




## MULTIPLEX NEW ZEALAND PROPERTY FUND

ARSN 110 281 055

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## Annual Report 2010

Responsible Entity  
Brookfield Capital  
Management Limited  
ACN 094 936 866  
AFSL 223809



At 30 June 2010 the Multiplex New Zealand Property Fund consists of 12 office assets, three retail assets and one industrial asset located predominantly in Auckland and Wellington. The total portfolio is valued at A\$486.1 million.

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# Message from the Chairman

On behalf of the Board, I present the 2010 Annual Report for Multiplex New Zealand Property Fund (the Fund) for the year ended 30 June 2010.

## DEBT REDUCTION

During the year, the Board's immediate priority has been to reduce the Fund's debt. Currently, the Fund's gearing level is 64% and the banks require this to be reduced to 55% by 31 December 2010 and 50% by June 2011.

To assist with debt reduction, two asset sales, which raised NZ\$53 million, were completed during the period. Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, has considered numerous strategies to reduce bank debt and is constantly monitoring capital markets for future funding opportunities. As a consequence, the Board will continue to consider further asset sales to address the immediate need to reduce the Fund's gearing levels as well as alternative capital strategies.

## FINANCIAL RESULTS (A\$ unless otherwise specified)

During the period, the Fund reported a net loss of \$17.7 million which included unrealised losses of \$44.2 million on property revaluations. This is a reflection of the continued decline in the New Zealand commercial property market. The unit price for the Fund was \$0.68 as at 30 June 2010 which is a decline on the 30 June 2009 unit price of \$0.75.

## BROOKFIELD ASSET MANAGEMENT INC.

Approximately 51% of the Fund is owned by Brookfield related entities.

Brookfield Asset Management (BAM) is a global asset manager focused on property, renewable power and infrastructure assets with approximately US\$100 billion of assets under management. BAM has 100 offices, 400 investment professionals and 15,000 staff worldwide in operations in Australia, New Zealand, Europe, North America, South America and the Middle East. BAM's portfolio comprises:

- US\$31 billion of property assets
- US\$15 billion of renewable power assets
- US\$15 billion of timberlands and electricity transmission assets
- US\$37 billion of specialty funds and advisory services
- Development and construction projects on five continents.

BAM is listed on the New York, Toronto and Amsterdam stock exchanges and is focused on owning and managing high-quality assets that produce sustainable cash flows and generate attractive long-term returns. The combination of Brookfield and Multiplex has created a company with an extraordinary history of success in Australasia, global financial strength and world-leading expertise.

## BOARD AND MANAGEMENT

The Responsible Entity of the Fund recently changed its name from Brookfield Multiplex Capital Management Limited to Brookfield Capital Management Limited (BCML).

During the year, there were some changes to the BCML Board. Peter Morris (Chairman) and Robert McCuaig, both independent directors, announced their retirement after overseeing the restoration of a number of Brookfield Multiplex's retail funds to a more stable financial position during the global financial crisis. During their eight years of service on the Board, Peter and Robert made significant contributions on behalf of the various funds' unitholders.

In addition, Mark Wilson, executive director, announced his resignation as Brookfield Multiplex's CEO Funds Management and Infrastructure. Mark played an instrumental role in restructuring the funds' business. Brian Kingston also resigned from the Board following his appointment as CEO of Prime Infrastructure. Appointments to the BCML Board during the period included independent directors Barbara Ward and myself (Chairman); as well as Tim Harris and Russell Prouitt as executive directors.

Details of the directors of BCML are included in the financial reports.

## EXIT STRATEGY

The Fund is due to be reviewed on 1 September 2011. At that time, BCML will send a notice to investors giving them an option to withdraw from the Fund. Alternatively, BCML may extend the period by up to 12 months if BCML believes it is in the best interest of investors to do so. To that end, the Board will consider the options available during the next six months and will communicate with investors closer to the review date.

## OUTLOOK

The Fund's primary objective in the short and medium term is to address the requirement to reduce gearing levels, taking into account the possibility of further valuation decreases and the need to maintain cash to meet financial obligations.

On behalf of the Board, I would like to thank you for your support throughout the year.



F. Allan McDonald,  
Independent Chairman



# Year in Review

Brookfield Capital Management Limited (BCML) the Responsible Entity of Multiplex New Zealand Property Fund (the Fund) provides a review of the year ended 30 June 2010.

## FINANCIAL RESULTS (A\$ unless otherwise specified)

The Fund reported a net loss of \$17.7 million, which includes \$44.2 million of unrealised losses on revaluations of the Fund's investment properties. This is a reflection of the continued decline in the New Zealand property market. The Fund also refinanced its debt facility during the period.

Key financial results for the period include:

- net loss after tax was \$17.7 million (2009: net loss \$94.3 million);
- total revenue and other income of \$66.7 million (2009: \$78.3 million);
- cash and cash equivalents of \$17.4 million (2009: \$11.1 million);
- net assets attributable to unit holders of \$148.3 million (2009: \$164.0 million); and
- NTA \$0.68 per unit (2009: \$0.75).

## ASSET MANAGEMENT

As at 30 June 2010, the Fund's portfolio consisted of 16 assets:

- 12 commercial assets valued at NZ\$447.8 million;
- 3 retail assets valued at NZ\$79.9 million; and
- 1 industrial (NZ\$71.2 million).

The portfolio has an occupancy of 99% and a weighted average lease term of 4.9 years and a weighted average market capitalisation rate of 8.73%.

Two assets settled during the financial year for total gross sale proceeds of NZ\$53 million.

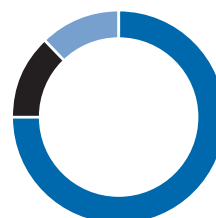
The entire portfolio was externally valued as at 30 June 2010 at NZ\$598.9 million (A\$486.1 million). This equates to a reduction of 7.0%, compared to the portfolio value as at 30 June 2009 (like-for-like basis).

The reduction in value was primarily a result of an increase in the weighted average market capitalisation rate of the portfolio by 7 basis points, as well as a reduction in forecast net effective rents. The greatest reduction in the portfolio on a sector basis was for the office assets, with a decrease in value of 8.9% compared to 30 June 2009.

## Portfolio Analysis

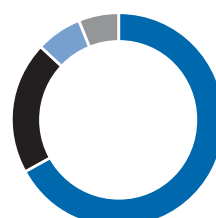
### SECTOR ALLOCATION (by value)

- 75% Commercial
- 13% Retail
- 12% Industrial



### GEOGRAPHIC ALLOCATION (by value)

- 67% Auckland
- 20% Wellington
- 7% New Plymouth
- 6% Provincial



## NEW ZEALAND PROPERTY MARKET

The market to June 2010 has seen a general stabilisation of supply, demand and investment factors underlying valuations, with increased leasing enquiry and incentives stabilised around 20% to 25% and largely unchanged capitalisation and discount rates from December 2009.

On the supply side, the total Auckland CBD vacancy rate has decreased slightly from 13.2% in December 2009 (7.7% December 2008) to 12.7% in June 2010. This slight improvement is due in part to withdrawal of some stock from the CBD, and also a large fringe occupier relocation to the CBD. Notwithstanding the six month vacancy improvement to June 2010, overall Auckland CBD vacancy at December 2010 is forecast to be 14.4% primarily as a result of tenant relocation to new developments. Viewed against average 10 year annual net absorption of 16,000 sqm, the direct vacancy of approximately 157,975 sqm indicates a forecast vacancy will remain above the prior five year average of 9.2% over the next three years.

## DEBT UPDATE

BCML refinanced the Fund's debt facility in December 2009.

Key terms of this facility are:

- Tranche A: NZ\$350 million at a margin of 3.75% to be repaid by 30 August 2011;
- Tranche B: NZ\$69 million at a margin of 5% to be repaid by 31 October 2010;
- Loan to value ratio (LVR) covenants: 65% on commencement, 55% by 31 December 2010, 50% by 30 June 2011;
- Interest cover ratio (historical): greater than 1.4 times;
- Interest cover ratio (forward): greater than 1.3 times;
- No payment of distributions unless financiers consent; and
- Management fees only to be paid when Tranche B is fully repaid and LVR is less than 50%.

BCML believes that the Fund's cash flows are sufficient to meet the higher interest costs. As at 30 June 2010, the Tranche B balance was NZ\$35.7 million. A further asset sale occurred on 13 August 2010, which resulted in Tranche B being fully repaid on that date.

Due to the terms of the debt facility, further asset sales may be required. While there is some evidence of an improvement in the global economy and segments of the property sector, it is likely the New Zealand markets (property and equity) will continue to be challenging and it may be difficult to secure asset sales at stated values in light of this.

**The portfolio has an occupancy of 99% and a weighted average lease term of 4.9 years.**

## DISTRIBUTIONS

The terms of the debt facility prohibit payment of distributions unless there is financier consent. As a result, it is unlikely distributions will be paid during the remainder of 2010.

BCML will update unitholders on any changes to this distribution guidance.

## OUTLOOK

The Fund's primary objective in the short and medium term is to address the requirement to further reduce gearing levels, taking into account the possibility of further valuation decrements and the need to maintain sufficient levels of cash to meet its financial commitments.

BCML has considered all strategies to reduce bank debt. The current state of market and its continuing decline has resulted in these opportunities not being viable at the present time. BCML is constantly monitoring capital markets for any future funding opportunities.

As a consequence, BCML must continue to consider further asset sales to address the immediate need to reduce gearing levels. In assessing any long term strategy, BCML also has regard to the Fund's first scheduled review date of 1 September 2011.

Despite the challenges arising from the refinance, it provides the Fund with financial stability and the opportunity to restore unitholder value as financial markets recover. It has also allowed BCML to continue to de-risk the portfolio's lease expiries and maintain high portfolio occupancy.

Further updates on the Fund will be communicated throughout the year.

# Performance at a Glance

## FUND STATISTICS

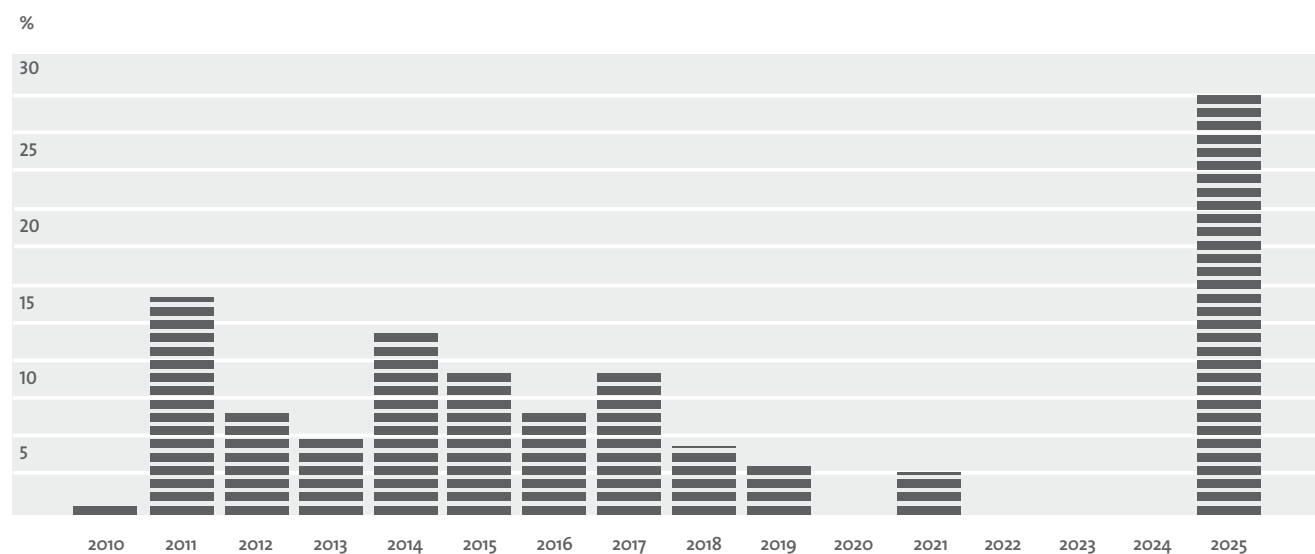
	FY2010	FY2009
Total assets (including cash) (A\$)	503.74 million	578.6 million
Value of property assets (A\$)	486.12 million	564.7 million
Value of property assets in (NZ\$)	597 million	701.9 million
Net Tangible Assets (NTA) per unit (A\$)	0.68	0.75
Foreign exchange rate	1.2321	1.2428
Cash distribution paid (for the year ended 30 June) CPU	nil	2.00
Portfolio occupancy (%)	99	99
Portfolio weighted average lease term (years)	4.9	5.5
Portfolio weighted average capitalisation rate (%)	8.7	8.6

## FUND SNAPSHOT (as at 30 June 2010)

Fund inception date	7 September 2004
Fund gearing (total debt/total assets) (%)	64.4
Management fee (%)	0.7 (excluding GST) of gross asset value
Performance fee (%) <sup>1</sup>	2.0 of gross asset value
Number of office assets	12
Number of retail assets	3
Number of industrial assets	1
Total number of assets	16

1. This is only applicable if net asset value exceeds the capital subscribed. An additional 2% of gross asset value is payable provided unitholders have achieved a 50% premium on capital subscribed (less any capital returns).

## LEASE EXPIRY PROFILE (by area)

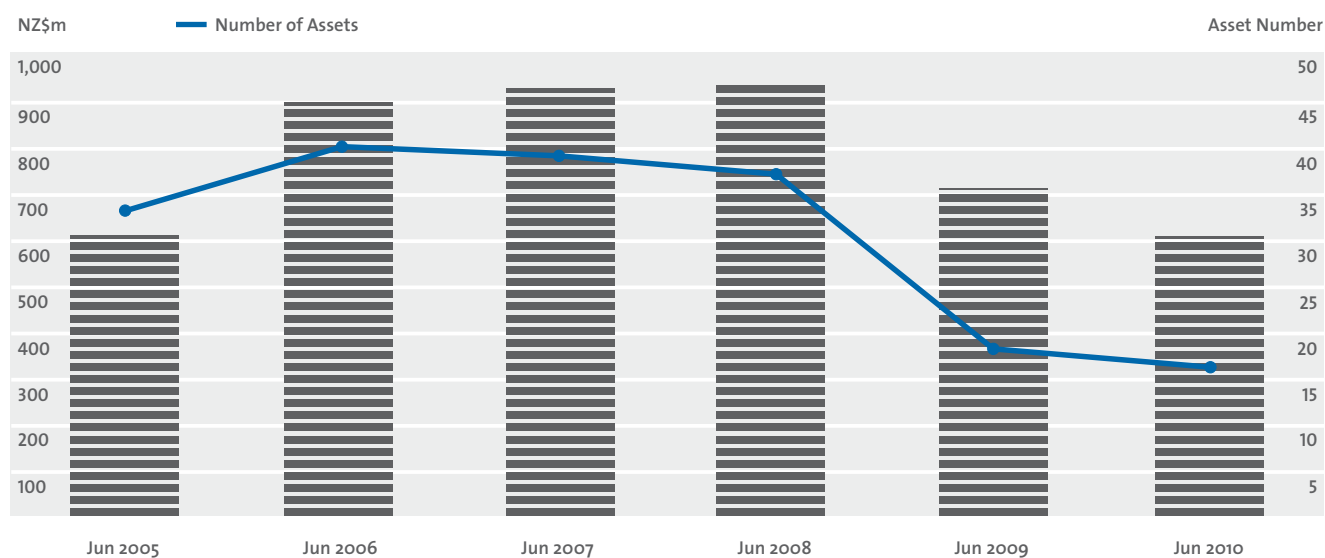


## INVESTMENT PORTFOLIO (as at 30 June 2010)

OFFICE	LOCATION	CAPITALISATION RATE %	% OF PORTFOLIO	PURCHASE PRICE NZ\$M	CURRENT VALUATION NZ\$M	CURRENT VALUATION A\$M
ASB Bank Centre	Auckland	8.50	20.0	113.90	120.00	97.39
AIA House	Auckland	9.25	4.6	24.60	27.60	22.40
Gen-i Tower	Auckland	8.50	13.2	63.70	79.00	64.12
University Building	Auckland	10.00	1.7	9.60	10.20	8.28
Telecom House	Auckland	9.50	7.1	55.50	42.50	34.49
Uniservices House	Auckland	8.75	3.1	17.50	18.30	14.85
The Plaza	Auckland	9.50	1.6	10.50	9.70	7.87
ANZ Business Centre	Auckland	8.75	3.8	26.70	22.50	18.26
EDS House	Wellington	8.75	4.7	26.10	28.00	22.73
Tel Tower	Wellington	9.50	2.4	19.00	14.50	11.77
Conservation House	Wellington	8.25	6.0	37.70	35.75	29.02
180 Molesworth Street*	Wellington	8.75	6.6	35.50	39.75	32.26
			74.8	440.30	447.80	363.44
<b>INDUSTRIAL</b>						
Mangere Distribution Centre	Auckland	8.50	11.9	55.50	71.20	57.79
			11.9	55.50	71.20	57.79
<b>RETAIL</b>						
Valley Mega Centre Stage 1	New Plymouth	8.63	4.0	24.10	23.70	19.24
Valley Mega Centre Stage 2	New Plymouth	8.63	3.3	8.30	19.75	16.03
The Hub	Whakatane	8.75	6.0	42.80	36.50	29.62
			13.3	75.20	79.95	64.89
<b>Total Portfolio</b>		<b>8.73</b>	<b>100.0</b>	<b>571.00</b>	<b>598.95</b>	<b>486.12</b>

\* 180 Molesworth Street was sold on 13 August 2010.

## VALUE OF INVESTMENT PORTFOLIO



Note: All New Zealand currency values have been converted at the exchange rate of \$1.2321 adopted throughout the 30 June 2010 accounts.



# Property Analysis

**LOCATION**

The property is located in the suburb of Takapuna, approximately eight kilometres from the Auckland CBD. Takapuna is a commercial and retail centre located on Auckland’s North Shore.

**PROPERTY DESCRIPTION**

The property comprises a 17 level office tower completed in 1989, with 13 office floors and four levels of parking providing 190 car spaces. Two of the parking levels also comprise retail accommodation. The building’s service core is centrally positioned to the western elevation, providing good natural light and exceptional views across urban areas to the ocean.

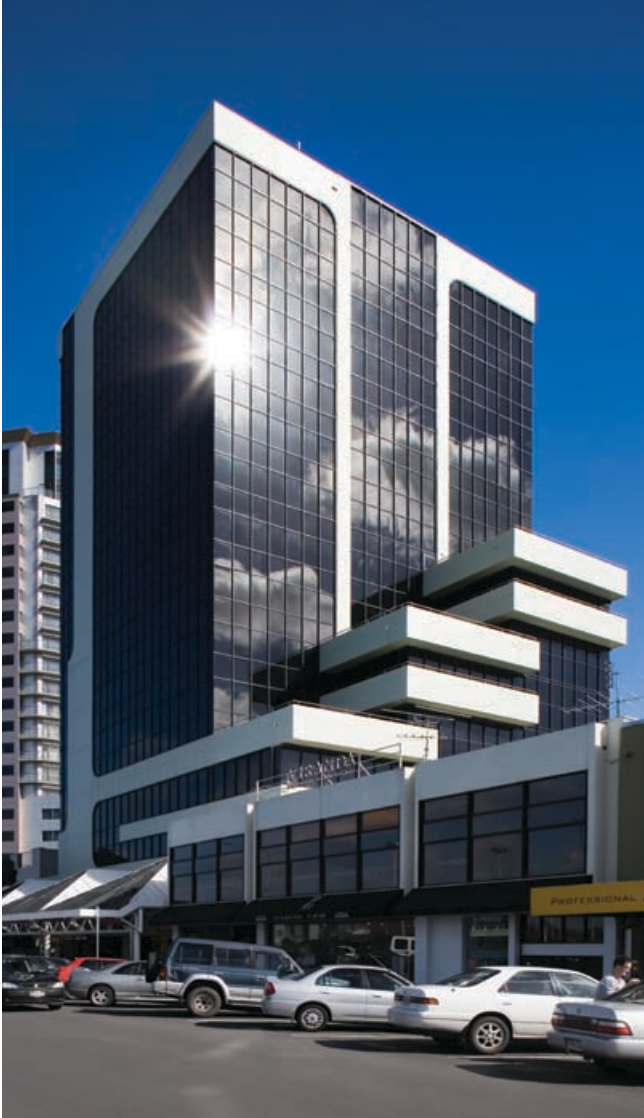
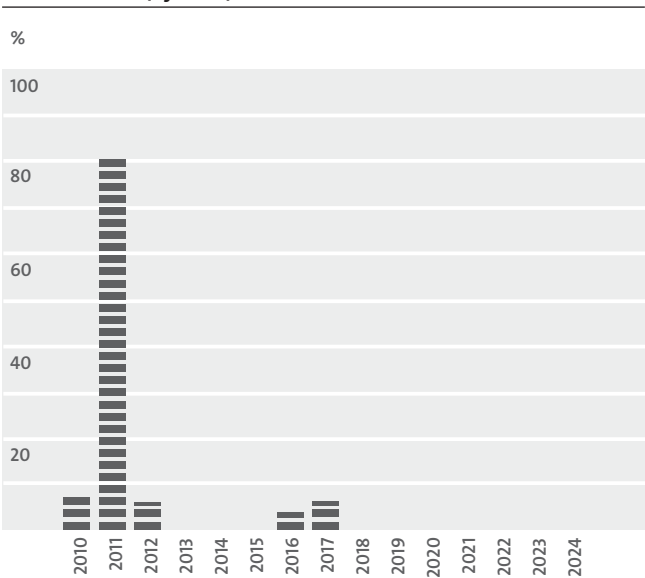
**PROPERTY DETAILS**

Property type	Commercial Office
Building completion date	1989
Net lettable area (sqm)	9,484
Purchase date	May 2005
Purchase price (NZ\$m)	24.6
Current valuation (NZ\$m)	27.6
Market capitalisation rate (%)	9.25
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	100
Weighted average lease expiry (years)	1.96
Major tenants	IRD
Net lettable area (%)	81

**LEASE EXPIRY (by area)**



## AIA House, Auckland



## LOCATION

The Albany area has been developed extensively over the past decade. The immediate area includes such facilities as the North Harbour Stadium, Westfield Albany and Massey University's Albany Campus.

## PROPERTY DESCRIPTION

The building comprises of a five level commercial office building with ground level retail completed in 2004. The concrete superstructure is incorporated with extensive blue glass to give a modern appearance.

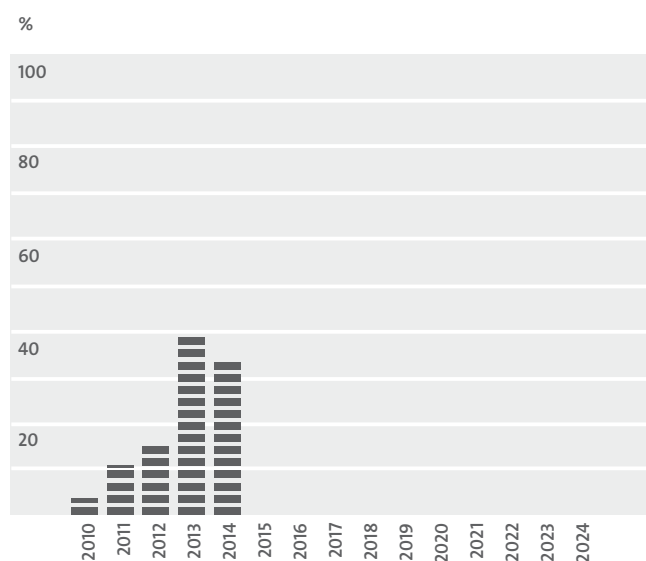
## PROPERTY DETAILS

Property type	Commercial Office/Retail
Building completion date	2004
Net lettable area (sqm)	5,736
Purchase date	December 2006
Purchase price (NZ\$m)	26.7
Current valuation (NZ\$m)	22.5
Market capitalisation rate (%)	8.75
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

## TENANCY PROFILE

Occupancy (%)	96		
Weighted average lease expiry (years)	2.73		
Major tenants	ANZ	Westpac	Justice
Net lettable area (%)	16	15	15

## LEASE EXPIRY (by area)



## ANZ Business Centre, Auckland

# Property Analysis

## LOCATION

The landmark ASB Bank Centre occupies a prominent position in the Auckland CBD. The building is located on the upper end of Albert Street, and with visual dominance of the city and harbour, it makes an imposing contribution to Auckland's skyline. The site has frontages to Albert, Wellesley and Federal Streets and is close to key city services.

## PROPERTY DESCRIPTION

ASB Bank Centre is a premium quality landmark property. The building features four levels of basement parking, a prestige quality entry foyer and 30 levels of column-free office accommodation. The building has a central core allowing for tenant flexibility. Services are premium grade, including a full back-up emergency generator.

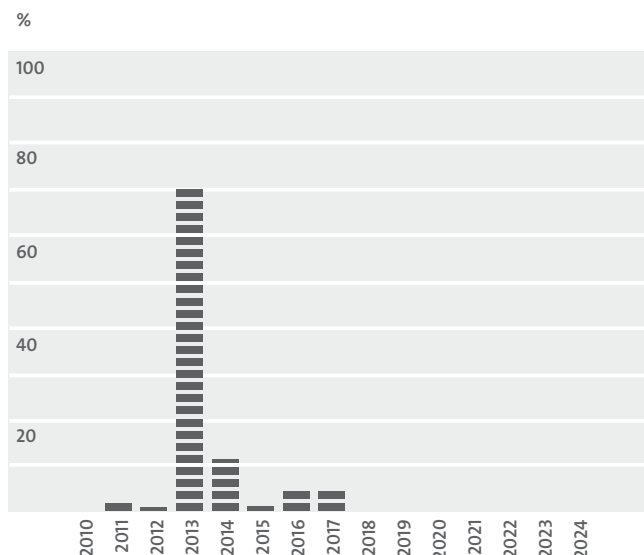
## PROPERTY DETAILS

Property type	Prime Commercial Office
Building completion date	1991
Net lettable area (sqm)	33,446
Purchase date	September 2004
Purchase price (NZ\$m)	113.9
Current valuation (NZ\$m)	120.0
Market capitalisation rate (%)	8.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

## TENANCY PROFILE

Occupancy (%)	94
Weighted average lease expiry (years)	3.00
Major tenants	ASB
Net lettable area (%)	61

## LEASE EXPIRY (by area)



## ASB Bank Centre, Auckland

## LOCATION

The property is located in a prominent CBD location close to the Queen Street retail centre which is widely recognised as the core of the Auckland CBD. The property is also close to the Viaduct Harbour precinct and Princess Wharf which provides entertainment areas, office accommodation, apartment dwellings and marina.

## PROPERTY DESCRIPTION

Completed in 1990, the building has 19 levels of A grade office accommodation, ground floor retail and three basement levels of parking. The building has a large canopy and colonnade area surrounding the ground floor and water feature on the corner of Wyndham and Hobson Streets. The upper floors enjoy excellent views of the harbour.

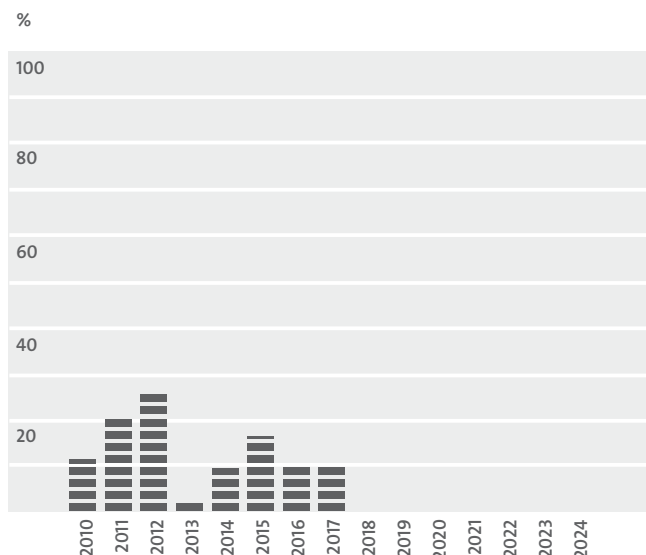
## PROPERTY DETAILS

Property type	Commercial Office
Building completion date	1990
Net lettable area (sqm)	22,614
Purchase date	May 2005
Purchase price (NZ\$m)	63.7
Current valuation (NZ\$m)	79.0
Market capitalisation rate (%)	8.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

## TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	3.02
Major tenants	Gen-i      Gulliver's
Net lettable area (%)	14      9

## LEASE EXPIRY (by area)



## Gen-i Tower, Auckland

# Property Analysis

**LOCATION**

The property is situated to the northern side of Karangahape Road on the southern fringe of the Auckland CBD. The property has considerable street frontage that enjoys significant exposure to pedestrian and vehicle traffic.

**PROPERTY DESCRIPTION**

The property comprises a historic building completed in the early 1900s that underwent a major refurbishment in the 1980s. It contains 22 street level retail and restaurant tenancies and two levels of high specification office space. The building also provides basement level parking.

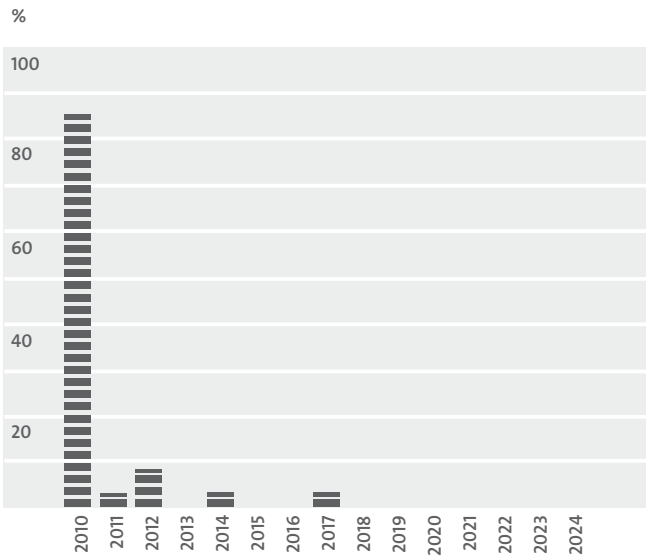
**PROPERTY DETAILS**

Property type	Commercial Office/Retail
Building completion date	Early 1900s Refurbished 1980s
Net lettable area (sqm)	4,693
Purchase date	May 2005
Purchase price (NZ\$m)	10.5
Current valuation (NZ\$m)	9.7
Market capitalisation rate (%)	9.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	100
Weighted average lease expiry (years)	0.81
Major tenants	Telecom
Net lettable area (%)	68

**LEASE EXPIRY (by area)**



The Plaza, Auckland



**LOCATION**

The property is situated on the eastern side of Hereford Street and the south side of Hopetown Street approximately one kilometre from the Auckland CBD. The building has extensive street frontage and enjoys significant exposure to both pedestrian and vehicle traffic.

**PROPERTY DESCRIPTION**

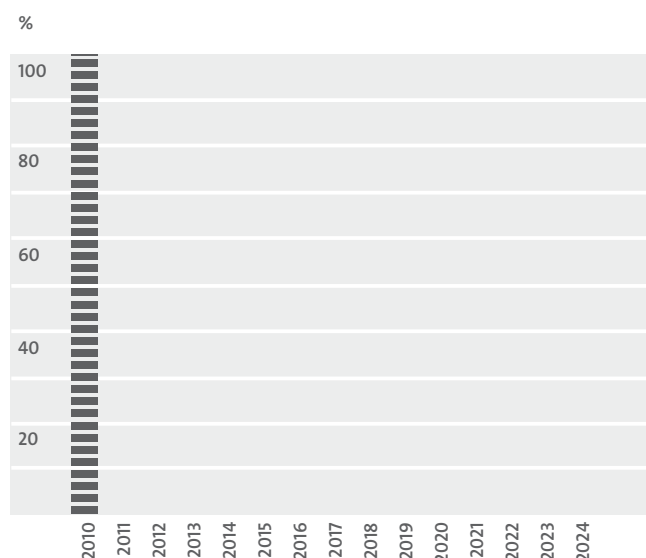
Completed in 1989, the 15 level office building has extensive panoramic views. The interior has been extensively refurbished according to high specifications.

**PROPERTY DETAILS**

Property type	Commercial Office
Building completion date	1989
Net lettable area (sqm)	15,665
Purchase date	May 2005
Purchase price (NZ\$m)	55.5
Current valuation (NZ\$m)	42.5
Market capitalisation rate (%)	9.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	100
Weighted average lease expiry (years)	0.41
Major tenants	Telecom
Net lettable area (%)	100

**LEASE EXPIRY (by area)**

## Telecom House, Auckland

# Property Analysis

## LOCATION

The property is situated on the eastern side of Symonds Street on the southern fringe of the Auckland CBD, being a short distance from the main campus of Auckland University. The property has easy access to the main transport routes and motorway networks, with access to the southern motorway being approximately 400 metres to the south.

## PROPERTY DESCRIPTION

The property comprises an 11 level office building which was completed in 1986. In addition there are three levels of basement parking.

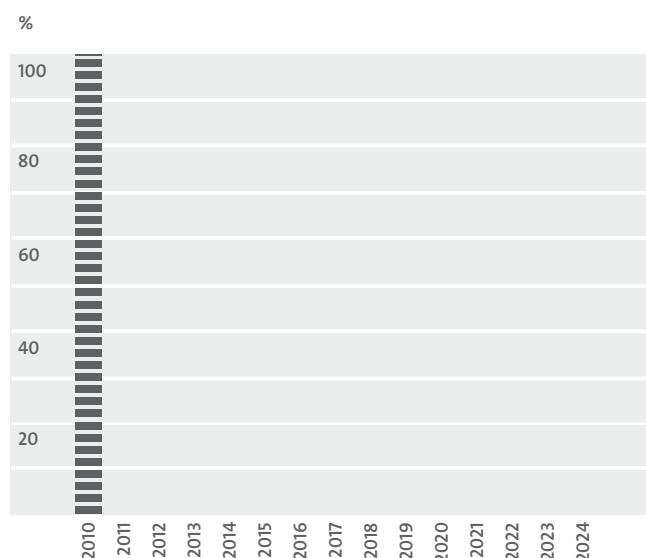
## PROPERTY DETAILS

Property type	Commercial Office
Building completion date	1986
Net lettable area (sqm)	7,438
Purchase date	May 2005
Purchase price (NZ\$m)	17.5
Current valuation (NZ\$m)	18.3
Market capitalisation rate (%)	8.75
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

## TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	0.32
Major tenants	UOA
Net lettable area (%)	72

## LEASE EXPIRY (by area)



## Uniservices House, Auckland



#### LOCATION

The property is situated on the eastern fringe of the Auckland CBD and northern extent of the main campus of the University of Auckland. The property has good access to main arterial roads providing links to the motorway systems and is close to public transport. It is also well located to take advantage of the Britomart commercial development and central transport precinct.

#### PROPERTY DESCRIPTION

The property comprises a nine level office tower originally completed in 1971, with seven office floors and two levels of parking for 46 cars. The building was refurbished in circa 1995 for educational use. The upper office floors enjoy views over the Auckland port area.

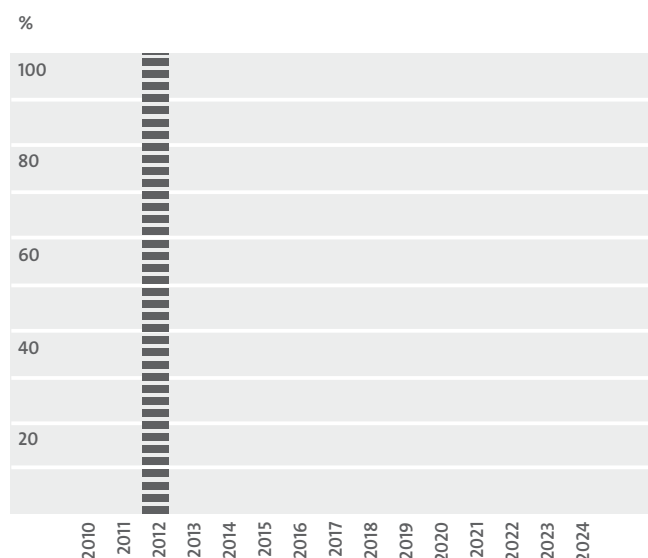
#### PROPERTY DETAILS

Property type	Commercial Office
Building completion date	1971
Net lettable area (sqm)	5,088
Purchase date	May 2005
Purchase price (NZ\$m)	9.6
Current valuation (NZ\$m)	10.2
Market capitalisation rate (%)	10.0
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

#### TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	2.09
Major tenants	UOA
Net lettable area (%)	100

#### LEASE EXPIRY (by area)



## University Building, Auckland

# Property Analysis

## LOCATION

The property is situated on the eastern side of Willis Street and is located in the southern sector of the Wellington CBD.

## PROPERTY DESCRIPTION

The property is a 14 level office building located above a podium that is Conservation House.

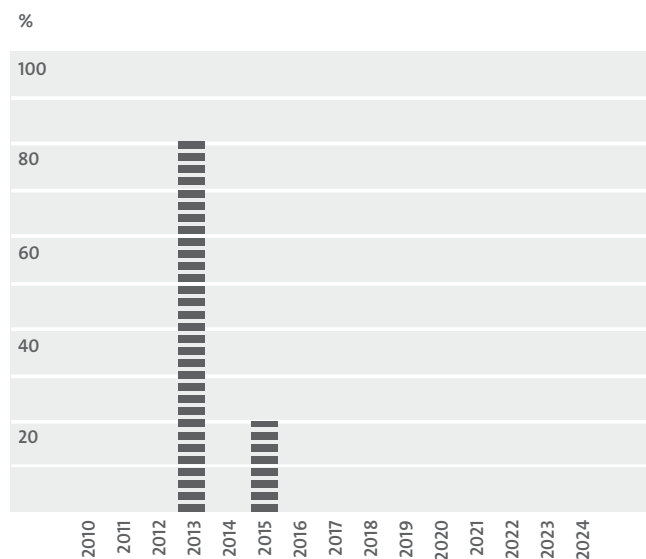
## PROPERTY DETAILS

Property type	Commercial Office
Building completion date	1985
Net lettable area (sqm)	7,595
Purchase date	June 2007
Purchase price (NZ\$m)	19.0
Current valuation (NZ\$m)	14.5
Market capitalisation rate (%)	9.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

## TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	3.48
Major tenants	Telecom      Medical Council
Net lettable area (%)	72      18

## LEASE EXPIRY (by area)



## Tel Tower, Wellington

LOCATION

The property is situated on the western side of Manners Street. The property is located in the southern sector of the Wellington CBD.

PROPERTY DESCRIPTION

The building is a 5 Star equivalent Green Building, having undergone extensive refurbishment in 2007. The property's design is focused on environmental sustainability and in 2008 won a NZ Institute of Architecture Supreme Award Citation.

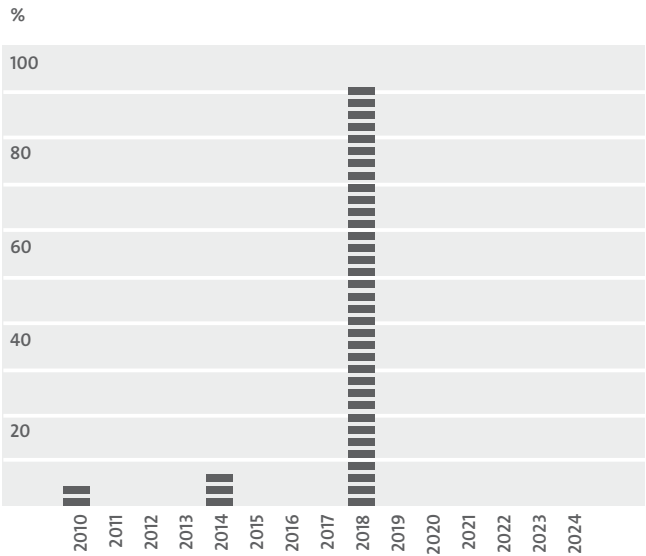
PROPERTY DETAILS

Property type	Commercial Office
Building completion date	Refurbished 2007
Net lettable area (sqm)	8,616
Purchase date	June 2007
Purchase price (NZ\$m)	37.7
Current valuation (NZ\$m)	35.8
Market capitalisation rate (%)	8.25
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	7.49
Major tenants	Department of Conservation
Net lettable area (%)	87

LEASE EXPIRY (by area)



Conservation House,  
Wellington



# Property Analysis

**LOCATION**

The property is situated on the eastern side of Gilmer Terrace, Wellington.

**PROPERTY DESCRIPTION**

The property comprises 14 office levels and a basement car park, providing a good standard of accommodation after being extensively refurbished in 2008.

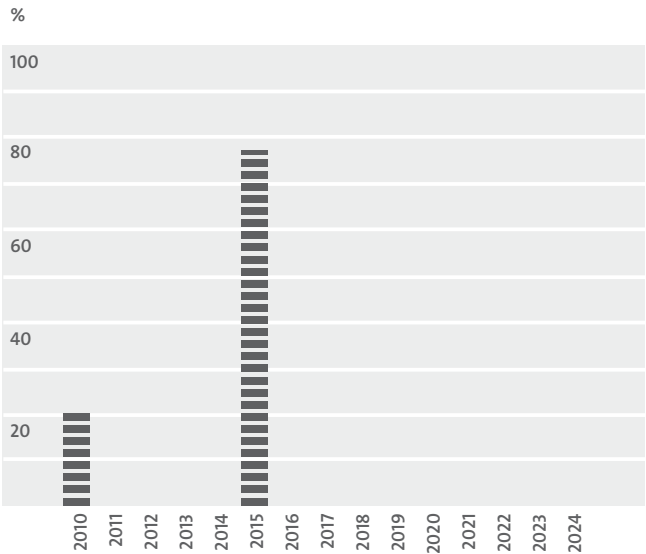
**PROPERTY DETAILS**

Property type	Commercial Office
Building completion date	1988
Net lettable area (sqm)	9,940
Purchase date	April 2006
Purchase price (NZ\$m)	26.1
Current valuation (NZ\$m)	28.0
Market capitalisation rate (%)	8.75
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	100
Weighted average lease expiry (years)	4.08
Major tenants	EDS
Net lettable area (%)	78

**LEASE EXPIRY (by area)**



EDS House, Wellington

**LOCATION**

The property, located in Wellington, is situated at the northern end of Molesworth Street, immediately before it crosses over the motorway.

**PROPERTY DESCRIPTION**

The property comprises a 17 storey office building completed in 1979. The building is a freestanding tower with strong vertical concrete columns with vertical glazing panels.

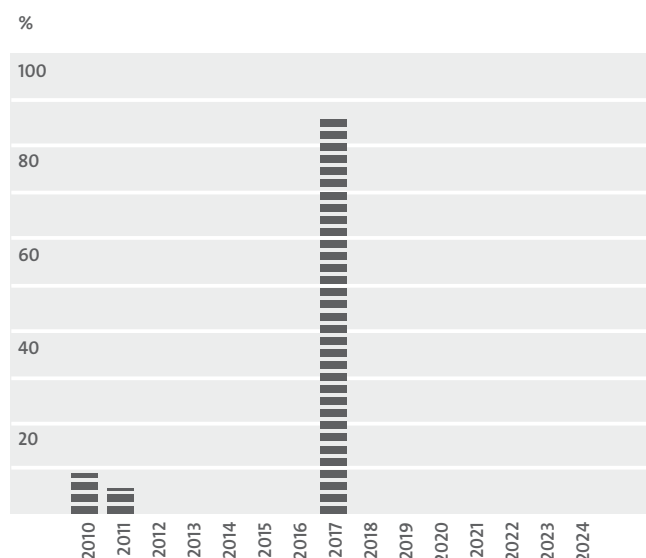
The property has recently undergone an extensive internal and external refurbishment.

**PROPERTY DETAILS**

Property type	Commercial Office
Building completion date	1979
Net lettable area (sqm)	14,684
Purchase date	April 2006
Purchase price (NZ\$m)	35.5
Current valuation (NZ\$m)	39.8
Market capitalisation rate (%)	8.75
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	100
Weighted average lease expiry (years)	5.95
Major tenants	NZ Police
Net lettable area (%)	86

**LEASE EXPIRY (by area)**

**180 Molesworth Street\*,  
Wellington**

\* This property was sold by the Fund on 13 August 2010.

# Property Analysis

LOCATION

The property is located on the northern side of Favona Road, approximately five minutes travel from Auckland International Airport. The property will benefit from increased accessibility to Manukau and Wiri with the proposed extensions and redirections of State Highway 20. The area immediately surrounding Favona Road comprises residential development and established industrial and commercial premises.

PROPERTY DESCRIPTION

The property comprises a large integrated distribution centre and head office complex. It includes a new office building, completed to a high standard and extensive car parking. The total building area of 65,274sqm provides a site coverage of approximately 49%.

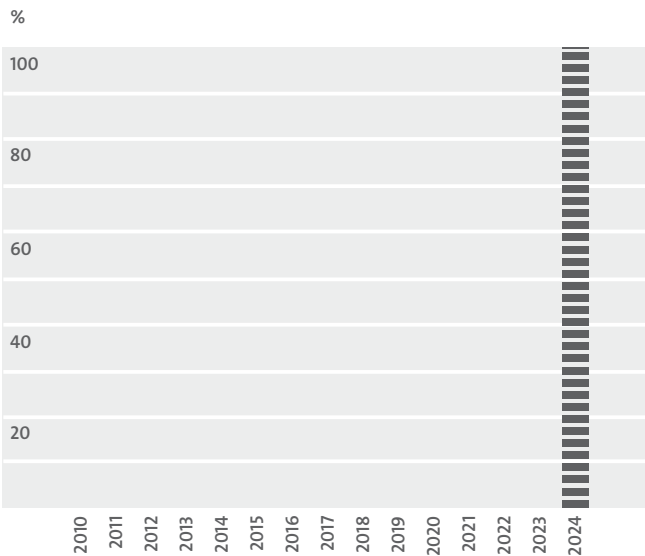
PROPERTY DETAILS

Property type	Office/Distribution Centre
Building completion date	Refurbished 1995
Net lettable area (sqm)	65,274
Purchase date	September 2004
Purchase price (NZ\$m)	55.5
Current valuation (NZ\$m)	71.2
Market capitalisation rate (%)	8.50
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	14.18
Major tenants	General Distributors
Net lettable area (%)	100

LEASE EXPIRY (by area)



Mangere Distribution Centre, Auckland



LOCATION

The property is located in the provincial town of Whakatane, located in the Bay of Plenty District. Whakatane is in the North Island, approximately 310 kilometres from the Auckland CBD, 85 kilometres from Rotorua and 160 kilometres from Taupo.

PROPERTY DESCRIPTION

The Hub retail complex is a large Bulky Goods complex that is anchored by significant tenants such as Bunnings, Farmers, Harvey Norman, Briscoes and Rebel Sports

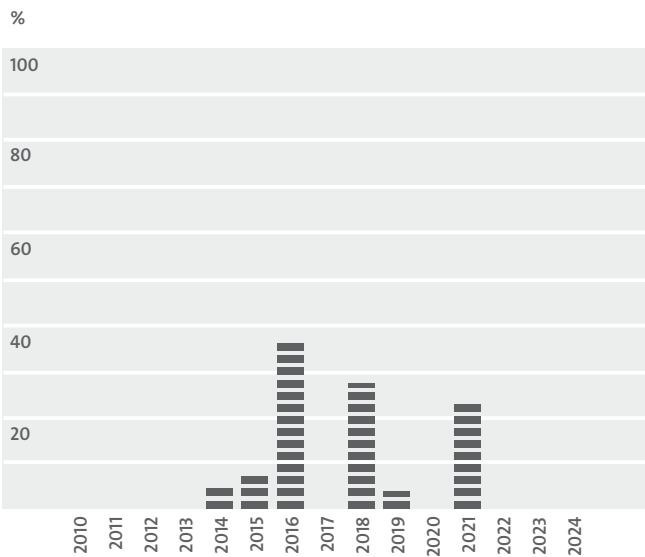
PROPERTY DETAILS

Property type	Bulky Goods Retail Centre
Building completion date	2006
Net lettable area (sqm)	26,674
Purchase date	September 2006
Purchase price (NZ\$m)	42.8
Current valuation (NZ\$m)	36.5
Market capitalisation rate (%)	8.75
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

TENANCY PROFILE

Occupancy (%)	100
Weighted average lease expiry (years)	7.30
Major tenants	Bunnings Farmers
Net lettable area (%)	30 22

LEASE EXPIRY (by area)



The Hub, Whakatane

# Property Analysis

LOCATION

The property is located in the provincial town of New Plymouth on the western coast of the North Island. It is situated approximately 450 kilometres from Auckland and 300 kilometres north of Wellington.

PROPERTY DESCRIPTION

Valley Mega Centre comprises a bulky goods retail development. The site is situated two kilometres west of the New Plymouth Central Business District. It comprises 11,683sqm of net lettable area, divided into retail units ranging from 135 to 2,271sqm.

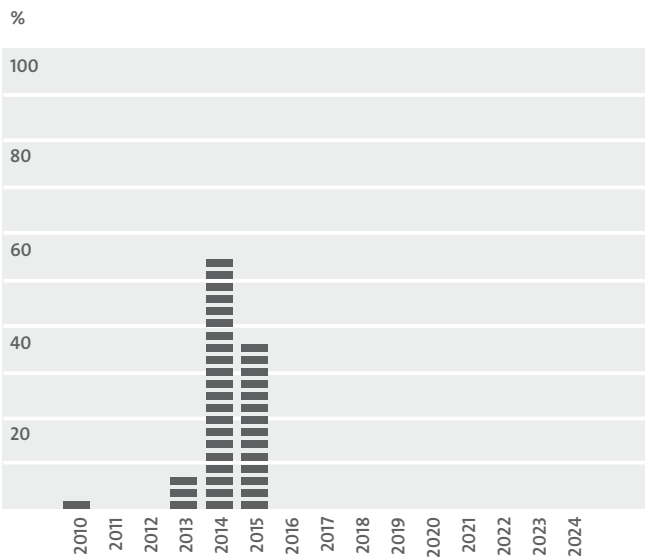
PROPERTY DETAILS

Property type	Bulky Goods Retail Centre
Building completion date	2006
Net lettable area (sqm)	11,683
Purchase date	December 2006
Purchase price (NZ\$m)	24.1
Current valuation (NZ\$m)	23.7
Market capitalisation rate (%)	8.63
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

TENANCY PROFILE

Occupancy (%)	99	
Weighted average lease expiry (years)	4.41	
Major tenants	Briscoes	Rebel Sport
Net lettable area (%)	19	16

LEASE EXPIRY (by area)



## Valley Mega Centre Stage 1, New Plymouth

**LOCATION**

The property is located in the provincial town of New Plymouth on the western coast of the North Island. It is situated approximately 450 kilometres from Auckland and 300 kilometres north of Wellington.

**PROPERTY DESCRIPTION**

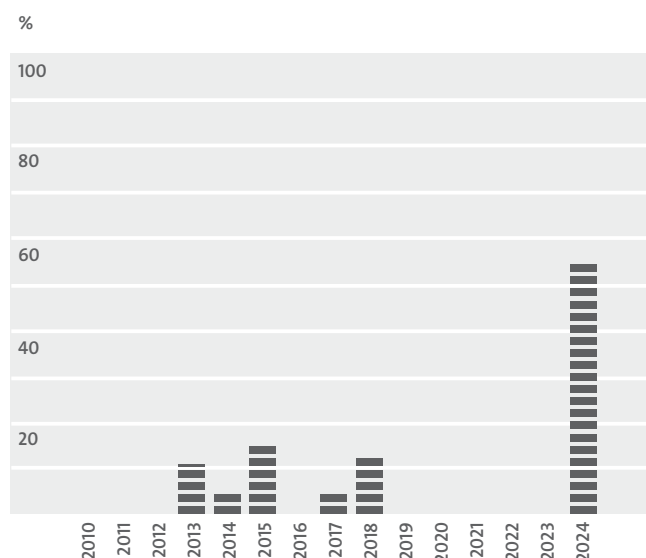
Valley Mega Centre Stage 2 comprises the extension of the existing bulky goods retail development.

**PROPERTY DETAILS**

Property type	Bulky Goods Retail Centre
Building completion date	2009
Net lettable area (sqm)	7,790
Purchase date	May 2007
Purchase price (NZ\$m)	8.3
Current valuation (NZ\$m)	19.8
Market capitalisation rate (%)	8.63
Current valuation date	30 June 2010
Valuer	Colliers International New Zealand

**TENANCY PROFILE**

Occupancy (%)	85
Weighted average lease expiry (years)	10.71
Major tenants	Countdown
Net lettable area (%)	55%

**LEASE EXPIRY (by area)**

## Valley Mega Centre Stage 2, New Plymouth

\* Includes \$1.25 million attributed to the adjoining vacant VTNZ site.



ANZ Business Centre, Auckland



ASB Bank Centre, Auckland



The Hub, Whakatane

# Investor Relations

## ONLINE SERVICES

Accessing investments online is one of the many ways that Brookfield Multiplex is ensuring convenience and accessibility to unitholder investment holdings. Links to the registry providers are available via the Brookfield Multiplex website. Unitholders can access their account balance, transaction history and distribution details.

## E-COMMUNICATIONS

The default for Brookfield Multiplex annual and interim reports is now electronic. Online versions of the annual and interim reports are available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

Investors who have elected to receive hard copy reports will continue to receive them. Should you wish to change your preference, please contact the share registry on 1800 766 011.

## CONTACT THE REGISTRY

Queries relating to individual unit holdings or requests to change investment record details such as:

- change of address (issuer sponsored holdings only)
- update method of payment for receiving distributions
- tax file number notification
- annual report election

should be addressed to:

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
Freecall: 1800 766 011  
Email: [brookfieldmultiplex@registries.com.au](mailto:brookfieldmultiplex@registries.com.au)

## INVESTOR SERVICES

Investors wishing to register a complaint should direct it to:

The Manager  
Brookfield Multiplex  
GPO Box 172  
Sydney NSW 2001

## CONTACT US

Brookfield Multiplex has personnel to assist with all investor and financial adviser enquiries.

There are several ways of accessing information about the fund and providing feedback to Customer Service:

### By post

GPO Box 172  
Sydney NSW 2001

### By phone

1800 570 000 (within Australia)  
+61 2 9322 2000 (outside Australia)

### By fax

+61 2 9322 2001

### By email

[clientenquiries@au.brookfieldmultiplex.com](mailto:clientenquiries@au.brookfieldmultiplex.com)

### By internet

The Brookfield Multiplex website provides investors with up-to-date information on all funds as well as reports, media releases, fund performance, unit price information and corporate governance guidelines.

[www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com)



## Financial Report 2010

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# Directors' Report

For the year ended 30 June 2010

## Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex New Zealand Property Fund (ARSN 110 281 055) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries (together referred to as the Consolidated Entity), for the year ended 30 June 2010 and the Independent Auditor's Report thereon. The Fund was constituted on 28 July 2004.

## Responsible Entity

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

## Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Tim Harris (appointed 17 March 2010)	Executive Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)	Non-Executive Independent Chairman
Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)	Non-Executive Independent Director
Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)	Executive Director
Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)	Executive Director

## Information on Directors

### F. Allan McDonald (BEcon, FCPA, FAIM, FCIS), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited (BMFML). Allan has had extensive experience in the role of chairman and is presently associated with a number of companies as a consultant and company director. BMCML is also the Responsible Entity for the following listed funds: Multiplex Prime Property Fund (MAFCB), Multiplex European Property Fund (MUE) and Multiplex Acumen Property Fund (MPF). BMFML is the Responsible Entity for listed the Multiplex SITES Trust. Allan's other directorships of listed entities are Astro Japan Property Management Limited (responsible entity of Astro Japan Property Trust) (appointed November 2004), Billabong International Limited (appointed July 2000), and Ross Human Directions Limited (appointed April 2000). During the past three years, Allan has also served as a director of the following listed company: Multiplex Limited (December 2003 to October 2007 – delisted December 2007). Age 70.

### Brian Motteram (BBus, CA), Non-Executive Independent Director

Brian has in excess of 33 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 19 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. BMCML is also the Responsible Entity for the following listed funds: MAFCB, MUE and MPF. Brian is a fully qualified Chartered Accountant, having trained with KPMG and Deloitte. Age 57.

### Barbara Ward (BEcon, MPolEcon, MAICD), Non-Executive Independent Director

Barbara was appointed as a Non-Executive Independent Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BMCML is also the Responsible Entity for the following listed funds: MAFCB, MUE and MPF. BMFML is the Responsible Entity for the listed Multiplex SITES Trust. Barbara is Chairman of Country Energy and a Director of Qantas Airways Limited (appointed June 2008). During the past three years Ms Ward has also served as a Director of Multiplex Limited (December 2003 to October 2007 – delisted December 2007), Lion Nathan Limited (February 2003 to October 2009) and Allco Finance Group Limited (April 2005 to January 2008). Age 56.

# Directors' Report

For the year ended 30 June 2010

## Information on Directors continued

### Tim Harris (BA (Hons), ACA), Executive Director

Tim Harris is the Chief Financial Officer of Brookfield Multiplex Group and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 17 March 2010 and also performs that role for debt listed companies Brookfield Secured Bonds Series A Limited (BSBSA) and Brookfield Secured Bonds Series B Limited (BSBSB) (both appointed March 2010). BMCML is also the Responsible Entity for the following listed funds: MAFCB, MUE and MPF. Tim joined the organisation in February 2009, prior to which he held various senior finance positions with the Westfield Group. Tim has also worked for Lion Nathan Australia, Southcorp Wines and The Walt Disney Company in London. Tim is a fully qualified Chartered Accountant, having trained with Ernst & Young in London. Age 39.

### Russell Proutt (BComm, CA, CBV), Executive Director

Russell Proutt is the Chief Financial Officer of Brookfield Australia and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for BMFML (appointed 17 March 2010) and for debt listed companies BSBSA Issuer Limited (appointed 30 April 2009) and BSBSB Issuer Limited (appointed 2 September 2009). BMCML is also the Responsible Entity for the following listed funds; MAFCB, MUE and MPF. Russell joined Brookfield Asset Management Inc., the parent company of Brookfield Multiplex Capital Management Limited, in 2006 and has held various senior management positions within Brookfield, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries, and transactions involving Brookfield's restructuring fund, Tricap Partners. Age 42.

## Information on Company Secretary

### Neil Olofsson

Neil has over 14 years' 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 New Zealand Property Fund units held	
F. Allan McDonald	26,000	
Brian Motteram	–	
Barbara Ward	–	
Tim Harris	–	
Russell Proutt	–	

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

## Directors' meetings

Director	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings <sup>1</sup>	
	A	B	A	B	A	B
F. Allan McDonald	4	4	1	1	1	1
Brian Motteram	9	10	2	2	1	1
Barbara Ward	4	4	1	1	1	1
Tim Harris	1	2	n/a	n/a	n/a	n/a
Russell Proutt	4	4	n/a	n/a	n/a	n/a
Peter Morris	6	6	1	1	n/a	n/a
Robert McCuaig	6	6	1	1	n/a	n/a
Mark Wilson	6	6	n/a	n/a	n/a	n/a
Brian Kingston	7	8	n/a	n/a	n/a	n/a

A – Number of meetings attended.

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

<sup>1</sup> – Board Risk and Compliance Committee Meetings were established from January 2010. Compliance and Risk Committee Meetings were held prior to January 2010, as a committee comprising a majority of external members, when it was disbanded.

### Committee meetings

There were no 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 properties in New Zealand.

### Review of operations

The Consolidated Entity has recorded a net loss after tax before distributions to unitholders of \$17,727,000 for the year ended 30 June 2010 (2009: \$94,314,000). The reported net loss includes \$44,247,000 of unrealised losses on revaluations of investment properties (2009: \$77,091,000) and \$5,798,000 net gain on financial derivatives (2009: \$21,720,000 loss).

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

- total revenue and other income of \$66,675,000 (2009: \$78,310,000);
- distributions to unitholders of nil and distributions per unit of nil cents per unit (2009: \$4,359,000 and 2.0 cents per unit);
- net assets attributable to unitholders of \$148,314,000 (2009: \$164,005,000) and net tangible assets (NTA) per unit of \$0.68 (2009: \$0.75);
- the current weighted average lease term to expiry is approximately 4.92 years (2009: 5.52 years) and the portfolio occupancy rate is 99% (2009: 99%);
- the sale of Wiri Distribution Centre, Auckland was settled on 9 October 2009 for NZ\$19,000,000; and
- the sale of South City Shopping Centre, Christchurch was settled on 8 June 2010 for NZ\$34,000,000.

### Debt renewal

The Consolidated Entity entered into a new debt facility on 22 December 2009. The total facility limit is NZ\$385,673,000. As at 30 June 2010, NZ\$385,673,000 was drawn down on the facility.

The total facility comprises Tranche A drawn to NZ\$350,000,000, expiring on 30 August 2011, with a margin of 3.75% and Tranche B drawn to NZ\$35,673,000, expiring on 31 October 2010, with a margin of 5.00%. The revised covenants of the facility stipulate a loan to value ratio requirement of no more than 65% until 30 December 2010, 55% at 31 December 2010 and 50% at 29 June 2011. There are two interest cover ratios of greater than 1.4 times on an historic basis and 1.3 times on a forward basis. The payment of management fees is restricted until Tranche B is repaid and the loan to value ratio is less than 50%.

At 30 June 2010, the Consolidated Entity was in compliance with its debt covenants.

A portion of the existing debt facility is classified as current in the Statement of Financial Position. \$28,953,000 of the total debt balance has a maturity date of 31 October 2010 and at the date of this report, this portion of the debt has not been refinanced beyond this date. Due to this classification, the Consolidated Entity's current liabilities exceed current assets by \$2,990,000. Investment properties totalling \$453,862,000 are classified as non-current assets in accordance with accounting standards.

In accordance with AASB 101 *Presentation of Financial Statements*, 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 Consolidated Entity or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current investment properties in the Statement of Financial Position.

# Directors' Report

For the year ended 30 June 2010

## Interests of the Responsible Entity

### Fee payments

The Consolidated Entity incurred the following fees to Brookfield Multiplex Capital Management Limited during the financial year:

- management fees incurred by the Fund during the year were \$3,740,000 (2009: \$4,975,000);
- leasing fees incurred by the Consolidated Entity during the year were \$260,000 (2009: \$212,000); and
- property sale fees incurred by the Consolidated Entity during the year were nil (2009: \$1,731,000).

### Investments held

The following interests were held in the Consolidated Entity during the year:

- ANZ Nominees Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Acumen Property Fund holds 46,866,127 units or 21.49% of the Fund at year end (2009: 51,699,755 units or 23.71% of the Fund).
- Brookfield Multiplex Funds Management Limited as custodian for Brookfield Multiplex Property Trust holds 47,461,298 units or 21.77% of the Fund at year end (2009: 47,461,298 units or 21.77% of the Fund).
- Perpetual Trust Limited as custodian for Multiplex Tasman Property Fund holds 4,629,041 units or 2.12% of the Fund at year end (2009: 4,701,355 units or 2.16% of the Fund).
- JPMorgan Nominees Australia Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Diversified Property Fund holds nil units of the Fund at year end (2009: 4,345,251 units or 1.99% of the Fund).
- JPMorgan Nominees Australia Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Property Income Fund holds 1,201,696 units or 0.55% of the Fund at year end (2009: 1,325,635 units or 0.61% of the Fund).
- Brookfield Multiplex Capital Management Limited holds 13,017,856 units or 5.97% of the Fund at year end (2009: 6,056,977 units or 2.78% of the Fund).
- Multiplex APF Pty Ltd as trustee for Multiplex APF Trust holds 3,712,913 units or 1.70% of the Fund at year end (2009: nil).
- Brookfield Multiplex Capital Pty Ltd holds 220,793 units or 0.10% of the Fund at year end (2009: nil).

## 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 other than those disclosed in this report or in the financial statements.

## Events subsequent to the reporting date

The investment property at 180 Molesworth Street was sold on 13 August 2010 for a consideration of \$31,000,000. Net proceeds from the sale were used to repay in full the Tranche B debt and a portion of the Tranche A debt.

Other than the 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 enquiries 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 Consolidated Entity to unitholders are detailed below. The Consolidated Entity did not pay a distribution for the current year ended 30 June 2010. This cash was used to repay debt and/or essential maintenance capital expenditure as required. The terms of the Consolidated Entity's debt facility prevent the Consolidated Entity from making a distribution until the Tranche B debt currently drawn to NZ\$35,673,000 is fully repaid and the loan to value ratio is less than 50%. Distributions paid for the year ended 30 June 2009 have been paid out of the Consolidated Entity's realised revenues and expenses.

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
<b>Total distribution for the year ended 30 June 2010</b>	–	–	–
<b>Ordinary units</b>			
September 2008 distribution	2.000	4,359	3 November 2008
<b>Total distribution for the year ended 30 June 2009</b>	<b>2.000</b>	<b>4,359</b>	

### Indemnification and insurance premiums

Under the Fund's Constitution, the Responsible Entity's officers 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.

Neither the Fund nor any controlled entity has indemnified any auditor of the Consolidated Entity.

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

### Rounding of amounts

The Consolidated Entity 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 30 and forms part of the Directors' Report for the year ended 30 June 2010.

Dated at Sydney this 25th day of August 2010.

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



**Russell Proutt**

Director

Brookfield Multiplex Capital Management Limited

# Auditor's Independence Declaration

## Deloitte.

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

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

DX 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

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

25 August 2010

Dear Directors

### MULTIPLEX NEW ZEALAND 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 for Multiplex New Zealand Property Fund.

As lead audit partner for the audit of the financial statements of Multiplex New Zealand Property Fund for the year ended 30 June 2010, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants

Member of  
**Deloitte Touche Tohmatsu**



# Statement of Comprehensive Income

For the year ended 30 June 2010

		Consolidated	
	Note	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Revenue and other income</b>			
Property rental income		60,689	70,448
Interest income		188	432
Realised gain on foreign exchange transactions		–	1,047
Net gain on financial derivatives	5	5,798	–
Reversal of performance fee		–	6,383
<b>Total revenue and other income</b>		<b>66,675</b>	<b>78,310</b>
<b>Expenses</b>			
Property expenses		13,433	15,110
Loss on sale of investment property		3,311	11,003
Net loss on financial derivatives	5	–	21,720
Net loss on revaluation of investment property	10	44,247	77,091
Finance costs to external parties		33,241	35,846
Management fees		3,740	4,975
Other expenses		187	334
<b>Total expenses</b>		<b>98,159</b>	<b>166,079</b>
<b>Loss before income tax</b>		<b>(31,484)</b>	<b>(87,769)</b>
Income tax benefit/(expense)	7	13,757	(6,545)
<b>Net loss after income tax for the year</b>		<b>(17,727)</b>	<b>(94,314)</b>
<b>Other comprehensive income</b>			
Currency translation differences		2,036	4,103
<b>Other comprehensive income for the year</b>		<b>2,036</b>	<b>4,103</b>
<b>Total comprehensive loss for the year</b>		<b>(15,691)</b>	<b>(90,211)</b>
<b>Net loss attributable to ordinary unitholders</b>		<b>(17,727)</b>	<b>(94,314)</b>
<b>Total comprehensive loss attributable to unitholders</b>		<b>(15,691)</b>	<b>(90,211)</b>

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

# Statement of Financial Position

For the year ended 30 June 2010

	Note	Consolidated 2010 \$'000	2009 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		17,420	11,125
Trade and other receivables	9	1,780	2,781
Held for sale investment properties	10	30,679	–
<b>Total current assets</b>		<b>49,879</b>	<b>13,906</b>
<b>Non-current assets</b>			
Investment properties	10	453,862	564,733
<b>Total non-current assets</b>		<b>453,862</b>	<b>564,733</b>
<b>Total assets</b>		<b>503,741</b>	<b>578,639</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	23,916	23,888
Fair value of financial derivatives		–	1,955
Interest bearing liabilities	13	28,953	349,222
<b>Total current liabilities</b>		<b>52,869</b>	<b>375,065</b>
<b>Non-current liabilities</b>			
Fair value of financial derivatives		5,541	9,383
Interest bearing liabilities	13	280,588	–
Deferred income tax liability	7	16,429	30,186
<b>Total non-current liabilities</b>		<b>302,558</b>	<b>39,569</b>
<b>Total liabilities</b>		<b>355,427</b>	<b>414,634</b>
<b>Net assets</b>		<b>148,314</b>	<b>164,005</b>
<b>Equity</b>			
Units on issue	14	203,396	203,396
Reserves	15	(41,187)	(43,223)
Undistributed (losses)/income	16	(13,895)	3,832
<b>Total equity</b>		<b>148,314</b>	<b>164,005</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2010

Consolidated entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
<b>Opening equity – 1 July 2009</b>	<b>203,396</b>	<b>3,832</b>	<b>(43,223)</b>	<b>164,005</b>
Currency translation differences	–	–	2,036	2,036
<b>Other comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>2,036</b>	<b>2,036</b>
Net loss for the year	–	(17,727)	–	(17,727)
<b>Total comprehensive income/(loss) for the year</b>	<b>–</b>	<b>(17,727)</b>	<b>2,036</b>	<b>(15,691)</b>
Transactions with unitholders in their capacity as unitholders:				
Distributions paid/payable	–	–	–	–
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing equity – 30 June 2010</b>	<b>203,396</b>	<b>(13,895)</b>	<b>(41,187)</b>	<b>148,314</b>

Consolidated entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
<b>Opening equity – 1 July 2008</b>	<b>203,131</b>	<b>102,505</b>	<b>(47,326)</b>	<b>258,310</b>
Currency translation differences	–	–	4,103	4,103
<b>Other comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>4,103</b>	<b>4,103</b>
Net loss for the year	–	(94,314)	–	(94,314)
<b>Total comprehensive income/(loss) for the year</b>	<b>–</b>	<b>(94,314)</b>	<b>4,103</b>	<b>(90,211)</b>
Transactions with unitholders in their capacity as unitholders:				
Units reinvested	265	–	–	265
Distributions paid/payable	–	(4,359)	–	(4,359)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>265</b>	<b>(4,359)</b>	<b>–</b>	<b>(4,094)</b>
<b>Closing equity – 30 June 2009</b>	<b>203,396</b>	<b>3,832</b>	<b>(43,223)</b>	<b>164,005</b>

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

# Statement of Cash Flows

For the year ended 30 June 2010

		Consolidated	
		Year ended	Year ended
		30 June 2010	30 June 2009
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		69,100	70,335
Cash payments in the course of operations		(22,204)	(25,488)
Interest received		181	432
Settlement of derivatives		–	5,259
Financing costs paid		(33,701)	(33,567)
<b>Net cash flows from operating activities</b>	18	<b>13,376</b>	<b>16,971</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment properties		43,062	110,851
Payments for purchase of, and additions to, investment properties		(5,695)	(14,351)
<b>Net cash flows from investing activities</b>		<b>37,367</b>	<b>96,500</b>
<b>Cash flows from financing activities</b>			
Distributions paid		–	(9,268)
Proceeds from interest bearing liabilities		–	14,890
Repayments of interest bearing liabilities		(39,393)	(112,383)
Debt establishment costs paid		(5,180)	–
<b>Net cash flows used in financing activities</b>		<b>(44,573)</b>	<b>(106,761)</b>
Net increase in cash and cash equivalents		6,170	6,710
Impact of foreign exchange		125	(4,436)
Cash and cash equivalents at beginning of year		11,125	8,851
<b>Cash and cash equivalents at 30 June</b>		<b>17,420</b>	<b>11,125</b>

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

# Notes to the Financial Statements

For the year ended 30 June 2010

## 1 Reporting entity

Multiplex New Zealand 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 consolidated financial statements of the Fund as at and for the year ended 30 June 2010 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

## 2 Basis of preparation

### a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements of the Consolidated Entity and the Fund (financial statements) comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Boards (IASB).

The financial statements were authorised for issue by the Directors on this 25th day of August 2010.

### 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; and
- investment property, which is measured at fair value.

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

The consolidated financial statements are presented in Australian dollars, which is the Fund's presentation currency. The Fund's functional currency is Australian dollars; however, the Consolidated Entity is predominantly comprised of operations that are located in New Zealand. The functional currency of the controlled entity that holds these operations is the New Zealand dollar.

The Consolidated Entity 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.

A portion of the existing debt facility is classified as current in the Statement of Financial Position. \$28,953,000 of the total debt balance has a maturity date of 31 October 2010 and at the date of this report, this portion of the debt has not been refinanced beyond this date. Due to this classification, the Consolidated Entity's current liabilities exceed current assets by \$2,990,000. Investment properties totalling \$453,862,000 are classified as non-current assets in accordance with accounting standards.

The investment property at 180 Molesworth Street was sold on 13 August 2010 for a consideration of \$31,000,000. Net proceeds from the sale were used to repay in full the Tranche B debt and a portion of the Tranche A debt. In accordance with AASB 101 *Presentation of Financial Statements*, 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 Consolidated Entity or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current investment properties in the Statement of Financial Position.

### 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 investment properties (Note 10) and financial instruments (Note 17).

### d Financial statement presentation

The Consolidated Entity has applied the revised AASB 101 *Presentation of Financial Statements*, which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a Statement of Changes in Equity. All non-owner changes in equity must now be presented in the Statement of Comprehensive Income. As a consequence, the Consolidated Entity had to change the presentation of their financial statements. Comparative information has been re-presented so that it conforms with the revised standard.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 2 Basis of preparation continued

Previous primary statement	Current primary statement
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Equity	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

## 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 Statement of Comprehensive Income 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. The assets and liabilities of foreign controlled entities are translated into Australian dollars at rates of exchange current at the balance date, while their income and expenditure are translated at the exchange rate at the date of the transactions.

All intra-group transactions, 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, if applicable.

Non-controlling interests in subsidiaries are identified separately from the Consolidated Entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Consolidated Entity's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Consolidated Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to unitholders.

When the Consolidated Entity loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

### b Foreign and cross currency transactions

Foreign and cross currency transactions of the Consolidated Entity are converted to Australian dollars at the rate of exchange prevailing at the date of the transaction or at hedge rates where applicable. Amounts receivable or payable by entities within the Consolidated Entity that are outstanding as at the balance date and are denominated in foreign currencies are converted to Australian dollars using rates of exchange at the end of the period. All resulting exchange differences arising on settlement are brought to account in the Statement of Comprehensive Income.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR).



### 3 Significant accounting policies continued

#### c 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 Statement of Comprehensive Income 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.

##### Interest revenue

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

#### d 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.

##### 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 in aggregate as a reduction of rental income over the lease term.

#### e 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 Consolidated Entity quarterly in arrears.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 3 Significant accounting policies continued

### e Expense recognition continued

#### Performance fee

A performance fee of 2% of the gross value of assets to the extent the net asset value exceeds the capital subscribed (less any capital returns other than amounts returned as a distribution of operating cash flow) is payable to the Responsible Entity. An additional fee of 2% of the gross value of assets is payable provided unitholders have achieved a 50% premium on capital subscribed (less capital returns).

The performance fee is calculated each time there is a rollover of the Consolidated Entity or on sale of the Consolidated Entity's assets prior to termination of the Consolidated Entity. If a performance fee is payable, then it will be paid by the Fund within two months after it is calculated.

#### Other expenditure

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

### f 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) or the New Zealand Inland Revenue (IRD). 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 or the IRD is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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 or the IRD are classified as operating cash flows.

### g Income tax – funds

Under current income tax legislation, the Consolidated Entity is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year. The Consolidated Entity 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.

The wholly owned sub-trust of the Fund which owns properties in New Zealand is liable to pay tax under New Zealand tax legislation at the current corporate rate of 30%.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### h Cash and cash equivalents

For purposes of the Statement of Cash Flows, 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 and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

### i Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Non-current receivables are measured at amortised cost using the effective interest rate method.

### 3 Significant accounting policies continued

#### j 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.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, finance costs (Note 3e) and other incidental costs.

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 three 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 Statement of Comprehensive Income in the period in which they arise.

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

#### k Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, with the changes in fair value during the period recognised in the Statement of Comprehensive Income.

#### l Non-derivative financial instruments

Non-derivative financial instruments comprise investments in 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 a 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.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 3 Significant accounting policies continued

### l Non-derivative financial instruments continued

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, trade and other receivables, trade and other payables, and interest bearing liabilities are discussed elsewhere within the financial statements.

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

### m 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 Statement of Comprehensive Income. 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, the reversal is recognised in the Statement of Comprehensive Income.

#### 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.

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.

### n 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.

### o 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 Statement of Comprehensive Income 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 year end date.

### p Distributions

A provision for distribution is recognised in the Statement of Financial Position if the distribution has been declared prior to year end. Distributions paid and payable on units are recognised as a reduction in equity. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

### q Net assets attributable to unitholders

#### Change in accounting policy

The financial statements reflect the changes to AASB 132 *Financial Instruments: Presentation* as updated by AASB 2008-2 *Amendments to Australian Accounting Standards*. The amendment defines puttable instruments and changes the classification and presentation of amounts owing to the Consolidated Entity's unitholders from non-current liabilities to equity.

### 3 Significant accounting policies continued

#### q Net assets attributable to unitholders continued

##### Change in accounting policy continued

As a result of this amendment, total liabilities have decreased and equity has increased by \$148,314,000 (2009: \$164,005,000). The effect of this amendment has been applied to the current and comparative period to ensure consistency of presentation.

#### r Units on issue

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

#### s 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 2010 but have not been applied in preparing these financial statements.

*AASB 9 Financial Instruments* and *AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

*AASB 9 Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. *AASB 9* only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the profit or loss of the Statement of Comprehensive Income. The Consolidated Entity has not yet decided when to adopt *AASB 9* or the consequential impact of the amendment.

*AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [*AASB 5, 8, 101, 107, 117, 118, 136 and 139*]

In May 2009 the AASB issued a number of improvements to *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, *AASB 8 Operating Segments*, *AASB 101 Presentation of Financial Statements*, *AASB 107 Statement of Cash Flows*, *AASB 117 Leases*, *AASB 118 Revenue*, *AASB 136 Impairment of Assets* and *AASB 139 Financial Instruments: Recognition and Measurement*. The Consolidated Entity will apply the revised Standards from 1 July 2010. The Consolidated Entity does not expect that any adjustments will be necessary as a result of applying the revised rules.

### 4 Parent entity disclosures

	Fund 2010 \$'000	2009 \$'000
<b>Assets</b>		
Current assets	22,722	19,147
Non-current assets	150,718	150,718
<b>Total assets</b>	<b>173,440</b>	<b>169,865</b>
<b>Liabilities</b>		
Current liabilities	12,597	8,802
Non-current liabilities	–	–
<b>Total liabilities</b>	<b>12,597</b>	<b>8,802</b>
<b>Equity</b>		
Units on issue	203,396	203,396
Reserves	–	–
Undistributed losses	(42,553)	(42,333)
<b>Total equity</b>	<b>160,843</b>	<b>161,063</b>

	Fund Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Net loss for the year	(220)	(25,726)
Other comprehensive income/(loss) for the year	–	–
<b>Total comprehensive loss for the year</b>	<b>(220)</b>	<b>(25,726)</b>



# Notes to the Financial Statements

For the year ended 30 June 2010

## 5 Net gains and losses on financial derivatives

Net realised gains on settlement of financial derivatives are as follows:

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Forward foreign exchange contracts	–	5,259
<b>Net realised gain on settlement of financial derivatives</b>	<b>–</b>	<b>5,259</b>

Net unrealised gains/losses on revaluation of financial derivatives are as follows:

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Interest rate swaps	5,798	(19,684)
Forward foreign exchange contracts	–	(7,295)
<b>Net unrealised gain/(loss) on revaluation of financial derivatives</b>	<b>5,798</b>	<b>(26,979)</b>
<b>Net gain/(loss) on financial derivatives</b>	<b>5,798</b>	<b>(21,720)</b>

## 6 Auditor's remuneration

	Consolidated	
	Year ended 30 June 2010 \$	Year ended 30 June 2009 \$
<b>Auditors of the Fund</b>		
Audit and review of the financial report	55,000	121,000
Non-audit services	–	19,700
<b>Total auditor's remuneration</b>	<b>55,000</b>	<b>140,700</b>

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

During the year, the auditor of the Consolidated Entity and the Fund changed from KPMG to Deloitte Touche Tohmatsu (Deloitte).

## 7 Income tax

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Major components of income tax expense</b>		
Current income tax	(1,604)	4,075
Utilisation of previously recognised tax losses	1,604	(4,075)
<b>Total current income tax</b>	<b>–</b>	<b>–</b>
Deferred income tax		
Relating to origination and reversal of temporary differences	(7,789)	6,545
Benefit arising from previously unrecognised tax losses	(5,968)	–
<b>Total deferred income tax</b>	<b>(13,757)</b>	<b>6,545</b>
<b>Total income tax (benefit)/expense reported in the Statement of Comprehensive Income</b>	<b>(13,757)</b>	<b>6,545</b>
<b>Income tax (benefit)/expense</b>		
Numerical reconciliation between tax expense and pre-tax net profit		
Loss for the year after tax	(17,727)	(94,314)
Total income tax (benefit)/expense	(13,757)	6,545
<b>Loss before income tax</b>	<b>(31,484)</b>	<b>(87,769)</b>
(Profit)/loss attributable to the Australian Fund and not subject to taxation <sup>1</sup>	3,923	(2,261)
<b>Loss before income tax attributable to Brookfield Multiplex Albert Street Landowning Trust (BMASLT)</b>	<b>(27,561)</b>	<b>(90,030)</b>

## 7 Income tax continued

	Consolidated	
	Year ended 30 June 2010	Year ended 30 June 2009
	\$'000	\$'000
Prima facie income tax benefit on profit using the BMASLT tax rate of 30% (2009: 30%)	(8,268)	(27,009)
Recognition of previously unrecognised tax losses	(5,968)	–
Timing differences in respect of properties	2,736	23,625
Permanent differences on sale of properties	2,603	8,749
Non-assessable income related to settlement of foreign exchange derivatives	–	(1,578)
Change in timing differences due to change in tax rate	(1,142)	–
Other <sup>2</sup>	(3,718)	2,758
<b>Total income tax (benefit)/expense reported in the Statement of Comprehensive Income</b>	<b>(13,757)</b>	<b>6,545</b>

1 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.

2 Other includes other non-deductible and non-assessable items and the impact of foreign exchange.

	Consolidated	
	2010	2009
	\$'000	\$'000
<b>Tax assets and liabilities</b>		
Deferred tax assets	8,894	5,254
Deferred income tax liability – non current	(25,323)	(35,440)

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated						
Timing differences on investment properties	–	–	(25,323)	(35,440)	(25,323)	(35,440)
Derivative fair value adjustments	1,551	3,402	–	–	1,551	3,402
Tax losses	7,295	1,832	–	–	7,295	1,832
Other	48	20	–	–	48	20
<b>Total</b>	<b>8,894</b>	<b>5,254</b>	<b>(25,323)</b>	<b>(35,440)</b>	<b>(16,429)</b>	<b>(30,186)</b>

There are no tax amounts recognised directly in equity for the current or prior year.

## 8 Distributions

Distributions paid/payable by the Consolidated Entity to unitholders are detailed below. The Consolidated Entity did not pay distributions in the current year. The Consolidated Entity's income was instead used to repay debt and/or essential maintenance capital expenditure as required. The terms of the Consolidated Entity's debt facility prevent the Consolidated Entity from making a distribution until the Tranche B debt currently drawn to NZ\$35,673,000 is fully repaid and the loan to value ratio is less than 50%. Distributions paid for the year ended 30 June 2009 were paid out of the Consolidated Entity's realised revenues and expenses.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 8 Distributions continued

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
<b>Total distribution for the year ended 30 June 2010</b>	–	–	
<b>Ordinary units</b>			
September 2008 distribution	2.000	4,359	3 November 2008
<b>Total distribution for the year ended 30 June 2009</b>	<b>2.000</b>	<b>4,359</b>	

## 9 Trade and other receivables

	Consolidated 2010 \$'000	2009 \$'000
<b>Current</b>		
Trade receivables	554	517
Prepayments and accrued income	409	1,256
Other receivables	817	1,008
<b>Total trade and other receivables</b>	<b>1,780</b>	<b>2,781</b>

## 10 Investment properties

The Consolidated Entity holds the following properties at the reporting date:

Description	Latest external valuation date	Latest external valuation <sup>1</sup> \$'000	Consolidated <sup>3</sup> 2010 book value <sup>2</sup> \$'000	2009 book value <sup>2</sup> \$'000
<b>Retail</b>				
The Hub – Whakatane	June 10	29,624	29,624	29,973
Valley Mega Centre – Stage 1	June 10	19,235	19,235	19,311
South City Shopping Centre	–	–	–	29,771
Valley Mega Centre – Stage 2	June 10	16,030	16,030	15,610
<b>Total retail</b>		<b>64,889</b>	<b>64,889</b>	<b>94,665</b>
<b>Office</b>				
AIA Building	June 10	22,401	22,401	22,530
Gen-i Tower	June 10	64,118	64,118	67,589
University Building	June 10	8,279	8,279	8,690
Telecom House	June 10	34,494	34,494	41,439
Uniservices House	June 10	14,853	14,853	14,242
The Plaza	June 10	7,873	7,873	8,570
ASB Bank Centre	June 10	97,395	97,395	111,040
ANZ Business Centre	June 10	18,262	18,262	18,989
EDS House	June 10	22,725	22,725	25,547
143 Willis Street	June 10	11,769	11,769	12,874
Conservation House	June 10	29,016	29,016	29,771
NZ Police – 180 Molesworth	June 10	32,262	30,679	34,358
<b>Total office</b>		<b>363,447</b>	<b>361,864</b>	<b>395,639</b>
<b>Industrial</b>				
Mangere Distribution Centre	June 10	57,788	57,788	57,531
Wiri Distribution Centre	June 09	–	–	16,898
<b>Total industrial</b>		<b>57,788</b>	<b>57,788</b>	<b>74,429</b>
<b>Total investment properties</b>		<b>486,124</b>	<b>484,541</b>	<b>564,733</b>

1 Last valuation in NZ\$ is converted at the 30 June 2010 exchange rate A\$1 = NZ\$1.2321.

2 Book value represents the last valuation plus capital expenditure since the last valuation. June 2010 book value in NZ\$ is converted at the 30 June 2010 exchange rate A\$1 = NZ\$1.2321 (2009: A\$1 = NZ\$1.2428). The value of cost including additions at 30 June 2010 is NZ\$627,090,000 (2009: NZ\$682,826,000). The value of the properties at 30 June 2010 is NZ\$597,000,000 (2009: NZ\$701,850,000).

3 There are no investment properties held by the Fund.

## 10 Investment properties *continued*

### Independent valuations

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.

At 30 June 2010, the entire property portfolio was valued by independent valuers Colliers International. At 30 June 2010, all valuations have been undertaken using a discounted cash flow (DCF) approach and a capitalisation method. The capitalisation rates utilised in the 30 June 2010 independent valuations range from 8.50% to 10.75%.

### Investment properties held for sale

The property at 180 Molesworth Street, which was previously included in investment properties, has been classified as held for sale with a carrying value of \$30,679,000 at 30 June 2010. This asset was sold on 13 August 2010.

Reconciliation of the carrying amount of investment properties is set out below:

	Consolidated Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Investment properties</b>		
Carrying amount at beginning of year	564,733	735,633
Sale of investment property	(45,545)	(119,954)
Capital expenditure	3,808	14,435
Net loss from fair value adjustments to investment properties	(44,247)	(77,091)
Rent straight-lining	586	–
Foreign currency translation exchange adjustment	5,206	11,710
<b>Carrying amount at year end</b>	<b>484,541</b>	<b>564,733</b>

Foreign currency translation exchange adjustments arise due to changes in opening and closing foreign exchange rates. NZ\$ balances at 30 June 2010 have been translated at a rate of A\$1 = NZ\$1.2321. NZ\$ balances at 30 June 2009 have been translated at a rate of A\$1 = NZ\$1.2428.

### Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals receivable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated 2010 \$'000	2009 \$'000
Within one year	37,882	50,850
Later than one year but not later than five years	99,769	131,902
Later than five years	71,184	101,356
<b>Total minimum lease payments</b>	<b>208,835</b>	<b>284,108</b>

Minimum lease payments in NZ\$ has been converted at the 30 June 2010 exchange rate of AU\$1 = NZ\$1.2321.

Annual rent receivable by the Consolidated Entity under current leases from tenants is from commercial, industrial, retail and carpark assets held. The average lease term is 4.92 years (2009: 5.52 years) and rent reviews are generally performed on a three yearly basis and are based on market rent.

## 11 Investment in controlled entities

	Ownership %	Fund 2010 \$'000	2009 \$'000
Investment in Multiplex Albert Street Investment Trust	99	207,993	207,993
Provision for impairment		(57,462)	(57,462)
Investment in Brookfield Multiplex Albert Street Landowning Trust	1	259	259
Provision for impairment		(72)	(72)
<b>Total investments in controlled entities</b>		<b>150,718</b>	<b>150,718</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 11 Investment in controlled entities continued

A review of the carrying value of the investments in controlled entities at 30 June 2010 indicated that no further impairments to the investments in Multiplex Albert Street Investment Trust and Brookfield Multiplex Albert Street Landowning Trust are required. No further provisions were therefore recorded in the current year (2009: \$57,534,000) to reflect the value of the investment at a value equivalent to the net assets attributable to the underlying subsidiary investments.

## 12 Trade and other payables

	Consolidated	
	2010 \$'000	2009 \$'000
Trade payables	533	2,003
Interest payable	5,225	8,087
Management fee payable	11,814	8,075
Other payables and accruals	6,344	5,723
<b>Total trade and other payables</b>	<b>23,916</b>	<b>23,888</b>

## 13 Interest bearing liabilities

	Consolidated	
	2010 \$'000	2009 \$'000
<b>Current</b>		
Secured bank debt	28,953	349,356
Debt establishment fees	–	(134)
<b>Total current interest bearing liabilities</b>	<b>28,953</b>	<b>349,222</b>
<b>Non-current</b>		
Secured bank debt	284,068	–
Debt establishment fees	(3,480)	–
<b>Total non-current interest bearing liabilities</b>	<b>280,588</b>	<b>–</b>

		Consolidated	
	Expiry date	2010 \$'000	2009 \$'000
<b>Finance arrangements</b>			
Bank debt facility	30 August 2011	284,068	–
Bank debt facility	31 October 2010	28,953	–
Bank debt facility	30 October 2009	–	438,525
Less: Facilities utilised		(313,021)	(349,356)
<b>Facilities not utilised</b>		<b>–</b>	<b>89,169</b>

The Consolidated Entity entered into a new debt facility on 22 December 2009. The total facility limit is NZ\$385,673,000. As at 30 June 2010, NZ\$385,673,000 was drawn down on the facility.

The total facility comprises Tranche A with a limit of NZ\$350,000,000, expiring on 30 August 2011, with a margin of 3.75% and Tranche B with a limit of NZ\$35,673,000, expiring on 31 October 2010, with a margin of 5.00%. As disclosed in Note 22, subsequent to year end the property at 180 Molesworth was sold, the proceeds of this have been used to fully repay Tranche B. The revised covenants of the facility stipulate a loan to value ratio requirement of no more than 65% until 30 December 2010, 55% at 31 December 2010 and 50% at 29 June 2011. There are two interest cover covenants which require this ratio to be greater than 1.4 times on an historic basis and 1.3 times on a forward basis. The Consolidated Entity is restricted from making distributions or management fee payments until Tranche B is repaid and the loan to value ratio is less than 50%. \$11,814,000 of management fees payable is included in the value of trade and other payables in the Statement of Financial Position.

At 30 June 2010, the Consolidated Entity was in compliance with its debt covenants.

At 30 June 2010, the weighted average interest rate in respect of the amounts drawn under the facilities, including margin, was 6.66% (2009: 3.53%). The amount does not include the effect of swaps. The effect after swaps is an interest rate of 8.40% (2009: 6.75%).



**13 Interest bearing liabilities** continued

The Consolidated Entity has entered into interest rate swap agreements to hedge the interest rate risk on the floating rate interest bearing liabilities detailed above. Fair value movements of the interest rate swap assets are recognised in the Statement of Comprehensive Income. The Fund does not hold interest rate swap derivatives. The Consolidated Entity's holdings in interest rate swap derivatives are detailed below:

**Consolidated 2010**

Expiry date	Underlying instrument	Fixed rate %	Notional amount of contracts outstanding NZ\$'000	Fair value (liabilities) NZ\$'000	Fair value (liabilities) A\$'000
31 August 2011	Floating to fixed	6.765	198,567	(6,826)	(5,541)
<b>Total interest rate swap derivatives</b>			<b>198,567</b>	<b>(6,826)</b>	<b>(5,541)</b>

**Consolidated 2009**

Expiry date	Underlying instrument	Fixed rate %	Notional amount of contracts outstanding NZ\$'000	Fair value (liabilities) NZ\$'000	Fair value (liabilities) A\$'000
31 August 2009	Floating to fixed	6.720	189,413	(1,222)	(984)
31 August 2009	Floating to fixed	6.825	150,000	(995)	(800)
31 August 2009	Floating to fixed	6.490	17,500	(106)	(85)
31 August 2009	Floating to fixed	6.520	17,500	(107)	(86)
31 August 2011	Floating to fixed	6.765	198,567	(11,661)	(9,383)
<b>Total interest rate swap derivatives</b>			<b>572,980</b>	<b>(14,091)</b>	<b>(11,338)</b>

**14 Units on issue**

	Year ended 30 June 2010 \$'000	Year ended 30 June 2010 Units	Year ended 30 June 2009 \$'000	Year ended 30 June 2009 Units
<b>Ordinary units</b>				
Opening balance	203,396	218,056,451	203,131	217,841,285
Units issued via the distribution reinvestment plan (DRP)	–	–	265	215,166
<b>Closing balance</b>	<b>203,396</b>	<b>218,056,451</b>	<b>203,396</b>	<b>218,056,451</b>

In accordance with the Fund's Constitution, each unitholder is entitled to receive distributions as declared from time to time and is entitled to one vote at unitholder meetings. In accordance with the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

**15 Reserves**

	Consolidated 2010 \$'000	2009 \$'000
Foreign currency translation reserve	(41,187)	(43,223)
<b>Closing balance</b>	<b>(41,187)</b>	<b>(43,223)</b>

**Foreign currency translation reserve**

Movements in the carrying value of the foreign currency translation reserve during the current and comparative year were as follows.

	Consolidated Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Opening balance	(43,223)	(47,326)
Movement in reserves due to changes in foreign exchange rates	2,036	4,103
<b>Closing balance</b>	<b>(41,187)</b>	<b>(43,223)</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 16 Undistributed losses

	Consolidated	
	Year ended 30 June 2010	Year ended 30 June 2009
	\$'000	\$'000
Opening balance	3,832	102,505
Net loss for the year	(17,727)	(94,314)
Distributions paid to unitholders	–	(4,359)
<b>Closing balance</b>	<b>(13,895)</b>	<b>3,832</b>

## 17 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.

Throughout the year, in assessing the size and frequency of any distributions, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments held by the Consolidated Entity.

### 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 Consolidated Entity. The Board monitors the net tangible assets (NTA) of the Consolidated Entity, 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.

### b Financial risk management

#### Overview

The Consolidated Entity is exposed to financial risks in the course of its operations. These risks can be summarised as follows:

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

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 Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Board Risk and 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 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 to the Board Risk and Compliance Committee of the Responsible Entity quarterly.

#### Investment mandate

The Fund's investment mandate, as disclosed in its Constitution and Product Disclosure Statement (PDS), is to invest in property assets across New Zealand.

#### Derivative financial instruments

Whilst the Consolidated Entity 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 Consolidated Entity'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 Consolidated Entity. At 30 June 2010 and 30 June 2009, the Consolidated Entity is party to an interest rate swap agreement to hedge the interest rate risk on floating rate interest bearing liabilities. Refer to interest bearing liabilities (Note 13) for further details.

### c Credit risk

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.

## 17 Financial instruments continued

### c Credit risk continued

#### Trade and other receivables

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

- obtaining guarantees from tenants of the Consolidated Entity's direct properties;
- managing and minimising exposures to individual tenants (where appropriate);
- monitoring receivables balances on an ongoing basis; and
- obtaining other collateral as security (where appropriate).

#### Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions. The Consolidated Entity 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 Consolidated Entity's overall strategy of credit risk management remains unchanged from 2009.

#### 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 2010 \$'000	2009 \$'000
Cash and cash equivalents	17,420	11,125
Trade and other receivables	1,780	2,781
<b>Total exposure to credit risk</b>	<b>19,200</b>	<b>13,906</b>

#### Concentrations of credit risk exposure

Commonwealth Bank of Australia (CBA) and ANZ National Bank Limited (ANZ) are counterparties to the term debt facility and interest rate swap agreements. Therefore, the Consolidated Entity has a concentration of credit risk with these parties. In assessing this risk, the Consolidated Entity has taken into account CBA's and ANZ's financial positions, market share and reputation, previous experience with these types of transactions, and independent ratings for various covered and uncovered securities. In considering all these factors, the Consolidated Entity does not consider there to be a significant risk of default by the counterparties as at the balance date.

#### Collateral obtained/held

Where applicable, the Consolidated Entity obtains collateral from counterparties to minimise the risk of default on its contractual obligations. The majority of 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 Consolidated Entity did not hold any other collateral in respect of its financial assets (2009: nil).

During the year ended 30 June 2010, the Consolidated Entity did not call on any collateral provided (2009: nil).

#### Financial assets past due but not impaired

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

	Consolidated 2010 \$'000	2009 \$'000
Current	1,707	2,505
Past due 0–30 days	38	163
Past due 31–120 days	35	113
Past due 121 days to one year	–	–
More than one year	–	–
<b>Total trade and other receivables</b>	<b>1,780</b>	<b>2,781</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 17 Financial instruments continued

### c Credit risk continued

#### Financial assets past due but not impaired continued

For the 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 (2009: nil). During the year ended 30 June 2010, \$119,170 bad debt impairment was recognised by the Consolidated Entity (2009: \$21,975).

### d Liquidity risk

Liquidity risk is the risk the Consolidated Entity will not be able to meet its financial obligations as and when they fall due.

#### Sources of liquidity risk and risk management strategies

The main sources of liquidity risk for the Consolidated Entity are related to the refinancing of interest bearing liabilities and redemptions paid to unitholders. The Consolidated Entity's approach to managing liquidity risk is to ensure that it has sufficient cash available to meet its liabilities as and when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

#### 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.

#### Unitholders

The Fund is not exposed to liquidity risk associated with unitholder redemptions in the short term as its units are not eligible for redemption until the first review date of the Fund on 1 September 2011.

The Consolidated Entity's liquidity risk is managed in accordance with the Consolidated Entity's investment strategy as detailed in the PDS. The Consolidated Entity invests in direct property. As a result, the investments are not liquid in nature. However, the Consolidated Entity's operations are structured to allow for sufficient rental income to enable the Fund and Consolidated Entity to meet its debts as and when they are due. The Consolidated Entity also manages 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.

#### Defaults and breaches

During the year ended 30 June 2010, the Consolidated Entity did not default or breach any terms of its loan amounts or covenants. At 30 June 2009, the Consolidated Entity's ICR, LVR and gearing covenants were met; however, the Consolidated Entity was in breach of the TTA covenant under the previous facility. This breach was remedied as a result of the refinancing of loans during the year. Refer to interest bearing liabilities (Note 13) for further details regarding covenants associated with the existing facility.

#### Maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flows	Consolidated \$'000			
			0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
<b>2010</b>						
Trade and other payables	18,691	18,691	18,691	–	–	–
Interest bearing liabilities	309,541	313,021	28,953	284,068	–	–
Interest payable on debt	5,225	22,271	19,192	3,079	–	–
Effect of interest rate swap	5,541	7,701	6,583	1,118	–	–
Net interest payable on debt	10,766	29,972	25,775	4,197	–	–
<b>Total financial liabilities</b>	<b>338,998</b>	<b>361,684</b>	<b>73,419</b>	<b>288,265</b>	<b>–</b>	<b>–</b>
<b>2009</b>						
Trade and other payables	15,801	15,801	15,801	–	–	–
Interest bearing liabilities	349,222	349,356	349,356	–	–	–
Interest payable on debt	8,087	15,161	15,161	–	–	–
Effect of interest rate swap	11,338	12,854	6,639	5,728	487	–
Net interest payable on debt	19,425	28,015	21,800	5,728	487	–
<b>Total financial liabilities</b>	<b>384,448</b>	<b>393,172</b>	<b>386,957</b>	<b>5,728</b>	<b>487</b>	<b>–</b>

## 17 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 Consolidated Entity's income or the value of its 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 Consolidated Entity is exposed to market risk in the form of interest rate risk and foreign currency risk. The Consolidated Entity enters into derivatives in order to manage interest rate and foreign currency risks. Derivatives are not entered into for speculative or trading purposes.

#### 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 Consolidated Entity is derived from interest bearing liabilities. The Consolidated Entity manages this exposure by entering into interest rate swap agreements to fix the interest rate charged on its interest bearing liabilities are on a fixed rate basis. This is achieved by entering into interest rate swaps, as detailed in Note 13.

The table below shows the Consolidated Entity's direct exposure to interest rate risk at year end.

	Floating rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Consolidated 2010</b>			
Financial assets			
Cash and cash equivalents	17,420	–	17,420
Trade and other receivables	–	1,780	1,780
<b>Total financial assets</b>	<b>17,420</b>	<b>1,780</b>	<b>19,200</b>
Financial liabilities			
Trade and other payables	–	23,916	23,916
Interest bearing liabilities	313,021	–	313,021
<b>Total financial liabilities</b>	<b>313,021</b>	<b>23,916</b>	<b>336,937</b>
<b>Consolidated 2009</b>			
Financial assets			
Cash and cash equivalents	11,125	–	11,125
Trade and other receivables	–	2,781	2,781
<b>Total financial assets</b>	<b>11,125</b>	<b>2,781</b>	<b>13,906</b>
Financial liabilities			
Trade and other payables	–	23,888	23,888
Interest bearing liabilities	349,356	–	349,356
<b>Total financial liabilities</b>	<b>349,356</b>	<b>23,888</b>	<b>373,244</b>

#### 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.

	2010		2010		2009		2009	
	+ 1%	+ 1%	– 1%	– 1%	+ 1%	+ 1%	– 1%	– 1%
	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000
<b>Consolidated Entity</b>								
Interest on cash	174	174	(174)	(174)	111	111	(111)	(111)
Interest bearing liabilities	(3,130)	(3,130)	3,130	3,130	(3,494)	(3,494)	3,494	3,494
Interest on swaps	1,612	1,612	(1,612)	(1,612)	4,610	4,610	(4,610)	(4,610)
Fair value of derivatives	1,780	1,780	(1,810)	(1,810)	3,694	3,694	(3,781)	(3,781)
<b>Total increase/(decrease)</b>	<b>436</b>	<b>436</b>	<b>(466)</b>	<b>(466)</b>	<b>4,921</b>	<b>4,921</b>	<b>(5,008)</b>	<b>(5,008)</b>



# Notes to the Financial Statements

For the year ended 30 June 2010

## 17 Financial instruments continued

### e Market risk continued

#### 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.

#### Sources of risk and risk management strategies

The Consolidated Entity undertakes the majority of its transactions in the New Zealand dollar (NZ\$) currency, as the assets of the Consolidated Entity are located in New Zealand. As a consequence, all activities of the Consolidated Entity are exposed to exchange rate risk. This arises due to the capital raised by the Fund (and subsequently redeemed) is in Australian dollars, and all distributions are paid to unitholders in Australian dollars.

The Consolidated Entity uses the following strategies to hedge its foreign currency exposures:

- for assets which earn income in a foreign currency, borrowings are sourced in the same currency as the asset, which creates a natural hedge; and
- forward exchange contracts may be utilised to hedge net income earned in New Zealand, which is repatriated to Australia to pay distributions to unitholders (which are paid in Australian dollars).

The Consolidated Entity held no forward foreign exchange contracts at 30 June 2010 (2009: nil).

The following table shows the direct foreign currency exposures of the Consolidated Entity at the reporting date, based on notional amounts.

	Consolidated	
	2010 \$'000	2009 \$'000
Australia (Australian dollar-denominated)		
Gross assets	38	163
Gross liabilities	12,597	8,802
New Zealand (New Zealand dollar-denominated)		
Gross assets	620,610	718,930
Gross liabilities	422,397	504,368

The following exchange rates were applied to transactions occurring during the year.

	Australian dollar			
	2010 Reporting date spot rate	2009 Reporting date spot rate	2010 Average rate	2009 Average rate
1 New Zealand dollar	1.2321	1.2428	1.2554	1.2287

#### Sensitivity analysis

At year end a 5% strengthening/(weakening) of the Australian dollar against the New Zealand dollar would have increased/(decreased) profit and loss and net assets available to unitholders by amounts shown below. This analysis assumes all other variables remain constant.

	2010		2010		2009		2009	
	+ 5%	+ 5%	– 5%	– 5%	+ 5%	+ 5%	– 5%	– 5%
	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000	Profit and loss \$'000	Net assets \$'000
Consolidated Entity	(632)	(8,292)	698	9,165	(4,610)	(12,832)	5,096	14,182

### f Fair values

#### Methods for determining fair values

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

## 17 Financial instruments continued

### f Fair values continued

Cash and cash equivalents and trade and other receivables

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

#### Derivatives

The fair value of interest rate swaps is estimated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments 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

As of 1 July 2009, the Consolidated Entity has adopted the amendments to AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

Consolidated Entity – at 30 June 2010	Level 2 \$'000	Total \$'000
<b>Liabilities</b>		
Financial derivatives at fair value through profit or loss	5,541	5,541
<b>Total liabilities</b>	<b>5,541</b>	<b>5,541</b>

As at 30 June 2010, there were no financial assets or liabilities in levels 1 and 3. During the year, there were no financial assets or liabilities which transferred between levels 1, 2 or 3.

## 18 Reconciliation of cash flows from operating activities

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Net loss for the year</b>	<b>(17,727)</b>	<b>(94,314)</b>
Adjustments for:		
<i>Non-cash items</i>		
Net loss from investment property valuations	44,247	77,091
Loss on sale of property	3,311	11,003
(Gain)/loss from revaluation of financial derivatives	(5,798)	26,978
Amortisation of debt establishment fees	2,638	674
Income tax	(13,757)	–
Other	(567)	325
<b>Operating profit before changes in working capital</b>	<b>12,347</b>	<b>21,757</b>
Changes in assets and liabilities during the year:		
Decrease/(increase) in trade and other receivables	1,001	(113)
Increase/(decrease) in trade and other payables	28	(4,673)
<b>Net cash flows from operating activities</b>	<b>13,376</b>	<b>16,971</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 19 Related parties

### 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.

F. Allan McDonald (appointed 1 January 2010)  
 Brian Motteram (appointed 21 February 2007)  
 Barbara Ward (appointed 1 January 2010)  
 Tim Harris (appointed 17 March 2010)  
 Russell Proutt (appointed 1 January 2010)  
 Peter Morris (Director 14 April 2004 – 1 January 2010)  
 Robert McCuaig (Director 31 March 2004 – 1 January 2010)  
 Brian Kingston (Director 27 August 2008 – 17 March 2010)  
 Mark Wilson (Director 27 August 2008 – 1 January 2010)

### Responsible Entity fees

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.

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

### Directors' interests

Allan McDonald, a Director of the Responsible Entity, holds 26,000 units in the Fund. No other Directors have interests in the unit capital of the Fund at the date of this report. No options are held by/have been issued to any Directors.

### Responsible Entity's fees and other transactions

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

#### Performance fee

The performance fee is calculated in accordance with the Constitution, which requires a fee to be paid equivalent of up to 2.0% of the gross value of the assets of the Fund, to the extent that the net assets exceed the capital subscribed, as at the end of the first period (September 2011). The performance fee expense for the year ended 30 June 2010 was nil (2009: reversal of expense of \$6,383,000). As at 30 June 2010, the performance fee payable to the Responsible Entity was nil (2009: nil).

#### Management fee

A management fee based on the gross value of assets is payable to the Responsible Entity, less a fee of NZ\$1,500 per week payable to Multiplex Tasman Management New Zealand Limited. The fee is payable by the Fund monthly in arrears. The management fee expense for the year ended 30 June 2010 was \$3,740,000 (2009: \$4,975,000). As at 30 June 2010, the management fee payable to the Responsible Entity was \$11,814,000 (2009: \$8,075,000).

#### Establishment fee

An establishment fee up to 5% of the gross value of assets acquired, which compensates the Manager from the risks and expenses associated with raising equity acquiring assets and establishing the Fund, is payable to the Responsible Entity. From this fee, the Manager will pay commissions in relation to subscriptions. This fee is payable by the Fund on the completion or purchase of assets. No establishment fees have been incurred or paid to the Responsible Entity in 2010 or 2009.

#### Expense reimbursements

The Responsible Entity is reimbursed by the Consolidated Entity for all expenses incurred on behalf of the Consolidated Entity.

#### Leasing fees

Leasing fees are payable to the Responsible Entity for an amount not more than 8.5% of the gross proceeds for the first year of the new or extended term of a lease of premises that form part of the property. The leasing fees incurred by the Consolidated Entity in the year ended 30 June 2010 were \$260,000 (2009: \$212,000). As at 30 June 2010, the leasing fees payable to the Responsible Entity are \$479,000 (2009: \$212,000).

**19 Related parties** continued**Responsible Entity's fees and other transactions** continued

## Property sales fees

Property sales fees are payable to the Responsible Entity at a rate of 2% of the gross sales price, only to the extent this fee will not cause the net sales proceeds to fall below the purchase price plus all acquisition costs for the asset sold. An additional fee of 2% is payable to the extent the net sales proceeds represent more than a 50% premium on the purchase price plus acquisition costs. The property sales fees incurred by the Consolidated Entity in the year ended 30 June 2010 were nil (2009: \$1,731,000). As at 30 June 2010, the property sales fees payable to the Responsible Entity are \$1,732,000 (2009: \$1,717,000).

The following related parties held units in the Fund during the year:

- ANZ Nominees Limited, as custodian for Brookfield Multiplex Capital Management Limited, as responsible entity for Multiplex Acumen Property Fund, holds 46,866,127 units or 21.49% of the Fund at year end (2009: 51,699,755 units or 23.71% of the Fund);
- Brookfield Multiplex Funds Management Limited, as custodian for Brookfield Multiplex Property Trust, holds 47,461,298 units or 21.77% of the Fund at year end (2009: 47,461,298 units or 21.77% of the Fund);
- Perpetual Trust Limited, as custodian for Multiplex Tasman Property Fund, holds 4,629,041 units or 2.12% of the Fund at year end (2009: 4,701,355 units or 2.16% of the Fund);
- JPMorgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as responsible entity for Multiplex Diversified Property Fund, holds nil units of the Fund at year end (2009: 4,345,251 units or 1.99% of the Fund);
- JPMorgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as responsible entity for Multiplex Property Income Fund, holds 1,201,696 units or 0.55% of the Fund at year end (2009: 1,325,635 units or 0.61% of the Fund);
- Brookfield Multiplex Capital Management Limited holds 13,017,856 units or 5.97% of the fund at year end (2009: 6,056,977 units or 2.78% of the Fund);
- Multiplex APF Pty Ltd, as trustee for Multiplex APF Trust, holds 3,712,913 units or 1.70% of the Fund at year end (2009: nil); and
- Brookfield Multiplex Capital Pty Ltd holds 220,793 units or 0.10% of the Fund at year end (2009: nil).

**Transactions with related parties**

	Consolidated 2010 \$'000	2009 \$'000
<b>Transactions with the Responsible Entity</b>		
Management fees	3,740	4,975
Performance fees	–	(6,383)
Property sale fees	–	1,731
Leasing fees	260	212
Cost reimbursements	98	64
Management fees payable	11,814	8,075
Property sale fees payable	1,732	1,717
Leasing fees payable	479	212
Cost reimbursements payable	164	179
<b>Transactions with Brookfield Multiplex Limited and its controlled entities (excluding the Responsible Entity)</b>		
Custodian fees	22	29
Custodian fees payable	34	13
Management service fees payable	–	1,306

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.

**Right of first refusal**

Prior to the Fund's acquisitions of Multiplex Albert Street Investment Trust and Brookfield Multiplex Albert Street Landowning Trust in September 2004, these trusts were owned by Brookfield Multiplex Property Trust. The Manager has granted rights of first refusal to Brookfield Multiplex Property Trust in relation to the future sale by the Consolidated Entity of any of the properties or of a beneficial interest in them.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 20 Contingent liabilities and assets

Under the terms of certain lease agreements, tenants have certain contractual obligations to reinstate and make good the premises upon lease expiry. At 30 June 2010, the Consolidated Entity received confirmation from a tenant under two separate leases that these obligations will not be completed through reinstatement and will be settled in cash. The estimate of this settlement at 30 June 2010 is \$1,489,327 (NZ\$1,835,000) (2009: settlement of \$1,639,000 or NZ\$2,037,000).

Other than the matters noted above, no other contingent liabilities or assets existed at 30 June 2010 or 30 June 2009.

## 21 Capital and other commitments

The Consolidated Entity is committed to refurbishment, upgrade and other works as required by the terms of lease or other agreements. At 30 June 2010, this commitment totals \$3,571,139 (NZ\$4,400,000) (2009: \$4,015,920 or NZ\$4,990,987).

## 22 Events subsequent to the reporting date

The investment property at 180 Molesworth Street was sold on 13 August for a consideration of \$31,000,000. Net proceeds from the sale were used to repay in full the Tranche B debt and a portion of the Tranche A debt.

Other than the 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

For the year ended 30 June 2010

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

- a The consolidated financial statements and notes, set out in pages 31 to 56, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2010 and of its performance for the financial year ended on that date;
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - iii complying with International Financial Reporting Standards, as stated in Note 2 to the financial statements.
- 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 required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 25th day of August 2010.



**Russell Proutt**

Director

Brookfield Multiplex Capital Management Limited

# Independent Auditor's Report

For the year ended 30 June 2010

## Deloitte.

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

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## Independent Auditor's Report to the Unitholders of Multiplex New Zealand Property Fund

We have audited the accompanying financial report of Multiplex New Zealand Property Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, 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 as set out on pages 31 to 57.

### *Directors' Responsibility for the Financial Report*

The directors of Brookfield Multiplex Capital Management Limited ("the directors") 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated 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.

# Deloitte.

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

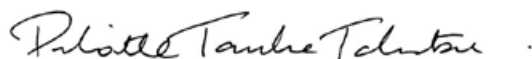
## *Auditor's Independence Declaration*

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

## *Auditor's Opinion*

In our opinion:

- (a) the financial report of Multiplex New Zealand Property Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its 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*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants  
Sydney, 25 August 2010

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# Corporate Directory

## RESPONSIBLE ENTITY

Brookfield Capital Management Limited  
Level 22  
135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

## DIRECTORS

F. Allan McDonald  
Barbara Ward  
Brian Motteram  
Russell Proutt  
Tim Harris

## COMPANY SECRETARY

Neil Olofsson

## REGISTERED OFFICE

Level 22  
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Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

## CUSTODIAN

Brookfield Funds Management Limited  
Level 22  
135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

## SHARE REGISTRY

Registries (Victoria) Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

## AUDITOR

Deloitte Touche Tohmatsu  
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Facsimile: (02) 9322 7001





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[www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com)