

# ASX Announcement

22 February 2010

## **Multiplex Prime Property Fund (ASX: MAFCB) Interim Results 2010**

Brookfield Multiplex Capital Management Limited (BMCML) as Responsible Entity for Multiplex Prime Property Fund (MAFCB or the Fund) announces the Fund's interim results for the six months to 31 December 2009.

### **Financial performance**

The Fund reported a net profit of \$16.1 million for the period compared to a net loss of \$38 million for the prior corresponding period. This includes net valuation gains of \$10.7 million recorded from the direct property portfolio compared to a net valuation loss of \$25.3 million recorded for the prior corresponding period. The results for the period also include a \$12 million gain from a change in the treatment of financial derivatives. Other key financial results include:

- Value of the A-REIT portfolio as at 31 December 2009 increased to \$6.3 million (June 2009: \$5.1 million)
- Reduction in gearing to 80.3% as at 31 December 2009 from 90.4% as at 30 June 2009
- Net Tangible Asset per unit of 0.2 cents as at 31 December 2009

### **Entitlement Offer**

The impact of the global financial crisis triggered a significant decline in the value of the direct property assets and A-REIT portfolio which resulted in the Fund's gearing increasing to 90.4% as at 30 June 2009. As a direct consequence of this, the Fund breached its loan to valuation covenants under the terms of its debt facility.

To remedy the covenant breaches, an Entitlement Offer to raise \$50.2 million was launched in October 2009 following approval of unitholders at a meeting held on 7 October 2009. The completion of the Entitlement Offer had the following effects on the Fund:

- immediate reduction in the gearing of the Fund from 90.4% to 80.3%;
- the 30 June 2009 covenant breaches are permanently waived; and
- the loan to valuation covenants were relaxed for 31 December 2009 covenant testing.

The Entitlement Offer was essential to strengthen the capital structure of the Fund and allow it to weather the economic downturn.

### **Portfolio update**

The direct property portfolio is performing well with occupancy of 99.9%, a diversified tenant profile with 86% of leases to large corporations or government tenants and a weighted average lease expiry of 6.7 years.

The direct property portfolio was valued at \$578.1 million as at 31 December 2009, resulting in an increase of \$10.7 million or 1.9% on the valuations as at 30 June 2009. A summary of the properties is tabled below:

Property	Location	Interest (%)	Valuation (\$m)	Capitalisation Rate (%)	Previous Valuation (\$m)
Ernst & Young Centre	Sydney	50%	259.2	7.13	259.2
American Express House	Sydney	100%	125.0	7.00	124.4
Southern Cross Tower	Melbourne	25%	134.4	6.88	127.1
Defence Plaza	Melbourne	100%	59.5	8.25	56.7
<b>Total / Weighted Average</b>			<b>578.1</b>	<b>7.16</b>	<b>567.4</b>

The A-REIT portfolio closed with a market value of \$6.3 million as at 31 December 2009. This represents an increase of 23.1% from 30 June 2009 and is in line with the performance of the broader S&P/ASX 300 A-REIT index of 20.2% for the same period.

## Distributions

No distributions were declared for the period. BMCML will give consideration to restoring the Fund's distributions in the quarter ending 30 June 2010. However, any decision to recommence payment of distributions will be subject to a number of factors including but not limited to:

- a review of the value of the direct properties and the position of the Fund's debt covenants;
- a review of the significant capital expenditure requirements of the Fund including the progress of negotiations in relation to the renewal of the lease at the Defence Plaza;
- any requirements of the Fund's Constitution;
- the tax requirements of the Fund; and
- prevailing market conditions.

## Future direction

The successful completion of the Entitlement Offer has stabilised the Fund's capital structure and improved the outlook for the Fund. It is positioned for capital growth given the income streams and quality tenants that underpin the direct property portfolio.

BMCML will keep investors updated on the progress of the Fund during the course of the year.

## Financial results as at 31 December 2009

The reviewed financial statements for the six months to 31 December 2009 provide further information with regard to the Fund's activities. This report is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

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Leon Boyatzis  
Fund Manager  
Ph: (02) 9322 2000

# Appendix 4D – Additional Disclosure

## Multiplex Prime Property Fund

For the period ended 31 December 2009

<b>Name of Fund:</b>	Multiplex Prime Property Fund (MAFCB)
<b>Details of reporting period</b>	
Current reporting period:	1 July 2009 to 31 December 2009
Prior corresponding period:	1 July 2008 to 31 December 2008

This Financial Report should be read in conjunction with the Financial Report for the period ended 31 December 2009. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the period ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

### Results for announcement to the market

	Period ended 31 December 2009 \$m	Period ended 31 December 2008 \$m	Change %
Total revenue and other income	45,128	12,180	271
Total expenses	(28,991)	(50,187)	42
Net profit/(loss) attributable to the unitholders of MAFCB	16,137	(38,007)	142
Property fair value adjustments included in the above			
Directly held property investments	3,370	(15,000)	123
Equity accounted property investments	7,250	(10,250)	171
Earnings per unit (cents)	0.03	(13.50)	100

### Distributions

Distributions paid/payable to unitholders are detailed below. During the current period there were no distributions paid by the Fund to unitholders.

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
Total distribution for the six months ended 31 December 2009	–	–	
<b>Ordinary units</b>			
September 2008 distribution	1.00	2,818	31 October 2008
December 2008 distribution	–	–	–
Total distribution for the six months ended 31 December 2008	1.00	2,818	

This preliminary final report is given to the ASX in accordance with Listing Rule 4.2.A.

Commentary and analysis of the result for the current period can be found in the attached Multiplex Prime Property Fund ASX release dated 22 day of February 2010. This ASX release forms part of the Appendix 4D.

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 22 February 2010.

Multiplex Prime Property Fund  
Interim financial report  
For the half year ended  
31 December 2009

# Multiplex Prime Property Fund

ARSN 110 096 663

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# Directory

## Multiplex Prime Property Fund

For the half year ended 31 December 2009

### **Responsible Entity**

Brookfield Multiplex Capital Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Directors of Brookfield Multiplex Capital Management Limited**

F. Allan McDonald  
Brian Motteram  
Barbara Ward  
Brian Kingston  
Russell Prutt

### **Company Secretary of Brookfield Multiplex Capital Management Limited**

Neil Olofsson

### **Registered Office**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Custodian**

Brookfield Multiplex Funds Management Limited  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 (0) 2 9322 2000  
Facsimile: +61 (0) 2 9322 2001

### **Stock Exchange**

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

### **Location of Share Registry**

Link Market Services Limited  
Level 12, 680 George Street,  
Sydney NSW 2000  
Telephone: +61 (0) 2 8280 7100  
Facsimile: +61 (0) 2 9287 0303

### **Auditor**

Deloitte Touche Tohmatsu  
225 George Street, Grosvenor Place  
Sydney NSW 2000  
Telephone: + 61 (0) 2 9322 7000  
Fax: + 61 (0) 2 9322 7001

# Directors' Report

## Multiplex Prime Property Fund

For the half year ended 31 December 2009

### Introduction

The Directors of Brookfield Multiplex Capital Management Limited (BMCML) (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 statements of the Consolidated Entity, being the Fund its subsidiaries and associates, for the six months ended 31 December 2009 and the Independent Auditor's Review Report thereon.

### Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (Director since 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Peter Morris (Director since 14 April 2004 - resigned 1 January 2010)	Non-Executive Independent Chairman
Robert McCuaig (Director since 31 March 2004 – resigned 1 January 2010)	Non-Executive Independent Director
Mark Wilson (Director since 27 August 2008 – resigned 1 January 2010)	Executive Director

### 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 Fund has recorded a net profit of \$16,137,000 for the six month period ended 31 December 2009 (2008: net loss of \$38,007,000). The reported net profit includes \$3,370,000 in unrealised gains on revaluations of the investment property portfolio. The Fund's associates recognised the full amount of unrealised gains on underlying investment properties, of which the Fund's share was \$7,250,000.

The Fund did not pay a distribution for the half year ended 31 December 2009 in order to preserve the capital position of the Fund. BMCML will assess the payment of distributions for the second half of the fiscal year after considering prevailing market conditions and the financial position of the Fund at that time.

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

- total revenue and other income of \$45,128,000 (2008: \$12,180,000);
- net profit of \$16,137,000 (2008: net loss \$38,007,000);
- earnings per unit (EPU) of 0.03 cents (2008: (13.5 cents));
- net assets of \$205,882,000 (30 June 2009: \$133,750,000) and NTA of \$0.002 (30 June 2009: \$0.11);
- property portfolio value of \$578,075,000 as at 31 December 2009, including \$10,620,000 in gains on revaluations of investment properties recorded during the period (including investment properties held by associates);
- listed property trust portfolio value of \$6,324,000 (30 June 2009: \$5,136,000)
- rent reviews completed over 22.8% of the property portfolio resulting in an average increase of 3.9%; and
- portfolio occupancy at 99.9%, with a weighted average lease expiry of 6.7 years as at 31 December 2009.

### Entitlement Offer

During the period the Fund undertook an underwritten non-renounceable 178 for 1 Entitlement Offer of 50,154,148,106 new ordinary partly paid units at an initial subscription price of 0.1 cents per unit. Both the new units and the existing units are now traded as MAFCB (previously MAFCA). The units have a final instalment of 0.2237 cents per unit (which subject to certain acceleration rights, is payable on 15 June 2011). The total proceeds raised through the offer were \$50,154,148. The offer was underwritten by Brookfield Multiplex Capital Securities Limited as trustee for Brookfield Multiplex PPF investment No 2 Trust. Estimated total costs of the offer are \$4,101,000 (including \$1,572,843 in underwriting fees). Further details of the transaction are available in the Entitlement Offer booklet dated 7 October 2009.

# Directors' Report

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

### **Entitlement Offer** continued

The Fund used proceeds from the Entitlement Offer to repay \$44,700,000 of the Fund's debt facility, partially close out the interest rate swaps on issue, payment of costs associated with the Entitlement Offer and to fund working capital. The partial repayment of the debt facility has cured the loan to value covenant breach that the fund suffered as a result of the 30 June 2009 property valuations. The partial repayment of the debt and the cure of the breach has meant the debt covenants have been amended for the 31 December 2009 covenant testing. As a result of the cure of this breach the debt, which was shown as a current liability in the 30 June 2009 accounts, is classified as non-current in the 31 December 2009 Condensed Consolidated Statement of Financial Position

### **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 6 and forms part of the Directors' Report for the half year ended 31 December 2009.

Dated at Sydney this 22 day of February 2010

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



**Russell Proutt**

Director

Brookfield Multiplex Capital Management Limited



The Board of Directors  
Brookfield Multiplex Capital Management Limited  
(as Responsible Entity for Multiplex Prime Property Fund)  
135 King Street  
SYDNEY NSW 2000

22 February 2010

Dear Directors

## MULTIPLEX PRIME PROPERTY FUND

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

As lead audit partner for the review of the financial statements of Multiplex Prime Property Fund for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants

# Condensed Consolidated Interim Statement of Comprehensive Income

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

	Note	Consolidated Six months ended 31 December 2009 \$'000	Consolidated Six months ended 31 December 2008 \$'000
<b>Revenue</b>			
Share of net profit of investments accounted for using the equity method		20,561	3,152
Property rental income		8,888	8,395
Distribution income from listed property trusts		256	520
Interest income		58	113
Net gain on financial derivatives		11,995	–
Net gain on revaluation of investment property	7	3,370	–
<b>Total revenue and other income</b>		<b>45,128</b>	<b>12,180</b>
<b>Expenses</b>			
Property expenses		1,370	1,107
Impairment expense		–	8,965
Finance costs to external parties		18,293	18,738
Finance costs – amortisation of cash flow hedge reserve	10	6,549	–
Net loss on disposal of listed property trusts		–	4,643
Net loss on revaluation of investment property		–	15,000
Management fees		1,928	1,368
Other expenses		851	366
<b>Total expenses</b>		<b>28,991</b>	<b>50,187</b>
<b>Net profit/(loss) for the period</b>		<b>16,137</b>	<b>(38,007)</b>
<b>Other comprehensive income</b>			
Change in cash flow hedge reserve		6,549	(77,707)
Changes in fair value of available for sale financial assets		1,177	–
<b>Other comprehensive income/(loss) for the period</b>		<b>7,726</b>	<b>(77,707)</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>23,863</b>	<b>(115,714)</b>
<b>Net income/(loss) attributable to ordinary unitholders</b>		<b>16,137</b>	<b>(38,007)</b>
<b>Total comprehensive income/(loss) attributable to ordinary unitholders</b>		<b>23,863</b>	<b>(115,714)</b>
<b>Earnings per unit</b>			
Basic and diluted earnings per ordinary unit (cents)		0.03	(13.50)

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Financial Position

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## Multiplex Prime Property Fund

As at 31 December 2009

	Note	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,672	1,259
Trade and other receivables		576	1,016
<b>Total current assets</b>		<b>7,248</b>	<b>2,275</b>
<b>Non-current assets</b>			
Investments – available for sale	8	6,324	5,136
Investment properties	7	184,500	181,100
Investments accounted for using the equity method		394,473	387,256
Trade and other receivables		106,249	104,034
<b>Total non-current assets</b>		<b>691,546</b>	<b>677,526</b>
<b>Total assets</b>		<b>698,794</b>	<b>679,801</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		7,294	4,932
Interest bearing liabilities	9	–	518,550
<b>Total current liabilities</b>		<b>7,294</b>	<b>523,482</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	9	474,111	–
Fair value of financial derivatives	10	11,507	22,569
<b>Total non-current liabilities</b>		<b>485,618</b>	<b>22,569</b>
<b>Total liabilities</b>		<b>492,912</b>	<b>546,051</b>
<b>Net assets</b>		<b>205,882</b>	<b>133,750</b>
<b>Equity</b>			
Units on issue	11	300,986	252,717
Reserves		(18,469)	(26,195)
Undistributed losses		(76,635)	(92,772)
<b>Total equity</b>		<b>205,882</b>	<b>133,750</b>

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Changes in Equity

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## Multiplex Prime Property Fund

For the half year ended 31 December 2009

	Attributable to unitholders of the Fund			Total \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	
<b>Opening equity - 1 July 2009</b>	<b>252,717</b>	<b>(92,772)</b>	<b>(26,195)</b>	<b>133,750</b>
Change in cash flow hedge reserve	-	-	6,549	6,549
Changes in fair value of available for sale financial assets	-	-	1,177	1,177
<b>Income recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>7,726</b>	<b>7,726</b>
<b>Net profit for the period</b>	<b>-</b>	<b>16,137</b>	<b>-</b>	<b>16,137</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>16,137</b>	<b>7,726</b>	<b>23,863</b>
<b>Transactions with unitholders in their capacity as unitholders:</b>				
Equity receivable	2,216	-	-	2,216
Units issued	50,154	-	-	50,154
Issue costs	(4,101)	-	-	(4,101)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>48,269</b>	<b>-</b>	<b>-</b>	<b>48,269</b>
<b>Closing equity - 31 December 2009</b>	<b>300,986</b>	<b>(76,635)</b>	<b>(18,469)</b>	<b>205,882</b>

	Attributable to unitholders of the Fund			Total \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	
<b>Opening equity - 1 July 2008</b>	<b>240,837</b>	<b>(3,654)</b>	<b>21,714</b>	<b>258,897</b>
Change in cash flow hedge reserve	-	-	(77,707)	(77,707)
Changes in fair value of available for sale financial assets	-	-	-	-
<b>Income/(loss) recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>(77,707)</b>	<b>(77,707)</b>
<b>Net loss for the period</b>	<b>-</b>	<b>(38,007)</b>	<b>-</b>	<b>(38,007)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(38,007)</b>	<b>(77,707)</b>	<b>(115,714)</b>
<b>Transactions with unitholders in their capacity as unitholders:</b>				
Equity receivable	12,002	-	-	12,002
Distributions paid	-	(2,818)	-	(2,818)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>12,002</b>	<b>(2,818)</b>	<b>-</b>	<b>9,184</b>
<b>Closing equity - 31 December 2008</b>	<b>252,839</b>	<b>(44,479)</b>	<b>(55,993)</b>	<b>152,367</b>

The Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Cash Flows

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## Multiplex Prime Property Fund

For the half year ended 31 December 2009

	Consolidated	
	Six months ended 31 December 2009 \$'000	Six months ended 31 December 2008 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	9,284	8,361
Cash payments in the course of operations	(1,947)	(1,176)
Interest received	58	99
Financing costs paid	(17,614)	(17,688)
<b>Net cash flows used in operating activities</b>	<b>(10,219)</b>	<b>(10,404)</b>
<b>Cash flows from investing activities</b>		
Payments for purchase and additions to investments properties	(30)	–
Purchase of investments in listed property trusts	(11)	–
Proceeds from sale of investments in listed property trusts	–	1,074
Loans from related parties	–	8,387
Distributions received from investments in listed property trusts	150	1,251
Distributions received from investments accounted for using the equity method	12,291	6,713
<b>Net cash flows from investing activities</b>	<b>12,400</b>	<b>17,425</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	50,154	–
Equity raising costs paid	(2,222)	–
Repayments of interest bearing liabilities	(44,700)	(3,000)
Distributions paid	–	(6,199)
<b>Net cash flows from/(used in) financing activities</b>	<b>3,232</b>	<b>(9,199)</b>
Net increase/(decrease) in cash and cash equivalents	5,413	(2,177)
Cash and cash equivalents at 1 July	1,259	3,485
<b>Cash and cash equivalents at 31 December</b>	<b>6,672</b>	<b>1,308</b>

The Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Notes to the Consolidated Interim Financial Statements Multiplex Prime Property Fund

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For the half year ended 31 December 2009

## 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 (BMCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The condensed consolidated financial statements of the Fund as at and for the six months ended 31 December 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

### Statement of compliance

The financial report (report) is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial statements do not include all the information required for a full year report, and should be read in conjunction with the annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2009.

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

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

## 3 Significant accounting policies

The accounting policies applied in the report are the same as those applied in the consolidated financial report as at and for the year ended 30 June 2009 except for the adoption of amendments to the Australian Accounting Standards as of 1 July 2009 noted below.

The presentation of the report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income.

As a result of the amendments to this standard the Consolidated Entity has made the following changes to the primary statements for the half year ended 31 December 2009:

<u>Previous primary statement:</u>	<u>Current primary statement:</u>
Consolidated Interim Income Statement	Condensed Consolidated Interim Statement of Comprehensive Income
Consolidated Interim Balance Sheet	Condensed Consolidated Interim Statement of Financial Position
Consolidated Interim Statement of Changes in Equity	Condensed Consolidated Interim Statement of Changes in Equity
Consolidated Interim Cash flow statement	Condensed Consolidated Interim Statement of Cash flows

The Fund has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Fund that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. Management have identified this function is performed by the Board of Directors of the Responsible Entity (Board). In contrast the predecessor standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments using a risks and returns approach. As a result, following adoption of AASB 8, the identification of the Fund's reportable segments has changed.

## 4 Estimates

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

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

### 5 Segment reporting

Management have identified the Chief Operating Decision Maker function is performed by the Board of Directors of the Responsible Entity (Board). The Board assesses the performance of the Fund in its entirety. The allocation of resources is not performed in separate segments by the Board. The Board review and assess the information in relation to the performance of the Fund as set out in the Statement of Comprehensive Income and Statement of Financial Position therefore no further segment reporting is required.

### 6 Distributions

Distributions paid/payable to unitholders are detailed below. During the current period there were no distributions paid by the Fund to unitholders.

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
<b>Total distribution for the six months ended 31 December 2009</b>	-	-	-
<b>Ordinary units</b>			
September 2008 distribution	1.00	2,818	31 October 2008
<b>Total distribution for the six months ended 31 December 2008</b>	<b>1.00</b>	<b>2,818</b>	

### 7 Investment properties

The Consolidated Entity holds the following categories of investment properties at the reporting date:

Description	Latest external valuation \$'000	Consolidated December 2009 book value \$'000	June 2009 book value \$'000
Total commercial investment properties	181,100	184,500	181,100
<b>Total investment properties held directly</b>	<b>181,100</b>	<b>184,500</b>	<b>181,100</b>

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 holds a proportionate value ownership of the following properties through these associates at the reporting date:

Description	December 2009 book value \$'000	June 2009 book value \$'000
Total commercial investment properties	393,575	386,325
<b>Total investment properties held by associates</b>	<b>393,575</b>	<b>386,325</b>

### 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 3 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.

At 31 December 2009, the property portfolio (including properties held through associates) comprised of 4 assets of which 1 was externally valued by Colliers. The remaining 3 properties were internally valued. The Directors of BMCML have been guided by these valuations in assessing the fair value of these properties at the reporting date.

The 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 rent and forecast net annual cash flows receivable from the properties. The capitalisation rates utilised in the 31 December 2009 valuations range from 6.88 % to 8.25%.

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

### 7 Investment properties continued

	Consolidated 31 December 2009 \$'000
Carrying amount – beginning of period	181,100
Capital expenditure	30
Net profit/(loss) from fair value adjustments to investment properties	3,370
<b>Carrying amount – end of period</b>	<b>184,500</b>

	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
<b>8 Investments – available for sale</b>		
Cost of investments – listed property trusts	58,315	58,304
Increase in fair value	1,177	–
Impairment – listed property trusts	(53,168)	(53,168)
<b>Total investment – available for sale</b>	<b>6,324</b>	<b>5,136</b>

	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
<b>9 Interest bearing liabilities</b>		
<b>Current</b>		
Secured bank debt	–	520,514
Debt establishment fees	–	(1,964)
<b>Non-current</b>		
Secured bank debt	475,814	–
Debt establishment fees	(1,703)	–
<b>Total interest bearing liabilities</b>	<b>474,111</b>	<b>518,550</b>

	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
<b>Finance arrangements</b>		
<b>Facilities available</b>		
Bank debt facilities		
- Term facility	December 2011 363,014	407,714
- Partly Paid facility	December 2011 112,800	112,800
<b>Total available interest bearing liabilities</b>	<b>475,814</b>	<b>520,514</b>
Less: facilities utilised		
- Term facility	363,014	407,714
- Partly Paid facility	112,800	112,800
<b>Total facilities utilised</b>	<b>475,814</b>	<b>520,514</b>
Unused facilities at reporting date		
- Term facility	–	–
- Partly Paid facility	–	–
<b>Total unused facilities</b>	<b>–</b>	<b>–</b>



# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

### 9 Interest bearing liabilities continued

The security granted in favour of the banks in support of the obligations under the Term and Partly Paid facilities 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 each of the two facilities, an interest coverage ratio (ICR) and a loan to value ratio (LVR). At 30 June 2009, the Fund was not in compliance with its LVR covenants on both of the debt facilities. A repayment of \$44,700,000 was made on 13 November 2009 from the proceeds received from the Entitlement Offer to reduce the total value of debt drawn and remedy the breach.

At 31 December 2009, the Fund was in compliance with both financial covenants on both of the debt facilities. The LVR limit on the Term facility states that the total borrowing on the Term facility must not exceed the sum of 75% 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 actual results at 31 December 2009 indicates that the total value based on the above criteria exceeds the borrowing on the Term facility by \$73,700,000. The LVR limit on the new partly paid facility is 95.0% and the LVR based on actual results at 31 December 2009 is 81%.

### 10 Fair value of financial derivatives

In applying the Fund's accounting policy relating to derivative financial instruments and hedging activities, the Fund has recorded the current period movement in the fair value of derivatives through the Statement of Comprehensive Income. All future movements in the fair value of the Fund's existing derivatives will be recorded through the Statement of Comprehensive Income. The balance of the hedge reserve will be amortised over the remaining life of the existing derivatives (which is currently estimated as June 2011) to the Statement of Comprehensive Income.

	31 December 2009 \$'000	31 December 2009 Units	30 June 2009 \$'000	30 June 2009 Units
<b>11 Units on issue</b>				
<b>Units on issue</b>				
Opening balance	273,092	281,764,877	261,212	281,764,877
Issue of units	50,154	50,154,148,106	-	-
Movement in equity receivable	2,216	-	11,880	-
<b>Closing balance</b>	<b>325,462</b>	<b>50,435,912,983</b>	<b>273,092</b>	<b>281,764,877</b>
<b>Unit issue costs</b>				
Opening balance	20,375	-	20,375	-
Entitlement Offer costs	4,101	-	-	-
<b>Closing balance</b>	<b>24,476</b>	<b>-</b>	<b>20,375</b>	<b>-</b>
<b>Total units on issue</b>	<b>300,986</b>	<b>50,435,912,983</b>	<b>252,717</b>	<b>281,764,877</b>

On 13 November 2009, the Fund successfully completed a \$50,154,148 Entitlement Offer. The Entitlement Offer resulted in the issue of 50,154,148,106 units at 0.1 cents per units raising \$50,154,148 before transaction costs of \$4,101,000 were applied.

### 12 Related parties

During the period, the Entitlement Offer was underwritten by a related party, Brookfield Multiplex Capital Securities Limited as Trustee for Brookfield Multiplex PPF investment No 2 Trust. The underwriter was paid a fee of \$1,572,843. Apart from the above, there have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2009.

### 13 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2009 (30 June 2009: nil).

### 14 Capital and other commitments

There were no capital or other commitments at 31 December 2009 (30 June 2008: nil).

### 15 Events subsequent to the reporting date

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

# Directors' Declaration

## Multiplex Prime Property Fund

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For the half year ended 31 December 2009

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

- a The consolidated interim financial statements and notes, set out in pages 7 to 14, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2009 and of its performance for the six month period ended on that date; and
  - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 22 day of February 2010.



**Russell Proutt**  
Director  
Brookfield Multiplex Capital Management Limited

## Independent Auditor's Review Report to the unitholders of Multiplex Prime Property Fund

We have reviewed the accompanying half-year financial report of Multiplex Prime Property Fund (the "Fund"), which comprises the condensed consolidated interim statement of financial position as at 31 December 2009, and the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Brookfield Multiplex Capital Management Limited, the responsible entity of the Fund, are responsible for the preparation and fair presentation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### *Auditor's Independence Declaration*

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

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants  
Sydney, 22 February 2010