

# MULTIPLY TASMAN PROPERTY FUND QUARTERLY REPORT

## WELCOME

Welcome to the September 2005 quarterly report of the Multiplex Tasman Property Fund (Tasman Trust). Once again, we would like to update you, the investor, on the most recent activity within the Tasman Trust, as well as an overview of relative property market movements and Trust performance.

Multiplex Tasman Property Fund now owns one of the largest portfolios of commercial grade property in New Zealand. Since being established in late 2004, the Tasman Trust has been one of the most active purchasers of real estate in the New Zealand property sector. By investing in this Trust, you have chosen to draw on the financial strength and industry knowledge of one of Australia's largest and most diversified property companies, Multiplex Group, as well as a team of established New Zealand property professionals.

This report is the product of our ongoing commitment to communication and, as always, is compiled to provide you with an:

- overview of the economy and property markets within New Zealand;
- update on the financial performance of Multiplex Tasman Property Fund;
- update on the properties with the Multiplex Tasman Property Fund; and
- update on our most recent trading activities

For additional information or assistance, please do not hesitate to contact the Multiplex Capital Distribution team in New Zealand on (64 9) 296 2108 or visit [www.multiplexcapital.biz](http://www.multiplexcapital.biz)

SEP/05

QUARTERLY REPORT

# OVERVIEW

## ECONOMIC AND PROPERTY MARKET UPDATE

### New Zealand

Source: CB Richard Ellis NZ

After several years of strong economic growth, the New Zealand economy is experiencing a moderate slow down in momentum. The June quarter GDP was 1.1% above market expectations. This brought the year to date growth rate to 3.1%, down from 4.1% in the June 2004 year. Migration continues to slow, residential indicators are easing and export performance is weak. There is an under current of increasing price pressure from excess demand in the economy and inflation will be a key factor in the short term. Given the continued better than expected performance of the economy, there is an increasing probability the Reserve Bank will increase the Official Cash Rate in the next review at the end of October.

### Office

Source: CB Richard Ellis NZ

Overall CBD office vacancy in Auckland, at 8.2%, is the lowest in 15 years. The CB Richard Ellis Prime vacancy rate (4.7%) continues to improve as does the Secondary rate (9.9%) which has fallen from a near term high of 13.7% in December 2003. In the September quarter, the rate of Secondary rental growth slowed while Prime rents showed some continued strength. Effective rents are increasing faster than face rents as incentives are put under pressure. While incentives remain a feature of the market it is expected these will reduce further in the short term. There was no change to the Core CBD office supply in the first half of the year, however, it is due to increase by 18,000 sqm in December 2005 as the Lumley Tower becomes available for occupation in September 2005. During the first half of 2005 net absorption continued to be strong reaching 24,000 sqm and was fairly evenly split between the Core and Fringe precincts while take up in Prime quality space was twice that of Secondary space.

### Retail

Source: CB Richard Ellis NZ

Retail sales growth is continuing to pull back from its highs of 2004. Auckland retail sales grew 6.0% in the June quarter, half the growth experienced in the June 2004 quarter. It is anticipated that over 33,000 sqm of retail space will be added to the Auckland market in 2005, primarily in Regional and Power Centres. With construction costs still high, the pressure on development profit remains and projects are subject to strict financial scrutiny and control both internally and from outside stakeholders. Prime strip retail rents increased 2.0% in the first half of 2005. District shopping centre rents grew strongly while Regional and Power Centre rents increased slightly. Large space tenancies, such as supermarkets and department stores, are now starting to see stronger rental growth after a period of little movement.

### Industrial

Source: CB Richard Ellis NZ

While growth persists, CB Richard Ellis considers that Auckland industrial land values are reaching the end of a period of strong growth. On a compounding basis, the indicative land value grew 20% per annum over the last five years. In the year to June, both Prime and Secondary industrial rents rose by over 9.0%. Rental growth is expected to be strong in the short term for both sectors given the favourable supply/demand balance. Input costs have rapidly increased and occupiers seem to increasingly accept the required higher rental levels. Prime and Secondary yields continue to firm with yields sub 8% not uncommon. Secondary industrial property has performed very well over the last year with the yield gap now 45 basis points, down from 70 basis points a year ago. This is due to a limited supply of investment stock as owner occupiers continue to purchase premises and rising rents provide little motivation for investors to sell. Secondary properties with excess land or future development potential are selling at yields that can be substantially firmer than the CB Richard Ellis indicative range.

## MULTIPLEX TASMAN PROPERTY FUND

### Fund Overview

The Tasman Trust is an unlisted New Zealand property trust that has acquired an exposure to a diverse portfolio of New Zealand commercial properties through a cornerstone investment in the Property Fund. The Tasman Trust is only available to New Zealand investors.

### Fund Update

The Tasman Trust issued its second Offer Document in July 2005 to raise funds for the purpose of acquiring additional units in the Property Fund. During the period to 30 September 2005, \$1.3m in equity was raised under the new offer.

The projected gross yield for new units issued under the Offer Document at a price \$1.07 for the year ended 30 June 2006 is 8.88%. Existing investors can make an additional application for units from \$1,070 on the application form attached to the Offer Document.

Status	Buy price \$	Fund size \$m
Open	1.07	4.5

A copy of the Offer Document and fact sheet is available by contacting your financial adviser or by visiting our website at [www.multiplexcapital.biz](http://www.multiplexcapital.biz).

### Fund Performance

The performance of the Tasman Trust over the quarter ended September 2005 is as follows:

Annualised Quarterly Percentage Return		
	Original Investment \$1.00	Original Investment \$1.07
Income %	9.50	8.88
Unit price growth	—	—

Buy price as at 30 September 2005.

The above table sets out the annualized quarterly percentage returns based on the unit issue price of \$1.00 under the first Offer Document dated 17 September 2004, and the unit issue price of \$1.07 under the current Offer Document date 18 July 2005. It also assumes no further change in the unit issue price of \$1.07 for the period ending 30 June 2006.

## MULTIPLEX NEW ZEALAND PROPERTY FUND

As reported in our last quarterly report, the Fund issued its second Product Disclosure Statement on 4 May 2005 to raise \$40.4 million to finance the acquisition of the second stage properties. These properties comprise 10 Auckland based office assets and one car park. On 30 June 2005, 10 provincially located supermarkets and one east Auckland shopping centre, known as the third stage properties were purchased. As a result of this acquisition, the manager sought to raise an additional \$23.7 million in oversubscriptions under the current Product Disclosure Statement.

The total amount the Manager is seeking to raise is therefore \$64.1 million. The capital raising during the quarter has proved extremely successful, taking total amount of equity raised to \$50.0 million.

During the quarter, the Fund paid off a subordinated loan of NZ\$20.35 million bringing gearing down to 61%.

The Fund also entered into an unconditional contract for the sale of 76 Symonds Street. This property is an Auckland based office asset acquired by the Fund as part of the second stage properties. The property is due to settle on 15 December 2005 for a gross sales price of NZ\$6.7 million, representing a significant premium to its purchase price of NZ\$5.4 million on 31 May 2005.

Forecast distributions for the Fund will be maintained at 8.88% (on new units) for the 2006 financial year subsequent to the sale of the property.

Status	Buy price \$	Fund size \$m
Open	1.07	569.0

## Office Update

The office portfolio currently comprises 11 CBD office buildings providing 116,265sqm of accommodation and 1,730 car spaces, together with a separate 46 strata title carpark in a CBD parking facility.

The portfolio enjoys a diversified and strong tenant base with major corporates and institutions including Telecom NZ, ASB, University of Auckland, Inland Revenue and ING, accounting for approximately 35% of the Fund's total contract income.

During the quarter, ING entered into a new lease on Part Level 24 at ASB Bank Centre, increasing the occupancy at ASB to 97%. Negotiations with GHD to enter into a new lease on Level 16 from early next year are in the final stages. Upon the new lease with GHD, ASB Bank Centre will become fully occupied.

Three new leases were entered into during September at Gen-i Tower totalling 861sqm. These leases are due to begin between October and December 2005. The occupancy at Gen-i Tower will increase from 94% to 98% subsequent to the commencement of these leases.

Total Portfolio occupancy was 97.1% at the end of the September quarter.

## Industrial Update

The industrial portfolio comprises three Distribution Centres providing 116,665sqm of accommodation in Auckland and Christchurch. The Centres are wholly leased to General Distributors Limited on lease terms ranging from 15 to 20 years.

There has been no significant change with regard to these properties during the quarter.

## Retail Update

With the acquisition of the Third Stage Properties the retail portfolio currently comprises 18 supermarket and shopping centre assets spread across New Zealand's North and South Islands, providing 71,500sqm of retail accommodation.

The portfolio is well leased at 99.8% occupancy, with the major tenant, General Distributors Limited occupying over 75% of the portfolio area on lease terms ranging from 9 to 15 years.

At South City Shopping Centre, the Fund's largest retail asset, a new lease was executed over 200sqm of the previously 291sqm of vacant space. The commencing rental for this lease is at budget expectations.

The Manager is still in discussions with a third party to acquire additional land adjoining the Centre with the view of expanding the retail area in the medium term if the economics of the expansion make sense and unitholder value can be added.

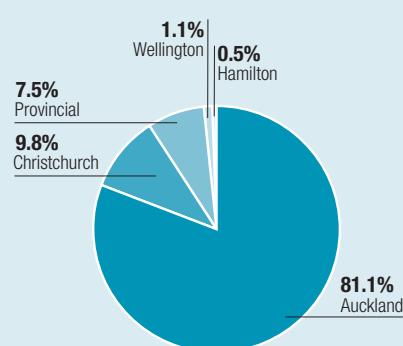
## Other Information

We noted in our last quarterly report the proposed demerger and on sale of Foodland Associated Limited's New Zealand business to Woolworths Limited which was announced to the market on 25 May 2005. General Distributors Limited is the Fund's major tenant and a subsidiary of Foodland Associated Limited.

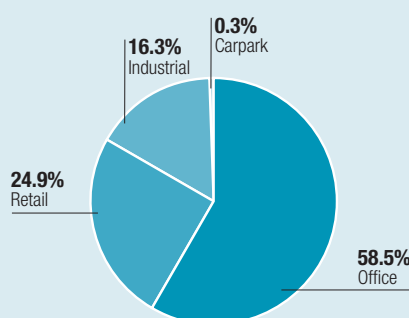
The completion of this transaction would see Woolworth's Limited being the ultimate owner of the Fund's major tenant. This is a favourable for the Fund, increasing tenant quality and may also have a positive impact on property valuations where General Distributors Limited is the tenant.

The transaction is still to receive regulatory approval from the ACCC. In a news release from Woolworths Limited dated 31 August 2005, they remain confident the ACCC's preliminary competition concerns can be addressed.

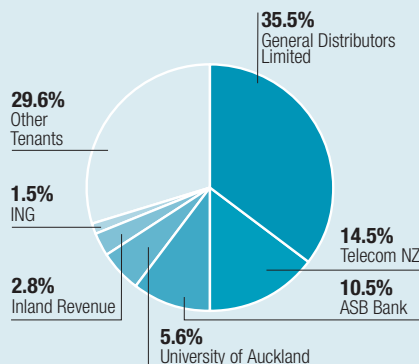
### Geographic Split (by value)



### Sector Split (by value)



### Tenant Mix (by income)



SEP/05

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# SUMMARY OF PROPERTIES

First Stage Properties	Location	Sector	Purchase price (NZ\$ m)	Valuation (NZ\$ m) <sup>(1)</sup>
South City Shopping Centre <sup>(2)</sup>	Christchurch	Retail	40.0	43.0
Countdown Botany	Auckland	Retail	14.8	15.0
Countdown Lynfield	Auckland	Retail	12.1	12.7
Woolworths Grey Lynn	Auckland	Retail	8.7	9.1
Countdown Porirua	Wellington	Retail	6.5	6.7
Woolworths Papakura	Auckland	Retail	3.9	4.1
Foodtown Hamilton <sup>(3)</sup>	Hamilton	Retail	2.8	2.9
Mangere Distribution Centre	Auckland	Industrial	55.5	61.0
Wiri Distribution Centre <sup>(3), (4)</sup>	Auckland	Industrial	20.5	21.8
Christchurch Distribution Centre <sup>(4)</sup>	Christchurch	Industrial	15.4	15.7
ASB Bank Centre	Auckland	Office	113.9	116.5
<b>Sub total</b>			<b>294.1</b>	<b>308.5</b>
<b>Second Stage Properties</b>				
Gen-i Tower	Auckland	Office	63.7	66.8
Telecom House	Auckland	Office	55.5	59.1
SAP Centre	Auckland	Office	19.4	21.8
Uniservices House	Auckland	Office	17.5	18.0
12 Whitaker Place	Auckland	Office	0.7	0.7
Telco Building	Auckland	Office	14.7	16.6
The Plaza	Auckland	Office	10.5	11.3
University Building	Auckland	Office	9.6	10.9
76 Symonds Street <sup>(6)</sup>	Auckland	Office	5.4	5.6
Farmers Carpark	Auckland	Car park	1.4	1.5
AIA House	Auckland	Office	24.6	25.3
<b>Sub total</b>			<b>223.0</b>	<b>237.6</b>
<b>Third Stage Properties</b>				
Woolworths Dargaville	Dargaville	Retail	5.2	5.2
Foodtown Pukekohe	Pukekohe	Retail	8.2	8.4
Woolworths Paeroa	Paeroa	Retail	2.9	2.9
Woolworths Putaruru	Putaruru	Retail	2.5	2.5
Woolworths Te Awamutu	Te Awamutu	Retail	5.5	5.6
Woolworths New Plymouth	New Plymouth	Retail	7.5	7.7
Woolworths Wanganui <sup>(3)</sup>	Wanganui	Retail	4.2	4.1
Woolworths Marton	Marton	Retail	1.4	1.6
Countdown Oamaru	Oamaru	Retail	3.7	3.8
Woolworths Invercargill	Invercargill	Retail	3.6	3.7
Howick Shopping Centre	Auckland	Retail	10.7	11.2
<b>Sub total</b>			<b>55.4</b>	<b>56.7</b>
<b>Total</b>			<b>572.5</b>	<b>602.8</b>

(1) Based on an independent valuation.

(2) Includes a separate building known as 573-579 Colombo Street with a valuation of NZ\$4.1 million.

(3) Perpetual leasehold property.

(4) Wiri Distribution Centre and Christchurch Distribution Centre valuations include vacant land areas totalling NZ\$3.0 million (NZ\$1.0 million at Wiri Distribution Centre and NZ\$2.0 million at Christchurch Distribution Centre). General Distributors Limited, as the lessee of these land areas, has a right to acquire them at NZ\$3.0 million.

(5) Current Properties were acquired at an exchange rate of NZ\$1.00 to \$0.9315, being \$273.9 million. The Second Stage Properties were acquired at an exchange rate of NZ\$1.00 to \$0.9328, being \$208.0 million. The Third Stage Properties were acquired at an exchange rate of NZ\$1.00 to \$0.9328, being \$51.63 million.

(6) Under an unconditional contract and due to settle on 15 December 2005 for a gross sales price of NZ\$6.7 million.

To obtain a Product Disclosure Statement please contact your investment advisor, call 0800 800 899 or visit [www.multiplexcapital.biz](http://www.multiplexcapital.biz)

Important Notices: Interests in the Tasman Trust are issued by Multiplex Capital Ltd ACN 094 936 866 (AFSL 223 809), the responsible entity of the Fund. An offer document is available which details the terms of the offer as well as the various assumptions on which some of the above information is based. If you wish to acquire (or continue to hold) an interest in the Tasman Trust, you should first read and consider the content of the offer document. Applications must be made by completing the application form accompanying the offer document. Fees payable to the Manager in relation to the Fund are set out in the PDS. This report is not intended as personal advice and has been prepared without taking account of any investor's investment objectives, financial situation or needs. For that reason, an investor should, before acting on this advice, consider the appropriateness of the advice, having regard to their investment objectives, financial situation and needs. An investor should obtain the offer document and consider the offer document and seek their own advice before making any decision about whether to invest. Performance figures referred to above are target rates only and are not intended as an indication of likely or actual returns. Past performance is not indicative of future performance.

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