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Brookfield Multiplex Capital Management Limited
(ACN 094 936 866)

Multiplex Prime Property Fund
(ARSN 110 096 663)

ASX Announcement

31 August 2009

Multiplex Prime Property Fund (ASX: MAFCA)
2009 Annual Results

Brookfield Multiplex Capital Management Limited, the Responsible Entity of Multiplex Prime Property Fund (the Fund), today lodges the Fund's Appendix 4E and audited financial statement for the year ended 30 June 2009.

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Lawrence Wong
Fund Manager
Ph: (02) 9256 5000

Appendix 4E – Additional Disclosure
Multiplex Prime Property Fund

For the year ended 30 June 2009

Name of Fund:	Multiplex Prime Property Fund (MAFCA)
Details of reporting period	
Current reporting period:	1 July 2008 to 30 June 2009
Prior corresponding period:	1 July 2007 to 30 June 2008

This Financial Report should be read in conjunction with the Financial Report for the year ended 30 June 2009. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market

	Year ended 30 June 2009 $'000	**Year ended 30 June 2008 $'000**
Total revenue and other income	17,788	49,639
Total expenses	(104,088)	(86,673)
Net loss attributable to the unitholders of MAFCA	(86,300)	(37,034)
Property fair value adjustments included in the above		
Direct property investments	(30,986)	6,614
Equity accounted property investments	(42,583)	(4,117)
Earnings per unit (cents)	(30.63)	(13.14)

Distributions

Distributions paid/payable to ordinary unitholders were as follows:

	Cents per unit	**Total amount $'000**	**Date of payment**
Ordinary units			
September 2008 distribution	1.00	2,818	31 October 2008
Total distribution for the year ended 30 June 2009	**1.00**	**2,818**	
Ordinary units			
June 2008 distribution	1.20	3,382	31 July 2008
March 2008 distribution	1.20	3,381	30 April 2008
December 2007 distribution	1.20	3,381	31 January 2008
September 2007 distribution	1.20	3,381	31 October 2007
Total distribution for the year ended 30 June 2008	**4.80**	**13,525**	

During the current year there were no distributions paid other than the September 2008 distribution paid on 31 October 2008.

This preliminary final report is given to the ASX in accordance with Listing Rule 4.3.A.

Commentary and analysis of the result for the current year can be found in the attached Multiplex Prime Property Fund ASX release dated 31 August 2009. This ASX release forms part of the Appendix 4E.

The Fund has a formally constituted Audit Committee of the Board of Directors. The release of the report was approved by resolution of the Board of Directors on 31 August 2009.

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

Multiplex Prime Property Fund

ARSN 110 096 663

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Multiplex Prime Property Fund

For the year ended 30 June 2009

Directory

Multiplex Prime Property Fund

For the year 30 June 2009

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

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

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

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

Custodian
Brookfield Multiplex Funds Management Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Stock Exchange
The Fund is listed on the Australian Securities Exchange (ASX Code: MAFCA). The Home Exchange is Sydney.

Location of Share Registry
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7100
Facsimile: (02) 9287 0303

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

Introduction
The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex Prime Property Fund (ARSN 110 096 663) (Fund), present their report together with the financial report of the Consolidated Entity, being the Fund and its subsidiaries and the Consolidated Entity's interest in associates, for the year ended 30 June 2009 and the Independent Audit Report thereon.

Responsible Entity
The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML), which has been the Responsible Entity since inception of the Fund. The registered office and principal place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney.

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

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

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

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

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

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

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

Information on Company Secretary

Neil Olofsson

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

Directors' interests

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

Director	Multiplex Prime Property Fund units held
Peter Morris	–
Brian Motteram	–
Robert McCuaig	60,000
Mark Wilson	–
Brian Kingston	–

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

Directors' meetings

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

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

Committee meetings

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

Principal activities

The principal activity of the Consolidated Entity is the investment in a portfolio of CBD office assets and listed property trusts.

Review of operations

The Consolidated Entity has recorded a net loss of $86,300,000 for the year ended 30 June 2009 (2008: $37,034,000). The reported net loss of $86,300,000 includes $12,690,000 in impairment losses on the listed property trust portfolio and $30,986,000 in unrealised losses on revaluations of the investment property portfolio directly held by the Consolidated Entity. The Fund's associates recognised the full amount of unrealised losses on underlying investment properties, of which the Fund's share was $42,583,000.

Some of the significant events during the year are as follows:
- total revenue and other income of $17,788,000 (2008: $49,639,000);
- net loss of $86,300,000 (2008: $37,034,000);
- earnings per unit (EPU) of (30.63) (2008: (13.14));
- distributions to unitholders of $2,818,000 (2008: $13,525,000) and distributions per unit (DPU) of 1.00 cent (2008: 4.80 cents);
- net assets of $133,750,000 as at 30 June 2009 (2008: $258,897,000) and NTA of $0.11 (2008: $0.59);
- property portfolio value of $567,425,000 as at 30 June 2009, including $73,569,000 in losses on revaluations of investment properties recorded during the year (including investment properties held by associates);
- listed property trust portfolio value of $5,136,000 as at 30 June 2009, including $12,690,000 of impairment losses recorded during the year;
- disposal of investments for total consideration of $1,123,000;
- rent reviews completed over 100% of the property portfolio resulting in an average increase of 4.2%; and
- portfolio occupancy remains at 100% with a weighted average lease expiry of 7.4 years as at 30 June 2009.

Update on debt renewal
The Fund has two financial covenants on its debt facility (Facility), an interest coverage ratio (ICR) and a loan to value ratio (LVR). At 30 June 2009, the Fund was in compliance with the ICR covenants. The LVR limit on the Term Facility states that the total borrowing on the Term Facility must not exceed the sum of 67.5% of the value of investment properties (including investment properties held through associates) and 50% of the value of the A-REIT portfolio. The Term Facility limit based on external property valuations at 30 June 2009 indicates that the total value based on the above criteria had a shortfall to the borrowing on the Term Facility by $22,100,000. The LVR limit on the Partly Paid Facility states that the total borrowing on both the Term and Partly Paid tranches of the Facility jointly must not exceed 85% of the sum of the value of investment properties (including investment properties held through associates) and the A-REIT portfolio. The Fund did not meet the Partly Paid Facility LVR covenant limit as the LVR based on the external valuations as at 30 June 2009 is 90.9%. However the financiers of the Fund have agreed to a waiver of those breaches in LVR covenants until 30 September 2009. At the date of this report, being 31 August 2009, there has been no change to the due date of the equity instalment from unitholders as a result of the above covenant testing.

On 24 August 2009 the Fund announced to the ASX that it intends to conduct a capital raising of $50 million by way of a rights offering of ordinary partly paid units to all unitholders (Entitlement Offer). The Entitlement Offer is subject to regulatory approval and will be fully underwritten by Brookfield Multiplex Capital Securities Limited as trustee of a wholly owned sub-trust of Brookfield Multiplex Property Trust.

Under the proposed capital raising, eligible unitholders (being unitholders with a registered address in Australia, New Zealand and any other eligible jurisdictions) will be invited to participate on a pro-rata basis to their existing holdings to acquire ordinary partly paid units issued at a price of 0.1 cents payable on application and a further instalment of approximately 0.2237 cents payable on the same terms as the final instalment of the existing units currently due in June 2011.

As part of this Entitlement Offer, if it is successfully completed, the final instalment obligation in relation to existing units (which is currently 40 cents per unit) will be reduced to approximately 0.2237 cents per unit (so that all units on issue carry the same obligations to pay the final instalment). As a result, the aggregate amount the Fund raises as a result of calling the final instalment will be unchanged at approximately $112,800,000 but will be spread across a greater number of units.

Whilst the Entitlement Offer will be fully underwritten, Brookfield Multiplex Capital Management Limited as Responsible Entity of the Fund has reserved the right to seek other parties to act as joint underwriters prior to formal launch of the Entitlement Offer.

As part of the Entitlement Offer, the underwriter has agreed that under certain conditions, it will provide unitholders with an opportunity to exit their investment in the Fund if they wish to do so. This will be implemented by granting unitholders on the register at the record date for the Entitlement Offer with a cash-out facility in relation to their existing units. The price under the cash-out facility will be 0.1 cents per unit. The cash-out facility is subject to certain conditions including formal launch of the Entitlement Offer, despatch of the offer materials, completion of the Entitlement Offer and receipt of necessary approvals and regulatory relief.

The Fund's financiers have given indicative support to the capital raising. The Directors of Brookfield Multiplex Capital Management Limited, as Responsible Entity for the Fund, understand that the financiers are seeking credit approval to terms including the following:
- that $44,700,000 of the proceeds of the capital raising will be applied to reduce the Fund's term debt and cure the Fund's covenant breaches as at 30 June 2009. This will remove the potential for the instalment payment to be accelerated as a result of those breaches; and
- the Fund's LVR covenants increasing from 67.5% to 75.0% for the Term Facility and from 85.0% to 95.0% for the aggregate Term and Partly Paid tranches of the Facility, in each case until 29 June 2010, and thereafter reverting to current levels.

The Entitlement Offer will be formally launched following receipt of these and other approvals

Corporate governance

This section outlines the main corporate governance practices that are currently in place for Brookfield Multiplex Capital Management Limited (Company) in its capacity as Responsible Entity for the Fund. The Company as Responsible Entity of the Fund is committed to maintaining the required standards of corporate governance.

The Fund was listed on the Australian Securities Exchange in 15 September 2006. The Company, as the Fund's Responsible Entity, has operated within a corporate governance system that the Directors and management have developed over time. Corporate governance is a dynamic force that keeps evolving and for that reason, our systems, policies and procedures are regularly reviewed and tailored to changing circumstances.

The Company is a wholly owned Brookfield Asset Management Inc. (BAM) subsidiary. BAM is listed on the New York, Toronto and Euronext Stock Exchanges.

Best practice principles

The Australian Securities Exchange (ASX) has established best practice guidelines that are embodied in eight principles (Principles). The Board is supportive of the Principles and has applied these Principles to the extent relevant to the Fund. 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 these 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. The ASX Listing Rules require listed companies (or in the case of a listed fund, the responsible entity of that fund) to include in their annual report a statement disclosing the extent to which they have followed the Principles during the financial period.

The Principles have been adopted, where appropriate, to ensure that the Company as Responsible Entity of the Fund 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 Fund.

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 Fund are established and appropriately documented.

Role of the Board

The Board has adopted a Board Charter that details its functions and responsibilities, a summary of which is available at www.brookfieldmultiplexcapital.com.

The Fund has a Fund Manager who is responsible for the day-to-day management of the Fund's operations and who reports to the Chief Executive Officer (CEO).

The Company holds Australian Financial Services Licence (AFSL) No. 223809 and is an experienced responsible entity. It is subject to duties imposed by its AFSL, the Fund's constitution, the *Corporations Act 2001*, the ASX Listing Rules, the Fund's compliance plan and the law. The Company has appointed Key Persons and Responsible Managers (who are executives within the Brookfield Multiplex Capital business) and they are named on its AFSL. Their duties are to assist with and ensure the Company's ongoing compliance with the conditions of the AFSL and the law.

Management are employees of Brookfield Multiplex Limited, and therefore all senior management responsible for the operation of the Fund are subject to Brookfield Multiplex Group's performance evaluation.

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 independent, that the Chairperson be independent, that the roles of Chairperson and the 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 four times per year and whenever necessary to deal with specific matters needing attention between scheduled meetings. As at 30 June 2009 the Board consists of five Directors.

Profiles of each of the Directors including age and length of service may be found in the annual report.

Independence
The Chairman of the Board, Dr Peter Morris, is an Independent Director. The roles of Chairman and Chief Executive Officer are not exercised by the same individual. This is in line with the ASX best practice principle. The Board also identified Non-executive Directors, Robert McCuaig and Brian Motteram as being independent in accordance with the relationships affecting independent status listed by the ASX Corporate Governance Principles.

As a wholly owned subsidiary of BAM, the Board has not established a nomination committee as it believes the consideration of director appointments is a matter for BAM in conjunction with the views of the Board.

The Board conducted a self evaluation of its performance and that of individual Directors for the year ended 30 June 2009 by way of a survey of each Director, followed by an analysis and discussion of responses by the Board. As part of the review, consideration was given to the skills and competency of Board members as well as the appropriate mix of skills required for managing the Company and the Fund. An assessment of Board, committee and individual Director performance is intended to occur on an annual basis and may in the future include an external mediator.

Access to information and advice
All Directors have unrestricted access to records of the Company and the Fund and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties. Non-executive Directors may obtain independent professional advice at the expense of the Company or the Fund with the prior approval of the Chairman.

The company secretary supports the effectiveness of the Board by monitoring Board policies and procedures followed, and co-ordinating the timely completion and dispatch of Board agenda and briefing material. All Directors have access to the company secretary.

Principle 3: Promote ethical and responsible decision making
The Board has established both a Code of Business Conduct and Ethics and a Security Trading Policy.

Code of Business Conduct and Ethics
Neither the Fund nor the Company employs individuals. However, all Directors, managers and employees involved in the operation of the Fund and the Company are employees of Brookfield Multiplex Limited and, along with all other employees in Brookfield Multiplex Group (BMG), are required to act honestly and with integrity. The Board is 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 the Fund. In addition, the Board has a statutory obligation to give priority to the Fund investors' interests over the Company's interests when there is a conflict of interest. The Board acknowledges that all BMG employees are subject to a Code of Business Conduct and Ethics that governs workplace and human resource practices, risk management and legal compliance. This Code therefore applies to all Directors, managers and employees of Brookfield Multiplex Limited involved in the operation of the Fund and the Company. The Code is aligned to BMG's core values of teamwork, integrity and performance and is fully supported by the Board. A summary of the Code is available at www.brookfieldmultiplex.com.

Employees are encouraged to report any breaches of the Code in accordance with the BMG Whistle Blower Policy. This includes access to a whistle blowing hotline which is managed independently of BAM. A summary of the Code is available at www.brookfieldmultiplexcapital.com.

Security Trading Policy
All Directors of the Company and BMG 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 BMG Security Trading Policy has been formally adopted by the Board and specifically lists securities issued by the Fund as restricted securities for the purposes of the policy. A summary of the Security Trading Policy is available at www.brookfieldmultiplex.com under About Brookfield Multiplex under the heading About Us – Corporate Governance.

BMG also has a Chinese Walls Policy for the control and monitoring of the flow of sensitive information to minimise potential conflicts of interest. In accordance with ASIC Regulatory Guide 181 – "Licensing: Managing conflicts of interest," Brookfield Multiplex Capital has established a Conflicts Policy and Register for the management of actual and perceived conflicts of interest.

Principle 4: Safeguard integrity in financial reporting
The approach adopted by the Board is consistent with the Principle. The Board requires the Chief Executive Officer and the Chief Financial Officer to provide a written statement that the financial statements of the Fund present a true and fair view, in all material aspects, of the financial position and operational results.

Audit Committee

The Company established an Audit Committee which meets on a regular basis and reports to the Board the results of its deliberations.

The members of the Audit Committee throughout the financial year are set out below:

Director	Position	Number of Meetings in Period	Number of Meetings Attended
Brian Motteram	Chairperson	3	3
Robert McCuaig	Member	3	3
Peter Morris	Member	3	3

The duties and responsibilities of the Audit Committee are set out in the Committee Charter, a summary of which appears at www.brookfieldmultiplexcapital.com. The Audit Committee has rights of access to management, including the right to seek any explanations or additional information and access to auditors (internal and external), without management present.

The Audit Committee reports to the Board in relation to the financial statements and notes, as well as the external audit report. An external auditor, KPMG, has been appointed to audit the Fund and the Fund's compliance plan.

A procedure for the selection and appointment of external auditors, and for the rotation of external audit engagement partners, has been approved by the Board.

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 Fund'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 Brookfield Multiplex Capital Continuous Disclosure Policy which governs how the Company as Responsible Entity communicates with investors and the market. All price-sensitive information is to be disclosed to the ASX. A summary of the policy is available at www.brookfieldmultiplexcapital.com.

Principle 6: Respect the rights of the Fund unitholders

In addition to its statutory reporting obligations, the Fund and the Company are committed to timely and ongoing communication with the unitholders.

The Company has a Communications Policy which sees it provide ongoing communication through the distribution of the *Capital* magazines and annual and half yearly reports each year and through updates to all investors whenever significant developments occur.

The Fund has its own section on the Brookfield Multiplex website that provides up to date Fund information including any continuous disclosure notices given by the Fund, financial reports and distribution information.

As the Fund is a listed managed investment scheme, there is no mandatory requirement to hold annual general meetings. In the future the Company may decide to hold annual general meetings of the Fund investors if the Company forms the view that there is sufficient demand from the Fund investors to incur that cost.

Fund investors are able to contact either the Fund Registry or the Fund Manager during business hours to discuss any queries in relation to their investment or the operation of the Fund.

As part of the Company's commitment to Fund investors it has an internal dispute resolution mechanism in place which is designed to meet the requirements of the *Corporations Act 2001* and its AFSL. The process complies with the key principles of Australian Standard AS ISO 10002:2004 "Customer satisfaction – Guidelines for complaints handling in organisations" and the minimum requirements of the ASIC Regulatory Guide 165 – "Licensing: Internal and external dispute resolution". If a dispute cannot be resolved through the internal dispute resolution mechanism, it can be referred to the Financial Ombudsman Service, an independent complaint resolution service of which the Company is a member.

The Company encourages Fund investors to visit its website regularly and communicate with the Company electronically as a first preference.

Principle 7: Recognise and manage risk
Management is responsible for developing and implementing policies and procedures to identify, manage and mitigate the risks across the Company's and the Fund's operations. These policies are designed to ensure relevant risks are effectively and efficiently managed and monitored to enable the achievement of the Company's and the Fund's objectives.

Brookfield Multiplex as a subsidiary of Brookfield Asset Management is responsible for establishing and maintaining adequate internal control over financial reporting that meet the Sarbanes Oxley Act 2002 s404 requirements. The Company's compliance is reviewed annually by the Company's external auditors as part of Brookfield Asset Management's compliance program.

The Compliance Committee comprises two external members (non-Company directors) and the BMG General Manager Accounting. The committee discharges Part 5C.5 obligations under the *Corporations Act 2001* in relation to managed investment schemes. It has a Charter, a summary of which appears at www.brookfieldmultiplexcapital.com.

BMG has an internal audit function which as part of its annual program may review aspects of the Company business and the Fund. The internal audit function communicates with the Audit Committee and the Compliance Committee.

The procedures adopted by the Company are consistent with those in Principle 7, in that the Chief Executive Officer and the Chief Financial Officer approve the sign off of financial statements based upon a sound system of risk management and confirm that the internal compliance and control system is operating efficiently in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly
Principle 8 suggests that the Company should establish a dedicated Remuneration Committee. As neither the Fund nor the Company have employees of their own no remuneration committee has been established.

The Independent and Non-executive Directors receive fees for serving as Directors. These fees are not linked to the performance of the Company or the Fund. The Executive Directors do not receive payment for his role as a Director, instead receiving remuneration in his capacity as an employee of BMG.

The Company as Responsible Entity of the Fund believes that it has followed the best practice recommendations set by the ASX.

Interests of the Responsible Entity
Management fees
The Fund incurred $4,163,000 in management fees to the Responsible Entity during the year (2008: $2,983,000). These fees were paid out of the assets of the Fund. It should be noted these were not fully paid in cash during the year with the balance outstanding reflected as payables to the Responsible Entity. At 30 June 2009 the management fee payable is $4,029,000 (2008: $1,534,000).

Units Held
Brookfield Multiplex Funds Management Limited, as custodian for Multiplex Colt Investments Pty Ltd, as trustee for Multiplex Colt Investment Trust holds 60,860,029 units or 21.6% of the Fund at the reporting date (2008: 60,860,029 units or 21.6% of the Fund).

ANZ Nominees Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Acumen Property Fund holds 27,894,723 units or 9.9% of the Fund at the reporting date (2008: 27,894,723 units or 9.9% of the Fund).

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

Events subsequent to reporting date
A-REIT portfolio
The fair value of the Consolidated Entity's listed property trust portfolio at close of business on the business day immediately prior to the date the financial statements were approved was $5,675,021, which represents a change of $538,823 from the fair value at 30 June 2009. The financial statements have not been amended to reflect this change in fair value. Had the financial statements been amended, the impact would have been to decrease impairment expense and increase available for sale assets by $538,823.

Interest bearing liabilities

At 30 June 2009 the Fund was in compliance with its ICR covenants. Subsequent to the balance date, the investment property valuations relating to the 30 June 2009 date were finalised and the Fund communicated to its financiers that the requirements of the LVR covenants will not be met. On 29 July 2009 the financiers of the Fund agreed to a waiver of the breaches of the LVR covenants. This waiver is currently in force until 30 September 2009.

On 24 August 2009 the Fund announced to the ASX that it intends to conduct a capital raising of $50 million by way of a rights offering of ordinary partly paid units to all unitholders (Entitlement Offer), the proceeds of which will be used to reduce the Fund's debt by at least $44,700,000. There is uncertainty surrounding the Facility and the Fund's ability to renew in the current market or repay that Facility should the Entitlement Offer not complete successfully and should the financiers call upon the debt.

Other

On 26 August 2009 the Fund announced to the ASX that it had received a request from Australian Style Investments Pty Ltd, a 20% unitholder of the Fund at that date, to call and arrange to hold a meeting of unitholders of the Fund to consider the following three resolutions:

- that BMCML be removed as Responsible Entity of the Fund;
- that a company identified prior to the meeting of members (as yet unidentified) be appointed as the new responsible entity of the Fund; and
- that the Fund be wound up in accordance with its Constitution.

BMCML is currently reviewing the request.

Other than the matters disclosed above, there are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Likely developments

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

Environmental regulation

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

Distributions

Distributions paid/payable by the Fund to unitholders are detailed below. During the current year there were no distributions paid other than the September 2008 distribution paid on 31 October 2008.

Ordinary units	Cents per unit	Total amount $'000	Date of payment
September 2008 distribution	1.00	2,818	31 October 2008
Total distribution for the year ended 30 June 2009	**1.00**	**2,818**	

Ordinary units	Cents per unit	Total amount $'000	Date of payment
June 2008 distribution	1.20	3,382	31 July 2008
March 2008 distribution	1.20	3,381	30 April 2008
December 2007 distribution	1.20	3,381	31 January 2008
September 2007 distribution	1.20	3,381	31 October 2007
Total distribution for the year ended 30 June 2008	**4.80**	**13,525**	

Distributions paid for the year ended 30 June 2009 have been paid out of the Consolidated Entity's realised revenues and expenses.

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

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

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

Non-audit services
All amounts paid to KPMG for audit, review and regulatory services are disclosed in Note 6.

Details of non-audit services fees incurred by the Consolidated Entity and Fund to KPMG during the year are set out below. These amounts were paid out of the assets of the Consolidated Entity and Fund.

	Consolidated		Fund	
	2009 $	2008 $	2009 $	2008 $
Services other than statutory audit				
Non-audit services	9,500	7,700	9,500	7,700

Fees in relation to compliance plan audits are borne by the Responsible Entity.

Remuneration report
a Remuneration of Directors and key management personnel of the Responsible Entity
The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel (KMP). The Directors of the Responsible Entity are KMP of that entity and their names are:

- Peter Morris – Non-Executive Independent Chairman
- Brian Motteram – Non-Executive Independent Director
- Robert McCuaig – Non-Executive Independent Director
- Mark Wilson – Executive Director (Appointed 27 August 2008)
- Brian Kingston – Executive Director (Appointed 27 August 2008)
- Robert Rayner – Executive Director (Resigned 22 August 2008)
- Bob McKinnon – Non-Executive Director (Resigned 18 July 2008)

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value. Details of the fees are shown below.

No compensation is paid directly by the Fund to Directors or to any of the KMP of the Responsible Entity. Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an entity in which the Director or KMP has a substantial interest, except at terms set out in the Fund Constitution.

Loans to Directors and key management personnel of the Responsible Entity
The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally-related entities at any time during the reporting period.

Other transactions with Directors and specified executives of the Responsible Entity
From time to time Directors and KMP or their personally-related entities may buy or sell units in the Fund. These transactions are subject to the same terms and conditions as those entered into by other Fund investors.

No Director or KMP has entered into a contract for services with the Responsible Entity since the end of the previous financial year and there were no contracts involving Directors or KMP subsisting at year end.

b Responsible Entity fees and other transactions
The management fee incurred by the Consolidated Entity to the Responsible Entity for the year ended 30 June 2009 was $4,163,000 (2008: $2,983,000).

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

Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 14 and forms part of the Directors' Report for the year ended 30 June 2009.

Dated at Sydney this 31st day of August 2009.

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

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

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

To: the directors of Brookfield Multiplex Capital Management Limited, as Responsible Entity of Multiplex Prime Property Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney
31 August 2009

Income Statement
Multiplex Prime Property Fund
For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Revenue and other income					
Share of net profit of investments accounted for using the equity method	5	–	21,225	–	–
Property rental income		17,170	12,675	–	–
Distribution income from listed property trusts		482	4,257	–	–
Distribution income from controlled entities		–	–	43,485	50,865
Net gain on disposal of listed property trusts		–	1,153	–	–
Interest income		136	3,652	134	261
Net gain on revaluation of investment property	10	–	6,614	–	–
Other income		–	63	–	67
Total revenue and other income		**17,788**	**49,639**	**43,619**	**51,193**
Expenses					
Share of net loss of investments accounted for using the equity method	5	15,645	–	–	–
Property expenses		2,454	1,811	–	–
Impairment expense		12,690	44,718	13,093	48,082
Finance costs to external parties		37,054	36,248	37,054	36,248
Net loss on disposal of listed property trusts		354	–	–	–
Net loss on revaluation of investment property	10	30,986	–	–	–
Management fees		4,163	2,983	4,163	2,983
Other expenses		742	913	697	428
Total expenses		**104,088**	**86,673**	**55,007**	**87,741**
Net loss		**(86,300)**	**(37,034)**	**(11,388)**	**(36,548)**

	Note	Consolidated 2009	Consolidated 2008
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)	7	(30.63)	(13.14)

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

Balance Sheet
Multiplex Prime Property Fund
As at 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
Assets					
Current assets					
Cash and cash equivalents		1,259	3,485	1,004	3,096
Trade and other receivables	9	1,016	4,217	40,966	43,503
Total current assets		**2,275**	**7,702**	**41,970**	**46,599**
Non-current assets					
Investment properties	10	181,100	211,600	–	–
Investments – available for sale	11	5,136	19,303	–	–
Investments accounted for using the equity method	5	387,256	429,360	–	–
Investments in controlled entities	12	–	–	552,783	565,876
Trade and other receivables	9	104,034	92,153	104,034	92,153
Fair value of financial derivatives		–	27,400	–	27,400
Total non-current assets		**677,526**	**779,816**	**656,817**	**685,429**
Total assets		**679,801**	**787,518**	**698,787**	**732,028**
Liabilities					
Current liabilities					
Trade and other payables	13	4,932	2,468	9,816	7,788
Distribution payable		–	3,387	–	3,387
Interest bearing liabilities	14	518,550	–	518,550	–
Total current liabilities		**523,482**	**5,855**	**528,366**	**11,175**
Non-current liabilities					
Interest bearing liabilities	14	–	522,766	–	522,766
Fair value of financial derivatives		22,569	–	22,569	–
Total non-current liabilities		**22,569**	**522,766**	**22,569**	**522,766**
Total liabilities		**546,051**	**528,621**	**550,935**	**533,941**
Net assets		**133,750**	**258,897**	**147,852**	**198,087**
Equity					
Units on issue	15	252,717	240,837	252,717	240,837
Reserves	16	(26,195)	21,714	(26,195)	21,714
Undistributed losses	17	(92,772)	(3,654)	(78,670)	(64,464)
Total equity		**133,750**	**258,897**	**147,852**	**198,087**

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

Statement of Changes in Equity
Multiplex Prime Property Fund
For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Opening equity		**258,897**	**303,351**	**198,087**	**236,270**
Movement in units on issue					
Equity receivable	15	11,880	3,442	11,880	3,442
Movement in hedge reserve					
Fair value movement in financial derivatives	16	(47,909)	8,448	(47,909)	8,448
Movement in available for sale reserve					
Fair value movement in listed investments	16	(12,690)	(50,503)	–	–
Net change in fair value of available for sale investments recognised as impairment expense	16	12,690	44,718	–	–
Movement in undistributed losses					
Net loss		(86,300)	(37,034)	(11,388)	(36,548)
Distributions paid or payable	8	(2,818)	(13,525)	(2,818)	(13,525)
Closing equity		**133,750**	**258,897**	**147,852**	**198,087**

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

Cash Flow Statement
Multiplex Prime Property Fund
For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Year ended 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Year ended 30 June 2008 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		17,231	13,401	949	61
Cash payments in the course of operations		(4,479)	(9,753)	(2,844)	(6,542)
Interest received		136	3,652	134	261
Financing costs paid		(34,531)	(33,585)	(34,418)	(33,585)
Net cash flows used in operating activities	19	**(21,643)**	**(26,285)**	**(36,179)**	**(39,805)**
Cash flows from investing activities					
Payments for purchase of investment property		(486)	(21,380)	–	–
Purchases of listed property trust investments		–	(9,182)	–	–
Proceeds from sale of listed property trust investments		1,123	9,412	–	–
Loans to related parties		–	(15,719)	1,807	(43,731)
Investments in controlled entities		–	–	–	–
Distributions received from controlled entities		–	–	43,485	50,865
Distributions received from investments in listed property trusts		3,125	5,100	–	–
Distributions received from investments accounted for using the equity method		26,860	25,615	–	–
Net cash flows from/(used in) investing activities		**30,622**	**(6,154)**	**45,292**	**7,134**
Cash flows from financing activities					
Proceeds from interest bearing liabilities		–	49,606	–	49,606
Repayments of interest bearing liabilities		(5,000)	(4,000)	(5,000)	(4,000)
Distributions paid		(6,205)	(13,387)	(6,205)	(13,387)
Net cash flows (used in)/from financing activities		**(11,205)**	**32,219**	**(11,205)**	**32,219**
Net decrease in cash and cash equivalents		(2,226)	(220)	(2,092)	(452)
Cash and cash equivalents at 1 July		3,485	3,705	3,096	3,548
Cash and cash equivalents at 30 June		**1,259**	**3,485**	**1,004**	**3,096**

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

1 Reporting entity

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

2 Basis of preparation

a Statement of compliance

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

The financial statements were authorised for issue by the Directors on this 31st day of August 2009.

b Basis of measurement

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

- derivative financial instruments which are measured at fair value;
- investment property which is measured at fair value;
- equity accounted investments which are measured using the equity method;
- available for sale financial assets which are measured at fair value; and
- equity receivable which is measured at amortised cost.

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

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

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

The existing debt facility is classified as current in the Balance Sheet subsequent to the Fund's non-compliance with financial covenants, as described further in the Directors' Report and Note 14. Due to this classification the Consolidated Entity's current liabilities exceed current assets by $521,207,000. Investment properties totalling $181,100,000 are classified as non-current assets.

In accordance with AASB 101, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Fund or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the successful completion of a $50 million capital raising as outlined in the Directors' Report, the announcement to the ASX dated 24 August 2009 and Note 23 and the renegotiation of terms of the existing debt facility outlined in Note 14. As such the financial statements have been prepared on a going concern basis.

If the capital raising is not successfully completed, the Fund may not be in a position to repay the existing debt facility should it be called upon by the financiers. If the capital raising is successfully completed, there are reasonable grounds to believe that the Fund will be able to continue as a going concern.

c Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 10 Investment properties, Note 5 Investments accounted for using the equity method, Note 11 Investments – available for sale, Note 9 Trade and other receivables and Note 18 Financial instruments.

3 Significant accounting policies

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

a Principles of consolidation

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

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

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

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

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

b Revenue recognition

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

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

Property Rental Revenue

Rental income from investment property leased out under an operating lease is recognised in the Income Statement on a straight-line basis over the term of the lease.

Lease incentives granted are recognised by the Consolidated Entity as an integral part of the total rental income on a straight-line basis.

Contingent rents are recorded as income by the Consolidated Entity in the periods in which they are earned.

Dividends and distributions

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

Dividends and distributions received from associates reduce the carrying amount of the investment of the Consolidated Entity in that associate and are not recognised as revenue.

Interest revenue

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

Gain or losses on available for sale financial assets

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

c Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as income on a straight-line basis over the lease term, which is considered to best represent the time pattern in which benefits derived from the leased asset are diminished.

3 Significant accounting policies continued

Leasing fees

Leasing fees in relation to the initial leasing of the property after a redevelopment are capitalised and amortised over the period to which the lease relates.

Costs that are directly associated with negotiating and executing the ongoing renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are also capitalised and amortised over the lease term in proportion to the rental revenue recognised in each financial year.

Leasing incentives

Lease incentives which may take the form of up-front payments, contributions to certain lease costs, relocation costs and fit-outs and improvements are recognised. The aggregate cost of incentives is recognised as a reduction of rental income over the lease term.

d Expense recognition

Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

Management fees

A base management fee calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Fund quarterly in arrears.

Performance fee

A performance fee of 5.125% to 15.375% (including GST less any reduced input tax credits) of the outperformance of the Consolidated Entity against benchmark returns is recognised on an accrual basis unless waived by the Responsible Entity. The benchmark return is the annualised compound return of the UBS Commercial Property Accumulation (200 Index). Where the Consolidated Entity exceeds the benchmark return, the performance fee will be calculated in two tiers as follows:

- a Tier 1 performance fee equal to 5.125% (including GST less any reduced input tax credits) of the amount by which the total return of the Fund exceeds the benchmark; and
- a Tier 2 performance fee which is applicable only where the Fund produces a total return outperformance in excess of 1% per six month period above benchmark. This tier of the fee is calculated as 15.375% (including GST less any reduced input tax credits) of the amount by which the total return of the fund is in excess of 1% above the benchmark for the six month period (for a year, roughly equivalent to the returns over the benchmark plus 2% per annum).

Any previous underperformance must be recovered before a performance fee becomes payable.

Other expenditure

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

e Goods and services tax (GST)

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

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

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

3 Significant accounting policies continued

f Income tax – funds

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

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

g Cash and cash equivalents

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

h Trade and other receivables

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

i Investment property

An investment property is a property that is held to earn long-term rental yields and/or for capital appreciation.

An investment property acquired is initially recorded at its cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. An investment property is subsequently carried at fair value based on the principles outlined below.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Consolidated Entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Valuations

Investment property is stated at fair value at the reporting date.

The investment properties of the Consolidated Entity are internally valued at each reporting date. The Consolidated Entity's policy is to obtain external valuations when internal valuations performed indicate the property value has changed by more than 5%, or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. An external valuation is obtained at least every 3 years. All external valuations are adopted as the fair value of the investment property at the relevant reporting date. When internal valuations indicate a change from the carrying value between 2% and 5% the internal valuation will be adopted.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and is determined:

- without any deduction for transaction costs the entity may incur on sale or other disposal;
- reflecting market conditions at the reporting date;
- reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;
- assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;
- ensuring that there is no double-counting of assets or liabilities that are recognised as separate assets or liabilities; and
- without inclusion of future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

Any gains or losses arising from a change in the fair value of investment property are recognised in the Income Statement in the period in which they arise.

Rental income from investment property is accounted for in accordance with Note 3b.

3 Significant accounting policies continued

j Available for sale financial assets

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

k Associates

The Consolidated Entity's investments in associates are accounted for using the equity method of accounting in the consolidated financial report. An associate is an entity in which the Consolidated Entity has significant influence, but not control, over their financial and operating policies.

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

When the Consolidated Entity's share of losses exceeds its interest in an associate, the Consolidated Entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity 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 Consolidated Entity recognises its share of changes and discloses this in the consolidated Statement of Changes in Equity.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Consolidated Entity's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the associate.

l Derivative financial instruments

The Consolidated Entity uses derivative financial instruments to hedge its exposure to interest rate risk from operational, financing and investment activities. The Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Consolidated Entity only enters into hedges of actual and highly probable forecast transactions (cash flow hedges). It does not enter into, nor does it have any, hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of net investments in foreign operations (net investment hedges).

The Consolidated Entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair values of cash flows of the hedged items.

The effective portion of changes in the fair value of cash flow hedges is recognised directly in equity. Movements on the hedging reserve are shown in the Statement of Changes in Equity. The gain or loss relating to any ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are transferred in the Income Statement in the period when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

3 Significant accounting policies continued

m Non-derivative financial instruments

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

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

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

Accounting policies for cash and cash equivalents (Note 3g), trade and other receivables (Note 3h), trade and other payables (Note 3p), interest bearing liabilities (Note 3q) and available for sale financial assets (Note 3j) are discussed elsewhere within the financial report.

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

n Impairment

Financial assets

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

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

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

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

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

Non-financial assets

The carrying amount of the Consolidated Entity's non-financial assets, other than investment property and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o Earnings per unit

The Fund presents basic and diluted earnings per unit (EPU) data for all its ordinary unitholders. Basic EPU is calculated by dividing the profit or loss attributable to ordinary unitholders of the Fund by the weighted average number of ordinary units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss attributable to ordinary unitholders and the weighted average number of ordinary units outstanding for the effects of all dilutive potential ordinary units.

p Trade and other payables

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

3 Significant accounting policies continued

q Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities 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 rate basis. Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability to at least 12 months after the balance sheet date.

r Distributions

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date. Distributions paid and payable on units are recognised in equity as a reduction in undistributed loss for the year. Distributions paid are included in cash flows from financing activities in the Cash Flow Statement.

s Units on issue

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

t New standards and interpretations not yet adopted

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

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

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

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

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

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will require a change in presentation and disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Consolidated Entity presents segment information in respect of its business and geographical segments (see Note 4). Under the management approach, the Consolidated Entity will present segment information in respect of investment properties and listed property securities.

3 Significant accounting policies continued

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

Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements however it is not expected to have any impact on the financial statements.

Revised AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation provides an exception to the definition of a financial liability to enable certain financial instruments to be classified as equity. The revised AASB 132 becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements however it is not expected to have any impact on the financial statements.

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

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

AASB Interpretation17 Distributions of Non-Cash Assets to Owners provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AASB Interpretation17 will become mandatory for the Consolidated Entity's 30 June 2010 consolidated financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

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

4 Segment reporting

The Consolidated Entity operates in a single, primary business and geographical segment, being investment in a portfolio of CBD office assets and listed property trusts.

	Consolidated 2009 $'000	Consolidated 2008 $'000
5 Investments accounted for using the equity method		
Multiplex Developments No. 6A Unit Trust	129,046	139,403
Latitude Landowning Trust	258,210	289,957
	387,256	**429,360**
Share of (loss)/profit in the year from investments accounted for using the equity method is as follows:		
Multiplex Developments No. 6A Unit Trust	(3,337)	14,505
Latitude Landowning Trust	(12,308)	6,720
	(15,645)	**21,225**
Fair value adjustments from the revaluation of investment property included in the share of (loss)/profit above is as follows:		
Multiplex Developments No. 6A Unit Trust	(11,795)	6,399
Latitude Landowning Trust	(30,788)	(10,516)
	(42,583)	**(4,117)**

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Consolidated Entity, is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Current assets	90,376	61,410
Non-current assets	1,052,649	1,135,000
Total assets	**1,143,025**	**1,196,410**
Current liabilities	4,049	56,402
Non-current liabilities	90,486	2,478
Total liabilities	**94,535**	**58,880**
Revenues	90,977	91,715
Expenses	(128,939)	(20,255)
(Loss)/profit	**(37,962)**	**71,460**

The Fund owns 50% of Latitude Landowning Trust and 25% of Multiplex Development No. 6A Unit Trust (2008: 50% and 25% respectively).

	Consolidated 2009 $	Consolidated 2008 $	Fund 2009 $	Fund 2008 $
6 Auditor's remuneration				
Auditors of the Fund, KPMG:				
Audit and review of financial reports	108,800	83,000	108,800	15,000
Non-audit services	9,500	7,700	9,500	7,700
Total auditor's remuneration	**118,300**	**90,700**	**118,300**	**22,700**

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

7 Earnings per unit

Classification of securities as ordinary units

All securities have been classified as ordinary units and included in basic earnings per unit, as they have the same entitlement to distributions. There are no dilutive potential ordinary units, therefore diluted EPU is the same as basic EPU.

Earnings per unit has been calculated in accordance with the accounting policy per Note 3o.

		Consolidated 2009	2008
Net loss attributable to unitholders	$'000	(86,300)	(37,034)
Weighted average number of ordinary units used in the calculation of basic earnings per unit	'000	281,765	281,765
Basic and diluted earnings per ordinary unit	cents	(30.63)	(13.14)

8 Distributions

Distributions paid/payable by the Fund to unitholders are detailed below. During the current year there were no distributions paid other than the September 2008 distribution paid on 31 October 2008.

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	1.00	2,818	31 October 2008
Total distribution for the year ended 30 June 2009	**1.00**	**2,818**	
Ordinary units			
June 2008 distribution	1.20	3,382	31 July 2008
March 2008 distribution	1.20	3,381	30 April 2008
December 2007 distribution	1.20	3,381	31 January 2008
September 2007 distribution	1.20	3,381	31 October 2007
Total distribution for the year ended 30 June 2008	**4.80**	**13,525**	

Distributions paid for the year ended 30 June 2009 have been paid out of the Consolidated Entity's realised revenues and expenses.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
9 Trade and other receivables				
Current				
Prepayments and accrued income	866	–	728	–
Distributions receivable	150	3,275	–	–
Receivables due from controlled entities	–	–	40,237	42,554
Other receivables	–	942	1	949
	1,016	**4,217**	**40,966**	**43,503**
Non-current				
Equity receivable	104,034	92,153	104,034	92,153
	104,034	**92,153**	**104,034**	**92,153**

The units on issue are $1.00 units partly paid, with $0.60 received on allotment and the remaining $0.40 due to be received from unitholders on 15 June 2011. Unitholders are required to pay the remaining $0.40 per unit by 15 June 2011. If unitholders fail to pay the full amount of the deferred settlement by the due date, the Responsible Entity may determine that those units are forfeited by the unitholder. The Responsible Entity may dispose of forfeited units in any manner it decides, in accordance with the *Corporations Act 2001*. The forfeiting unitholder is still liable to pay all unpaid amounts, including the final instalment amount of $0.40 per unit, plus penalty interest and expenses incurred in relation to the forfeiture or disposal of units less the amount raised from the sale of the forfeited units. Any surplus funds after disposal of the forfeited units will be paid to the ex-unitholder whose units were forfeited.

The due date for payment of the final instalment is 15 June 2011, however, that may be accelerated in the following limited circumstances:
- to cure a material breach of a debt facility;
- an insolvency event occurs in relation to the Fund (which may arise, for example, if the Term Facility or Partly Paid Facility are accelerated following an event of default);
- the Fund fails to pay any amount owing in respect of the Partly Paid Facility;
- any of the financial covenants set out in the Partly Paid Facility are breached (following an appropriate remedy period);
- a material lease terminates and the Banks determine that the financial covenants will not be satisfied following the lease termination; or
- Brookfield Multiplex Capital Management Limited is replaced as Responsible Entity of the Fund.

Upon finalising the 30 June 2009 external property valuations, the Fund communicated to its financiers that the requirements of the LVR covenants will not be met. On 29 July 2009, the Fund received a letter from the financiers waiving an event of default that may arise and a waiver in respect of an acceleration event of the Partly Paid Facility. This waiver is in force until 30 September 2009. If the Entitlement Offer is not successfully completed, and should the financiers call upon the debt or accelerate the Partly Paid Facility, there is uncertainty surrounding the realisation of the equity receivable balance.

10 Investment properties

There are no investment properties held by the Fund. The Consolidated Entity holds the following investment properties at the reporting date:

Description	Cost including additions $'000	Latest external valuation $'000	Latest external valuation date	Valuation cap rate	June 2009 book value $'000	June 2008 book value $'000
Defence Plaza	67,642	56,700	Jun-09	8.50%	56,700	74,600
American Express Building	124,783	124,400	Jun-09	7.25%	124,400	137,000
Total investment properties	**192,425**	**181,100**			**181,100**	**211,600**

The Consolidated Entity owns 50% of Latitude Landowning Trust and 25% of Multiplex Development No. 6A Unit Trust. These investments are accounted for using the equity method. The Consolidated Entity's proportionate value ownership of properties held through these associates is as follows:

Description	Valuation cap rate range	June 2009 book value $'000	June 2008 book value $'000
Total commercial investment properties	7.38% - 7.50%	386,325	428,750
Total investment properties held by associates		**386,325**	**428,750**

Independent valuations

The Consolidated Entity's policy is to value properties at each reporting date internally or externally. When internal valuations performed indicate a change in carrying value greater than 5%, or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation, external valuations are obtained. External valuations are obtained at least every three years. Generally, all external valuations are adopted as the fair value of the investment property at the relevant reporting date. When internal valuations indicate a change from the carrying value between 2% and 5% the internal valuation is adopted.

The entire property portfolio (including properties held through associates) has been independently valued as at 30 June 2009. The properties directly held by the Consolidated Entity have been valued by CB Richard Ellis (Victoria) and the properties held through associates have been valued by Savills (NSW). They have been valued in accordance with the Australian Property Institute's Code of Professional Practice 2002. The Directors of the Board have been guided by these valuations in assessing the fair value of these properties as at the reporting date.

The external valuations have been undertaken using a discounted cash flow (DCF) approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rental and forecast net annual cash flows receivable from the properties.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Reconciliation of movement in fair value of investment properties		
Opening balance	211,600	80,000
Acquisition of American Express building	–	124,892
Capital expenditure	486	94
Net (loss)/gain on fair value adjustment of investment property	(30,986)	6,614
	181,100	**211,600**

Investment property comprises two commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period, which varies across tenants. Subsequent renewals are negotiated with the lessee.

Leasing arrangements

Investment properties are leased to tenants under long term operating leases with rentals receivable monthly. The weighted average lease term of the investment properties is 7.4 years (2008: 8.3 years). Minimum lease payments under non cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000
Within one year	15,823	15,607
Later than one year but not later than five years	43,580	46,652
Later than five years	46,875	51,825
	106,278	**114,084**

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
11 Investments – available for sale				
Cost of investments – listed property trusts	58,304	64,021	–	–
Fair value adjustment	–	–	–	–
Impairment – listed property trusts	(53,168)	(44,718)	–	–
Total investment properties – available for sale	**5,136**	**19,303**	**–**	**–**

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

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Investments – available for sale (listed property trusts)				
Carrying amount as at 1 July	(44,718)	–	–	–
Reduction of impairment balance due to disposal of investments	4,240	–	–	–
Impairment recognised in the year	(12,690)	(44,718)	–	–
Carrying amount as at 30 June	**(53,168)**	**(44,718)**	**–**	**–**

Reconciliation of the impairment expense recognised in the Income Statement is set out below:

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	30 June 2009 $'000	30 June 2008 $'000
Investments – available for sale assets				
Impairment recognised – listed property trusts	12,690	44,718	–	–
Investments – controlled entities				
Impairment recognised – investment in controlled entities	–	–	13,093	48,082
	12,690	**44,718**	**13,093**	**48,082**

Impairment

During the year, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of $12,690,000 in relation to its available for sale assets (2008: $44,718,000). The Fund recognised an impairment loss in relation to its investments in controlled entities totalling $13,093,000 (2008: $48,082,000). Further information in relation to the impairment loss on investments in controlled entities can be found in Note 12 of the financial report.

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

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

	Fund			
	2009 Ownership %	2009 $'000	2008 Ownership $'000	2008 $'000
12 Investments in controlled entities				
Multiplex Southern Cross East Investment Trust	100	132,104	100	132,104
Multiplex Acumen Latitude Investment Trust	100	260,513	100	260,513
Multiplex Defence Plaza Investment Trust	100	69,003	100	69,003
Brookfield Multiplex King Street Wharf Site 3B Landowning Trust	100	89,234	100	89,234
Multiplex Acumen LPS Investment Trust	100	63,104	100	63,104
Provision for impairment		(61,175)		(48,082)
Investments in controlled entities		**552,783**		**565,876**

A review of the carrying value of the investment in controlled entities at 30 June 2009 indicated that the investment in the units of Multiplex Acumen LPS Investment Trust is impaired. A provision of $13,093,000 was therefore recorded in the current year (2008: $48,082,000) to reflect the value of the investment at a value equivalent to the value of net assets attributable to the underlying subsidiary investment.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
13 Trade and other payables				
Management fee payable	4,029	1,534	4,029	1,534
Amounts owed to controlled entities	–	–	5,236	5,744
Interest payable	329	442	329	442
Other payables and accruals	574	492	222	68
	4,932	**2,468**	**9,816**	**7,788**

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
14 Interest bearing liabilities				
Current				
Secured bank debt	520,514	–	520,514	–
Debt establishment fees	(1,964)	–	(1,964)	–
Non-current				
Secured bank debt	–	525,514	–	525,514
Debt establishment fees	–	(2,748)	–	(2,748)
Total interest bearing liabilities	**518,550**	**522,766**	**518,550**	**522,766**

	Expiry Date	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
Finance arrangements					
Facilities available					
Bank debt facilities					
- Term facility	December 2011	407,714	420,000	407,714	420,000
- Partly paid facility	December 2011	112,800	112,800	112,800	112,800
Total available interest bearing liabilities		**520,514**	**532,800**	**520,514**	**532,800**
Less: facilities utilised					
- Term facility		407,714	412,714	407,714	412,714
- Partly paid facility		112,800	112,800	112,800	112,800
Total facilities utilised		**520,514**	**525,514**	**520,514**	**525,514**
Unused facilities at reporting date					
- Term facility		–	7,286	–	7,286
- Partly paid facility		–	–	–	–
Total unused facilities		**–**	**7,286**	**–**	**7,286**

The security granted in favour of the banks in support of the obligations under the Term and Partly Paid tranches of the Facility are limited to the assets and income of the Fund and include real property mortgages over the relevant properties. Security for the Partly Paid Facility also includes a fixed charge over the Fund's right to receive the final instalment of equity in accordance with the terms of the Constitution.

The Fund has two financial covenants on the Facility, an interest coverage ratio (ICR) and a loan to value ratio (LVR). At 30 June 2009, the Fund was in compliance with the ICR covenants on both the Term and Partly Paid tranches of the Facility. Subsequent to the balance date, the investment property valuations relating to the 30 June 2009 date were finalised and the Fund communicated to its financiers that the requirements of the LVR covenants will not be met.

The LVR limit on the Term Facility states that the total borrowing on the Term Facility must not exceed the sum of 67.5% of the value of investment properties (including investment properties held through associates) and 50% of the value of the A-REIT portfolio. The Term Facility limit based on external property valuations at 30 June 2009 indicates that the total value based on the above criteria had a shortfall to the borrowing on the term facility by $22,100,000. The LVR limit on the Partly Paid Facility states that the total borrowing on both the Term and Partly Paid tranches of the Facility jointly must not exceed 85% of the sum of the value of investment properties (including investment properties held through associates) and the A-REIT portfolio. The Fund did not meet the Partly Paid Facility LVR covenant limit as the LVR based on the external valuations as at 30 June 2009 is 90.9%. However the financiers of the Fund have agreed to a waiver of those breaches in LVR covenants until 30 September 2009. At the date of this report, being 31 August 2009, there has been no change to the due date of the equity instalment from unitholders as a result of the above covenant testing.

As outlined in the Directors' Report, the announcement to the ASX dated 24 August 2009 and Note 23, the Fund intends to conduct a capital raising of $50 million by way of a rights offering of ordinary partly paid units to all unitholders (Entitlement Offer), the proceeds of which will be used to reduce the Fund's debt by at least $44,700,000.

14 Interest bearing liabilities continued

Derivatives

The Fund and Consolidated Entity have entered into interest rate swaps to hedge the interest rate risk on the floating rate interest bearing liabilities above. As the derivatives are deemed effective hedges for accounting purposes, fair value changes are recognised in reserves. The Fund's and Consolidated Entity's holdings in derivatives are detailed below.

Type of contract	Expiration	Underlying instrument	Fixed rate %	Notional amount of contracts outstanding $'000	Fair value (assets) $'000	Fair value (liabilities) $'000
As at 30 June 2009	July 2011	Floating to fixed	5.68	527,786	–	15,485
As at 30 June 2008	July 2011	Floating to fixed	5.68	523,534	30,139	–

The Fund and Consolidated Entity are party to swaption agreements which provide the existing financier the option to extend the existing interest rate swap agreements to 2016 at the current hedged rate plus 20 basis points. This option can be exercised by the existing financiers should the debt remain unpaid on maturity in July 2011. At 30 June 2009, the fair value of the swaption derivatives is a liability of $7,084,000 (2008: liability of $2,739,000).

	Year ended 30 June 2009 $'000	Year ended 30 June 2009 Units	Year ended 30 June 2008 $'000	Year ended 30 June 2008 Units
15 Units on issue				
Units on issue				
Opening balance	261,212	281,764,877	257,770	281,764,877
Equity receivable movement	11,880	–	3,442	–
Closing balance	**273,092**	**281,764,877**	**261,212**	**281,764,877**
Unit issue costs				
Opening balance	20,375	–	20,375	–
Expenses of the offer	–	–	–	–
Closing balance	**20,375**	**–**	**20,375**	**–**
Total units on issue	**252,717**	**281,764,877**	**240,837**	**281,764,877**

Ordinary units

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

The units on issue are $1.00 units partly paid, with $0.60 received on allotment and the remaining $0.40 due to be received from unitholders on 15 June 2011. The unpaid portion has been discounted at a rate of 4.01% (2008: 6.73%), which amounts to $104,034,000 (2008: $92,153,000). This amount is shown within non-current trade and other receivables (refer to Note 9).

16 Reserves

Reserves

A summary of the Fund's and Consolidated Entity's reserves are provided below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Hedge reserve	(26,195)	21,714	(26,195)	21,714
Total reserves	**(26,195)**	**21,714**	**(26,195)**	**21,714**

Available for sale reserve

Movements in the carrying value of the available for sale reserve during the year were as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Opening balance	–	5,785	–	–
Fair value movement in relation to listed investments	(12,690)	(50,503)	–	–
Impairment recognised on available for sale assets	12,690	44,718	–	–
Closing balance	**–**	**–**	**–**	**–**

The Consolidated Entity recognised an impairment loss on its listed property trust portfolio during the year. Refer to Note 11 for further details.

Hedge reserve

Movements in the carrying value of the hedge reserve during the year were as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Opening balance	21,714	13,266	21,714	13,266
Fair value movement in relation to interest rate swap hedges	(47,909)	8,448	(47,909)	8,448
Closing balance	**(26,195)**	**21,714**	**(26,195)**	**21,714**

Fair value movement in relation to interest rate swap hedges in the current year includes amortisation of $1,851,000 related to the initial purchase cost of the derivative instruments (2008: $1,857,000).

17 Undistributed losses

Movements in the undistributed losses during the year were as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Opening balance	(3,654)	46,905	(64,464)	(14,391)
Net loss	(86,300)	(37,034)	(11,388)	(36,548)
Distributions to unitholders	(2,818)	(13,525)	(2,818)	(13,525)
Closing balance	**(92,772)**	**(3,654)**	**(78,670)**	**(64,464)**

18 Financial instruments

Significant accounting policies

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

a Capital risk management

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

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

There were no changes in the Fund's or Consolidated Entity's approach to capital management during the year. Neither the Fund nor any of its subsidiaries are subject to externally imposed capital requirements.

b Financial risk management

Overview

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

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

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

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

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

Investment mandate

The Fund's investment mandate, as disclosed in its Constitution and Product Disclosure Statement, is to invest in A-grade commercial property assets in Australia and listed property trust securities.

Derivative financial instruments

Whilst the Fund utilises derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Fund's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Fund.

18 Financial instruments continued

c Credit risk

Sources of credit risk and risk management strategies

Credit risk is the risk of financial loss to the Fund or Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Fund and Consolidated Entity are exposed to both direct and indirect credit risk.

Direct credit risk arises principally from the Consolidated Entity's unitholders, property tenants, investments in listed property trusts and derivative counterparties. For the Fund, credit risk arises principally from receivables due from subsidiaries and derivative counterparties. Other credit risk also arises for both the Fund and Consolidated Entity from cash and cash equivalents and distributions receivable from listed property trusts.

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

Trade and other receivables

The Fund's and Consolidated Entity's exposures to credit risk are influenced mainly by the individual characteristics of each tenant and counterparty. The Fund and Consolidated Entity manage and minimise exposure to credit risk by:

- securing well known and long term tenants, with strong lease covenants;
- obtaining bank guarantees from tenants;
- managing and minimising exposures to individual tenants; and
- monitoring receivables balances on an ongoing basis.

Equity receivable

The units on issue are $1.00 units partly paid, with $0.60 received on allotment and the remaining $0.40 due to be received from unitholders on 15 June 2011. Unitholders are required to pay the remaining $0.40 per unit by 15 June 2011. If unitholders fail to pay the full amount of the deferred settlement by the due date, the Responsible Entity may determine that those units are forfeited by the unitholder. The Responsible Entity may dispose of forfeited units in any manner it decides, in accordance with the *Corporations Act 2001*. The forfeiting unitholder is still liable to pay all unpaid amounts (including the final instalment amount of $0.40 per unit, plus penalty interest and expenses incurred in relation to the forfeiture or disposal of units less the amount raised from the sale of the forfeited units). Any surplus funds after disposal of the forfeited units will be paid to the ex-unitholder whose units were forfeited.

The due date for payment of the Final Instalment is 15 June 2011, however, that may be accelerated in the following limited circumstances:

- to cure a material breach of a debt facility;
- an insolvency event occurs in relation to the Fund (which may arise, for example, if the Term Facility or Partly Paid Facility are accelerated following an event of default);
- the Fund fails to pay any amount owing in respect of the Partly Paid Facility;
- any of the financial covenants set out in the Partly Paid Facility are breached (following an appropriate remedy period);
- a material lease terminates and the Banks determine that the financial covenants will not be satisfied following the lease termination; or
- Brookfield Multiplex Capital Management Limited is replaced as Responsible Entity of the Fund.

After receipt of the final instalment amount, the Fund must repay the Partly Paid Facility.

As disclosed in Note 14, although the Fund is not in compliance with its LVR covenant, at the date of this report there has been no change to the due date of the equity instalment from unitholders. Should the financiers accelerate the Term Facility or call a Partly Paid Facility tranche acceleration event, there is uncertainty related to the timing of realising the equity receivable, which is currently classified as a non-current asset in the Balance Sheet.

Investments – available for sale

Credit risk arising from investments is mitigated by investing in securities in accordance with the Fund's Constitution and Product Disclosure Statement. The Consolidated Entity invests in listed investments with the following characteristics:

- the securities are included in the S&P/ASX 300 Property Index;
- greater than 75% of the fund's earnings must be from rent and funds management income;
- the investment portfolio must contain a minimum of five different funds to ensure diversity; and
- the portfolio is not to have an exposure greater than 50% to a single fund manager, 50% to a single property security or 30% to a single tenant.

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

18 Financial instruments continued

Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions that meet the Fund's and Consolidated Entity's minimum credit rating criteria. The Fund also utilises the International Swaps and Derivatives Association's (ISDA's) agreements with derivative counterparties where possible to limit the credit risk exposure of such transactions by allowing settlement of derivative transaction on a net rather than gross basis.

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

Exposure to credit risk

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

	Consolidated 2009 $'000	2008 $'000	Fund 2009 $'000	2008 $'000
Cash and cash equivalents	1,259	3,485	1,004	3,096
Trade and other receivables	1,016	4,217	40,966	43,503
Equity receivable	104,034	92,153	104,034	92,153
Investments – available for sale	5,136	19,303	–	–
Fair value financial derivatives	–	27,400	–	27,400
Total	**111,445**	**146,558**	**146,004**	**166,152**

Concentrations of credit risk exposure

The Fund and Consolidated Entity are exposed to credit risk on the equity receivable. The three largest unitholders each hold more than 10% of the units of the Fund and represent a concentration of credit risk to the Fund and Consolidated Entity in respect of their obligations under the equity receivable. There are no other significant exposures of credit risk to the Fund or Consolidated Entity at 30 June 2009.

Collateral obtained/held

Where applicable, the Fund and Consolidated Entity obtain collateral from counterparties to minimise the risk of default on their contractual obligations. All tenants of the Consolidated Entity's property assets have provided bank guarantees in favour of the direct property-owning entities within the Consolidated Entity. At the current and prior reporting dates the Fund and Consolidated Entity did not hold any other collateral in respect of its financial assets. As at 30 June 2008, the Consolidated Entity held a registered mortgage over the American Express building site and a charge over the assets of Multiplex W9&10 Stage 3B Pty Limited as trustee of Multiplex Stage 3B Landowning Trust.

During the year ended 30 June 2009 neither the Fund nor the Consolidated Entity called on any collateral provided (2008: nil).

Financial assets past due but not impaired

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

	Consolidated 2009 $'000	2008 $'000	Fund 2009 $'000	2008 $'000
Current	866	4,217	40,966	43,503
Past due 0-30 days	132	–	–	–
Past due 31-120 days	18	–	–	–
Past due 121 days to one year	–	–	–	–
More than one year	–	–	–	–
Total	**1,016**	**4,217**	**40,966**	**43,503**

For the Fund and Consolidated Entity, amounts recognised above are not deemed to be impaired. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired (2008: nil). During the year ended 30 June 2009, receivables totalling $261,500 were written off by the Consolidated Entity (2008: nil). The Fund did not impair any receivables during the current year (2008: nil).

18 Financial instruments continued

d Liquidity risk

Sources of liquidity risk and risk management strategies

Liquidity risk is the risk the Fund and Consolidated Entity will not be able to meet their financial obligations as and when they fall due. The Fund and Consolidated Entity are exposed to direct and indirect liquidity risk in the normal course of their operations.

The main sources of liquidity risk for the Fund and Consolidated Entity are the timing of repayment and refinancing of interest bearing liabilities. The Fund's and Consolidated Entity's approach to managing liquidity risk is to monitor the timing of their interest bearing liabilities and ensure that discussions with financiers are commenced well in advance of any scheduled maturity date.

The Fund and Consolidated Entity also manage liquidity risk by maintaining adequate banking facilities, through continuous monitoring of forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

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

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

Interest bearing liabilities

The Consolidated Entity is exposed to liquidity risk (refinancing risk) on its interest bearing loans. The Consolidated Entity manages this risk by ensuring debt maturity dates and loan covenants are regularly monitored and negotiations with counterparties are commenced well in advance of the debt's maturity date.

Investments – available for sale

The Consolidated Entity's listed investments are considered readily realisable as they are listed on the Australian Stock Exchange. The Fund's and Consolidated Entity's liquidity risk is also managed in accordance with their investment strategy, as disclosed in the Product Disclosure Statement. Refer to Note 14 for details of banking facilities available. The Fund's and Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2008.

Defaults and breaches

As at 30 June 2009, the Fund was not in compliance with the requirements of its LVR covenants. The financiers of the Fund have agreed to a waiver of the breach in LVR covenants which is currently in effect until 30 September 2009. Refer to Note 14 for further detail.

18 Financial instruments continued

Maturity analysis of financial liabilities

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

	Consolidated $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Trade and other payables	4,932	4,932	4,932	–	–	–
Interest bearing liabilities	518,550	562,454	16,776	16,776	528,902	–
Effect of interest rate swap	22,569	74,946	29,978	29,978	14,990	–
Total financial liabilities	**546,051**	**642,332**	**51,686**	**46,754**	**543,892**	**–**
2008						
Trade and other payables	2,468	2,468	2,468	–	–	–
Interest bearing liabilities	522,766	663,463	39,414	39,414	584,635	–
Distributions payable	3,387	3,387	3,387	–	–	–
Effect of interest rate swap	(27,400)	(29,537)	(9,528)	(9,528)	(10,481)	–
Total financial liabilities	**501,221**	**639,781**	**35,741**	**29,886**	**574,154**	**–**

	Fund $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Trade and other payables	9,816	9,816	9,816	–	–	–
Interest bearing liabilities	518,550	562,454	16,776	16,776	528,902	–
Effect of interest rate swap	22,569	74,946	29,978	29,978	14,990	–
Total financial liabilities	**550,935**	**647,216**	**56,570**	**46,754**	**543,892**	**–**
2008						
Trade and other payables	7,788	7,788	7,788	–	–	–
Interest bearing liabilities	522,766	663,463	39,414	39,414	584,635	–
Distributions payable	3,387	3,387	3,387	–	–	–
Effect of interest rate swap	(27,400)	(29,537)	(9,528)	(9,528)	(10,481)	–
Total financial liabilities	**506,541**	**645,101**	**41,061**	**29,886**	**574,154**	**–**

Cash flow hedges – timing of cash flows

The Fund and Consolidated Entity have entered into interest rate swaps which are used to hedge the interest rate risk on the Fund's and Consolidated Entity's interest bearing liabilities. The timing of cash flows on the derivatives are matched to the timing of interest payments due on the interest bearing liabilities. Interest payments on the interest bearing liabilities and derivatives occur monthly. The cash flow hedges will impact the Income Statement at the same time as the underlying cash flows, whilst the hedges remain effective. It is expected the hedges will remain effective for the duration of their term.

Other derivatives

The Fund and Consolidated Entity are counterparty to a swaption agreement which enables the financiers of the Fund's existing financing facilities to extend the terms of the interest rate swaps for a period of five years at a rate 20 basis points higher than the current hedged rate. The ability for the financiers to extend the existing interest rate swap agreements is nullified if the existing facilities are repaid prior to this date. At 30 June 2009 the value of the swaptions was a liability of $7,084,000 (2008: $2,739,000).

18 Financial instruments continued

e Market risk

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

Sources of market risk and risk management strategies

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

The Consolidated Entity will only invest in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitors the performance of those funds.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Fund and Consolidated Entity is derived from interest bearing liabilities and cash balances.

18 Financial instruments continued

The table below shows the Fund's and Consolidated Entity's direct exposure to interest rate risk at year end, including maturity dates.

	Floating rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2009			
Financial assets			
Cash and cash equivalents	1,259	–	1,259
Trade and other receivables	104,034	1,016	105,050
Investments available for sale	–	5,136	5,136
Total financial assets	**105,293**	**6,152**	**111,445**
Financial liabilities			
Trade and other payables	–	4,932	4,932
Interest bearing liabilities	518,550	–	518,550
Financial derivatives	22,569	–	22,569
Total financial liabilities	**541,119**	**4,932**	**546,051**
Fund 2009			
Financial assets			
Cash and cash equivalents	1,004	–	1,004
Trade and other receivables	104,034	40,966	145,000
Total financial assets	**105,038**	**40,966**	**146,004**
Financial liabilities			
Trade and other payables	–	9,816	9,816
Interest bearing liabilities	518,550	–	518,550
Financial derivatives	22,569	–	22,569
Total financial liabilities	**541,119**	**9,816**	**550,935**
Consolidated 2008			
Financial assets			
Cash and cash equivalents	3,485	–	3,485
Trade and other receivables	92,153	4,217	96,370
Investments – available for sale	–	19,303	19,303
Financial derivatives	27,400	–	27,400
Total financial assets	**123,038**	**23,520**	**146,558**
Financial liabilities			
Trade and other payables	–	2,468	2,468
Interest bearing liabilities	522,766	–	522,766
Distributions payable	–	3,387	3,387
Total financial liabilities	**522,766**	**5,855**	**528,621**
Fund 2008			
Financial assets			
Cash and cash equivalents	3,096	–	3,096
Trade and other receivables	92,153	43,503	135,656
Financial derivatives	27,400	–	27,400
Total financial assets	**122,649**	**43,503**	**166,152**
Financial liabilities			
Trade and other payables	–	7,788	7,788
Interest bearing liabilities	522,766	–	522,766
Distributions payable	–	3,387	3,387
Total financial liabilities	**522,766**	**11,175**	**533,941**

18 Financial instruments continued

Sensitivity analysis

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

	2009 + 1% Profit and loss $'000	2009 + 1% Equity $'000	2009 - 1% Profit and loss $'000	2009 - 1% Equity $'000	2008 + 1% Profit and loss $'000	2008 + 1% Equity $'000	2008 - 1% Profit and loss $'000	2008 - 1% Equity $'000
Consolidated Entity								
Interest on cash	13	13	(13)	(13)	42	42	(42)	(42)
Interest bearing liabilities	(5,205)	(5,205)	5,205	5,205	(5,063)	(5,063)	5,063	5,063
Trade and other receivables	–	(2,052)	–	2,095	–	(2,708)	–	2,791
Swap proceeds	5,278	5,278	(5,278)	(5,278)	5,014	5,014	(5,014)	(5,014)
Fair value of derivatives	–	14,626	–	(17,720)	–	14,856	–	(17,166)
Total increase/(decrease)	**86**	**12,660**	**(86)**	**(15,711)**	**(7)**	**12,141**	**7**	**(14,368)**
Fund								
Interest on cash	10	10	(10)	(10)	36	36	(36)	(36)
Interest bearing liabilities	(5,205)	(5,205)	5,205	5,205	(5,063)	(5,063)	5,063	5,063
Trade and other receivables	–	(2,052)	–	2,095	–	(2,708)	–	2,791
Swap proceeds	5,278	5,278	(5,278)	(5,278)	5,014	5,014	(5,014)	(5,014)
Fair value of derivatives	–	14,626	–	(17,720)	–	14,856	–	(17,166)
Total increase/(decrease)	**83**	**12,657**	**(83)**	**(15,708)**	**(13)**	**12,135**	**13**	**(14,362)**

Foreign currency risk

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

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

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

f Other market risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices. The primary source of other market risk for the Consolidated Entity is associated with its listed property trust portfolio. The Fund is not exposed to other similar market risk.

The Responsible Entity manages the Consolidated Entity's market risk on a daily basis in accordance with the Consolidated Entity's investment objectives and policies. These are detailed in the Fund's constitution and Product Disclosure Statement.

Sensitivity analysis

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

	2009 + 10% Profit and loss $'000	2009 + 10% Equity $'000	2009 - 10% Profit and loss $'000	2009 - 10% Equity $'000	2008 + 10% Profit and loss $'000	2008 + 10% Equity $'000	2008 - 10% Profit and loss $'000	2008 - 10% Equity $'000
Consolidated Entity								
Listed investments	514	514	(514)	(514)	1,930	1,930	(1,930)	(1,930)

18 Financial instruments continued

g Fair values

Methods for determining fair values

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

Trade and other receivables

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

Non-derivative financial liabilities

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

Fair values versus carrying amounts

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

Derivatives

The fair value of derivative contracts is based on present value of future cash flows, discounted at the market rate of interest at the reporting date.

19 Reconciliation of cash flows from operating activities	Consolidated 2009 $'000	2008 $'000	Fund 2009 $'000	2008 $'000
Loss for the year	**(86,300)**	**(37,034)**	**(11,388)**	**(36,548)**
Adjustments for:				
Items classified as investing activities				
- Share of profit of associates	15,645	(21,225)	–	–
- Loss/(gain) on sale of investments	354	(1,153)	–	–
- Distribution income – listed property trusts	–	(4,257)	–	–
- Distribution income from controlled entities	–	–	(43,485)	(50,865)
Non cash items				
- Amortisation expenses	2,636	2,643	2,636	2,643
- Impairment expense	12,690	44,718	13,093	48,082
- Net loss/(gain) from property revaluations	30,986	(6,614)	–	–
Operating loss before changes in working capital	**(23,989)**	**(22,922)**	**(39,144)**	**(36,688)**
Changes in assets and liabilities during the year:				
(Increase)/decrease in receivables	(69)	707	220	(15)
Increase/(decrease) in payables	2,415	(4,070)	2,745	(3,102)
Net cash used in operating activities	**(21,643)**	**(26,285)**	**(36,179)**	**(39,805)**

20 Related parties

Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866) whose immediate and ultimate holding company is Brookfield Multiplex Limited (ABN 96 008 687 063) which is incorporated and domiciled in Australia.

Key management personnel

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

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

20 Related parties continued

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

Directors' interests

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

Director	Multiplex Prime Property Fund units held
Peter Morris	–
Brian Motteram	–
Robert McCuaig	60,000
Mark Wilson	–
Brian Kingston	–

Responsible Entity's fees and other transactions

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

Performance fee

A performance fee of 5.125%-15.375% (including GST less any reduced input tax credits) of the out-performance of the Consolidated Entity against the benchmark return is payable to the Responsible Entity half yearly. The benchmark return is the annualised compound return of the UBS Commercial Property Accumulation (200 Index). Where the Consolidated Entity exceeds the benchmark return, the performance fee will be calculated in two tiers as follows:
- a Tier 1 performance fee equal to 5.125% (including GST less any reduced input tax credits) of the amount by which the total return of the Fund exceeds the benchmark; and
- a Tier 2 performance fee which is applicable only where the Fund produces a total return out performance in excess of 1% per 6 month period above benchmark. This tier of the fee is calculated as 15.375% (including GST less any reduced input tax credits) of the amount by which the total return of the Fund is in excess of 1% above the benchmark for the 6 month period (for a year, roughly equivalent to returns over the benchmark plus 2% per annum).

Any previous underperformance must be recovered before a performance fee becomes payable. The benchmark return for June 2009 has not been met.

During the current year and as at 30 June 2009, no performance fee has been paid or is payable (2008: nil).

Management fee

A base management fee, calculated as a percentage per annum of the gross value of assets, is payable to the Responsible Entity. The fee is payable by the Fund quarterly in arrears. The Responsible Entity may waive or defer all or part of the management fee in any particular period. At 30 June 2009 the management fee payable is $4,029,000 (2008: $1,534,000).

Related party unitholders

The following related parties held units in the Fund during the year:
- Brookfield Multiplex Funds Management Limited as custodian for Multiplex Colt Investments Pty Ltd as trustee for Multiplex Colt Investment Trust holds 60,860,029 units or 21.6% of the Fund at year end (2008: 60,860,029 units or 21.6%).
- ANZ Nominees Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Acumen Property Fund holds 27,894,723 units or 9.9% of the Fund (2008: 27,894,723 units or 9.9%).

20 Related parties continued

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Transactions with subsidiaries				
Distribution income	–	–	43,485	50,865
Intercompany loans receivable	–	–	40,237	42,544
Intercompany loans payable	–	–	5,236	5,744
Transactions with associates				
Distribution income	26,460	25,579	–	–
Distributions receivable (included in trade and other receivables)	–	2,028	–	–
Transactions with the Responsible Entity				
Management fees	4,163	2,983	4,163	2,983
Expense reimbursements	103	4,944	103	4,944
Management fees payable (included in trade and other payables)	4,029	1,534	4,029	1,534
Transactions with related parties of the Responsible Entity				
Interest income	–	3,351	–	–
Lease support income	–	239	–	–
Distributions paid	888	4,260	888	4,260
Custody fees	26	–	26	–
Distributions payable	–	1,065	–	1,065
Custody fees payable	13	–	13	–

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

Irrevocable offers

The subsidiaries that own the assets of the Fund (excluding the listed property trust (A-REIT) portfolio) have each granted an irrevocable offer in favour of Brookfield Multiplex giving it the right to acquire those assets upon a change in the responsible entity of the Fund to an entity that is not a Brookfield Multiplex Group member or a transaction that results in the trustee of the sub-trust being controlled by an entity which is not a Brookfield Multiplex Group member (each referred to as an Acceptance Event).

In certain circumstances, these rights are subject to any pre-existing prior options or rights of pre-emption in favour of third parties. The price will be the market price as determined by an independent valuer or accountant in accordance with generally accepted valuation standards, practices and principles, unless the parties agree on a market price without awaiting the valuation. The independent valuer or accountant must take into account certain factors such as the current market value of assets of comparable quality, composition and asset holding, the current and potential tenants likely to be obtainable in the marketplace for the underlying real property assets given their nature and quality and that the parties are willing but not anxious. Brookfield Multiplex may accept the offer within four months of an Acceptance Event occurring.

Right of first and last refusal

The owners of the subsidiaries that own the assets of the Fund (excluding the A-REIT portfolio) have each agreed with Brookfield Multiplex they must not sell or otherwise deal with those assets unless they offer the asset to Brookfield Multiplex on a first and last basis.

In certain circumstances, these rights are subject to any pre-existing prior options or rights of pre-emption in favour of third parties. If the Fund wishes to transact with any of these assets, it must give Brookfield Multiplex a notice of its desire to do so, enclosing a terms sheet.

If Brookfield Multiplex wishes to accept the offer, it has 30 business days to notify the Fund of its acceptance. If Brookfield Multiplex does not wish to accept the first offer, the Fund may, subject to the right of last refusal, negotiate in relation to the same transaction with third parties.

If, following those negotiations, the Fund wishes to enter into a legally enforceable agreement with a third party, the Fund must again give Brookfield Multiplex notice of its desire to sell, disclosing the terms of the final offer (including price and identity of the third party) together with formal transaction documents. If Brookfield Multiplex wishes to accept the offer, it has 20 business days to notify the Fund of its acceptance.

20 Related parties continued

If Brookfield Multiplex does not wish to accept the final offer, the Fund may transact with the third party on the terms set out in the terms sheet and the formal transaction documents. If the transaction does not proceed with the third party within six months after the end of the 20 business day period, the first and last right of refusal process must recommence.

If the Fund wishes to transact with Brookfield Multiplex directly in relation to any of the Fund Assets (excluding the A-REIT portfolio), including any future assets that the Fund may purchase, or if the Fund receives an unsolicited offer from Brookfield Multiplex, it must at all times comply with the Brookfield Multiplex conflicts policy. That is, it will require the unanimous approval of the Independent Directors on the Board of the Responsible Entity to any such transaction. In addition, the Responsible Entity will not transact with Brookfield Multiplex in relation to any of the Fund Assets (excluding the A-REIT portfolio), including any future assets that the Fund may purchase, at a price less than the price determined at that time by an independent valuer in accordance with generally accepted valuation standards, practices and principles.

21 Contingent liabilities and assets

No contingent liabilities or assets existed at 30 June 2009 (30 June 2008: nil).

22 Capital and other commitments

There were no capital or other commitments at 30 June 2009 (30 June 2008: nil).

23 Events subsequent to the reporting date

A-REIT portfolio

The fair value of the Consolidated Entity's listed property trust portfolio at close of business on the business day immediately prior to the date the financial statements were approved was $5,675,021, which represents a change of $538,823 from the fair value at 30 June 2009. The financial statements have not been amended to reflect this change in fair value. Had the financial statements been amended, the impact would have been to decrease impairment expense and increase available for sale assets by $538,823.

Interest bearing liabilities

At 30 June 2009 the Fund was in compliance with its ICR covenants. Subsequent to the balance date, the investment property valuations relating to the 30 June 2009 date were finalised and the Fund communicated to its financiers that the requirements of the LVR covenants will not be met. On 29 July 2009 the financiers of the Fund agreed to a waiver of the breaches of the LVR covenants. This waiver is currently in force until 30 September 2009.

On 24 August 2009 the Fund announced to the ASX that it intends to conduct a capital raising of $50 million by way of a rights offering of ordinary partly paid units to all unitholders (Entitlement Offer), the proceeds of which will be used to reduce the Fund's debt by at least $44,700,000. There is uncertainty surrounding the Facility and the Fund's ability to renew in the current market or repay that Facility should the Entitlement Offer not complete successfully and should the financiers call upon the debt.

Other

On 26 August 2009 the Fund announced to the ASX that it had received a request from Australian Style Investments Pty Ltd, a 20% unitholder of the Fund at that date, to call and arrange to hold a meeting of unitholders of the Fund to consider the following three resolutions:

- that BMCML be removed as Responsible Entity of the Fund;
- that a company identified prior to the meeting of members (as yet unidentified) be appointed as the new responsible entity of the Fund; and
- that the Fund be wound up in accordance with its Constitution.

BMCML is currently reviewing the request.

Other than the matters disclosed above, there are no matters or circumstances which have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Directors' Declaration
Multiplex Prime Property Fund
For the year ended 30 June 2009

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

a The Fund and Consolidated financial statements and notes, set out in pages 15 to 47, are in accordance with the *Corporations Act 2001*, including:

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

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

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

c There are reasonable grounds to believe that the Fund will be able to successfully complete the Entitlement Offer as described in the Directors' Report and will be able to pay its debts as and when they become due and payable. If the Entitlement Offer is not successfully completed, the Fund may not be in a position to repay the existing debt facility should it be called upon by the financiers.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2009.

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

Dated at Sydney this 31st day of August 2009.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

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

Report on the financial report

We have audited the accompanying financial report of Multiplex Prime Property Fund (the Fund), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 23 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Brookfield Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

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

Independence

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

Auditor's opinion

Whilst we draw attention to the significant uncertainties as described below, in our opinion:

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

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

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

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

Significant uncertainty in relation to going concern

Without qualification to the opinion expressed above attention is drawn to note 2(b) and note 14 of the financial statements. The Consolidated Entity is dependant on the ongoing debt facility provided by its financiers to continue as a going concern. We note that the debt facilities are due to expire on 31 December 2011, and at reporting date the Consolidated Entity was not in compliance with the loan-to-value covenant ratio calculated under the terms of one of the debt facilities. As a result the facility has been disclosed as a current liability as the Consolidated Entity's current liabilities exceed current assets by $521,207,000. The Consolidated Entity is currently in the process of finalising refinancing discussions with its financiers and has received a waiver of the covenant breaches until 31 August 2009 with a subsequent extension received to 30 September 2009. The conditions imposed by the financiers in order to secure future funding include a repayment of a portion of the facility. The Directors intend to fund this through an equity raising. The Directors are confident that the equity raising will be successful and the existing debt facilities will be renewed and accordingly the financial statements have been prepared on a going concern basis. If the equity raising is unsuccessful, the debt facility is unable to be renewed and alternative financing options are unsuccessful, significant uncertainty will be cast on the Consolidated Entity's ability to continue as a going concern and as such the

Consolidated Entity may be required to realise its assets at amounts lower than those stated in these financial statements.

As set out in note 3(h) and note 9 of the financial statements, the Consolidated Entity holds an equity receivable balance of $104,034,000 in relation to units on issue which are partly paid. This amount is currently classified as a non-current asset. If the Consolidated Entity is unable to secure refinancing of the debt before the expiry of the current waiver on 30 September 2009 and the financiers accelerate payment, there is uncertainty as to the timing and recoverability of the equity receivable balance in the current market environment.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney

31 August 2009