

Multiplex Property Income Fund
Interim financial report
For the half year ended
31 December 2009

Multiplex Property Income Fund

ARSN 117 674 049

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Multiplex Property Income Fund

For the half year ended 31 December 2009

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Directory

Multiplex Property Income Fund

For the half year ended 31 December 2009

Responsible Entity

Brookfield Multiplex Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 (0) 2 9322 2000
Facsimile: +61 (0) 2 9322 2001

Directors of Brookfield Multiplex Capital Management Limited

F. Allan McDonald
Brian Motteram
Barbara Ward
Brian Kingston
Russell Proutt

Company Secretary of Brookfield Multiplex Capital Management Limited

Neil Olofsson

Registered Office

Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 (0) 2 9322 2000
Facsimile: +61 (0) 2 9322 2001

Custodian

JP Morgan Nominees Australia Limited
Level 35, Suncorp Building
259 George Street
Sydney NSW 2000
Telephone: +61 (0) 2 9256 5000
Facsimile: +61 (0) 2 9256 4111

Location of Share Registry

Registries (Victoria) Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: +61 (0) 2 9290 9600
Facsimile: +61 (0) 2 9279 0664

Auditor

Deloitte Touche Tohmatsu
225 George Street, Grosvenor Place
Sydney NSW 2000
Telephone: + 61 (0) 2 9322 7000
Fax: + 61 (0) 2 9322 7001

Directors' Report

Multiplex Property Income Fund

For the half year ended 31 December 2009

Introduction

The Directors of Brookfield Multiplex Capital Management Limited (BMCML) (ABN 32 094 936 866), the Responsible Entity of Multiplex Property Income Fund (ARSN 117 674 049) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2009 and the Independent Auditor's Review Report thereon.

Directors

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

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

Principal activities

The principal activity of the Consolidated Entity is the investment in a portfolio of listed and unlisted property securities.

Review of operations

The Fund has recorded a net loss of \$5,655,000 for the six month period ended 31 December 2009 (2008: loss of \$13,545,000). The reported net loss includes \$6,378,000 in impairment losses.

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

- total revenue and other income of \$723,000 (2008: \$2,334,000);
- net loss of \$5,655,000 (2008: net loss of \$13,545,000)
- distributions to income unitholders of \$370,000 and distributions per unit (DPU) of 0.70043 cents per unit (2008: \$2,678,000 and 4.07752 cents per unit);
- net assets of \$41,455,000 (30 June 2009: \$45,191,000);
- A-REIT portfolio value of \$1,950,000 (30 June 2009: \$1,437,000);
- unlisted security portfolio value of \$35,790,000 (30 June 2009: \$41,851,000);
- net tangible assets (NTA) per income unit was \$0.79 (30 June 2009: \$0.86); and
- NTA per ordinary unit of nil (30 June 2009: nil).
- The Fund received the first instalment of the wind up of Northgate Property Trust during the period for total consideration of \$1,027,000. The fund also participated in the liquidity facility offered to unitholders of Multiplex New Zealand Property Fund, redeeming 9.35% of its investment. Total consideration received was \$89,000.

The Fund has 52,791,450 income units on issue at the reporting date. Under the terms of the Fund's Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where the Fund does not meet the PDP to its income unitholders, Multiplex Acumen Property Fund (MPF), the Fund's ordinary unitholder, will be prevented from making distributions to its unitholders unless the shortfall has been met.

As the Fund distributed less than the PDP for the period to December 2009, MPF will be prevented from making a distribution to its unitholders if the shortfall has not been met by 28 February 2010. This distribution stopper will remain in place until any shortfall in the PDP for the preceding twelve months is, or has been, paid to income unitholders of the Fund. At 31 December 2009, the shortfall totalled \$3,390,583.

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

22 February 2010

Dear Directors

MULTIPLEX PROPERTY INCOME FUND

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Capital Management Limited as the Responsible Entity for Multiplex Property Income Fund.

As lead audit partner for the review of the financial statements of Multiplex Property Income Fund for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants

Condensed Consolidated Interim Statement of Comprehensive Income

Multiplex Property Income Fund

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For the half year ended 31 December 2009

	Consolidated	Six months ended 31 December 2009	Six months ended 31 December 2008
Note	\$'000	\$'000	\$'000
Revenue			
Distribution income from listed and unlisted property trusts	574	1,931	
Gain on disposal of listed and unlisted property trusts	113	–	
Interest income	36	403	
Total revenue and other income	723	2,334	
Expenses			
Loss on disposal of listed and unlisted property trusts	–	37	
Impairment expense	6	6,378	15,842
Total expenses	6,378	15,879	
Net loss for the period	(5,655)	(13,545)	
Other comprehensive income			
Changes in fair value of available for sale financial assets	2,289	(2,115)	
Other comprehensive income/(loss) for the period	2,289	(2,115)	
Total comprehensive loss for the period	(3,366)	(15,660)	
Net (loss)/profit attributable to:			
Ordinary unitholders	–	(16,223)	
Income unitholders	(5,655)	2,678	
Net loss for the period	(5,655)	(13,545)	
Total comprehensive (loss)/income attributable to:			
Ordinary unitholders	–	(18,338)	
Income unitholders	(3,366)	2,678	
Total comprehensive loss for the period	(3,366)	(15,660)	

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Financial Position

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Multiplex Property Income Fund

As at 31 December 2009

	Note	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
Assets			
Current assets			
Cash and cash equivalents		3,408	1,221
Trade and other receivables		321	696
Total current assets		3,729	1,917
Non-current assets			
Investments – available for sale	6	37,740	43,288
Total non-current assets		37,740	43,288
Total assets		41,469	45,205
Liabilities			
Current liabilities			
Trade and other payable		14	14
Total current liabilities		14	14
Total liabilities		14	14
Net assets		41,455	45,191
Equity			
Units on issue – Income units	7	52,960	52,960
Units on Issue – Ordinary units	7	30,076	30,076
Reserves		2,289	–
Undistributed losses		(43,870)	(37,845)
Total equity		41,455	45,191

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

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Multiplex Property Income Fund

For the half year ended 31 December 2009

	Attributable to Ordinary unitholders of the Fund				Attributable to Income unitholders of the Fund				Total equity \$'000
	Ordinary units \$'000	Undistributed profits/(losse s) \$'000	Reserves \$'000	Total \$'000	Income units \$'000	Undistributed profits/(losse s) \$'000	Reserves \$'000	Total \$'000	
Opening equity - 1 July 2009	30,076	(30,076)	-	-	52,960	(7,769)	-	45,191	45,191
Changes in fair value of available for sale financial assets	-	-	-	-	-	-	2,289	2,289	2,289
Loss recognised directly in equity	-	-	-	-	-	(5,655)	-	(5,655)	(5,655)
Net loss for the period	-	-	-	-	-	(5,655)	-	(5,655)	(5,655)
Total comprehensive income for the period	-	-	-	-	-	(5,655)	2,289	(3,366)	(3,366)
Transactions with unitholders in their capacity as unitholders:									
Units issued	-	-	-	-	-	-	-	-	-
Units redeemed	-	-	-	-	-	-	-	-	-
Distributions paid	-	-	-	-	-	(370)	-	(370)	(370)
Total transactions with unitholders in their capacity as unitholders	-	-	-	-	-	(370)	-	(370)	(370)
Closing equity - 31 December 2009	30,076	(30,076)	-	-	52,960	(13,794)	2,289	41,455	41,455

Condensed Consolidated Interim Statement of Changes in Equity

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Multiplex Property Income Fund

For the half year ended 31 December 2009

	Attributable to Ordinary unitholders of the Fund				Attributable to Income unitholders of the Fund				Total equity \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Income units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	
Opening equity - 1 July 2008	30,076	(10,365)	2,115	21,826	62,260	-	-	62,260	84,086
Changes in fair value of available for sale financial assets	-	-	(2,115)	(2,115)	-	-	-	-	(2,115)
Loss recognised directly in equity	-	-	(2,115)	(2,115)	-	-	-	-	(2,115)
Net (loss)/profit for the period	-	(16,223)	-	(16,223)	-	2,678	-	2,678	(13,545)
Total comprehensive income for the period	-	(16,223)	(2,115)	(18,338)	-	2,678	-	2,678	(15,660)
Transactions with unitholders in their capacity as unitholders:									
Units issued	-	-	-	-	8,927	-	-	8,927	8,927
Units redeemed	-	-	-	-	(7,527)	-	-	(7,527)	(7,527)
Distributions paid	-	-	-	-	-	(2,678)	-	(2,678)	(2,678)
Total transactions with unitholders in their capacity as unitholders	-	-	-	-	1,400	(2,678)	-	(1,278)	(1,278)
Closing equity - 31 December 2008	30,076	(26,588)	-	3,488	63,660	-	-	63,660	67,148

The Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Cash Flows

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Multiplex Property Income Fund

For the half year ended 31 December 2009

	Consolidated Six months ended 31 December 2009 \$'000	Six months ended 31 December 2008 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	946	2,850
Interest received	38	410
Net cash flows from operating activities	984	3,260
Cash flows from investing activities		
Payments for purchase of investments in listed and unlisted property trusts	(235)	-
Proceeds from sale of investments in listed and unlisted property trusts	1,808	874
Net cash flows from investing activities	1,573	874
Cash flows from financing activities		
Proceeds from issue of units	-	8,771
Payments for redemption of units	-	(7,533)
Distributions paid	(370)	(3,923)
Net cash flows used in financing activities	(370)	(2,685)
Net increase in cash and cash equivalents	2,187	1,449
Cash and cash equivalents at 1 July	1,221	9,212
Cash and cash equivalents at 31 December	3,408	10,661

The Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

Condensed Notes to the Consolidated Interim Financial Statements Multiplex Property Income Fund

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For the half year ended 31 December 2009

1 Reporting entity

Multiplex Property Income Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited (BMCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the six months ended 31 December 2009 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Basis of preparation

Statement of compliance

The financial report (report) is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial statements does not include all the information required for a full year report, and should be read in conjunction with the annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2009.

The financial statements are presented in Australian dollars, which is the Fund's presentation currency. The Fund's functional currency is Australian dollars.

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.

3 Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 30 June 2009 except for the adoption of amendments to the Australian Accounting Standards as of 1 July 2009 noted below.

The presentation of the report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income.

As a result of the amendments to this standard the Consolidated Entity has made the following changes to the primary statements for the half year ended 31 December 2009:

Previous primary statement:	Current primary statement:
Consolidated Interim Income Statement	Condensed Consolidated Interim Statement of Comprehensive Income
Consolidated Interim Balance Sheet	Condensed Consolidated Interim Statement of Financial Position
Consolidated Interim Statement of Changes in Equity	Condensed Consolidated Interim Statement of Changes in Equity
Consolidated Interim Cash flow statement	Condensed Consolidated Interim Statement of Cash flows

4 Estimates

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

Condensed Notes to the Consolidated Interim Financial Statements Multiplex Property Income Fund

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For the half year ended 31 December 2009

5 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
Income units			
September 2009 distribution	0.35521	188	22 October 2009
November 2009 distribution	0.34522	182	21 December 2009
Total distribution for the six months ended 31 December 2009	0.70043	370	
Income units			
July 2008 distribution	0.71995	469	19 August 2008
August 2008 distribution	0.71995	488	18 September 2008
September 2008 distribution	0.69672	465	20 October 2008
October 2008 distribution	0.71995	473	19 November 2008
November 2008 distribution	0.69672	450	17 December 2008
December 2008 distribution	0.52423	333	22 January 2009
Total distribution for the six months ended 31 December 2008	4.07752	2,678	

During the current period there were no distributions paid by the Fund to Ordinary unitholders (2008: nil).

The Fund has 52,791,450 income units on issue at the reporting date. Under the terms of the Fund's Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where the Fund does not meet the PDP to its income unitholders, the Fund's ordinary unitholder, Multiplex Acumen Property Fund (MPF) will be prevented from making distributions to its unitholders unless the shortfall has been met within 12 months of the end of the month in which the shortfall occurred.

As the Fund distributed less than the PDP for the month of December 2009, MPF will be prevented from making a distribution to its unitholders if the shortfall has not been met by 28 February 2010. This distribution stopper will remain in place until any shortfall in the PDP for the preceding twelve months is, or has been, paid to income unitholders of the Fund. At 31 December 2009, the shortfall totalled \$3,390,583.

	Consolidated 31 December 2009 \$'000	30 June 2009 \$'000
6 Investments – available for sale		
Listed property trusts		
Cost of investments – listed property trusts	4,944	4,874
Fair value adjustment	451	–
Impairment – listed property trusts	(3,445)	(3,437)
Total listed property trusts	1,950	1,437
Unlisted property trusts		
Cost of investments – unlisted property trusts	59,234	62,081
Fair value adjustment	1,838	–
Impairment – unlisted property trusts	(25,282)	(20,230)
Total unlisted property trusts	35,790	41,851
Total investments - available for sale	37,740	43,288

Condensed Notes to the Consolidated Interim Financial Statements Multiplex Property Income Fund

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For the half year ended 31 December 2009

6 Investments – available for sale continued

	Consolidated 31 December 2009 \$'000
Reconciliation of the carrying amount of impairment is set out below:	
Investments – available for sale (listed property trusts)	
Carrying amount as at 1 July 2009	(3,437)
Reduction of impairment balance due to disposal of investments	–
Impairment recognised in the current period	(8)
Carrying amount at end of period	(3,445)
Investments – available for sale (unlisted property trusts)	
Carrying amount as at 1 July 2009	(20,230)
Reduction of impairment balance due to disposal of investments	1,318
Impairment recognised in the current period	(6,370)
Carrying amount at end of period	(25,282)

Impairment

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's unlisted and listed property trust portfolio is impaired. This determination has arisen due to the further decline in value of a number of unlisted and listed property trusts during the period. The net impairment expense recorded in the condensed consolidated statement of comprehensive income, after the reduction of impairment balance due to disposed securities as shown above, is \$6,378,000.

Investment in unlisted property securities

The Fund invests in 28 unlisted property securities funds, of which, due to the term of their original constitution or a lack of liquidity in their underlying investment portfolios, 20 are closed-ended, 6 have suspended redemptions and 2 have limited liquidity features. This means that the Fund has limited ability to realise these investments due to limited or no redemption options available through these structures. Unit prices have continued to be provided by the respective managers on either a monthly or quarterly basis however no trades have been allowed since redemptions were suspended.

Consistent with 30 June 2009, the Fund has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2009, or where this has not been provided the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. Although the Directors of the Responsible Entity consider this value to represent fair value as at reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds accept redemptions.

	31 December 2009 \$'000	31 December 2009 units	30 June 2009 \$'000	30 June 2009 units
7 Units on issue				
Income units				
Opening balance	52,960	52,791,450	62,260	62,331,445
Issue of income units	–	–	8,934	8,687,012
Redemption of units	–	–	(18,234)	(18,227,007)
Closing balance	52,960	52,791,450	52,960	52,791,450
ordinary units				
Opening balance	30,076	30,075,871	30,076	30,075,871
Units issued	–	–	–	–
Units redeemed	–	–	–	–
Closing balance	30,076	30,075,871	30,076	30,075,871

Condensed Notes to the Consolidated Interim Financial Statements

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Multiplex Property Income Fund

For the half year ended 31 December 2009

8 Related parties

The Fund sold units in Multiplex New Zealand Property Fund (MNZPF) on an arm's length basis through the liquidity facility offered by Brookfield Multiplex Capital Management Limited, the responsible entity of both the Fund and MNZPF. The Fund sold 9.35% of its investment for total consideration of \$89,000. Apart from the above, there have been no significant changes to the related party transactions as disclosed in the annual report for the period ended 30 June 2009.

9 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2009 (30 June 2009: nil).

10 Capital and other commitments

The Consolidated Entity had no capital or other commitments at 31 December 2009 (30 June 2009: nil).

11 Events subsequent to the reporting date

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

Directors' Declaration

Multiplex Property Income Fund

For the half year ended 31 December 2009

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

- a The consolidated interim financial statements and notes, set out in pages 7 to 15, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2009 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney this 22 day of February 2010

Russell Proutt
Director
Brookfield Multiplex Capital Management Limited

Independent Auditor's Review Report

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Multiplex Property Income Fund

For the half year ended 31 December 2009

Independent Auditor's Review Report continued

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Multiplex Property Income Fund

For the half year ended 31 December 2009