

Interim Report 2008  
Multiplex European  
Property Fund

ARSN 124 527 206

**Responsible Entity**

Multiplex Capital Management Limited  
ACN 094 936 866, AFSL 223809

**MULTIPLEX**  
CAPITAL



# Interim Report

\$15.8m

96.9%

9.0 yrs

Net profit  
after tax

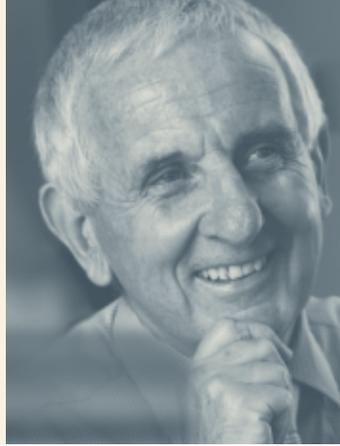
Portfolio  
occupancy

Weighted average  
lease expiry

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## Message from the Chairman and CEO



On behalf of the Board, we are pleased to announce Multiplex European Property Fund's first financial results since listing on the Australian Stock Exchange (ASX) on 3 July 2007. These results have been underpinned by a portfolio of high quality, well located properties in Germany that have delivered the Fund a net profit after tax of \$15.8 million.

### Strong portfolio

Despite the current turbulent times around the world, the Fund has achieved its financial forecasts for the period as outlined in its Product Disclosure Statement (PDS) and the portfolio was again independently revalued higher in December from its purchase price.

The portfolio continues to perform strongly with occupancy at 96.9% and a weighted average lease expiry (by income) of 9.0 years – one of the longest in the Listed Property Trust (LPT) sector.

Further details on the performance of the Fund can be found in the Fund Manager's Half Year Review on page 4.

### Corporate governance

The Board and management continue to place great emphasis on good corporate governance and are committed to maintaining this framework. Any conflicts of interest between Multiplex Group and the Fund are mitigated by the majority of directors of the Responsible Entity of the Fund being independent of Multiplex Group. In line with this, a Compliance Committee for the Responsible Entity is in place to further support the corporate governance environment.

### Brookfield Asset Management Update

Following the acquisition of Multiplex by Brookfield Asset Management Inc (Brookfield), the Multiplex Group de-listed from the ASX in December 2007 and in January 2008 became a wholly owned

subsidiary of Brookfield, which is listed on the New York and Toronto stock exchanges (code: BAM).

With US\$95 billion assets under management, Brookfield has developed an expertise in real estate investments ranging from equity investments in commercial and residential real estate development to mezzanine financing, bridge lending, and management of mortgage backed securities. Brookfield is applying this expertise to work on behalf of their clients seeking to allocate capital into real estate related private equity funds and other investment vehicles. In addition, Brookfield provides clients with an extensive array of real estate advisory, property and investment services.

Brookfield offers the Multiplex Group an opportunity to expand in their core business areas. With a focus on growth and access to capital, together with a mandate to develop new business opportunities in areas of infrastructure and funds management, the opportunities ahead are very exciting.

### Outlook

Whilst there remains continued uncertainty ahead in markets around the world, the Fund has no debt refinancing due until 2014 and has hedged the significant majority of interest rate and currency risks that investors face through until 2014. Any new expansion or capital market opportunities will continue to be assessed on an individual basis as to whether they add value to the Fund and investors.

On behalf of the Board, we thank you for your support.

**Peter Morris**  
Chairman

**Rob Rayner**  
CEO – Funds Management

**Financial snapshot as at 31 December 2007<sup>1</sup>**

|  |                |
|--|----------------|
| Net profit   | \$15.8 million |
| Earnings per unit (weighted)   | 8.79cpu        |
| Distributions per unit   | 6.38cpu        |
| Total assets   | \$642 million  |
| NTA per unit   | \$0.92         |
| Fund gearing (total interest-bearing loans/total assets at fund level) | 60.0%          |

**Normalised results as at 31 December 2007<sup>2</sup>**

|  |                |
|--|----------------|
| Net profit   | \$10.3 million |
| Earnings per unit  | 4.52cpu        |
| Distributions per unit   | 4.38cpu        |
| Total assets   | \$627 million  |
| NTA per unit   | \$0.91         |
| Fund gearing (total interest-bearing loans/total assets at relevant borrowing level) | 63.5%          |

## Notes:

- 1 Figures are for the period from 2 April 2007 (Settlement Date) to 31 December 2007.
- 2 Figures are for the period from 2 April 2007 (Settlement Date) to 31 December 2007, but excludes fair value adjustments, one-off items and pre-IPO income distributed to related parties.

### Fund snapshot as at 31 December 2007

|  |                 |
|--|-----------------|
| Funds under management                                 | \$642 million   |
| Portfolio occupancy                                    | 96.9%           |
| Portfolio weighted average lease expiry                | 9.0 years       |
| Top five tenants – percentage of net property income   | 50.1%           |
| Market capitalisation <sup>1</sup>                     | \$222.3 million |
| ASX liquidity (units per day; 3 month rolling average) | 138,000         |
| Management fee <sup>2</sup>                            | 0.6%            |
| Management expense ratio (MER) (annualised)            | 0.8%            |
| Distributions paid                                     | Quarterly       |

Notes:

- 1 Market capitalisation as at close of trading on 31 December 2007.
- 2 Excluding GST.

A revaluation of the Fund's entire portfolio as at 31 December 2007 showed a €0.7 million increase on the April 2007 valuation.

# Fund Manager's Half Year Review

## 8.5cpu

Welcome to our inaugural interim financial report for Multiplex European Property Fund. In what has been a particularly challenging period for Australian listed property trusts, I am delighted to advise that since listing on the Australian Stock Exchange in July 2007, the Fund has delivered on the forecasts outlined in its Product Disclosure Statement (PDS).

Key highlights for the period include:

- earnings per unit of 8.79 cents are in line with the Fund's PDS forecasts (both actual and normalised);
- distributions per unit are 6.38 cents in line with the Fund's PDS forecasts (both actual and normalised);
- securing rental reviews across nine of the 67 properties;
- €0.7 million revaluation gains achieved across the Fund's property portfolio;
- portfolio weighted average lease expiry remains one of the longest in the LPT market at 9.0 years; and
- the Fund's first redevelopment is due to commence in early 2008.

This report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). The application of AIFRS has had no effect on the Fund's operations, cash flows, distributions or debt covenants. However, it has introduced some unpredictability to the Income Statement and Balance Sheet due to the inclusion of revaluation gains on investment properties, the write off of Fund acquisition costs, the marking-to-market value of the Fund's derivative instruments and the impact of tax-effect accounting on the Fund. A normalised financial snapshot has

## Annualised distribution

been presented on page 2 to provide investors with a balanced interpretation of the Fund's financial results for the period.

### Financial results

The Fund reported a net profit after tax of \$15.8 million, which equates to a normalised net profit after tax of \$10.3 million, which is in line with the Fund's PDS. Distributions for the period totalled \$15.2 million representing distributions per unit of 6.38 cents per unit, which are in line with the forecasts outlined in the Fund's PDS.

An unrealised gain of \$7.9 million was recorded by the Fund on account of marking-to-market values the Fund's derivatives as at balance date. This marking-to-market value of the Fund's derivatives at balance dates will continue to introduce unpredictability into the Fund's income statement and balance sheet. However, these adjustments are non-cash related as the Fund's derivative obligations were fixed at the time of entering into the derivatives in November 2006 and do not change during the term of the derivative. The Fund also recorded a deferred tax expense of \$5.8 million on account of complying with the accounting standard on tax-effect accounting.

The Net Tangible Assets (NTA) of the Fund has declined to \$0.92 from the Fund's PDS forecast position in April of \$0.96 primarily as a result of the adjustments noted earlier. On a normalised basis (ie. removing these non-cash impacts), the NTA of the Fund is \$0.91. This is a \$0.01 increase on the Fund's PDS forecast normalised NTA at April 2007 of \$0.90.



### Property portfolio

In light of the recent fallout in global financial markets and the increased desire for transparency from investors, the Fund's initial portfolio was independently revalued as at 31 December 2007.

The quality of the initial portfolio is highlighted by the independent valuation at 31 December 2007 of €364.3 million. This was an €0.7 million increase on the April 2007 valuation of €363.6 million, after writing off the portfolio premium of €17.8 million. In particular, the valuation highlighted strong gains in the office and logistic sectors with:

- Winkelhaid increasing in value by 6.8% to €16.2 million after the Spicers rent review; and
- Frankfurt-am-Main increasing in value by 5.3% to €19.3 million after the Telecity Redbus rent review.

In the retail sector, rent reviews were secured at Bad Marienburg, Bopfingen, Marienhaf, Blankenfelde and Rabenau. With retail rents not being dependent on sales turnover rent mechanisms, and with a retail sector WALE of 8.3 years supported by strong lease covenants, the retail properties of the Fund are well placed to provide a stable income stream in the future.

The nursing home sector also increased in value with rent reviews being secured at Erfurt and Gottingen.

The Fund is ready to commence its first redevelopment – the Wittmund shopping centre. Anchor tenants, Aldi and Combi (both supermarket tenants), have requested additional space. To accommodate the proposed changes, an adjacent site is planned to be purchased with preliminary planning permission for the new configuration of

the retail park already granted. The new premises will be constructed without disrupting the current trading of both tenants. This will mean no rental loss is expected during the redevelopment of the asset. Completion of the redevelopment is expected by mid-2009.

The weighted average lease expiry (by income) of the Fund's property assets is 9.0 years. This is further reinforced through the high quality portfolio of major national tenants, contributing greater than 75% of the Fund's rental income.

As this is the Fund's first financial report to investors, details of four of the Fund's larger assets have been included for investors to better acquaint themselves with some of the Fund's property assets.

### Debt and hedging

Given the Fund's investors are predominantly Australian domiciled and the Fund's operations are in Europe, investing in the Fund would ordinarily expose investors to fluctuations in interest rates and exchange rates between Europe and Australia.

The Fund attempts to minimise these fluctuations and uncertainty for investors. The Fund undertakes natural hedging by ensuring that borrowings are denominated in the same currency that its property assets derive their income and by entering into derivative instruments.

# Fund Manager's Half Year Review

The Fund has hedged the following until April 2014:

- 100% of interest rate exposure on the term facility at an interest rate (inclusive of margin) of 4.48% per annum;
- 100% of invested equity at an exchange rate of A\$1 = €0.5922; and
- 90% of income from the Fund's initial portfolio of properties at an exchange rate of A\$1 = €0.5476.

The derivative profile of the Fund provides that the majority of investor distributions and all of the Fund's invested equity are not exposed to fluctuations in interest rates and exchange rates until April 2014. This is an attractive feature of the Fund during this time of increased volatility in financial markets around the world.

The Fund has in place a fully drawn term facility with Eurohypo AG that expires in April 2014. No part of that facility is due to be refinanced before expiry. In addition, with this facility being securitised in the debt markets in Europe, the covenants are sufficiently based on future cash flow measures, rather than historical measures.

At balance date, the Fund's gearing stands at 63.5% at the relevant borrowing level. At a Fund level, gearing stands at 60.0%. Both measures are within the Fund's long term gearing range of 55% to 65% of total assets.

## In conclusion

The Fund has produced a solid inaugural financial result and has delivered on its PDS forecasts to date. This has been the result of strong property performance due to the portfolio's tenancy profile and long leases.

The outlook for the Fund is underpinned by its:

- High occupancy with less than 5% of leases expiring during the period to June 2010;
- Conservative debt management with no refinancing due for the next 6 years; and
- Hedging profile minimises exchange rate and interest rate risk for the next 6 years.

In the future, the Fund may also explore new investment opportunities or capital management strategies if they are considered to be in the best interests of the Fund and its investors.

Thank you for your support during the period.



## David Newling

Fund Manager

Multiplex European Property Fund

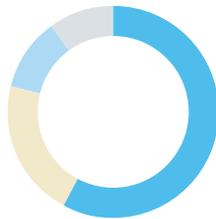
| Property                          | Tenant/Anchor tenant               | Purchase price<br>€ million | Valuation<br>2 April 2007<br>€ million | Valuation<br>31 December 2007<br>€ million |
|-----------------------------------|------------------------------------|-----------------------------|--|--|
|                                   |                                    | <b>355.000</b>              | <b>363.551</b>                         | <b>364.280</b>                             |
| Dresden, Heideblick               | Netto Marken-Discount              | 2.206                       | 2.259                                  | 2.175                                      |
| Artern                            | Netto Marken-Discount              | 1.827                       | 1.871                                  | 1.795                                      |
| Dresden, Tatzberg                 | Netto Marken-Discount              | 2.136                       | 2.188                                  | 2.160                                      |
| Eisleben                          | Netto Marken-Discount              | 1.737                       | 1.779                                  | 1.715                                      |
| Gernrode                          | Netto Marken-Discount              | 1.594                       | 1.632                                  | 1.610                                      |
| Geyer                             | Netto Marken-Discount              | 1.597                       | 1.635                                  | 1.605                                      |
| Schlema                           | Netto Marken-Discount              | 1.571                       | 1.608                                  | 1.530                                      |
| Jena-Lobeda                       | Netto Marken-Discount              | 1.717                       | 1.758                                  | 1.700                                      |
| Delitzsch, Beerendorfer Strasse   | Netto Marken-Discount              | 1.409                       | 1.443                                  | 1.395                                      |
| Stockheim                         | Netto Marken-Discount              | 1.674                       | 1.714                                  | 1.645                                      |
| Burgstädt                         | Netto Marken-Discount              | 1.554                       | 1.591                                  | 1.530                                      |
| Bückerburg                        | Netto Marken-Discount              | 1.639                       | 1.678                                  | 1.610                                      |
| Merseburg, Geusaer Strasse        | Netto Marken-Discount              | 1.792                       | 1.835                                  | 1.765                                      |
| Mühlhausen                        | Netto Marken-Discount              | 1.594                       | 1.632                                  | 1.565                                      |
| Halle, Merseburger Strasse        | Fa. Theo Albrecht BGB-Gesellschaft | 3.066                       | 3.139                                  | 3.130                                      |
| Stollberg                         | ALDI                               | 1.555                       | 1.593                                  | 1.545                                      |
| Oberhausen                        | PLUS                               | 1.763                       | 1.805                                  | 1.750                                      |
| Clenze                            | PLUS                               | 1.655                       | 1.695                                  | 1.645                                      |
| Boizenburg                        | Lidl                               | 1.693                       | 1.734                                  | 1.695                                      |
| Bad Marienberg                    | Lidl                               | 2.841                       | 2.909                                  | 2.910                                      |
| Delitzsch, Richard-Wagner Strasse | Lidl                               | 2.110                       | 2.161                                  | 2.095                                      |
| Hage                              | Lidl                               | 1.726                       | 1.768                                  | 1.715                                      |
| Schöppenstedt                     | Lidl                               | 1.629                       | 1.669                                  | 1.620                                      |

| Property      | Tenant/Anchor tenant          | Purchase price<br>€ million | Valuation<br>2 April 2007<br>€ million | Valuation<br>31 December 2007<br>€ million |
|---------------|-------------------------------|-----------------------------|--|--|
| Woldegk       | NORMA                         | 1.844                       | 1.889                                  | 1.800                                      |
| Pampow        | EDEKA                         | 1.430                       | 1.465                                  | 1.455                                      |
| Blankenfelde  | EDEKA                         | 4.101                       | 4.200                                  | 4.450                                      |
| Prüm          | EDEKA                         | 3.930                       | 4.024                                  | 4.135                                      |
| Peine         | EDEKA MIHA                    | 1.117                       | 1.144                                  | 1.125                                      |
| Schloßvippach | REWE                          | 2.280                       | 2.335                                  | 2.400                                      |
| Gotha         | REWE                          | 6.812                       | 6.976                                  | 7.035                                      |
| Köthen        | REWE                          | 2.170                       | 2.223                                  | 2.225                                      |
| Offenburg     | REWE                          | 1.491                       | 1.527                                  | 1.540                                      |
| Rabenau       | REWE                          | 2.797                       | 2.864                                  | 2.850                                      |
| Rheinau       | REWE                          | 1.858                       | 1.902                                  | 1.900                                      |
| Malchin       | coop                          | 3.752                       | 3.843                                  | 3.900                                      |
| Bopfingen     | coop                          | 2.007                       | 2.055                                  | 2.025                                      |
| Burladingen   | coop                          | 3.030                       | 3.103                                  | 3.000                                      |
| Cloppenburg   | Coma Verbrauchermarkt         | 4.267                       | 4.370                                  | 4.370                                      |
| Tespe         | Spar                          | 1.796                       | 1.839                                  | 1.835                                      |
| Feldatal      | Tegut Gutberlet Stiftung & Co | 1.558                       | 1.595                                  | 1.640                                      |
| Saarlouis     | Distributa Warenhandel        | 2.256                       | 2.310                                  | 2.310                                      |
| Zimmern       | AWG                           | 1.817                       | 1.861                                  | 1.925                                      |
| Winkelhaid    | SPICERS Deutschland           | 14.871                      | 15.229                                 | 16.260                                     |
| Hallbergmoos  | TNT Express                   | 16.399                      | 16.794                                 | 17.040                                     |
| Gera          | Hermes Logistik               | 3.196                       | 3.273                                  | 3.250                                      |
| Chemnitz      | Hornbach Baumarkt             | 20.740                      | 21.239                                 | 21.580                                     |
| Hannover      | Marktkauf                     | 16.158                      | 16.547                                 | 16.700                                     |

| Property                       | Tenant/Anchor tenant                               | Purchase price<br>€ million | Valuation<br>2 April 2007<br>€ million | Valuation<br>31 December 2007<br>€ million |
|--------------------------------|--|-----------------------------|--|--|
| <b>Wittmund</b>                | J.Bünting Beteiligungs                             | 10.913                      | 11.176                                 | 11.220                                     |
| <b>Marienhaf</b>               | Marktkauf  | 4.779                       | 4.894                                  | 4.860                                      |
| <b>Halle, Trothaer Strasse</b> | Goldkuhle Fachmärkte Frick für Wand und Boden      | 1.710                       | 1.751                                  | 1.640                                      |
| <b>Bünde</b>                   | Markant Ostwestfalen                               | 1.861                       | 1.905                                  | 1.945                                      |
| <b>Minden</b>                  | ABB Utilities Niederlassung Minden                 | 6.658                       | 6.818                                  | 6.990                                      |
| <b>Düsseldorf</b>              | Landesamt für Besoldung und Versorgung             | 14.888                      | 15.247                                 | 15.130                                     |
| <b>Frankfurt/Oder</b>          | Pit-Stop Auto Service                              | 1.359                       | 1.391                                  | 1.390                                      |
| <b>Frankenberg</b>             | Rheika-Delta                                       | 2.021                       | 2.070                                  | 2.005                                      |
| <b>Osnabrück</b>               | Bugsy Burger                                       | 2.484                       | 2.544                                  | 2.550                                      |
| <b>Frankfurt am Main</b>       | Telecity Redbus                                    | 17.960                      | 18.393                                 | 19.370                                     |
| <b>Kassel</b>                  | Kentucky Fried Chicken                             | 2.214                       | 2.267                                  | 2.210                                      |
| <b>Lörrach A</b>               | EDEKA  | 21.699                      | 22.221                                 | 21.560                                     |
| <b>Lörrach B</b>               | McDonald's   | 1.895                       | 1.941                                  | 1.940                                      |
| <b>Bochum</b>                  | AVA Allgemeine Handelsgesellschaft der Verbraucher | 26.753                      | 27.398                                 | 26.960                                     |
| <b>Eisenhüttenstadt</b>        | Hospitalia Care                                    | 8.841                       | 9.054                                  | 9.090                                      |
| <b>Schwedt</b>                 | Hospitalia Care                                    | 8.593                       | 8.800                                  | 8.945                                      |
| <b>Erfurt</b>                  | Phönix   | 11.968                      | 12.257                                 | 12.260                                     |
| <b>Wetzlar</b>                 | Alloheim Senioren Residenzen                       | 14.115                      | 14.455                                 | 14.740                                     |
| <b>Göttingen</b>               | Phönix   | 17.234                      | 17.649                                 | 17.200                                     |
| <b>Wiesbaden</b>               | Maternus Altenheim                                 | 13.296                      | 13.616                                 | 13.620                                     |

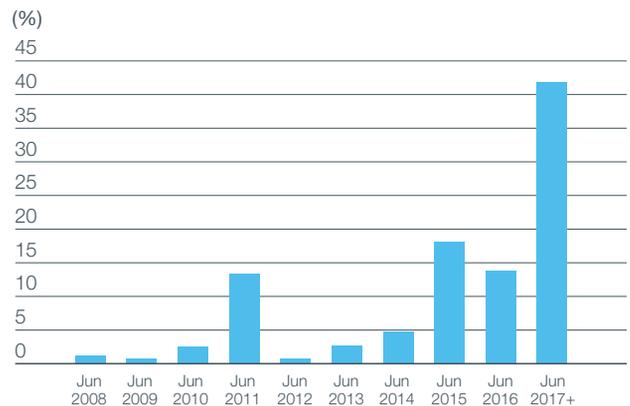
### Sector diversification\*

- 58% Retail
- 21% Nursing homes
- 11% Office
- 10% Logistics



\* Calculated on the value of properties as at 31 December 2007.

### Lease expiry profile by income



The Fund derives more than 75% of its rental income from national tenants and has less than 5% of leases expiring before 30 June 2010.

### Intended long term asset class weightings

| Asset class          | Current weighting* % | Target range % |
|----------------------|----------------------|----------------|
| Retail               | 57.8                 | 45–70          |
| Office               | 11.4                 | 10–30          |
| Industrial/Logistics | 10.0                 | 10–30          |
| Alternative**        | 20.8                 | 5–20           |

\* By value, as at 31 December 2007

\*\* Alternative asset classes include (but is not limited to) residential, health and hospitality sectors

### High occupancy with long Weighted Average Lease Expiry (WALE)

| Description  | Occupancy   | Major tenants                  | Years (by income) |
|--|-------------|--------------------------------|-------------------|
| 55 Retail properties comprising:<br>– discount supermarkets<br>– full supply supermarkets<br>– DIY markets | 95.8        | EDEKA, REWE, Hornbach          | 8.2               |
| 6 Nursing homes  | 100.0       | Kursana, Phönix                | 14.3              |
| 3 Logistic/warehouses  | 100.0       | Spicers, TNT                   | 5.6               |
| 3 Offices  | 95.7        | State of Nord Rhine-Westphalia | 5.6               |
| <b>Total portfolio</b>   | <b>96.9</b> |                                | <b>9.0</b>        |

### Location

The city of Chemnitz is the fourth largest in East Germany. It covers about 22 hectares of land and has about 248,000 inhabitants. The motorway A72 is about 4km away and provides access to Germany's national motorway network.

The property is located on Stollberg Strasse, in a part of the city called Stelzendorf. Stollberg Strasse is a main traffic road with high traffic frequency. In the immediate surrounds of the property there is a gas station and supermarket. On the other side of Stollberg Strasse are residential apartments.

### Property description

The property comprises two annexed buildings; a do-it-yourself store and a garden centre.

There is a sufficient amount of parking.

The do-it-yourself store is of reinforced concrete frame construction, with exterior walls and a roof of sheet metal with thermal insulation.

The floor is tiled. The garden centre is of a steel frame construction with glazed walls and roof.

Both occupiers have an outdoor area for display of goods. There are two access roads to the property from the Stollberg Strasse.



### Valuation details

|  |                                     |
|--|-------------------------------------|
| Valuation (€m)                             | 21.58                               |
| Valuer                                     | DTZ International Property Advisors |
| Valuation date                             | 31 December 2007                    |
| Valuation per sqm of net lettable area (€) | 1,895                               |

### Property details

|  |        |
|--|--------|
| Net lettable area (whole building) (sqm) | 11,387 |
| Initial yield (%)                        | 6.2    |

### Tenancy profile

|               |     |
|---------------|-----|
| Occupancy (%) | 100 |
|---------------|-----|

### Major tenant

|                         |                                      |
|-------------------------|--------------------------------------|
| Tenant                  | Hornbach Baumarkt                    |
| Net lettable area (sqm) | 11,387                               |
| Lease expiry            | March 2015                           |
| Reviews                 | 60% of CPI threshold (10% threshold) |

### Location

Frankfurt is located in the federal state of Hessen. It is the financial and the business centre of Germany. The subject property is located in a secondary mixed-use area, close to the western harbour. The property is accessible from the Gutleutstrasse only. It is bounded by the Gutleutstrasse, a railway line to the rear of the site boundary and mixed use buildings to the east and west of the site.

### Property description

The property comprises several buildings. There are two data centre plants, a four storey office block comprising underground car park, a two storey building plus basement and garages. The data centre is of steel frame construction with steel roof trusses clad in lined and insulated metal sheet cladding to walls and roof. Data Centre 2 is of steel frame construction with walls and roof fully clad with profiled metal sheeting. The tenant currently uses the office accommodation on ground and first floors. The second and third floors have not been fitted out as yet. The building is fully heated and the tenant has also installed some freestanding comfort cooling. The basement includes service plant areas and underground car parking. The two-storey building provides seven bedrooms for site staff and a security room. The basement is used to house service plant. Finishes are generally painted walls and soffits with carpeting or simple screed. There are nine single-storey garages on site.



### Valuation details

|  |                                     |
|--|-------------------------------------|
| Valuation (€m)                             | 19.37                               |
| Valuer                                     | DTZ International Property Advisors |
| Valuation date                             | 31 December 2007                    |
| Valuation per sqm of net lettable area (€) | 1,827                               |

### Property details

|  |        |
|--|--------|
| Net lettable area (whole building) (sqm) | 10,600 |
| Initial yield (%)                        | 6.3    |

### Tenancy profile

|               |     |
|---------------|-----|
| Occupancy (%) | 100 |
|---------------|-----|

### Major tenant

|                         |                                       |
|-------------------------|---------------------------------------|
| Tenant                  | Telecity Redbus                       |
| Net lettable area (sqm) | 10,600                                |
| Lease expiry            | February 2015                         |
| Reviews                 | 100% of CPI threshold (10% threshold) |

**Alloheim Senioren Residenzen**  
Wetzlar

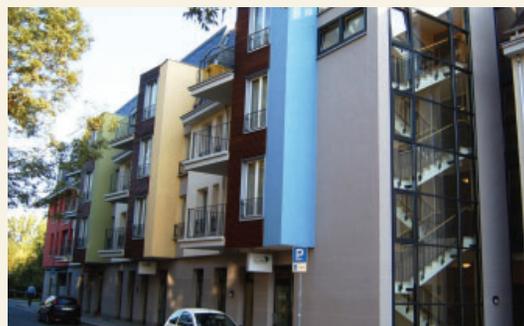


### Location

Wetzlar is a historical town located approximately 77km from Frankfurt am Main. The town has a population of approximately 53,000 people and a catchment area of approximately 200,000 people. Wetzlar is well located for road, rail and air transport. It is closely situated to the A45 motorway which serves the A5 and A3 motorways.

### Property description

The property comprises two nursing home buildings and assisted living apartments, separated by a public road and linked over a covered passageway. The u-shaped main building has four storeys including a basement arranged around a central atrium. The secondary building consists of a basement, ground floor with four retail units and three upper floors. The ground floor has a dining hall, canteen kitchen, two lounges, a conference room, a manager's office and a cafeteria. The first and second floor of the main building and the secondary building provide nursing facilities. There are 62 single rooms and 14 double rooms on the first and second floor. This complies with the German care home requirements. The third and fourth floor of the main building and the third floor of the second building comprise flats, with 25 flats on the third floor and four flats on the fourth floor of the main building. There is a roof terrace on the fourth floor. Internally, the units are fitted out to a high standard. Every room/flat has satellite TV, telephone, disabled accessible bathroom, and kitchens designed for disabled and elderly people. The property has 41 underground car parking spaces.



### Valuation details

|  |                                     |
|--|-------------------------------------|
| Valuation (€m)                             | 14.74                               |
| Valuer                                     | DTZ International Property Advisors |
| Valuation date                             | 31 December 2007                    |
| Valuation per sqm of net lettable area (€) | 1,871                               |

### Property details

|  |       |
|--|-------|
| Net lettable area (whole building) (sqm) | 7,878 |
| Initial yield (%)                        | 6.2   |

### Tenancy profile

|               |     |
|---------------|-----|
| Occupancy (%) | 100 |
|---------------|-----|

### Major tenant

|                         |                                      |
|-------------------------|--------------------------------------|
| Tenant                  | Alloheim Senioren Residenzen         |
| Net lettable area (sqm) | 7,878                                |
| Lease expiry            | May 2022                             |
| Reviews                 | 60% of CPI threshold (10% threshold) |

### Location

The property is situated outside of the city of Winkelhaid in a newly developed industrial and mixed use development which has been set up in a rural area. The city of Winkelhaid is situated in the north-east of the state of Bavaria in the important area of Nurnberg. The city has good transport communications and is situated not far off the A3 and A6 motorways, which provide access to Germany's national motorway network.

### Property description

The property comprises a three-storey administrative building in the middle and two logistics storage buildings on each side with docking stations on the front of the building. The top floor of one of the storage buildings is office and common areas. The walls are made of prefabricated concrete blocks with metal panels. There are 50 parking spaces.



### Valuation details

|  |                                     |
|--|-------------------------------------|
| Valuation (€m)                             | 16.26                               |
| Valuer                                     | DTZ International Property Advisors |
| Valuation date                             | 31 December 2007                    |
| Valuation per sqm of net lettable area (€) | 1,173                               |

### Property details

|  |        |
|--|--------|
| Net lettable area (whole building) (sqm) | 13,861 |
| Initial yield (%)                        | 6.1    |

### Tenancy profile

|               |     |
|---------------|-----|
| Occupancy (%) | 100 |
|---------------|-----|

### Major tenant

|                         |                                       |
|-------------------------|---------------------------------------|
| Tenant                  | SPICERS Deutschland                   |
| Net lettable area (sqm) | 13,861                                |
| Lease expiry            | October 2016                          |
| Reviews                 | 100% of CPI threshold (10% threshold) |

**SPICERS Deutschland**  
Winkelhaid



# Income Statement

For the period ended 31 December 2007

Period from 2 April to  
31 December 2007  
consolidated  
\$'000

|   |               |
|---|---------------|
| <b>Revenue</b>  |               |
| Property rental income                                      | 29,767        |
| Interest income   | 5,063         |
| Other income  | 216           |
| Net unrealised gain on revaluation of financial derivatives | 7,907         |
| <b>Total revenue and other income</b>                       | <b>42,953</b> |
| <b>Expenses</b>   |               |
| Property expenses   | 4,711         |
| Net fair value adjustment in investment property            | 1,094         |
| Finance costs to external parties                           | 12,998        |
| Responsible entity fees                                     | 2,021         |
| Other expenses  | 540           |
| <b>Total expenses</b>                                       | <b>21,364</b> |
| <b>Net profit before income tax</b>                         | <b>21,589</b> |
| Income tax expense  | 5,804         |
| <b>Net profit after tax</b>                                 | <b>15,785</b> |
| <b>Earnings per unit</b>                                    |               |
| Basic and diluted earnings per ordinary unit (cents)        | <b>8.79</b>   |

# Balance Sheet

As at 31 December 2007

31 December 2007  
consolidated  
\$'000

## Assets

### Current assets

|                             |        |
|-----------------------------|--------|
| Cash and cash equivalents   | 16,702 |
| Trade and other receivables | 1,404  |

|                             |               |
|-----------------------------|---------------|
| <b>Total current assets</b> | <b>18,106</b> |
|-----------------------------|---------------|

### Non-current assets

|                                     |         |
|-------------------------------------|---------|
| Investments properties              | 609,164 |
| Fair value of financial derivatives | 14,301  |

|                                 |                |
|---------------------------------|----------------|
| <b>Total non-current assets</b> | <b>623,465</b> |
|---------------------------------|----------------|

|                     |                |
|---------------------|----------------|
| <b>Total assets</b> | <b>641,571</b> |
|---------------------|----------------|

## Liabilities

### Current liabilities

|                          |       |
|--------------------------|-------|
| Trade and other payables | 8,192 |
| Distributions payable    | 5,290 |

|                                  |               |
|----------------------------------|---------------|
| <b>Total current liabilities</b> | <b>13,482</b> |
|----------------------------------|---------------|

### Non-current liabilities

|                                       |         |
|---------------------------------------|---------|
| Interest bearing loans and borrowings | 384,752 |
| Fair value of financial derivatives   | 5,748   |
| Minority interest payable             | 3,344   |
| Other payables                        | 1,491   |
| Deferred income tax liability         | 5,819   |

|                                      |                |
|--------------------------------------|----------------|
| <b>Total non-current liabilities</b> | <b>401,154</b> |
|--------------------------------------|----------------|

|                          |                |
|--------------------------|----------------|
| <b>Total liabilities</b> | <b>414,636</b> |
|--------------------------|----------------|

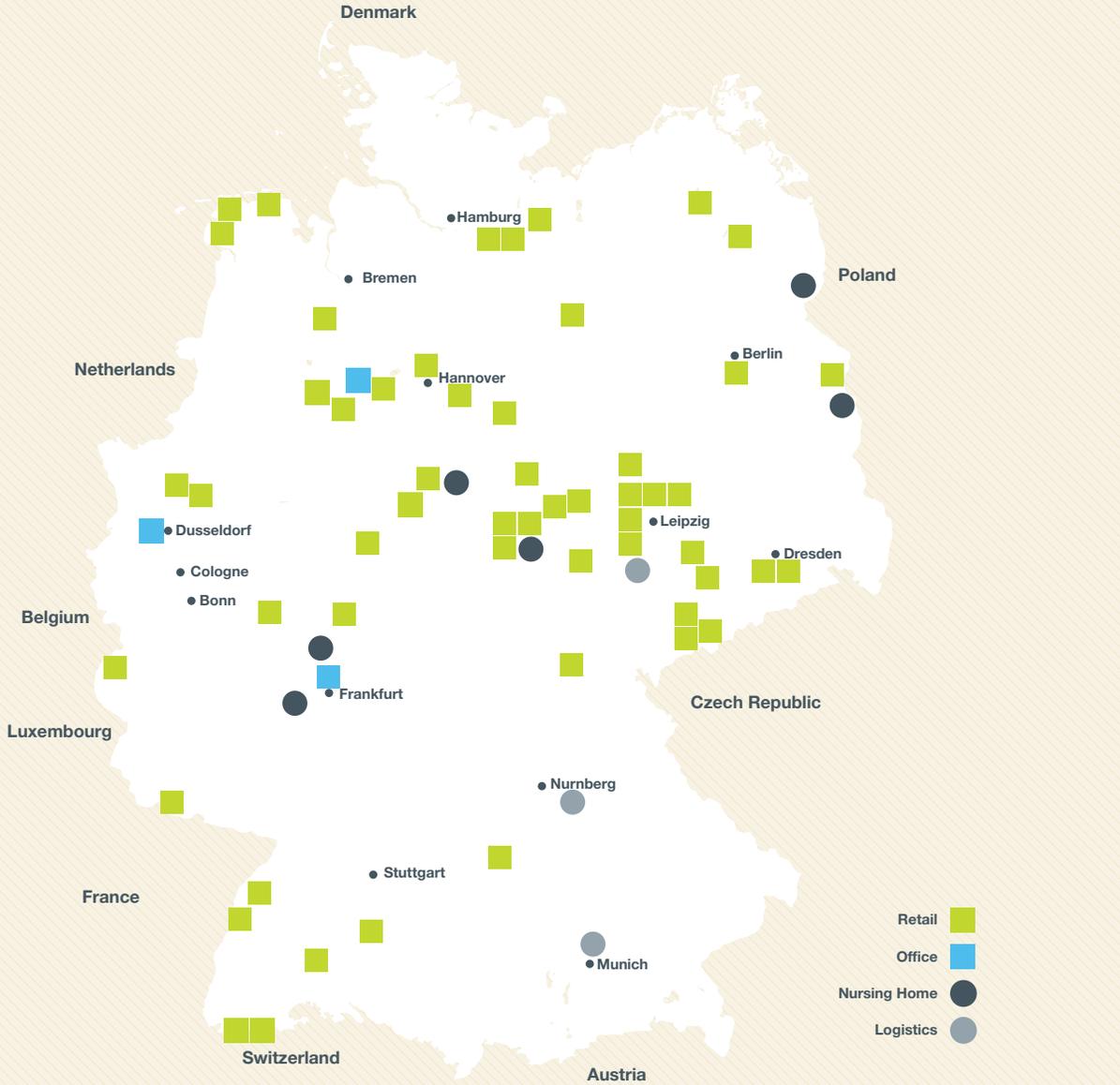
|                   |                |
|-------------------|----------------|
| <b>Net assets</b> | <b>226,935</b> |
|-------------------|----------------|

## Equity

|                                      |         |
|--------------------------------------|---------|
| Units on issue                       | 227,228 |
| Foreign currency translation reserve | (813)   |
| Retained earnings                    | 520     |

|                     |                |
|---------------------|----------------|
| <b>Total equity</b> | <b>226,935</b> |
|---------------------|----------------|

# Location of Properties



# Corporate Directory

## Responsible Entity

Multiplex Capital Management Limited  
1 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9256 5700  
Facsimile: (02) 9256 5188

## Directors

Peter Morris  
Rex Bevan (resigned January 2008)  
Robert McCuaig  
Bob McKinnon (appointed 7 December 2007)  
Brian Motteram  
Ian O'Toole (resigned 31 October 2007)  
Rob Rayner

## Company Secretary

Alex Carrodus

## Registered Office

1 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9256 5700  
Facsimile: (02) 9256 5188

## Custodian

Brookfield Multiplex Funds Management Limited  
1 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9256 5700  
Facsimile: (02) 9256 5188

## Stock Exchange

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

## Auditor

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



Interim Report 2008  
Multiplex European  
Property Fund