving a true and fair view of the Trust's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
  - (i) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A stylized, handwritten signature of the KPMG firm in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'Andrew Dickinson'.

**Andrew Dickinson**  
Partner

16 August 2006, Sydney

# Information on Securityholders

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Multiplex SITES Trust securities trade on the Australian Stock Exchange under the symbol "MXUPA". The securities were first listed on 19 January 2005 with the home exchange being Sydney.

**Number of issued securities** **4,500,000**

## Securityholder distribution ranges (as at 18 August 2006)

Range	Number of Holders	Number of Securities	Percentage (%)
1-1000	4,757	1,165,938	25.91
1001-5000	208	450,595	10.01
5001-10000	16	134,006	2.98
10001-100000	28	1,061,396	23.59
100001 and Over	6	1,688,065	37.51
<b>Total</b>	<b>5,015</b>	<b>4,500,000</b>	<b>100.00</b>

There are no investors holding less than a marketable parcel of 6 securities (\$94.12 on 18/08/2006).

## Top 20 securityholdings (as at 18 August 2006)

Name	Number of Securities	Percentage of Issued (%)
JP Morgan Nominees Australia Limited	923,214	20.52
Cogent Nominees Pty Limited	211,220	4.70
UBS Wealth Management Australia Nominees Pty Ltd	175,054	3.89
Brispot Nominees Pty Ltd	158,419	3.52
Westpac Custodian Nominees Limited	115,718	2.57
ANZ Nominees Limited	104,440	2.32
RBC Dexia Investor Services Australia Nominees Pty Ltd	100,000	2.22
RBC Dexia Investor Services Australia Nominees Pty Ltd	97,000	2.16
AMP Life Limited	90,550	2.01
National Nominees Limited	78,005	1.73
Goldman Sachs JBWere Capital Markets Ltd	75,810	1.68
Equity Trustees Limited	51,199	1.14
Calex Nominees Pty Limited	49,990	1.11
Australian Executor Trustees Limited	45,911	1.02
Share Direct Nominees Pty Ltd	42,161	0.94
Westpac Financial Services Limited	38,200	0.85
Cogent Nominees Pty Limited	36,417	0.81
Citicorp Nominees Pty Limited	33,745	0.75
Perpetual Trustees Consolidated Limited	31,700	0.70
RBC Dexia Investor Services Australia Nominees Pty Ltd	31,174	0.69
<b>Total</b>	<b>2,489,927</b>	<b>55.33</b>

## Substantial securityholding notices

As at the date of this report the following substantial securityholder notices have been received by Multiplex SITES Trust from:

Name	Number of Securities	Percentage of Issued (%)
AMP Limited	298,825	6.64

**Securityholder domicile report (as at 18 August 2006)**

Domicile	Number of Holders	Number of Securities	Percentage (%)
ACT	363	98,581	2.19
NSW	1,576	2,625,129	58.34
NT	2	250	0.01
QLD	611	210,234	4.67
SA	217	97,251	2.16
TAS	186	48,298	1.07
VIC	1,608	1,284,338	28.54
WA	422	113,518	2.52
Overseas	30	22,401	0.50
<b>Total</b>	<b>5,015</b>	<b>4,500,000</b>	<b>100.00</b>

**On-market buyback**

There is no current on-market buyback program.

**Use of cash and assets**

From the listing on 19 January 2005 (at which point Multiplex SITES Trust became a disclosing entity) until the end of the financial year ended 30 June 2006, Multiplex SITES Trust used the cash and assets in a form readily convertible to cash, that it had at the time of admission, in a manner consistent with its business objectives as contemplated by the Multiplex SITES Product Disclosure Statement and Prospectus dated 29 November 2004.

## Online access

You can access information about your SITES holding via the “Multiplex SITES” section of the Group website at [www.multiplex.biz](http://www.multiplex.biz) which provides a wide variety of holding information. You can also update your details on-line or download a range of additional forms (including Change of Name or Address forms) from this site.

Services available online include:

- Check your current and previous holding balances
- Choose your preferred annual report option
- Update your address details<sup>1</sup>
- Update your bank details<sup>1</sup>
- Confirm whether you have lodged your Tax File Number (TFN), Australian Business Number (ABN) or exemption
- Enter your email address and update your communications preferences
- Subscribe to email announcements
- Check transaction history
- Check the security price
- Download a variety of instruction forms

## Security Registrar

If you have any queries regarding your investment, please contact our security registrars:

Link Market Services Limited  
Level 12, 680 George Street, Sydney, NSW, 2000  
Locked Bag A14, Sydney South, NSW, 1235

Tel (within Australia): 1800 68 54 55  
Tel (outside Australia): +61 (0)2 8280 7141  
Fax: +61 (0)2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## Unclaimed distributions

Distribution cheques that are not banked are required to be handed over to the State Trustee under the Unclaimed Monies Act so you are reminded to bank cheques immediately.

## Direct credit election

By electing for direct credit of distributions you can have immediate access to your distribution payments. Distribution payments can be credited directly into any nominated bank, building society or credit union account in Australia. Distributions paid by direct credit reach your account as cleared funds, allowing you to access them on the payment date.

If you would like to receive your future distributions by direct credit please access your information securely online via our website or our security registry website [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) using your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as well as your surname (or company name) and postcode (must be the postcode recorded on your holding record).

Once you have accessed your information you can print and complete the form to enter and amend your payment instructions.

<sup>1</sup> Issuer sponsored holders only

**Distributions**

The following distributions were paid during the period.

Distribution Period	Rate	Approximate \$ per \$100 Multiplex SITES
July 2005 to September 2005	7.5467%	1.90
October 2005 to December 2005	7.5350%	1.89
January 2006 to March 2006	7.5317%	1.85
April 2006 to June 2006	7.4933%	1.86

**Investor communications**

Multiplex continually strives to improve its environmental performance and, this year, securityholders were encouraged to assist with this effort. The electronic investor service allows investors to receive half yearly and annual reports electronically. Electronic investors will be notified by email when the Half Year Report and Annual Report become available for them to view online at [www.multiplex.biz](http://www.multiplex.biz). This option reduces our impact on the environment by minimising paper usage, while also providing investors with a cost effective, user-friendly alternative.

If you would like to elect to become an electronic investor, simply visit the security registry in the "Multiplex SITES" section of our website ([www.multiplex.biz](http://www.multiplex.biz)) to update your details online or contact our security registrars, Link Market Services Limited, by telephone on 1800 68 54 55 (within Australia) or by mail at Locked Bag A14, Sydney South, NSW 1235.

Multiplex SITES Trust (ARSN 111 903 747)

**Registered Office**

Multiplex Funds Management Limited  
Level 4, 1 Kent Street  
Millers Point NSW 2000

Telephone: + 61 2 9256 5000  
Facsimile: + 61 2 9256 5001

**Multiplex SITES Security Registrar**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

Locked Bag A14  
Sydney South NSW 1235

Telephone (within Australia): 1800 68 54 55  
Telephone (outside Australia): +61 2 8280 7141  
Facsimile: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**Responsible Entity for Multiplex Sites Trust**

Multiplex Funds Management Limited  
(AFSL No. 231141)  
Level 4, 1 Kent Street  
Millers Point NSW 2000

Telephone: + 61 2 9256 5000  
Facsimile: + 61 2 9256 5001

**Company Secretary**

Mark Wilson

**Auditor**

KPMG  
10 Shelley Street  
Sydney NSW 2000

**Website**

[www.multiplex.biz](http://www.multiplex.biz)





Develop  
Build  
Manage  
Own

