Multiplex New Zealand Property Fund
Interim financial report
For the half year ended
31 December 2012

Multiplex New Zealand Property Fund

ARSN 110 281 055

Table of Contents

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

Directory
Multiplex New Zealand Property Fund
For the half year ended 31 December 2012

Responsible Entity
Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited
F. Allan McDonald
Brian Motteram
Barbara Ward
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited
Neil Olofsson

Registered Office of Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

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

Location of Share Registry
Boardroom (Victoria) Pty Limited
Level 14, 140 William Street
Melbourne VIC 3000

All correspondence to:
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459
International
T: +61 2 9290 9600
F: +61 2 9279 0664
www.boardroomlimited.com.au

Auditor
Deloitte Touche Tohmatsu
Eclipse Tower
Level 19
60 Station Street
Parramatta
NSW 2150
Telephone: +61 2 9840 7000
Facsimile: +61 2 9840 7001

Directors' Report
Multiplex New Zealand Property Fund
For the half year ended 31 December 2012

Introduction
The Directors of Brookfield Capital Management Limited (BCML) (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 condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2012 and the Independent Auditor's Review Report thereon.

Responsible Entity
The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). 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 period:

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
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities
The principal activity of the Consolidated Entity is the investment in properties in New Zealand.

Wind up of the Fund
As required by the Fund constitution, investors were provided with a notice asking them to advise whether or not they wanted to continue to own their units in the Fund for a further period specified by BCML as an additional 3 years or whether they wanted to sell or withdraw from the Fund. Unitholders representing over 88% of the units on issue elected to exit the Fund. As the election results indicated that the majority of unitholders do not wish to remain invested in the Fund, the Responsibly Entity has carefully considered the options available to the Fund including the sale of units and the sale of all or some of the assets to facilitate the withdrawal of unitholders. It has been decided that it is in the best interests of unitholders, and in particular will maximise the value that can be returned to all unitholders, for the Fund to be wound up. The Responsible Entity is now proceeding with winding up the Fund, which consists of selling assets, deducting costs and then distributing the balance to unitholders. As communicated previously, it may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. The Fund's debt facility requires repayment of the facility prior to any further distributions being made to unitholders. An interim distribution of 5 cents per unit was made to all unitholders on 20 November 2012. This has been treated as a return of capital in the interim financial statements.

Review of operations
The Consolidated Entity has recorded a net loss after tax of $2,912,000 for the six month period ended 31 December 2012 (2011: net loss of $4,279,000). The reported net loss includes $1,393,000 unrealised losses on revaluations of investment properties (2011: unrealised losses $5,701,000).

Some of the significant events during the period are as follows:
- total revenue and other income of $16,142,000 (2011: $20,727,000);
- net assets attributable to unitholders of $112,152,000 (30 June 2012: $124,356,000) and net assets per unit of $0.51 (30 June 2012: $0.57);
- an interim distribution of 5 cents per unit, totalling $10,903,000, was paid to unitholders on 20 November 2012 and has been treated as a return of capital in the interim financial statements;
- the weighted average lease term to expiry is approximately 5.29 years (30 June 2012: 4.50 years) and the portfolio occupancy rate is 98% (30 June 2012: 97%);
- the sale of the ASB building was settled on 27 July 2012 for gross consideration of $80,092,000 or NZ$104,000,000;
- the sale of the AIA building was settled on 29 October 2012 for gross consideration of $19,822,000 or NZ$25,000,000;
- 100% of the net proceeds from the sale of ASB and 75% of the net proceeds from the sale of AIA have been used to repay debt; and
- the current loan to value ratio (LVR) is 44.4%.

The Fund is in wind up. The strategy is to realise the Fund's assets on an orderly basis so as to maximise value for unitholders. $4,696,000 of estimated wind up costs has been accrued, following from the decision to wind up the Fund.

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 6 and forms part of the Directors' Report for the half year ended 31 December 2012.

Dated at Sydney this 22nd day of February 2013

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

Shane Ross
Director
Brookfield Capital Management Limited

Auditor's Independence Declaration

[insert from Deloitte]

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

	Note	Consolidated Half year ended 31 December 2012 $'000	Half year ended 31 December 2011 $'000
Revenue and other income			
Property rental income		15,786	19,432
Interest income		356	209
Net gain on revaluation of financial derivatives		–	1,086
Total revenue and other income		**16,142**	**20,727**
Expenses			
Property expenses		4,783	4,917
Net loss on sale of investment properties		2,075	816
Accrued wind up costs		4,696	–
Finance costs to external parties		3,602	7,605
Net loss on revaluation of investment properties	4	1,393	5,701
Management fees		1,207	1,258
Other expenses		416	82
Total expenses		**18,172**	**20,379**
(Loss)/profit before income tax		**(2,030)**	**348**
Income tax expense		(882)	(4,627)
Net loss after income tax for the period		**(2,912)**	**(4,279)**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Changes in foreign currency translation reserve		1,611	(2,110)
Other comprehensive income/(loss) for the period, net of income tax		**1,611**	**(2,110)**
Total comprehensive loss for the period		**(1,301)**	**(6,389)**
Net loss attributable to ordinary unitholders		**(2,912)**	**(4,279)**
Total comprehensive loss attributable to ordinary unitholders		**(1,301)**	**(6,389)**

The Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

Multiplex New Zealand Property Fund

As at 31 December 2012

	Note	Consolidated 31 December 2012 $'000	30 June 2012 $'000
Assets			
Current assets			
Cash and cash equivalents		11,502	24,097
Trade and other receivables		619	649
Held for sale investment properties	4	–	81,435
Total current assets		**12,121**	**106,181**
Non-current assets			
Investment properties	4	234,811	254,405
Total non-current assets		**234,811**	**254,405**
Total assets		**246,932**	**360,586**
Liabilities			
Current liabilities			
Trade and other payables		13,274	25,746
Accrued wind up costs		4,696	–
Interest bearing liabilities	5	–	198,482
Total current liabilities		**17,970**	**224,228**
Non-current liabilities			
Interest bearing liabilities	5	103,771	–
Deferred tax liability		13,039	12,002
Total non-current liabilities		**116,810**	**12,002**
Total liabilities		**134,780**	**236,230**
Net assets		**112,152**	**124,356**
Equity			
Units on issue	6	192,493	203,396
Reserves		(47,069)	(48,680)
Undistributed losses		(33,272)	(30,360)
Total equity		**112,152**	**124,356**

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

Condensed Consolidated Interim Statement of Changes in Equity

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

	Attributable to unitholders of the Fund			
Consolidated Entity	Ordinary units $'000	Undistributed profits/ (losses) $'000	Reserves $'000	Total $'000
Opening equity – 1 July 2012	**203,396**	**(30,360)**	**(48,680)**	**124,356**
Changes in foreign currency translation reserves	–	–	1,611	**1,611**
Other comprehensive income for the period, net of income tax	**–**	**–**	**1,611**	**1,611**
Net loss for the period	–	(2,912)	–	**(2,912)**
Total comprehensive (loss)/income for the period	**–**	**(2,912)**	**1,611**	**(1,301)**
Transactions with unitholders in their capacity as unitholders:				
Return of capital	(10,903)	–	–	**(10,903)**
Total transactions with unitholders in their capacity as unitholders	**(10,903)**	**–**	**–**	**(10,903)**
Closing equity – 31 December 2012	**192,493**	**(33,272)**	**(47,069)**	**112,152**

	Attributable to unitholders of the Fund			
Consolidated Entity	Ordinary units $'000	Undistributed profits/ (losses) $'000	Reserves $'000	Total $'000
Opening equity – 1 July 2011	**203,396**	**(24,332)**	**(50,566)**	**128,498**
Changes in foreign currency translation reserves	–	–	(2,110)	**(2,110)**
Other comprehensive loss for the period, net of income tax	**–**	**–**	**(2,110)**	**(2,110)**
Net loss for the period	–	(4,279)	–	**(4,279)**
Total comprehensive loss for the period	**–**	**(4,279)**	**(2,110)**	**(6,389)**
Total transactions with unitholders in their capacity as unitholders	**–**	**–**	**–**	**–**
Closing equity – 31 December 2011	**203,396**	**(28,611)**	**(52,676)**	**122,109**

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

Condensed Consolidated Interim Statement of Cash Flows

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

	Consolidated Half year ended 31 December 2012 $'000	 Half year ended 31 December 2011 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	16,191	19,097
Cash payments in the course of operations	(16,398)	(5,418)
Interest received	356	209
Financing costs paid	(4,463)	(7,811)
Net cash flows (used in)/from operating activities	**(4,314)**	**6,077**
Cash flows from investing activities		
Payments for additions to investment properties	(2,385)	(5,941)
Proceeds from sale of investment properties	99,915	7,644
Net cash flows from investing activities	**97,530**	**1,703**
Cash flows from financing activities		
Repayments of interest bearing liabilities	(94,474)	(7,497)
Debt establishment costs paid	(603)	–
Return of capital	(10,903)	–
Net cash flows used in financing activities	**(105,980)**	**(7,497)**
Net (decrease)/increase in cash and cash equivalents	(12,764)	283
Impact of foreign exchange	169	(236)
Cash and cash equivalents at beginning of the period	24,097	19,096
Cash and cash equivalents at 31 December	**11,502**	**19,143**

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

Notes to the Condensed Consolidated Interim Financial Statements

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

1 Reporting entity

Multiplex New Zealand Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial statements of the Fund as at and for the six months ended 31 December 2012 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2012.

Basis of preparation

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation currency. The Fund's functional currency is Australian dollars. However, the Consolidated Entity is predominately 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.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income introduces new terminology for the statement of comprehensive income and income statement and groups items in other comprehensive income and associated tax on the basis of whether items are potentially reclassifiable to profit and loss subsequently. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss.

The adoption of the above revised Standards and Interpretations has not resulted in any changes to the accounting policies and has no effect on the amounts reported for the current or prior periods. However, the application of AASB 2011-9 has resulted in changes to the presentation and disclosure.

Going concern

The financial statements have been prepared on a going concern basis which assumes the Consolidated Entity will be able to realise its assets and discharge its liabilities in the normal course of business.

In September 2012, Unitholders representing over 88% of the units on issue elected to exit the Fund. As the election results indicated that the majority of unitholders do not wish to remain invested in the Fund, the Responsibly Entity has carefully considered the options available to the Fund including the sale of units and the sale of all or some of the assets to facilitate the withdrawal of unitholders. It has been decided that it is in the best interests of unitholders, and in particular will maximise the value that can be returned to all unitholders, for the Fund to be wound up. The Responsible Entity is now proceeding with winding up the Fund, which consists of selling assets, repaying bank debt, deducting costs and then distributing the balance to unitholders. As communicated previously, it may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. It is not possible to predict when the sale process will be completed.

Based on the above, the Directors of the Responsible Entity believe it is appropriate to continue to adopt the going concern basis for this set of financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

3 Estimates

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

4 Investment properties

The Consolidated Entity holds the following categories of investment properties, including held for sale investment properties, at the reporting date:

	Consolidated	
	31 December 2012 $'000	30 June 2012 $'000
Investment properties and held for sale investment properties[1]		
Total retail	19,829	20,554
Total office	159,462	260,474
Total industrial	55,520	54,812
Total investment properties and held for sale investment properties	**234,811**	**335,840**

[1] 31 December 2012 book value in NZ$ is converted at the 31 December 2012 exchange rate AU$1 = NZ$1.2608 (30 June 2012: AU$1 = NZ$1.2771.

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 31 December 2012, the entire property portfolio was internally valued and valuations have been undertaken using a discounted cash flow method. The discount rates utilised in the 31 December 2012 valuations range from 9.50% to 10.50%. At 30 June 2012, the entire portfolio was subject to external valuations by independent valuers Colliers International.

Reconciliation of the carrying amount of investment properties, including held for sale investment properties, is set out below:

	Consolidated Half year ended 31 December 2012 $'000
Carrying amount at beginning of period	335,840
Sale of investment property	(101,493)
Capital expenditure and incentives	(77)
Rental straight lining	(3)
Net loss from fair value adjustments to investment properties	(1,393)
Foreign currency translation exchange adjustment	1,937
Carrying amount at end of period	**234,811**

Investment properties held for sale

During the period, the Consolidated Entity disposed of the following investment properties:
- the ASB building, which was settled on 27 July 2012, for gross consideration of $80,092,000 or NZ$104,000,000; and
- the AIA building, which was settled on 29 October 2012, for gross consideration of $19,822,000 or NZ$25,000,000.

100% of the net proceeds from the sale of ASB and 75% of the net proceeds from the sale of AIA have been used to repay debt.

Investment properties have been classified as non-current. The Responsible Entity is proceeding with winding up the Fund and exploring sales of the investment property assets. As communicated previously, it may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. It is not possible to predict when the sale process will be completed as such these investment property assets remain classified as non-current assets.

5 Interest bearing liabilities

	Consolidated 31 December 2012 $'000	30 June 2012 $'000
Current		
Secured bank debt	–	198,610
Debt establishment fees	–	(128)
Total current interest bearing liabilities	**–**	**198,482**
Non – current		
Secured bank debt	104,312	–
Debt establishment fees	(541)	–
Total non-current interest bearing liabilities	**103,771**	**–**
Total interest bearing liabilities	**103,771**	**–**

		Consolidated 31 December 2012 $'000	30 June 2012 $'000
Finance arrangements			
Facilities available			
Bank debt facility [1]	16 August 2015	104,312	198,610
Less: Facilities utilised		(104,312)	(198,610)
Facilities not utilised		**–**	**–**

[1] The bank debt facility at 31 December 2012 represents NZ$131,516,000 converted at the 31 December 2012 exchange rate AU$1 = NZ$1.2608 (30 June 2012: NZ$253,644,000 at AU$1 = NZ$1.2771)

Refinancing of debt

On 17 August 2012, the Consolidated Entity entered into a revised term facility with ANZ. The key terms are as follows:

- Maturity: 16 August 2015 (being 36 months from date of signing the new facility)
- Facility amount: NZ$149,984,000 (note that the original facility amount drawn has since been reduced by repayments)
- Base rate plus a margin subject to the following rates:
  - The margin for the first draw period was 2.50%.
  - For each subsequent draw period, the margin will be determined by reference to the table below based on the then applicable loan to value ratio (LVR). A change in margin will take effect on commencement of the next occurring draw period:

LVR	Margin
55% ≤ LVR < 60%	2.90%
50% ≤ LVR < 55%	2.70%
45% ≤ LVR < 50%	2.50%
40% ≤ LVR < 45%	2.30%
< 40%	2.10%

- Key Covenants:
  - (LVR) the LVR does not exceed 55%;
  - (historical interest cover) the ratio of EBIT to total interest expense for the preceding 6 month period is at least 1.50 : 1.00; and
  - (Forecast ICR) the forecast ICR is at least 1.50 : 1.00.

Interest bearing liabilities have been classified as non-current as the debt has a maturity date of 16 August 2015. The Fund has entered into wind up, therefore once properties have been sold, 100% of the net sale proceeds from the disposal of investment properties will be used to pay down the debt. It may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. It is not possible to predict when the sale process will be completed therefore the debt remains classified as non-current. The current loan to value ratio (LVR) is 44.4%.

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

For the half year ended 31 December 2012

6 Units on issue

	Half year ended 31 December 2012 $'000	Half year ended 31 December 2012 Units	Year ended 30 June 2012 $'000	Year ended 30 June 2012 Units
Ordinary units				
Opening balance	203,396	218,056,451	203,396	218,056,451
Return of capital	(10,903)	–	–	–
Closing balance	**192,493**	**218,056,451**	**203,396**	**218,056,451**

7 Related parties

During the current period ended 31 December 2012, the Consolidated Entity repaid $9,508,000 of historical management fees due to the Responsible Entity.

Other than the above, there have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2012.

8 Contingent liabilities and assets

At 31 December 2012, the Consolidated Entity has total contingent assets of $79,000 (NZ$100,000). Under the terms of the sale and purchase agreement for one of its investment properties, the Consolidated Entity has contracted the retention of NZ$100,000 by the vendor to ensure satisfactory completion of any building defects currently under investigation. (30 June 2012: contingent assets of $78,000 or NZ$100,000).

Other than the matters noted above, no other contingent liabilities or assets existed at 31 December 2012 or 30 June 2012.

9 Events subsequent to the reporting date

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

Directors' Declaration

Multiplex New Zealand Property Fund
For the half year ended 31 December 2012

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

a The condensed consolidated interim financial statements and notes, set out in pages 7 to 14, are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2012 and of its performance for the six month period ended on that date; and

  ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;

b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 22nd day of February 2013

Shane Ross
Director
Brookfield Capital Management Limited