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

Multiplex New Zealand Property Fund

ARSN 110 281 055

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

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

Principal Registered Office
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Custodian
Brookfield Multiplex Funds Management Limited
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KPMG
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Sydney NSW 2000
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Directors' Report
Multiplex New Zealand Property Fund
For the year ended 30 June 2009

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 report of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2009 and the Independent Audit Report thereon.

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

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

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

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

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

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

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

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

Directors' Report
Multiplex New Zealand Property Fund
For the year ended 30 June 2009

Information on Company Secretary

Neil Olofsson

Neil has over 13 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
Peter Morris	–
Brian Motteram	–
Robert McCuaig	–
Mark Wilson	–
Brian Kingston	–

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

Directors' meetings

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

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

Committee meetings

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

Principal activities

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

Review of operations

The Consolidated Entity has recorded a net loss after tax before distributions to unitholders of $94,314,000 for the year ended 30 June 2009 (2008: profit of $17,859,000). The reported net loss includes $77,091,000 unrealised losses on revaluations of investment properties and $21,720,000 net loss on financial derivatives.

Some of the significant events during the year are as follows:
- total revenue and other income of $78,310,000 (2008: $83,686,000);
- distributions to unitholders of $4,359,000 and distributions per unit of 2.0 cents per unit (2008: $20,679,000 and 9.5 cents per unit);
- net assets attributable to unitholders of $164,005,000 (2008: $258,310,000) and NTA of $0.75 (2008: $1.19);
- the current weighted average lease term to expiry is approximately 5.52 years (2008: 7.13 years) and the portfolio occupancy rate is 99% (2008: 99%);
- during the current year, 17 retail properties, 1 office property and 1 industrial property were sold for gross proceeds of NZ$139,010,000 ($110,851,000); and
- the entire property portfolio comprised of 18 properties was externally valued at June 2009 with a revised external valuation of NZ$701,850,000 ($564,733,000).

Update on debt renewal
At 30 June 2009 the Consolidated Entity had a NZ$545,000,000 debt facility (Facility) of which NZ$434,180,048 was drawn. The terms of the original Facility included maturity on 30 August 2009. Subsequent to the balance date, the Facility was extended to a maturity date of 30 October 2009.

The Facility has four financial covenants: the interest coverage ratio (ICR), the loan to value ratio (LVR), a gearing covenant and a tangible assets ratio (TTA), being unitholder funds to total assets. At 31 December 2008 and 30 June 2009, the Fund was in compliance with the ICR, the LVR and the gearing covenants however the Fund was not in compliance with the TTA covenant. The TTA requires the ratio of unitholder funds to total assets to be at least 30%. The Fund is currently in discussions with the financier regarding the quantum of additional interest charges and penalties that will be levied on the Fund as a result of this breach. At the date of this report, being 24 September 2009, repayment of the Facility has not been accelerated as a result of this breach. The Fund remains in discussions with the financiers regarding refinancing of the existing facility.

The Directors believe there is uncertainty surrounding the Facility and the Fund's ability to renew or repay that Facility should the financiers call upon the debt on the currently scheduled maturity date. At the date of this report, being 24 September 2009, the Directors have formed the view that the annual financial report can be prepared on a going concern basis as there is no current intention to liquidate the fund, nor to cease trading and currently there are alternatives available to the fund that do not require either of these options to be undertaken. This view was formed by taking into account a number of factors including the financial position of the Fund at 30 June 2009 and information known at the date of this report, and includes the following:

- at the date of this report, the financiers have not requested repayment of the Facility at an accelerated date or on the current date of expiry;
- detailed discussions between the Financiers and the Consolidated Entity related to a renewed Facility have been held. At the date of this report, being 24 September 2009, an indicative terms sheet has been provided by the financiers and the Consolidated Entity and the financiers continue discussions regarding the renewal of the Facility;
- whilst the discussions continue the financiers have not at the date of this report obtained formal credit approval for their indicative terms sheet;
- at 30 June 2009 the Consolidated Entity has net assets of $164,005,000 and tangible assets (cash, receivables and investment property) in excess of interest bearing liabilities by $229,417,000; and
- the Fund can demonstrate that it has a reasonable basis for believing it can service the interest repayments on the existing facility.

Further information can be found in Notes 2, 13 and 20 to the financial report.

Interests of the Responsible Entity

Fee payments

The following fees were paid to Brookfield Multiplex Capital Management Limited out of the Fund's assets during the financial year:

- Management fees incurred by the Fund during the year were $4,975,000 (2008: $5,813,000);
- Leasing fees incurred by the Consolidated Entity during the year were $212,000 (2008: $262,000); and
- Property sale fees incurred by the Consolidated Entity during the year were $1,731,000 (2008: $940,000).

Investments held

The following interests were held in the Consolidated Entity during the financial period:

- ANZ Nominees Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Acumen Property Fund holds 51,699,755 units or 23.71% of the Fund at year end (2008: 51,699,755 units or 23.73% 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 (2008: 47,461,298 units or 21.79% of the Fund).
- Perpetual Trust Limited as custodian for Multiplex Tasman Property Fund holds 4,701,355 units or 2.16% of the Fund at year end (2008: 4,776,156 units or 2.19% of the Fund).
- JP Morgan Nominees Australia Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Diversified Property Fund holds 4,345,251 units or 1.99% of the Fund at year end (2008: 4,345,251 units or 1.99% of the Fund).
- JP Morgan Nominees Australia Limited as custodian for Brookfield Multiplex Capital Management Limited as responsible entity for Multiplex Property Income Fund holds 1,325,635 units or 0.61% of the Fund at year end (2008: 1,325,635 units or 0.61% of the Fund).
- Brookfield Multiplex Capital Management Limited holds 6,056,977 units or 2.78% of the fund at year end (2008: 1,709,199 units or 0.78% of the Fund).

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

Events subsequent to the reporting date
Subsequent to the balance date, the Consolidated Entity's financiers extended the maturity date of the existing debt Facility from 30 August 2009 to 30 October 2009. At the date of this report, being 24 September 2009, an indicative terms sheet has been provided by the financiers and the Consolidated Entity and the financiers continue discussions regarding the renewal of the Facility.

On 1 September 2009 the Consolidated Entity entered into an unconditional contract to sell Wiri Distribution Centre. Net proceeds of NZ$18,950,000 are anticipated to be received on an expected settlement date of 9 October 2009.

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

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

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

Distributions
Distributions paid/payable by the Fund to unitholders are detailed below. During the current year there were no distributions paid other than the September 2008 distribution paid on 3 November 2008.

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	2.000	4,359	3 November 2008
Total distribution for the year ended 30 June 2009	**2.000**	**4,359**	
Ordinary units			
June 2008 distribution	2.375	5,174	1 August 2008
March 2008 distribution	2.375	5,170	1 May 2008
December 2007 distribution	2.375	5,169	1 February 2008
September 2007 distribution	2.375	5,166	2 November 2007
Total distribution for the year ended 30 June 2008	**9.5000**	**20,679**	

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

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

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

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

Rounding of amounts

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

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 10 and forms part of the Directors' Report for the year ended 30 June 2009.

Dated at Sydney this 24 day of September 2009.

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

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

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

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

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

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

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

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney
24 September 2009

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

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Revenue and other income					
Property rental income		70,448	72,652	–	–
Gain on sale of investment property		–	234	–	–
Distribution income from controlled entities		–	–	29,546	24,917
Interest income		432	896	41	76
Realised gain on foreign exchange transactions		1,047	1,102	1,065	1,102
Net gain on revaluation of investment property	10	–	8,802	–	–
Reversal of performance fee		6,383	–	6,383	–
Total revenue and other income		**78,310**	**83,686**	**37,035**	**26,095**
Expenses					
Property expenses		15,110	17,786	–	–
Impairment expense		–	–	57,534	–
Loss on sale of investment property		11,003	–	–	–
Net loss on financial derivatives	5	21,720	1,843	–	–
Net loss on revaluation of investment property	10	77,091	–	–	–
Finance costs to external parties		35,846	35,709	–	–
Management fees		4,975	5,813	4,975	5,813
Performance fee		–	2,102	–	2,102
Other expenses		334	419	252	367
Total expenses		**166,079**	**63,672**	**62,761**	**8,282**
(Loss)/profit before income tax		**(87,769)**	**20,014**	**(25,726)**	**17,813**
Income tax expense	7	(6,545)	(2,155)	–	–
(Loss)/profit after tax before distribution to unitholders		**(94,314)**	**17,859**	**(25,726)**	**17,813**
Finance costs – distribution to unitholders	8	(4,359)	(20,679)	(4,359)	(20,679)
Change in net assets attributable to unitholders		**(98,673)**	**(2,820)**	**(30,085)**	**(2,866)**

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

Balance Sheet

Multiplex New Zealand Property Fund

As at 30 June 2009

		Consolidated		Fund	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current assets					
Cash and cash equivalents		11,125	8,851	159	1,022
Trade and other receivables	9	2,781	2,670	18,988	1,059
Total current assets		**13,906**	**11,521**	**19,147**	**2,081**
Non-current assets					
Investment properties	10	564,733	735,633	–	–
Investment in controlled entities	11	–	–	150,718	208,252
Fair value of financial derivatives		–	15,368	–	–
Total non-current assets		**564,733**	**751,001**	**150,718**	**208,252**
Total assets		**578,639**	**762,522**	**169,865**	**210,333**
Current liabilities					
Trade and other payables	12	23,888	27,353	8,802	7,893
Distribution payable	8	–	5,174	–	5,174
Fair value of financial derivatives		1,955	–	–	–
Interest bearing liabilities	13	349,222	–	–	–
Total current liabilities		**375,065**	**32,527**	**8,802**	**13,067**
Non-current liabilities					
Performance fee		–	6,383	–	6,383
Fair value of financial derivatives		9,383	–	–	–
Interest bearing liabilities	13	–	441,661	–	–
Deferred income tax liability	7	30,186	23,641	–	–
Total non-current liabilities		**39,569**	**471,685**	**–**	**6,383**
Total liabilities (excluding net assets attributable to unitholders' interests)		**414,634**	**504,212**	**8,802**	**19,450**
Net assets attributable to unitholders - liability		**164,005**	**258,310**	**161,063**	**190,883**

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

Statement of Changes in Equity

Multiplex New Zealand Property Fund

For the year ended 30 June 2009

As the Consolidated Entity has no equity, no Statement of Changes in Equity for the current or comparative year is included.

Cash Flow Statement

Multiplex New Zealand Property Fund

For the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		70,335	74,541	1,121	–
Cash payments in the course of operations		(25,488)	(27,537)	(4,319)	(3,824)
Interest received		432	896	41	76
Settlement of derivatives		5,259	–	–	–
Financing costs paid		(33,567)	(34,837)	–	–
Net cash flows from/(used in) operating activities	16	**16,971**	**13,063**	**(3,157)**	**(3,748)**
Cash flows from investing activities					
Proceeds from sale of investment properties		110,851	44,154	–	–
Net funding from related parties		–	–	11,562	24,917
Payments for purchase of, and additions to, investment properties		(14,351)	(9,274)	–	–
Net cash flows from investing activities		**96,500**	**34,880**	**11,562**	**24,917**
Cash flows from financing activities					
Distributions paid		(9,268)	(20,654)	(9,268)	(20,654)
Proceeds from interest bearing liabilities		14,890	7,779	–	–
Repayments of interest bearing liabilities		(112,383)	(42,227)	–	–
Debt establishment costs paid		–	(46)	–	–
Net cash flows used in financing activities		**(106,761)**	**(55,148)**	**(9,268)**	**(20,654)**
Net increase/(decrease) in cash and cash equivalents		6,710	(7,311)	(863)	515
Impact of foreign exchange		(4,436)	(929)	–	–
Cash and cash equivalents at 1 July		8,851	17,091	1,022	507
Cash and cash equivalents at 30 June		**11,125**	**8,851**	**159**	**1,022**

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

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, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2009 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Basis of preparation

a Statement of compliance

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

The financial statements were authorised for issue by the directors on this 24 day of September 2009.

b Basis of measurement

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

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

The existing debt facility is classified as current in the Balance Sheet. Due to this classification the Consolidated Entity's current liabilities exceed current assets by $361,159,000. Investment properties totalling $564,733,000 are classified as non-current assets.

In accordance with AASB 101, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Fund or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the successful completion of the refinancing of the existing debt facility, as outlined in the Directors' Report and Note 13. As such the financial statements have been prepared on a going concern basis.

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

c Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 3j, Investment property, and Note 3k, Derivative financial instruments.

3 Significant accounting policies

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

a Principles of consolidation

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

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

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

b Foreign and cross currency transactions

Foreign and cross currency transactions of the Fund 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 Income Statement.

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 Income Statement on a straight-line basis over the term of the lease.

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

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

Dividends and distributions

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

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.

3 Significant accounting policies continued

Leasing fees

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

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

Leasing incentives

Lease incentives which may take the form of up-front payments, contributions to certain lease costs, relocation costs and fit-outs and improvements are recognised 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 is calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Fund quarterly in arrears.

Performance fee

A performance fee of 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 Fund or on sale of the Fund's assets prior to termination of the Fund. 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 balance sheet.

Cash flows are included in Statement of Cash Flow 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 Taxation

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

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

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%.

3 Significant accounting policies continued

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

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. Impairment charges are brought to account as described in Note 3m. Non-current receivables are measured at amortised cost using the effective interest rate method.

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 (see 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 3 years. All external valuations are adopted as the fair value of the investment property at the relevant reporting date. When internal valuations indicate a change from the carrying value between 2% and 5% the internal valuation will be adopted.

3 Significant accounting policies continued

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

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

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

Rental income from investment property is accounted for in accordance with Note 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 Income Statement.

l Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents, loans and borrowings, 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. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchase and sales of financial assets are accounted for at trade date, i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting policies for cash and cash equivalents (Note 3h), trade and other receivables (Note 3i), trade and other payables (Note 3n), and interest bearing liabilities (Note 3o) are discussed elsewhere within the financial report.

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

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 Income Statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

3 Significant accounting policies continued

Non-financial assets

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

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

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 Income Statement over the period of the borrowings on an effective interest rate basis. Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability to at least 12 months after the balance sheet date.

p Distributions

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

q Net assets attributable to unitholders

Net assets attributable to unitholders consist of units on issue (less transaction costs), undistributed income and reserves.

r Units on issue

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

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 2009 but have not been applied preparing this financial report:

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

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

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

3 Significant accounting policies continued

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

AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will require a change in presentation and disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Consolidated Entity presents segment information in respect of its business and geographical segments (see Note 4). Under the new standard, the Consolidated Entity will no longer be required to present segment information.

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

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

Revised AASB 132 *Financial Instruments: Presentation* and AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation* provides an exception to the definition of a financial liability to enable certain financial instruments to be classified as equity. The revised AASB 132 becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements. Units issued to investors would meet the exceptions to the definition of a financial liability to be reclassified as equity.

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

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

AASB Interpretation 17 *Distributions of Non-Cash Assets to Owners* provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AASB Interpretation 17 will become mandatory for the Consolidated Entity's 30 June 2010 consolidated financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

4 Segment reporting

The Consolidated Entity operates in a single, primary business and geographical segment, being investment in income producing property assets in New Zealand.

5 Net gains and losses on financial derivatives

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

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Forward foreign exchange contracts	5,259	–	–	–
Net realised gain on settlement of financial derivatives	**5,259**	**–**	**–**	**–**

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

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest rate swaps	(19,684)	(8,005)	–	–
Forward foreign exchange contracts	(7,295)	6,162	–	–
Net unrealised loss on revaluation of financial derivatives	**(26,979)**	**(1,843)**	**–**	**–**
Net loss on financial derivatives	**(21,720)**	**(1,843)**	**–**	**–**

6 Auditor's remuneration	**Consolidated** 2009 $	2008 $	**Fund** 2009 $	2008 $
Auditors of the Fund, KPMG:				
Audit and review of financial reports	121,000	93,000	121,000	93,000
Non-audit services	19,700	–	19,700	–
Total auditor's remuneration	**140,700**	**93,000**	**140,700**	**93,000**

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

	Consolidated 2009 $'000	Consolidated 2008 $'000
7 Income tax		
Major components of income tax expense		
Current income tax	4,075	–
Utilisation of previously recognised tax losses	(4,075)	–
Total current income tax	**–**	**–**
Deferred income tax		
Relating to origination and reversal of temporary differences	6,545	7,510
Benefit arising from previously unrecognised tax losses	–	(5,355)
Total deferred income tax	**6,545**	**2,155**
Total income tax expense reported in the income statement	**6,545**	**2,155**
Income tax expense		
Numerical reconciliation between tax expense and pre-tax net profit		
(Loss)/profit for the year after tax	(94,314)	17,859
Total income tax expense	6,545	2,155
(Loss)/profit before income tax	**(87,769)**	**20,014**
(Profit)/loss attributable to the Australian Fund and not subject to taxation[1]	(2,261)	7,104
(Loss)/profit before income tax attributable to Brookfield Multiplex Albert Street Landowning Trust (BMASLT)	**(90,030)**	**27,118**
Prima facie income tax (benefit)/expense on profit using the BMASLT tax rate of 30% (2008: 33%)	(27,009)	8,948
Recognition of previously unrecognised tax losses	–	(5,355)
Non-deductible loss/(non-assessable income) – fair value adjustments	31,221	(3,422)
Permanent differences on sale of properties	8,749	62
Non-assessable income related to settlement of foreign exchange derivatives	(1,578)	–
Permanent differences on depreciation allowances	(7,596)	–
Other[2]	2,758	1,922
Total income tax expense reported in the income statement	**6,545**	**2,155**

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.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Tax assets and liabilities		
Deferred tax assets	5,254	5,355
Deferred income tax liability – non current	(35,440)	(28,996)

7 Income tax continued

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Consolidated						
Tax Depreciation	–	–	(35,440)	(24,365)	(35,440)	(24,365)
Fair value adjustments	3,402	–	–	(4,610)	3,402	(4,610)
Tax losses	1,832	5,333	–	–	1,832	5,333
Other	20	22	–	(21)	20	1
Total	**5,254**	**5,355**	**(35,440)**	**(28,996)**	**(30,186)**	**(23,641)**

There are no tax amounts recognised directly in equity for the current or prior year. The New Zealand corporate tax rate changed from 33% to 30% for tax years commencing on or after 1 April 2008.

8 Distributions

Distributions paid/payable by the Fund to unitholders are detailed below. During the current year there were no distributions paid other than the September 2008 distribution paid on 3 November 2008.

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	2.000	4,359	3 November 2008
Total distribution for the year ended 30 June 2009	**2.000**	**4,359**	
Ordinary units			
June 2008 distribution	2.375	5,174	1 August 2008
March 2008 distribution	2.375	5,170	1 May 2008
December 2007 distribution	2.375	5,169	1 February 2008
September 2007 distribution	2.375	5,166	2 November 2007
Total distribution for the year ended 30 June 2008	**9.5000**	**20,679**	

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

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
9 Trade and other receivables				
Current				
Trade receivables	517	47	–	–
Prepayments and accrued income	1,256	2,469	–	–
Receivables due from controlled entities	–	–	18,984	1,000
Other receivables	1,008	154	4	59
	2,781	**2,670**	**18,988**	**1,059**

10 Investment properties

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

Description	Latest external valuation date	Latest external valuation[1] $'000	Consolidated[3] June 2009 book value[2] $'000	June 2008 book value[2] $'000
Retail				
Woolworths Dargaville	–	–	–	4,322
Woolworths Invercargill	–	–	–	3,450
Woolworths Marton	–	–	–	1,071
Woolworths New Plymouth	–	–	–	6,900
Countdown Oamaru	–	–	–	3,648
Woolworths Paeroa	–	–	–	2,776
Foodtown Pukekohe	–	–	–	7,455
Woolworths Putaruru	–	–	–	2,062
Woolworths Te Awamutu	–	–	–	4,441
Woolworths Wanganui	–	–	–	4,957
Countdown Botany	–	–	–	16,575
Howick Shopping Centre	–	–	–	9,993
Woolworths Grey Lynn	–	–	–	10,865
Countdown Porirua	–	–	–	11,103
Foodtown Hamilton	–	–	–	3,490
Countdown Lynfield	–	–	–	14,593
Woolworths Papakura	–	–	–	4,521
The Hub – Whakatane	June 2009	29,973	29,973	29,185
Valley Mega Centre - Stage 1	June 2009	19,311	19,311	19,986
South City Shopping Centre	June 2009	29,771	29,771	32,913
Valley Mega Centre - Stage 2	June 2009	15,610	15,610	7,852
		94,665	**94,665**	**202,158**
Office				
AIA Building	June 2009	22,530	22,530	23,850
Gen-i Tower	June 2009	67,589	67,589	69,544
University Building	June 2009	8,690	8,690	9,596
Telecom House	June 2009	41,439	41,439	49,982
Uniservices House	June 2009	14,242	14,242	16,611
12 Whitaker Place	–	–	–	674
The Plaza	June 2009	8,570	8,570	10,344
ASB Bank Centre	June 2009	111,040	111,040	119,542
ANZ Business Centre	June 2009	18,989	18,989	21,939
EDS House	June 2009	25,547	25,547	29,979
143 Willis Street	June 2009	12,874	12,874	14,998
Conservation House	June 2009	29,771	29,771	32,520
NZ Police - 180 Molesworth	June 2009	34,358	34,358	35,930
		395,639	**395,639**	**435,509**

10 Investment properties continued

Description	Latest external valuation date	Latest external valuation[1] $'000	June 2009 book value[2] $'000	June 2008 book value[2] $'000
Industrial				
Mangere Distribution Centre	June 2009	57,531	57,531	63,447
Christchurch Distribution Centre	–	–	–	15,326
Wiri Distribution Centre	June 2009	16,898	16,898	19,193
		74,429	**74,429**	**97,966**
Total investment properties		**564,733**	**564,733**	**735,633**

1 Last valuation in NZD is converted at the 30 June 2009 exchange rate $1AUD = $1.2428NZD.
2 Book value represents the last valuation plus capital expenditure since the last valuation. June 2009 book value in NZD is converted at the 30 June 2009 exchange rate $1AUD = $1.2428NZD. The value of cost including additions at 30 June 2009 is NZ$682,826,000. The value of the properties at 30 June 2009 is NZ$701,850,000.
3 There are no investment properties held by the Fund.

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 2009, the entire property portfolio was valued by independent valuers Colliers International. At 30 June 2009, all valuations have been undertaken using a discounted cash flow (DCF) approach and a capitalisation method. The capitalisation rates utilised in the 30 June 2009 independent valuations range from 8.00% to 10.75%.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Reconciliation of the carrying amount of investment properties is set out below:		
Investment properties		
Carrying amount at beginning of year	735,633	838,629
Sale of investment property	(119,954)	(22,550)
Capital expenditure	14,435	18,118
Net (losses)/gains from fair value adjustments to investment properties	(77,091)	8,802
Foreign currency translation exchange adjustment	11,710	(107,366)
Carrying amount at end of year	**564,733**	**735,633**

Foreign currency translation exchange adjustments arise due to changes in opening and closing foreign exchange rates. NZD balances at 30 June 2009 have been translated at a rate of $1AUD = $1.2428NZD. NZD balances at 30 June 2008 have been translated at a rate of $1AUD = $1.2609NZD.

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 2009 $'000	Consolidated 2008 $'000
Within one year	50,850	55,673
Later than one year but not later than five years	131,902	178,848
Later than five years	101,356	193,734
	284,108	**428,255**

Minimum lease payments in NZD has been converted at the 30 June 2009 exchange rate of AUD$1 = NZD$1.2428.

Annual rent receivable by the Consolidated Entity under current leases from tenants is from commercial, industrial, retail and car park assets held. The average lease term is 5.52 years (2008: 7.13 years) and rent reviews are generally performed on a three yearly basis and are based on market rent.

	Ownership %	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
11 Investment in controlled entities					
Investment in Multiplex Albert Street	99	–	–		
Investment Trust				207,993	207,993
Provision for impairment		–	–	(57,462)	–
Investment in Brookfield Multiplex Albert		–	–		
Street Landowning Trust	1			259	259
Provision for impairment		–	–	(72)	–
		–	–	**150,718**	**208,252**

A review of the carrying value of the investments in controlled entities at 30 June 2009 indicated that the investments in Multiplex Albert Street Investment Trust and Brookfield Multiplex Albert Street Landowning Trust are impaired. A total provision of $57,534,000 was therefore recorded in the current year (2008: nil) to reflect the value of the investment at a value equivalent to the net assets attributable to the underlying subsidiary investments.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
12 Trade and other payables				
Trade payables	2,003	11,601	–	–
Interest payable	8,087	6,482	–	–
Payables to controlled entities	–	–	–	–
Management fee payable	8,075	4,229	8,075	4,229
Other payables and accruals	5,723	5,041	727	3,664
	23,888	**27,353**	**8,802**	**7,893**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
13 Interest bearing liabilities				
Current				
Secured bank debt	349,356	–	–	–
Debt establishment fees	(134)	–	–	–
Total current interest bearing liabilities	**349,222**	**–**	**–**	**–**
Non-current				
Secured bank debt	–	442,411	–	–
Debt establishment fees	–	(750)	–	–
Total non-current interest bearing liabilities	**–**	**441,661**	–	–

	Expiry Date	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Finance arrangements					
Bank debt facility	30 October 2009	438,525	475,057	–	–
Less: Facilities utilised		(349,356)	(442,411)	–	–
Facilities not utilised		**89,169**	**32,646**	–	–

13 Interest bearing liabilities continued

The debt facility consists of NZ$272,500,000 financed by Commonwealth Bank of Australia and NZ$272,500,000 financed by ANZ National Bank Limited. NZ$434,180,048 has been drawn down on the facility. The security provided for the debt facility is a first registered fixed and floating charge over all assets and an undertaking by Brookfield Multiplex Capital Management Limited (as Responsible Entity for the Fund), Multiplex Albert Street Investment Pty Ltd (in its capacity and as trustee for Multiplex Albert Street Investment Trust), the Borrower (in its capacity as trustee for Brookfield Multiplex Albert Street Landowning Trust) and the Custodian (as custodian for each of the Fund, Multiplex Albert Street Investment Trust and Brookfield Multiplex Albert Street Landowning Trust) in favour of the Security Trustee.

The terms of the original Facility included maturity on 30 August 2009. Subsequent to the balance date, the Facility has been extended to mature on 30 October 2009. Detailed discussions between the Financier and the Consolidated Entity related to a renewed Facility have been held. At the date of this report, being 24 September 2009, an indicative terms sheet has been provided by the financiers and the Consolidated Entity and the financiers continue discussions regarding the renewal of the Facility.

The Facility has four financial covenants: the interest coverage ratio (ICR), the loan to value ratio (LVR), a gearing covenant and a tangible assets ratio (TTA), being unitholder funds to total assets. At 31 December 2008 and 30 June 2009, the Fund was in compliance with the ICR, the LVR and the gearing covenants however the Fund was not in compliance with the TTA covenant. The TTA requires the ratio of unitholder funds to total assets to be at least 30%. The Fund is currently in discussions with the financier regarding the quantum of additional interest charges and penalties that will be levied on the Fund as a result of this breach. At the date of this report, being 24 September 2009, repayment of the Facility has not been accelerated as a result of this breach. The Fund remains in discussions with the financier regarding refinancing of the existing facility.

At 30 June 2009 the weighted average interest rate in respect of the amounts drawn under the facilities, including margin, was 3.53% (2008: 9.26%). The amount does not include the effect of swaps. The effect after swaps is an interest rate of 6.75% (2008: 6.75%).

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 Income Statement. The Fund does not hold interest rate swap derivatives. The Consolidated Entity's holdings in interest rate swap derivatives are detailed below:

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
			572,980	**14,091**	**11,338**

Consolidated 2008

Expiry Date	Underlying Instrument	Fixed rate %	Notional amount of contracts outstanding NZ$'000	Fair value (assets) NZ$'000	Fair value (assets) A$'000
31 August 2009	Floating to fixed	6.720	189,413	339	269
31 August 2009	Floating to fixed	6.825	150,000	4,290	3,402
31 August 2009	Floating to fixed	6.490	17,500	345	274
31 August 2009	Floating to fixed	6.520	17,500	3,257	2,583
31 August 2011	Floating to fixed	6.765	198,567	2,406	1,908
			572,980	**10,637**	**8,436**

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
14 Net assets attributable to unitholders				
Units on issue	203,396	203,131	203,396	203,131
Foreign currency translation reserve	(43,223)	(47,326)	–	–
Undistributed income/(loss)	3,832	102,505	(42,333)	(12,248)
Net assets attributable to unitholders	**164,005**	**258,310**	**161,063**	**190,883**
Opening balance of net assets attributable to unitholders	**258,310**	**301,720**	**190,883**	**193,159**
Units on issue				
Units reinvested	265	590	265	590
Foreign currency translation reserve				
Movements in foreign currency translation reserve	4,103	(41,180)	–	–
Undistributed income				
Net (loss)/profit from operations attributable to unitholders	(98,673)	(2,820)	(30,085)	(2,866)
Closing balance of net assets attributable to unitholders	**164,005**	**258,310**	**161,063**	**190,883**

Ordinary units

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

The total number of units on issue at 30 June 2009 is 218,056,451 (2008: 217,841,285). The movement in the current year is solely due to the distribution reinvestment plan (DRP). During the current year there were no distributions paid other than the September 2008 distribution paid on 3 November 2008 therefore the DRP was in effect for the June 2008 and September 2008 quarterly distributions only. Reinvested distributions for the Consolidated Entity and the Fund are as follows:

	Units	Issued date	$ per unit	$'000
Total number of units on issue at 1 July 2008	**217,841,285**			**203,131**
September 2008	98,523	3 Nov 2008	1.24	122
June 2008	116,643	31 July 2008	1.23	143
Total reinvested distributions for the year ended 30 June 2009	215,166			265
Total number of units on issue at 30 June 2009	**218,056,451**			**203,396**
Total number of units on issue at 1 July 2007	**217,424,067**			**202,541**
March 2008	103,273	1 May 2008	1.40	145
December 2007	99,178	1 Feb 2007	1.45	145
September 2007	112,073	2 Nov 2007	1.34	150
June 2007	102,694	3 Aug 2007	1.46	150
Total reinvested distributions for the year ended 30 June 2008	417,218			590
Total number of units on issue at 30 June 2008	**217,841,285**			**203,131**

15 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 Fund. 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 Fund and Consolidated Entity are exposed to financial risks in the course of their 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 Fund's and Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan.

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

Investment mandate

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

Derivative financial instruments

Whilst the Fund utilises derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes.

c Credit risk

Sources of credit risk and risk management strategies

Credit risk is the risk of financial loss to the Fund or Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Fund's and Consolidated Entity's customers and derivative counterparties. Other credit risk also arises for both the Fund and Consolidated Entity related to cash and cash equivalents balances held.

Trade and other receivables

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

- obtaining guarantees from tenants of the Consolidated Entity's direct properties;
- managing and minimising exposures to individual tenants;
- 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 Fund and Consolidated Entity also utilise the International Swaps and Derivatives Association's (ISDA's) agreements with derivative counterparties where possible to limit the credit risk exposure of such transactions by allowing settlement of derivative transaction on a net rather than gross basis.

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

15 Financial instruments continued

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		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash and cash equivalents	11,125	8,851	159	1,022
Trade and other receivables	2,781	2,670	18,988	1,059
Fair value financial derivatives	–	15,368	–	-
Total	**13,906**	**26,889**	**19,147**	**2,081**

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. Other than receivables from controlled entities, the Fund does not have any significant concentrations of credit risk at the reporting date.

Collateral obtained/held

Where applicable, the Fund and Consolidated Entity obtain collateral from counterparties to minimise the risk of default on their 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 Fund and Consolidated Entity did not hold any other collateral in respect of its financial assets (2008: nil).

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

Financial assets past due but not impaired

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

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current	2,505	2,561	18,988	1,059
Past due 0-30 days	163	22	–	–
Past due 31-120 days	113	87	–	–
Past due 121 days to one year	–	–	–	–
More than one year	–	–	–	–
Total	**2,781**	**2,670**	**18,988**	**1,059**

For the Fund and Consolidated Entity, amounts recognised above are not deemed to be impaired. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired (2008: nil). During the year ended 30 June 2009, $21,975 bad debt impairment was recognised by the Consolidated Entity (2008: $84,456). The Fund has not recognised any impairment losses during the year ended 30 June 2009 (2008: nil).

15 Financial instruments continued

d Liquidity risk

Sources of liquidity risk and risk management strategies

Liquidity risk is the risk the Fund and Consolidated Entity will not be able to meet their financial obligations as and when they fall due. The main sources of liquidity risk for the Fund and Consolidated Entity are related to the refinancing of interest bearing liabilities and redemptions paid to unitholders. The Fund'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 Fund'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 life of the Fund has expired in 2011. Unitholder redemptions in 2011 will be managed appropriately at that time.

The Fund's and Consolidated Entity's liquidity risk is managed in accordance with the Fund's and 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 Fund and Consolidated Entity also manage liquidity risk by maintaining adequate banking facilities, through continuous monitoring of forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Defaults and breaches

At 31 December 2008, the Fund was not in compliance with the TTA covenant. A notice of breach was served however to date the financier has not accelerated repayment of the Facility. At 30 June 2009, the Fund's ICR, LVR and gearing covenants were met, however the Fund remained in breach of the TTA covenant. Refer to Note 13 for further details regarding covenants associated with the existing Facility. During the financial year ended 30 June 2008, the Fund and the Consolidated Entity did not default or breach any terms of their loan amounts or covenants.

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 Fund and Consolidated Entity can be required to pay.

	Consolidated $'000					
	Carrying amount	Contractual cashflows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
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	–
Total financial liabilities	**384,448**	**393,172**	**386,957**	**5,728**	**487**	**–**
2008						
Trade and other payables	20,871	20,871	20,871	–	–	–
Interest bearing liabilities	441,661	441,661	–	441,661	–	–
Distributions payable	5,174	5,174	5,174	–	–	–
Performance fee	6,383	15,346	–	–	15,346	–
Interest payable on debt	8,526	57,911	50,856	7,055	–	–
Effect of interest rate swap	(2,044)	(16,011)	(14,099)	(1,912)	–	–
Net interest payable on debt	6,482	41,900	36,757	5,143	–	–
Total financial liabilities	**480,571**	**524,952**	**62,802**	**446,804**	**15,346**	**–**

15 Financial instruments continued

The maturity analysis of interest bearing liabilities and interest payable on debt financial liabilities has been prepared using the contractual terms of the existing Facility. As disclosed further in Note 13, at the date of this report, being 24 September 2009, this Facility is currently scheduled to mature on 30 October 2009. Upon finalising the formal documentation associated with a renewed debt facility, the terms and conditions applicable to the existing debt facility, including the quantum and timing of principal and interest payable on the debt, may change. This may result in an actual maturity analysis of contractual liabilities differing than those disclosed above.

	Fund $'000					
	Carrying amount	Contractual cashflows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Trade and other payables	8,802	8,802	8,802	–	–	–
Total financial liabilities	**8,802**	**8,802**	**8,802**	–	–	–
2008						
Trade and other payables	7,893	7,893	7,893	–	–	–
Distribution payable	5,174	5,174	5,174	–	–	–
Performance fee	6,383	15,346	–	–	15,346	–
Total financial liabilities	**19,450**	**28,413**	**13,067**	**–**	**15,346**	–

e Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's and Consolidated Entity's income or the value of 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 Fund and Consolidated Entity are 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.

15 Financial instruments continued

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

	Floating rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2009			
Financial assets			
Cash and cash equivalents	11,125	–	11,125
Trade and other receivables	–	2,781	2,781
	11,125	**2,781**	**13,906**
Financial liabilities			
Trade and other payables	–	23,888	23,888
Interest bearing liabilities	349,356	–	349,356
	349,356	**23,888**	**373,244**
Fund 2009			
Financial assets			
Cash and cash equivalents	159	–	159
Trade and other receivables	–	18,988	18,988
	159	**18,988**	**19,147**
Financial liabilities			
Trade and other payables	–	8,802	8,802
	–	**8,802**	**8,802**
Consolidated 2008			
Financial assets			
Cash and cash equivalents	8,851	–	8,851
Trade and other receivables	–	2,670	2,670
Financial derivatives	15,368	–	15,368
	24,219	**2,670**	**26,889**
Financial liabilities			
Trade and other payables	–	27,353	27,353
Distributions payable	–	5,174	5,174
Performance fee	6,383	–	6,383
Interest bearing liabilities	441,661	–	441,661
	448,044	**32,527**	**480,571**
Fund 2008			
Financial assets			
Cash and cash equivalents	1,022	–	1,022
Trade and other receivables	–	1,059	1,059
	1,022	**1,059**	**2,081**
Financial liabilities			
Trade and other payables	–	7,893	7,893
Distributions payable	–	5,174	5,174
Performance fee	6,383	–	6383
	6,383	**13,067**	**19,450**

15 Financial instruments continued

Sensitivity analysis

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

	2009		2009		2008		2008	
	+ 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
Consolidated Entity								
Interest on cash	111	111	(111)	(111)	107	107	(107)	(107)
Interest bearing liabilities	(3,494)	(3,494)	3,494	3,494	4,424	4,424	(4,424)	(4,424)
Interest on swaps	4,610	4,610	(4,610)	(4,610)	(4,424)	(4,424)	4,424	4,424
Fair value of derivatives	3,694	3,694	(3,781)	(3,781)	8,818	8,818	(9,077)	(9,077)
Total increase/(decrease)	4,921	4,921	(5,008)	(5,008)	8,925	8,925	(9,184)	(9,184)
Fund								
Interest on cash	2	2	(2)	(2)	11	11	(11)	(11)
Total increase/(decrease)	2	2	(2)	(2)	11	11	(11)	(11)

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 (NZD) 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 Fund and Consolidated Entity use 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 and the Fund held no forward foreign exchange contracts at 30 June 2009. At 30 June 2008, forward foreign exchange contracts with notional value of NZ$77,363,000 were held. The unrealised effect of movements of the AUD/NZD exchange rates are reflected in the Foreign Currency Translation Reserve. The net fair value of the forward foreign exchange contracts at 30 June 2009 is nil (2008: $7,022,448).
The following table shows the direct foreign currency exposures of both the Fund and Consolidated Entity at the reporting date, based on notional amounts.

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australia (Australian Dollar-denominated)				
Gross assets	163	59	169,865	210,333
Gross liabilities	8,802	7,893	8,802	19,450
New Zealand (New Zealand Dollar-denominated)				
Gross assets	718,930	761,573	–	–
Gross liabilities	504,368	496,319	–	–

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

	Australian Dollar			
	2009 Reporting date spot rate	2008 Reporting date spot rate	2009 Average rate	2008 Average rate
1 New Zealand Dollar	1.2428	1.2609	1.2287	1.1675

15 Financial instruments continued

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.

	2009 + 5% Profit and loss $'000	2009 + 5% Net assets $'000	2009 - 5% Profit and loss $'000	2009 - 5% Net assets $'000	2008 + 5% Profit and loss $'000	2008 + 5% Net assets $'000	2008 - 5% Profit and loss $'000	2008 - 5% Net assets $'000
Consolidated Entity	(4,610)	(12,832)	5,096	14,182	1,226	1,453	(1,355)	(1,606)
Fund	–	–	–	–	–	–	–	–

f Fair values

Methods for determining fair values

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

Trade and other receivables

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

Derivatives

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract. 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. The fair value of forward exchange contracts is based on present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

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

Fair values versus carrying amounts

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

16 Reconciliation of cash flows from operating activities	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Profit/(loss) for the year	**(94,314)**	**17,859**	**(25,726)**	**17,813**
Adjustments for:				
Items classified as investing activities				
Distribution income	–	–	(29,546)	(24,917)
Non-cash items				
Net loss/(gain) from investment property valuations	77,091	(8,802)	–	–
Loss/(gain) on sale of property	11,003	(234)	–	–
Loss/(gain) from revaluation of financial derivatives	26,978	1,843	–	–
Amortisation of debt establishment fees	674	655	–	–
Impairment expense	–	–	57,534	–
Other	325	–	–	–
Operating profit/(loss) before changes in working capital	**21,757**	**11,321**	**2,262**	**(7,104)**
Changes in assets and liabilities during the period:				
(Increase)/decrease in receivables	(113)	(983)	56	(342)
(Decrease)/increase in payables	(4,673)	2,725	(5,475)	3,698
Net cash provided by/(used in) operating activities	**16,971**	**13,063**	**(3,157)**	**(3,748)**

17 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 and their names are Dr Peter Morris, Mr Brian Motteram, Mr Robert McCuaig, Mr Mark Wilson and Mr Brian Kingston. Messrs Robert Rayner and Bob McKinnon resigned during the year.

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

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

Directors' interests

The Directors have no interest in the unit capital of the Fund at the date of this report.

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 2009 was a reversal of expense of $6,383,000 (2008: expense of $2,102,000). As at 30 June 2009, the performance fee payable to the Responsible Entity was nil (2008: $6,383,000).

Management fee

A base management fee is calculated on the gross value of assets is payable to the Responsible Entity, less a fee of NZ$1500 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 2009 was $4,975,000 (2008: $5,813,000). As at 30 June 2009, the management fee payable to the Responsible Entity was $8,075,000 (2008: $4,229,000).

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 2009 or 2008.

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 2009 were $212,000 (2008: $262,000). As at 30 June 2009, the leasing fees payable to the Responsible Entity are $212,000 (2008: nil).

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 2009 were $1,731,000 (2008: $940,000). As at 30 June 2009, the property sales fees payable to the Responsible Entity are $1,717,000 (2008: $904,000).

17 Related parties continued

Related party unitholders

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 51,699,755 units or 23.71% of the Fund at year end (2008: 51,699,755 units or 23.73% 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 (2008: 47,461,298 units or 21.79% of the Fund);
- Perpetual Trust Limited, as custodian for Multiplex Tasman Property Fund, holds 4,701,355 units or 2.16% of the Fund at year end (2008: 4,776,156 units or 2.19% of the Fund);
- JPMorgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as responsible entity for Multiplex Diversified Property Fund, holds 4,345,251 units or 1.99% of the Fund at year end (2008: 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 1,325,635 units or 0.61% of the Fund at year end (2008: 1,325,635 units or 0.61% of the Fund); and
- Brookfield Multiplex Capital Management Limited holds 6,056,977 units or 2.78% of the fund at year end (2008: 1,709,199 units or 0.78% of the Fund).

Transactions with related parties

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Transactions with controlled entities				
Distribution income	–	–	13,194	24,917
Intercompany receivable	–	–	65,303	1,000
Intercompany payable	–	–	61,670	–
Transactions with the Responsible Entity				
Management fees	4,975	5,813	3,975	5,813
Performance fees	(6,383)	2,102	–	2,102
Property sale fees	1,731	940	–	940
Leasing fees	212	–	–	–
Expense reimbursements payable	179	164	179	164
Management fees payable	8,075	4,229	8,075	4,229
Performance fees payable	–	6,383	–	6,383
Establishment fees payable	–	1,250	–	1,250
Property sale fees payable	1,717	904	–	904
Leasing fees payable	212	–	–	–
Expense reimbursements payable	64	–	64	–
Transactions with Brookfield Multiplex Limited and its controlled entities (excluding the Responsible Entity)				
Custodian fees	29	35	29	35
Custodian fees payable	13	8	13	8
Property agent fees	–	62	–	–
Management service fees payable	1,306	–	–	–
Rent guaranteed income	–	97	–	–

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.

18 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. The Consolidated Entity has received confirmation from two tenants that these obligations will not be completed through reinstatement and will be settled in cash. At 30 June 2009, the estimate of these settlements is $1,639,000 (NZ$2,037,000).

Apart from the above, no other contingent liabilities or assets existed at 30 June 2009 (2008: nil).

19 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 2009 this commitment totals $4,015,920 (NZ$4,990,987) (2008: $19,304,076 or NZ$24,340,509).

20 Events subsequent to the reporting date

Subsequent to the balance date, the Consolidated Entity's financiers extended the maturity date of the existing debt Facility from 30 August 2009 to 30 October 2009. At the date of this report, being 24 September 2009, an indicative terms sheet has been provided by the financiers and the Consolidated Entity and the financiers continue discussions regarding the renewal of the Facility.

On 1 September 2009 the Consolidated Entity entered into an unconditional contract to sell Wiri Distribution Centre. Net proceeds of NZ$18,950,000 are anticipated to be received on an expected settlement date of 9 October 2009.

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

21 Prior period adjustment

Due to the incorrect recognition of a parcel of land that is not owned by the Consolidated Entity, the value of the Hub property owned by the Consolidated Entity was overstated in the 30 June 2008 financial report. The impact of this error was an overstatement of investment property of $3,411,000 and an overstatement of net unrealised gain on revaluation of investment property of $3,411,000.

The error has been corrected by restating each of the affected financial statement line items in the comparative Income Statement and comparative Balance Sheet, or the net gain on revaluation of investment property, investment properties and net assets attributable to unitholders – liability line items. The error does not have any impact on the realised earnings of the Consolidated Entity.

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

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

a The consolidated financial statements and notes, set out in pages 10 to 38, are in accordance with the *Corporations Act 2001*, including:

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

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

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

c There are reasonable grounds to believe that the Fund will be able to successfully refinance its debt facility as described in the Directors' Report and will be able to pay its debts as and when they become due and payable. An indicative terms sheet has been prepared by the financiers proposing to refinance the loans. This is still under negotiation between the Fund and the financiers. The financiers have not obtained formal credit approval for this indicative terms sheet. If the debt facility is not successfully refinanced, the Fund may not be in a position to repay the existing debt facility should it be called upon by the financiers.

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 24th day of September 2009.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

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

Report on the financial report

We have audited the accompanying financial report of Multiplex New Zealand Property Fund (the Fund), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 21 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting

Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Fund's and the Consolidated Entity's financial position and of their performance.

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

Independence

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

Auditor's opinion

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 Fund's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

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

Significant uncertainty regarding continuation as a going concern

Without qualification to the opinion expressed above attention is drawn to notes 2(b) and note 13 of the financial statements. The Consolidated Entity is dependent on the ongoing debt facility provided by its financiers to continue to continue as a going concern. We note that the debt facility was due to expire on 30 August 2009, and at reporting date the Consolidated Entity was not in compliance with the unitholders' funds to tangible assets ratio covenant calculated under the terms of the debt facility. As such the facility has been disclosed as a current liability resulting in the Consoliated Entity's current liabilities exceeding current assets by $361,159,000.

The Consolidated Entity is currently in discussions with its financiers in relation to the renegotiation of the terms of its debt facility and has received an extension of the facility to 30 October 2009, with no acceleration of payment of the facility requested as at the date of this report. The outcome of these negotiations is uncertain, however as outlined in note 2(b) of the financial statements, the directors of the Responsible Entity anticipate a successful outcome and accordingly the financial statements have been prepared on a going concern basis. If the debt facility is unable to be renewed, significant uncertainty will be cast on the Consolidated Entity's ability to continue as a going concern, and as such the Consolidated Entity may be required to realise its assets at amounts lower than those stated in the financial statements.

KPMG

Tanya Gilerman
Partner

Sydney

24 September 2009