Multiplex Property Income Fund
Financial report
For the year ended
30 June 2012

Multiplex Property Income Fund

ARSN 117 674 049

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

Company Secretary of Brookfield Capital Management Limited
Neil Olofsson

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Directors' Report
Multiplex Property Income Fund

For the year ended 30 June 2012

Introduction
The Directors of Brookfield Capital Management Limited (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 year ended 30 June 2012 and the Independent Auditor's Report thereon. The Fund was constituted on 21 December 2005.

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

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Information on Directors

F. Allan McDonald (BEcon, FCPA, FAIM, FCIS), Non-Executive Independent Chairman
Allan was appointed the Non-Executive Independent Chairman of BCML on 1 January 2010 and also performs that role for Brookfield Funds Management Limited (BFML). Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. BCML is also the Responsible Entity for listed funds Brookfield Australian Opportunities Fund (BAO), Brookfield Prime Property Fund (BPA) and Multiplex European Property Fund (MUE). BFML is the Responsible Entity for the listed Multiplex SITES Trust. Allan's other directorships of listed entities are Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust) (appointed February 2005), Billabong International Limited (appointed July 2000), and Brookfield Office Properties Inc. (appointed May 2011). During the past 3 years, Allan has also served as a Director of the following listed company: Ross Human Directions Limited (April 2000 – February 2011).

Brian Motteram (BBus, CA), Non-Executive Independent Director
Brian has in excess of 40 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 21 years in private enterprise in both the mining and property industries. He spent 8 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. BCML is also the Responsible Entity for listed funds BAO, BPA and MUE. Brian is a fully qualified Chartered Accountant having trained with KPMG and Deloitte.

Barbara Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director
Barbara was appointed as a Non-Executive Independent Director of BCML on 1 January 2010 and also performs that role for BFML. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BCML is also the Responsible Entity for listed funds BPA and MUE. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Barbara is a Director of Essential Energy, Ausgrid, Endeavour Energy and Qantas Airways Limited. During the past 3 years Barbara has also served as a Director of Lion Nathan Limited (February 2003 to October 2009) and Chair of Essential Energy (June 2001 to June 2012).

Russell Proutt (BComm, CA, CBV), Executive Director
Russell Proutt is the Chief Financial Officer of Brookfield Australia Pty Limited and was appointed as an Executive Director of BCML on 1 January 2010 and also performs that role for BFML. BCML is also the Responsible Entity for the listed funds BAO, BPA and MUE. BFML is the Responsible Entity for the listed Multiplex SITES Trust. Russell joined Brookfield Asset Management Inc, the ultimate parent company of BCML, in 2006 and has held various senior management positions within Brookfield.

Shane Ross (BBus), Executive Director
Shane is the Group General Manager of Treasury for Brookfield Australia Investments Limited and was appointed as an Executive Director of BCML on 16 May 2011. BCML is also the Responsible Entity for BAO, BPA and MUE. Shane joined the organisation in 2003 following a background in banking and has over 17 years experience in treasury and finance within the property industry.

Information on Company Secretary
Neil Olofsson
Neil has over 16 years of international company secretarial experience and has been with the Brookfield Australia group since 2005.

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 Property Income Fund units held
F. Allan McDonald	–
Brian Motteram	–
Barbara Ward	–
Russell Proutt	–
Shane Ross	–

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

Directors' meetings

	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings	
Director	A	B	A	B	A	B
F. Allan McDonald	6	6	2	2	2	2
Brian Motteram	6	6	2	2	2	2
Barbara Ward	6	6	2	2	2	2
Russell Proutt	6	6	n/a	n/a	n/a	n/a
Shane Ross	6	6	n/a	n/a	n/a	n/a

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

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

Principal activities
The principal activity of the Consolidated Entity is the investment in Australian Securities Exchange (ASX) listed and unlisted property securities.

Review of operations
The Consolidated Entity has recorded a net loss of $4,690,000 for the year ended 30 June 2012 (2011: net profit $1,301,000). The reported net loss of $4,690,000 includes $6,784,000 (2011: $1,265,000) in impairment losses on the Consolidated Entity's ASX listed and unlisted property securities portfolio.

Some of the significant events during the year are as follows:
- total revenue and other income of $2,357,000 (2011: $2,579,000);
- net loss attributable to income unitholders totalled $4,690,000 (2011: net gain of $1,301,000);
- distributions to income unitholders of $2,102,000 and distributions per unit (DPU) of 3.98 cents (2011: $2,215,000 and 4.20 cents);
- net assets of $34,249,000 (2011: $40,973,000);
- ASX listed portfolio value of $5,063,000 (2011: $4,678,000);
- unlisted security portfolio value of $22,299,000 (2011: $33,203,000) and
- net tangible assets (NTA) per income unit of $0.65 (2011: $0.78).

The strategy of the Fund remains increasing periodic income returns to investors together with maximising the underlying value of the Fund's investments. Through an ongoing process of review, existing investments may be liquidated where appropriate and proceeds reinvested in opportunities available to the Fund in both the listed and unlisted property sectors.

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).

For the year ended 30 June 2012

Review of operations continued
In circumstances where the Fund does not meet the PDP to its income unitholders, Brookfield Australian Opportunities Fund (BAO), the Fund's ordinary unitholder, 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 period July 2011 to June 2012, BAO is prevented from making a distribution to its unitholders until the shortfall has been met. This distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months is, or has been, paid to income unitholders of the Fund. The PDP shortfall at 30 June 2012 was $2,392,000 (2011: $2,262,000).

The issue and redemption price of income units is $1.00 per unit and is not determined by reference to the value of the Fund's and Consolidated Entity's assets. In practical terms, any increase in value above $1.00 will accrue to the ordinary unitholder as will any decrease in value, unless the value falls below the amount contributed by income unitholders. At 30 June 2012, the value of the Consolidated Entity's assets is below the value contributed by income unitholders by $18,711,000 ($0.35 per income unit) (2011: $11,987,000 or $0.23 per income unit). At 30 June 2012 and at the date of this report, the Fund remains closed to new applications and redemptions.

Investment in unlisted property securities
The Consolidated Entity invests directly in 25 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, 4 have suspended redemptions, 14 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 3 investments were listed on the ASX but are now deemed insolvent and 4 have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

Consistent with 30 June 2011, the Consolidated Entity has generally valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2012, 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 the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

Acquisition of Consolidated Entity assets
During the year, the Directors of BCML as Responsible Entity of the Fund received a conditional offer from BCML as responsible entity of BAO to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange (now migrated to the National Stock Exchange of Australia) as held by the Consolidated Entity. Following a unitholder vote on 22 November 2011, the offer was rejected by the income unitholders of the Fund and the assets remain with the Consolidated Entity.

Interests of the Responsible Entity
Management Fees
For the years ended 30 June 2012 and 30 June 2011, all management fees of the Consolidated Entity have been fully borne by BAO in accordance with the Product Disclosure Statement dated 13 March 2007. As such, no management fees have been paid to the Responsible Entity from the assets of the Consolidated Entity (2011: nil).

Related party unitholders
JP Morgan Chase Bank N.A., as custodian of BAO, holds all of the ordinary units 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 other than those disclosed in this report or in the financial statements.

Events subsequent to reporting date
The Directors of BCML, in their capacity as responsible entity of BAO today announced a proposal to potentially wind up the BAO fund. It has announced that a meeting of its investors will be held on 24 September 2012 to consider a proposal to de-list and wind up that fund. If approved by BAO investors MPIF income unitholders will receive a payment directly from BAO estimated to be approximately 5.7 cents per unit (approximately $3.0 million in total).

The payment that MPIF income unitholders will receive will have the effect of releasing the 'distribution stopper' which has remained in place since December 2008 and which for some time has prevented BAO from making any distributions to its investors. Under the Transaction it is proposed that, immediately after the payment to MPIF income unitholders, BAO will be wound up, and its cash and assets (after debt repayment) distributed to its investors.

Events subsequent to reporting date continued

If BAO is wound up MPIF will continue with its current operations and will continue to make monthly distributions, subject to the performance of its underlying investments. The payment MPIF income unitholders will receive from BAO will be in addition to these distributions. As BAO will be wound up no further payments will be made to MPIF income unitholders by BAO. Management fees for MPIF will be waived for as long as an entity controlled by Brookfield Asset Management Inc. remains as responsible entity of MPIF.

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

Likely developments

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

Environmental regulation

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

Distributions

During the current and prior year, no distributions were paid by the Fund to ordinary unitholders. Distributions paid/payable to income unitholders were as detailed below:

	Cents per unit	Total amount $'000	Date of payment
Income units			
June 2012 distribution	0.2864	151	19 July 2012
May 2012 distribution	0.3129	166	20 June 2012
April 2012 distribution	0.2542	134	18 May 2012
March 2012 distribution	0.2674	141	20 April 2012
February 2012 distribution	0.2893	153	20 March 2012
January 2012 distribution	0.3206	169	20 February 2012
December 2011 distribution	0.3252	172	20 January 2012
November 2011 distribution	0.3563	188	20 December 2011
October 2011 distribution	0.0353	19	21 November 2011
September 2011 distribution	0.3375	178	20 October 2011
August 2011 distribution	0.7371	389	20 September 2011
July 2011 distribution	0.4590	242	19 August 2011
Total distribution to income unitholders for the year ended 30 June 2012	**3.9812**	**2,102**	

	Cents per unit	Total amount $'000	Date of payment
Income units			
June 2011 distribution	0.3878	205	20 July 2011
May 2011 distribution	0.2652	140	20 June 2011
April 2011 distribution	0.2661	140	20 May 2011
March 2011 distribution	0.4119	217	20 April 2011
February 2011 distribution	0.2652	140	21 March 2011
January 2011 distribution	0.3400	180	21 February 2011
December 2010 distribution	0.6065	320	20 January 2011
November 2010 distribution	0.1991	105	20 December 2010
October 2010 distribution	0.2678	141	22 November 2010
September 2010 distribution	0.6455	341	20 October 2010
August 2010 distribution	0.3119	165	20 September 2010
July 2010 distribution	0.2289	121	20 August 2010
Total distribution to income unitholders for the year ended 30 June 2011	**4.1959**	**2,215**	

For the year ended 30 June 2012

Indemnification and insurance of officers and auditors
BCML is a wholly owned subsidiary of Brookfield Australia Investments Limited (BAIL). BAIL has entered into deeds of access and indemnity with each of its Directors, Company Secretary and other nominated Officers. The terms of the deeds are in accordance with the provisions of the *Corporations Act 2001* and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an Officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of the Brookfield Australia Investments Group (the Group), including BCML.

Under the deeds of access and indemnity, BAIL has agreed to indemnify these persons (to the extent permitted by law) against:
- liabilities incurred as a director or officer of BCML or a company in the Group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the *Corporations Act 2001*; and
- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the *Corporations Act 2001*.

BAIL has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by BAIL being able to rely upon Brookfield's global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore does not insure against liabilities arising out of matters including but not limited to:
- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of US Securities Act of 1933;
- losses for which coverage under a different kind of insurance policy is readily available such as, for example, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and
- claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

Contract of insurance
The Group has paid or agreed to pay a portion of the premium in respect of a contract taken out by Brookfield Asset Management Inc. insuring the Directors and officers of Brookfield Asset Management Inc. and its subsidiaries, which include BCML, against a liability.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of BCML or of any related body corporate against a liability incurred as such an officer or auditor.

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

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The auditor's independence declaration is set out on page 9 and forms part of the Directors' report for the year ended 30 June 2012.

Dated at Sydney this 22nd day of August 2012.

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

Russell Proutt
Director
Brookfield Capital Management Limited

Deloitte.

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

22 August 2012

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 Capital Management Limited as the Responsible Entity for Multiplex Property Income Fund.

As lead audit partner for the audit of the financial statements of Multiplex Property Income Fund for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Helen Hamilton-James
Partner
Chartered Accountants

Statement of Comprehensive Income
Multiplex Property Income Fund
For the year ended 30 June 2012

	Note	Consolidated Year ended 30 June 2012 $'000	 Year ended 30 June 2011 $'000
Revenue and other income			
Distribution income from ASX listed and unlisted property trusts		2,176	2,047
Net gain on disposal of ASX listed and unlisted property trusts		1	368
Interest income		180	164
Total revenue and other income		**2,357**	**2,579**
Expenses			
Impairment expense	8	6,784	1,265
Other expenses		263	13
Total expenses		**7,047**	**1,278**
Net (loss)/profit for the year		**(4,690)**	**1,301**
Other comprehensive income			
Change in fair value of available for sale financial assets	8	68	2,641
Other comprehensive income for the year		**68**	**2,641**
Total comprehensive (loss)/income for the year		**(4,622)**	**3,942**
Net (loss)/profit attributable to:			
Ordinary unitholders		–	–
Income unitholders		(4,690)	1,301
Net (loss)/profit for the year		**(4,690)**	**1,301**
Total comprehensive (loss)/income attributable to:			
Ordinary unitholders		–	–
Income unitholders		(4,622)	3,942
Total comprehensive (loss)/income for the year		**(4,622)**	**3,942**

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

Statement of Financial Position
Multiplex Property Income Fund
As at 30 June 2012

	Note	Consolidated 2012 $'000	2011 $'000
Assets			
Current assets			
Cash and cash equivalents		5,661	2,809
Trade and other receivables	7	1,470	488
Investments – available for sale	8	5,063	4,678
Total current assets		**12,194**	**7,975**
Non-current assets			
Investments – available for sale	8	22,299	33,203
Total non-current assets		**22,299**	**33,203**
Total assets		**34,493**	**41,178**
Liabilities			
Current liabilities			
Trade and other payables	10	93	–
Distribution payable	6	151	205
Total current liabilities		**244**	**205**
Total non-current liabilities		**–**	**–**
Total liabilities		**244**	**205**
Net assets		**34,249**	**40,973**
Equity			
Units on issue – Ordinary units	11	30,076	30,076
Units on issue – Income units	11	52,960	52,960
Reserves	12	4,642	4,574
Undistributed losses	13	(53,429)	(46,637)
Total equity		**34,249**	**40,973**

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

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Statement of Changes in Equity
Multiplex Property Income Fund
For the year ended 30 June 2012

Consolidated entity	Attributable to Ordinary unitholders of the Fund				Attributable to Income unitholders of the Fund				
	Ordinary units $'000	Undistributed profits/(losses) $'000	Reserves $'000	Total $'000	Income units $'000	Undistributed profits/(losses) $'000	Reserves $'000	Total $'000	Total equity $'000
Opening equity - 1 July 2011	**30,076**	**(30,076)**	**–**	**–**	**52,960**	**(16,561)**	**4,574**	**40,973**	**40,973**
Change in fair value of available for sale financial assets	–	–	–	–	–	–	68	**68**	**68**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**68**	**68**	**68**
Net loss for the year	–	–	–	–	–	(4,690)	–	**(4,690)**	**(4,690)**
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**–**	**–**	**(4,690)**	**68**	**(4,622)**	**(4,622)**
Transactions with unitholders in their capacity as unitholders:									
Distributions paid/payable	–	–	–	–	–	(2,102)	–	**(2,102)**	**(2,102)**
Total transactions with unitholders in their capacity as unitholders	**–**	**–**	**–**	**–**	**–**	**(2,102)**	**–**	**(2,102)**	**(2,102)**
Closing equity – 30 June 2012	**30,076**	**(30,076)**	**–**	**–**	**52,960**	**(23,353)**	**4,642**	**34,249**	**34,249**

Statement of Changes in Equity continued
Multiplex Property Income Fund
For the year ended 30 June 2012

Consolidated entity	Attributable to Ordinary unitholders of the Fund Ordinary units $'000	Undistributed profits/(losses) $'000	Reserves $'000	Total $'000	Attributable to Income unitholders of the Fund Income units $'000	Undistributed profits/(losses) $'000	Reserves $'000	Total $'000	Total equity $'000
Opening equity - 1 July 2010	**30,076**	**(30,076)**	**–**	**–**	**52,960**	**(15,647)**	**1,933**	**39,246**	**39,246**
Changes in fair value of available for sale financial assets	–	–	–	–	–	–	2,641	**2,641**	**2,641**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**2,641**	**2,641**	**2,641**
Net profit for the year	–	–	–	–	–	1,301	–	**1,301**	**1,301**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**1,301**	**2,641**	**3,942**	**3,942**
Transactions with unitholders in their capacity as unitholders:									
Distributions paid/payable	–	–	–	–	–	(2,215)	–	**(2,215)**	**(2,215)**
Total transactions with unitholders in their capacity as unitholders	**–**	**–**	**–**	**–**	**–**	**(2,215)**	**–**	**(2,215)**	**(2,215)**
Closing equity – 30 June 2011	**30,076**	**(30,076)**	**–**	**–**	**52,960**	**(16,561)**	**4,574**	**40,973**	**40,973**

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

Statement of Cash Flows

Multiplex Property Income Fund

For the year ended 30 June 2012

	Note	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		2,138	2,020
Cash payments in the course of operations		(169)	–
Interest received		167	168
Net cash flows from operating activities	15	**2,136**	2,188
Cash flows from investing activities			
Payments for purchase of available for sale assets		–	(3,521)
Proceeds from sale of available for sale assets and returns of capital		2,871	2,843
Net cash flows from/(used in) investing activities		**2,871**	(678)
Cash flows from financing activities			
Distributions paid to income unitholders		(2,155)	(2,291)
Net cash flows used in financing activities		**(2,155)**	(2,291)
Net increase/(decrease) in cash and cash equivalents		**2,852**	(781)
Cash and cash equivalents at beginning of the year		2,809	3,590
Cash and cash equivalents at 30 June		**5,661**	2,809

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

1 Reporting entity
Multiplex Property Income Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the year ended 30 June 2012 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

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

The financial statements were authorised for issue by the Directors on this 22nd day of August 2012.

b Basis of measurement
The consolidated financial statements have been prepared on the basis of historical cost, except for available for sale financial assets, which are 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 functional and presentation currency.

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

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 significant effect on the amounts recognised in the financial statements are provided in investments – available for sale (Note 8).

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

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

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

All intra-group transactions, balances, income and expenses, including unrealised profits arising from intra-group transactions, are eliminated in full in the consolidated financial statements. In the separate financial statements of the Fund, intra-group transactions (common control transactions) are generally accounted for by reference to the existing carrying value of the items. Where the transaction value of common control transactions differs from their carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

In the Fund's financial statements, investments in controlled entities are carried at cost less impairment, if applicable.

Non-controlling interests in subsidiaries are identified separately from the Consolidated Entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

3 Significant accounting policies continued

a Principles of consolidation continued

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

b 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.

Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the Consolidated Entity 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.

Gains or losses on available for sale financial assets

Listed and unlisted investments are classified as being available for sale and are stated at fair value, with any resulting gain or loss recognised directly in equity in the Statement of Financial Position, except for impairment losses, which are recognised directly in the Statement of Comprehensive Income. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity in the Statement of Financial Position is recognised in the Statement of Comprehensive Income.

c Expense recognition

Management Fees

All management fees of the Consolidated Entity have been fully borne by Brookfield Australian Opportunities Fund (BAO) in accordance with the Product Disclosure Statement dated 13 March 2007. As such, no management fees have been paid to the Responsible Entity from the assets of the Consolidated Entity.

Other expenditure

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

d 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). 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 is included as a current asset or liability in the Statement of Financial Position.

3 Significant accounting policies continued

d Goods and services tax (GST) continued

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

e Income tax – funds

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

f Cash and cash equivalents

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

g 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 3j. Non-current receivables are measured at amortised cost using the effective interest rate method.

h Available for sale financial assets

Australian Securities Exchange (ASX) listed and unlisted investments are classified as being available for sale. Available for sale financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent to initial recognition they are measured at fair value, with any resulting gain or loss recognised directly in equity. Where there is evidence of impairment in the value of the investment, usually through adverse market conditions, the impairment loss will be recognised directly in the Statement of Comprehensive Income. Where listed and unlisted investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Statement of Comprehensive Income.

i Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents 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, trade and other receivables, available for sale financial assets and trade and other payables are discussed elsewhere within the financial statements.

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

j Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Statement of Comprehensive Income. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the Statement of Comprehensive Income.

3 Significant accounting policies continued

j Impairment continued

Financial assets continued

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 and available for sale financial assets that are debt securities, the reversal is recognised in the Statement of Comprehensive Income. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amount of the Consolidated Entity's non-financial assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

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

k 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.

l Distributions

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

m Units on issue

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

n 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 2012 but have not been applied in preparing this financial report:

AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (effective for annual reporting periods beginning on or after 1 January 2013)
AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities and will replace the existing AASB 139 *Financial Instruments: Recognition and Measurement*. The standard is not applicable until 1 January 2013 but is available for early adoption. Under AASB 9, financial assets will be classified as subsequently measured at either amortised cost or fair value based on the objective of an entity's business model for managing financial assets and the characteristics of the contractual cash flows. This will replace the categories of financial assets under AASB 139, where each had its own classification criteria. For example, AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading and an irrevocable election is made upon initial recognition. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in the profit or loss of the Statement of Comprehensive Income. Financial assets may also be designated and measured at fair value through profit or loss if doing so eliminates or significantly reduces certain inconsistencies. For financial liabilities, the new requirements under AASB 9 only affect the accounting for financial liabilities designated at fair value through profit or loss. The Consolidated Entity does not expect to adopt AASB 9 before its operative date and therefore will apply the new standard for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the amendments.

AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective for annual reporting periods beginning on or after 1 January 2013)
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

3 Significant accounting policies continued

n New standards and interpretations not yet adopted continued

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation.

However, the standard introduces a single definition of control that applies to all entities, whereby an investor controls an investee only if the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a “partial disposal” concept.

The Consolidated Entity does not expect to adopt the new standards and amendments before their operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the new standards and amendments.

AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective for annual reporting periods beginning on or after 1 January 2013)
AASB 13 was released in September 2011 and sets out in a single standard a framework for measuring fair value, including related disclosure requirements in relation to fair value measurement. The Consolidated Entity does not expect to adopt AASB 13 before its operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the new standard.

AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective for annual reporting periods beginning on or after 1 July 2013)
The amendments from AASB 2011-4 remove the individual key management personnel disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001.* The Consolidated Entity will adopt the amendments from AASB 2011-4 for the annual reporting period ending 30 June 2014. The Consolidated Entity is still assessing the consequential impact of the amendments.

AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective for annual reporting periods beginning on or after 1 July 2012)
The main change resulting from the amendments in AASB 2011-9 is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in the future.
The Consolidated Entity does not expect to adopt AASB 2011-9 before its operative date and therefore will apply the amendments for the annual reporting period ending 30 June 2013. The Consolidated Entity is still assessing the consequential impact of the amendments.

4 Parent entity disclosures

	Fund 2012 $'000	2011 $'000
Assets		
Current assets	10,292	7,938
Non-current assets	29,703	34,001
Total assets	**33,995**	**41,939**
Liabilities		
Current liabilities	7,692	5,466
Non-current liabilities	–	–
Total liabilities	**7,692**	**5,466**
Equity		
Units on issue – Ordinary units	30,076	30,076
Units on issue – Income units	52,960	52,960
Reserves	626	479
Undistributed losses	(51,359)	(47,042)
Total equity	**32,303**	**36,473**

	Fund Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Net (loss)/profit for the year	(2,215)	2,415
Other comprehensive income for the year	147	140
Total comprehensive (loss)/income for the year	**(2,068)**	**2,555**

5 Auditor's remuneration

During the current year, auditor remuneration costs in relation to the Consolidated Entity were borne by the Consolidated Entity. During the prior year, auditor remuneration costs in relation to the Consolidated Entity were borne by BAO. A summary of fees is provided below. Fees paid to the auditors of the Fund and Consolidated Entity in relation to compliance plan audits are borne by the Responsible Entity.

	Consolidated 2012 $	2011 $
Auditors of the Fund:		
Audit and review of the financial report	31,830	30,090
Total auditor's remuneration	**31,830**	**30,090**

6 Distributions

During the current and prior years, no distribution was paid by the Fund to ordinary unitholders. Distributions paid /payable to income unitholders are detailed below:

	Cents per unit	Total amount $'000	Date of payment
Income units			
June 2012 distribution	0.2864	151	19 July 2012
May 2012 distribution	0.3129	166	20 June 2012
April 2012 distribution	0.2542	134	18 May 2012
March 2012 distribution	0.2674	141	20 April 2012
February 2012 distribution	0.2893	153	20 March 2012
January 2012 distribution	0.3206	169	20 February 2012
December 2011 distribution	0.3252	172	20 January 2012
November 2011 distribution	0.3563	188	20 December 2011
October 2011 distribution	0.0353	19	21 November 2011
September 2011 distribution	0.3375	178	20 October 2011
August 2011 distribution	0.7371	389	20 September 2011
July 2011 distribution	0.4590	242	19 August 2011
Total distribution to income unitholders for the year ended 30 June 2012	**3.9812**	**2,102**	

	Cents per unit	Total amount $'000	Date of payment
Income units			
June 2011 distribution	0.3878	205	20 July 2011
May 2011 distribution	0.2652	140	20 June 2011
April 2011 distribution	0.2661	140	20 May 2011
March 2011 distribution	0.4119	217	20 April 2011
February 2011 distribution	0.2652	140	21 March 2011
January 2011 distribution	0.3400	180	21 February 2011
December 2010 distribution	0.6065	320	20 January 2011
November 2010 distribution	0.1991	105	20 December 2010
October 2010 distribution	0.2678	141	22 November 2010
September 2010 distribution	0.6455	341	20 October 2010
August 2010 distribution	0.3119	165	20 September 2010
July 2010 distribution	0.2289	121	20 August 2010
Total distribution to income unitholders for the year ended 30 June 2011	**4.1959**	**2,215**	

	Consolidated 2012 $'000	2011 $'000
7 Trade and other receivables		
Current		
Distributions receivable – ASX listed and unlisted property trusts	476	440
Interest receivable	21	8
Other receivables	973	40
Total trade and other receivables	**1,470**	**488**

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
8 Investments – available for sale		
ASX listed investments		
Carrying amount as at beginning of year	4,678	1,838
Movement due to acquisitions, disposals and returns of capital	781	2,747
Changes in fair value recognised in reserves	609	140
Impairments recognised during the year	(1,005)	(47)
Carrying amount at year end	**5,063**	**4,678**
Unlisted investments		
Carrying amount as at beginning of year	33,203	33,621
Movement due to acquisitions, disposals and returns of capital	(4,584)	(1,701)
Changes in fair value recognised in reserves	(541)	2,501
Impairments recognised during the year	(5,779)	(1,218)
Carrying amount at year end	**22,299**	**33,203**
Total investments - available for sale	**27,362**	**37,881**

Impairment expense

During the year, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of $6,784,000 in relation to its available for sale investments (2011: $1,265,000).

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the investments and their market value as at 30 June 2012, less any previously recorded impairment losses and reductions to accumulated reserves.

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's ASX listed and unlisted property trust portfolio is impaired. This determination has arisen due to the significant and prolonged decline in value of some ASX listed and unlisted property trusts and market conditions within the property sector generally.

Investment in unlisted property securities

The Consolidated Entity invests directly in 25 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, 4 have suspended redemptions, 14 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, 3 investments were listed on the ASX but are now deemed insolvent and 4 have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures.

Consistent with 30 June 2011, the Consolidated Entity has generally valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2012, 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 the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

	Fund 2012 Ownership %	Fund 2012 $'000	Fund 2011 Ownership %	Fund 2011 $'000
9 Investments in controlled entities				
Multiplex Income UPT International Investments Trust	100	19,074	100	19,074
Provision for impairment		(12,985)		(12,985)
Carrying amount – Multiplex Income UPT International Investments Trust		**6,089**		**6,089**
Multiplex Income UPT Domestic Investments Trust	100	44,747	100	44,747
Provision for impairment		(21,132)		(16,835)
Carrying amount – Multiplex Income UPT Domestic Investments Trust		**23,615**		**27,912**
Total investments in controlled entities		**29,704**		**34,001**

A review of the carrying value of the investments in controlled entities at 30 June 2012 indicated that a further impairment to the investment in Multiplex Income UPT Domestic Investments Trust was required. A further provision of $4,297,000 was therefore recorded in the current year against Multiplex Income UPT Domestic Investments Trust (2011: nil) to reflect the value of the investment at a value equivalent to the value of net assets attributable to the underlying subsidiary investments. No further impairment to Multiplex Income UPT International Investments Trust was required (2011: nil).

10 Trade and other payables

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Accruals and other payables	93	–
Total	**93**	**–**

	Year ended 30 June 2012 $'000	Year ended 30 June 2012 units	Year ended 30 June 2011 $'000	Year ended 30 June 2011 units
11 Units on issue				
Ordinary units				
Opening balance	30,076	30,075,871	30,076	30,075,871
Closing balance – ordinary units	**30,076**	**30,075,871**	**30,076**	**30,075,871**
Income units				
Opening balance	52,960	52,791,450	52,960	52,791,450
Closing balance - income units	**52,960**	**52,791,450**	**52,960**	**52,791,450**

In accordance with the Fund's constitution, each income unitholder is entitled to receive distributions as declared from time to time. Only ordinary unitholders are entitled to vote at unitholder meetings. Each ordinary unit represents a right to a share in the Fund's equity in excess of the value of the issued income units.

The issue and redemption price of income units is $1.00 per unit and is not determined by reference to the value of the Fund's and Consolidated Entity's assets. In practical terms, any increase in value above $1.00 will accrue to the ordinary unitholder as will any decrease in value, unless the value falls below the amount contributed by income unitholders. At 30 June 2012, the value of the Consolidated Entity's assets is below the value contributed by income unitholders by $18,711,000 ($0.35 per income unit) (2011: $11,987,000 or $0.23 per income unit). At 30 June 2012 and at the date of this report, the Fund remains closed to new applications and redemptions.

12 Reserves

Available for sale reserve	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Opening balance	4,574	1,933
Fair value movement in relation to unlisted investments	(541)	2,501
Fair value movement in relation to ASX listed investments	609	140
Closing balance	**4,642**	**4,574**

13 Undistributed losses

	Consolidated Year ended 30 June 2012 $'000	Consolidated Year ended 30 June 2011 $'000
Opening balance	(46,637)	(45,723)
Net (loss)/profit	(4,690)	1,301
Distributions to income unitholders	(2,102)	(2,215)
Closing balance	**(53,429)**	**(46,637)**

14 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 capacity of the Fund to accept redemption requests or to accept new applications for units, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments made by the Fund.

a Capital risk management

The Board's intention is to maintain a capital base that supports investor confidence and the sustainable future development of the Consolidated Entity. The Board monitors the net tangible assets (NTA) of the Consolidated Entity, along with earnings per unit invested and distributions paid per unit.

As per the Consolidated Entity's Product Disclosure Statement, the Responsible Entity seeks to restrict the level of short term borrowings (up to 12 months in maturity) to 30% of the total tangible assets of the Consolidated Entity.

Effective 17 December 2008, the Fund is temporarily closed to applications and redemptions. On 28 April 2009, the Responsible Entity of the Fund resolved to temporarily redeem units to a maximum value of the cash reserves at that time, or $10,700,000. At the year end date, the Fund remains temporarily closed to new applications and redemptions.

b Financial risk management

Overview

The Consolidated Entity is exposed to financial risks in the course of its operations. These exposures arise at two levels, direct exposures, which arise from the Consolidated Entity's use of financial instruments and indirect exposures, which arise from the Consolidated Entity's equity investments in other funds (Underlying Funds), and can be summarised as follows:
- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

The Underlying Funds are exposed to financial risks in the course of their operations, which can impact their profitability. The profitability of the Underlying Funds impacts the returns the Consolidated Entity earns from these investments and the investment values.

The Responsible Entity has responsibility for the establishment and monitoring of a risk management framework. This framework seeks to minimise the potential adverse impact of the above risks on the Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Board Risk and Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan.

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

14 Financial instruments continued

b Financial risk management continued

Investment mandate

The Consolidated Entity's investment mandate, as disclosed in its Constitution and Product Disclosure Statement, is to invest in unlisted and ASX listed property trust securities and cash.

Derivative financial instruments

Whilst the Consolidated Entity may utilise derivative financial instruments, it will not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Consolidated Entity's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Consolidated Entity. At 30 June 2012, the Consolidated Entity is not party to any derivative agreements (2011: nil).

c Credit risk

Credit risk is the risk of financial loss to the Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Sources of credit risk and risk management strategies

The Consolidated Entity is exposed to both direct and indirect credit risk in the normal course of its operations. Direct credit risk arises principally from the Consolidated Entity's investment securities (in terms of distributions receivable and capital invested). Other credit risk also arises for the Consolidated Entity from cash and cash equivalents. The credit risk on liquid funds is assessed to be limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Indirect credit risk arises principally from the Consolidated Entity's investments in property trusts and their property tenants and derivative counterparties.

Trade and other receivables

The Consolidated Entity's exposure to credit risk is influenced mainly by the individual characteristics of each customer and counterparty. The Consolidated Entity manages and minimises exposure to credit risk by actively reviewing the investment portfolio to ensure committed distributions are paid.

Investments - available for sale – ASX listed and unlisted property trusts

Credit risk arising from investments is mitigated by investing in securities in accordance with the Consolidated Entity's Constitution and Product Disclosure Statement.

Prior to making an investment in an Underlying Fund, the Responsible Entity will assess the Underlying Funds' asset portfolio to ensure the risk investment strategy of the Underlying Fund is consistent with the investment objectives of the Consolidated Entity.

The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2011.

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 2012 $'000	2011 $'000
Cash and cash equivalents	5,661	2,809
Trade and other receivables	1,470	488
Investments – available for sale	27,362	37,881
Total exposure to credit risk	**34,493**	**41,178**

Concentrations of credit risk exposure

The Consolidated Entity does not have any significant concentrations of credit risk at the reporting date.

Collateral obtained/held

Where applicable, the Consolidated Entity obtains collateral from counterparties to minimise the risk of default on their contractual obligations. At the reporting date, the Consolidated Entity did not hold any collateral in respect of its financial assets (2011: nil). During the year ended 30 June 2012, the Consolidated Entity did not call on any collateral provided (2011: nil).

14 Financial instruments continued

c Credit risk continued

Financial assets past due but not impaired

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

	Consolidated 2012 $'000	2011 $'000
Current	1,430	448
Past due 0-30 days	–	–
Past due 31-120 days	–	–
Past due 121 days to one year	–	–
More than one year	40	40
Total trade and other receivables	**1,470**	**488**

For the Consolidated Entity, amounts recognised above are not deemed to be impaired. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired (2011: nil). During the year ended 30 June 2012, nil receivables were written off by the Consolidated Entity (2011: $8,000).

d Liquidity risk

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

Sources of liquidity risk and risk management strategies

The Consolidated Entity is exposed to direct and indirect liquidity risk in the normal course of its operations. The main sources of liquidity risk for the Consolidated Entity are related to redemptions by unitholders and unlisted investment securities. The Consolidated Entity does not have any interest bearing liabilities.

The Consolidated Entity's approach to managing liquidity risk is to work to ensure that it has sufficient cash available to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The main source of indirect liquidity risk for the Consolidated Entity is the refinancing of interest bearing liabilities held by the Underlying Funds, as this can directly impact the amount of distributions the Underlying Funds remit to the Consolidated Entity. The Consolidated Entity's approach to managing this risk forms part of the investment selection process. The Consolidated Entity will only invest in Underlying Funds with investment strategies consistent with the investment objectives of the Consolidated Entity and will monitor the performance of those funds.

The Consolidated Entity's specific risk management strategies are discussed below.

Interest bearing liabilities

The Consolidated Entity is not exposed to liquidity risk (refinancing risk) on interest bearing loans as no interest bearing loans exist. The Underlying Funds are exposed to liquidity risk (refinancing risk) on their interest bearing liabilities. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitoring the performance of those funds.

Unitholders

Effective 17 December 2008, the Fund is temporarily closed to applications and redemptions. On 28 April 2009, the Responsible Entity of the Fund resolved to temporarily redeem units to a maximum value of the cash reserves at that time, or $10,700,000. At the year end date, the Fund remains temporarily closed to new applications and redemptions.

Investments - available for sale

The Consolidated Entity's listed investments are considered readily realisable as they are listed on the ASX. The Consolidated Entity's unlisted investments are not considered as liquid as listed investments. Refer to investments – available for sale (note 8) for further details. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitoring the performance of those funds. The Consolidated Entity's liquidity risk is also managed in accordance with its investment strategy, as disclosed in the Product Disclosure Statement.
The Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2011.

Defaults and breaches

During the year ended 30 June 2012, the Consolidated Entity was not subject to any covenants, and as such, no covenants have been breached (2011: nil).

14 Financial instruments continued

d Liquidity risk continued

Maturity analysis of financial liabilities

The following are the contractual maturities of financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Consolidated Entity can be required to pay.

	Consolidated $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2012						
Trade and other payables	93	93	93	–	–	–
Distribution payable	151	151	151	–	–	–
Total financial liabilities	**244**	**244**	**244**	**–**	**–**	**–**

	Consolidated $'000					
	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
2011						
Distribution payable	205	205	205	–	–	–
Total financial liabilities	**205**	**205**	**205**	**–**	**–**	**–**

e Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Consolidated Entity's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Sources of market risk and risk management strategies

The Consolidated Entity is exposed to both direct and indirect market risk in the normal course of their operations. Direct market risk arises principally from the Consolidated Entity's ASX listed property securities investment portfolio and the related equity price risk. Indirect market risk arises in the form of equity price risk, interest rate risk and foreign currency risk.

The Consolidated Entity will only invest in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and will monitor the performance of those funds.

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 cash balances. The Consolidated Entity is not exposed to interest rate risk on liabilities.

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

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2012				
Financial assets				
Cash and cash equivalents	2,161	3,500	–	**5,661**
Trade and other receivables	–	21	1,449	**1,470**
Investments – available for sale	–	–	27,362	**27,362**
Total financial assets	**2,161**	**3,521**	**28,811**	**34,493**
Financial liabilities				
Trade and other payable	–	–	93	**93**
Distribution payable	–	–	151	**151**
Total financial liabilities	**–**	**–**	**244**	**244**

14 Financial instruments continued

e Market risk continued

Interest rate risk continued

	Floating rate $'000	Fixed rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2011				
Financial assets				
Cash and cash equivalents	2,809	–	–	**2,809**
Trade and other receivables	–	–	488	**488**
Investments – available for sale	–	–	37,881	**37,881**
Total financial assets	**2,809**	**–**	**38,369**	**41,178**
Financial liabilities				
Distribution payable	–	–	205	**205**
Total financial liabilities	**–**	**–**	**205**	**205**

Sensitivity analysis

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

	2012 + 1% Profit and loss $'000	+ 1% Equity $'000	2012 - 1% Profit and loss $'000	- 1% Equity $'000	2011 + 1% Profit and loss $'000	+ 1% Equity $'000	2011 - 1% Profit and loss $'000	- 1% Equity $'000
Consolidated Entity								
Interest on cash	22	22	(22)	(22)	28	28	(28)	(28)
Total increase/(decrease)	**22**	**22**	**(22)**	**(22)**	**28**	**28**	**(28)**	**(28)**

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.

During the current year, the Consolidated Entity has not been exposed to direct foreign currency risk (2011: nil). The Consolidated Entity is exposed to indirect foreign currency risk due to its investments in entities that are exposed to foreign currency risk related to their overseas operations. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitoring the performance of those funds.

Whilst the Consolidated Entity has an indirect risk exposure to foreign currency risk, no sensitivity analysis has been performed as the impact of a reasonably possible change in foreign exchange rates on the Consolidated Entity cannot be reliably measured.

f Other market risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices. The primary source of other market risk for the Consolidated Entity is associated with its ASX listed and unlisted investment portfolio.

The Responsible Entity manages the Consolidated Entity's market risk on a daily basis in accordance with the Consolidated Entity's investment objectives and policies. These are detailed in the Consolidated Entity's constitution and Product Disclosure Statement.

14 Financial instruments continued

f Other market risk continued

Sensitivity analysis

A 10% increase in equity prices would have increased/(decreased) profit and loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	2012 + 10% Profit and loss $'000	+ 10% Equity $'000	2012 - 10% Profit and loss $'000	- 10% Equity $'000	2011 + 10% Profit and loss $'000	+ 10% Equity $'000	2011 - 10% Profit and loss $'000	- 10% Equity $'000
Consolidated Entity								
Listed investments	506	506	(506)	(506)	468	468	(468)	(468)
Unlisted investments	2,230	2,230	(2,230)	(2,230)	3,320	3,320	(3,320)	(3,320)
Total increase/(decrease)	**2,736**	**2,736**	**(2,736)**	**(2,736)**	**3,788**	**3,788**	(3,788)	(3,788)

g Fair values

Methods for determining fair values

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

Cash and cash equivalents and trade and other receivables

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

Investments – available for sale

Fair value for ASX listed investments is calculated based on the closing bid price of the security at the reporting date. Fair value for unlisted investments is calculated based on the latest available net asset values. Refer to investments – available for sale (note 8) for further details.

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 Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

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

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2012. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

Consolidated Entity – at 30 June 2012	Level 1 $'000	Level 3 $'000	Total $'000
Assets			
Investments – available for sale			
– ASX listed investments	5,063	–	**5,063**
– Unlisted investments	–	22,299	**22,299**
Total assets	**5,063**	**22,299**	**27,362**

Consolidated Entity – at 30 June 2011	Level 1 $'000	Level 3 $'000	Total $'000
Assets			
Investments – available for sale			
– ASX listed investments	4,678	–	**4,678**
– Unlisted investments	–	33,203	**33,203**
Total assets	**4,678**	**33,203**	**37,881**

14 Financial instruments continued

g Fair values continued

Reconciliation of level 3 fair value measurements:

Consolidated Entity – for the year ended 30 June 2012	Investments available for sale $'000	Total $'000
Opening balance – 1 July 2011	33,203	**33,203**
Losses recognised in the income statement	(5,779)	**(5,779)**
Losses recognised in other comprehensive income	(541)	**(541)**
Sales	(4,584)	**(4,584)**
Closing balance	**22,299**	**22,299**
Total losses for the year included in the income statement attributable to losses relating to assets held at the end of year	**(5,779)**	**(5,779)**

Consolidated Entity – for the year ended 30 June 2011	Investments available for sale $'000	Total $'000
Opening balance – 1 July 2010	33,621	**33,621**
Losses recognised in the income statement	(1,218)	**(1,218)**
Gains recognised in other comprehensive income	2,501	**2,501**
Sales	(1,969)	**(1,969)**
Other	268	**268**
Closing balance	**33,203**	**33,203**
Total losses for the year included in the income statement attributable to losses relating to assets held at the end of year	**(1,218)**	**(1,218)**

As at 30 June 2012 and 30 June 2011, there were no financial assets or liabilities in level 2. During the current and prior years, there were no financial assets or liabilities which transferred between levels 1, 2 or 3.

15 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2012 $'000	Year ended 30 June 2011 $'000
Net (loss)/profit for the year	**(4,690)**	**1,301**
Adjustments for:		
Items classified as investing activities		
Net gain on disposal of listed and unlisted property trusts	(1)	(368)
Non cash items		
Impairment expense	6,784	1,265
Operating profit before changes in working capital	**2,093**	**2,198**
Changes in assets and liabilities during the year		
Increase in trade and other receivables	(50)	(10)
Increase in trade and other payables	93	–
Net cash flows from operating activities	**2,136**	**2,188**

16 Related parties

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are Key Management Personnel of that entity.

F. Allan McDonald (appointed 1 January 2010)
Brian Motteram (appointed 21 February 2007)
Barbara Ward (appointed 1 January 2010)
Russell Proutt (appointed 1 January 2010)
Shane Ross (appointed 16 May 2011)

16 Related parties continued

Key management personnel continued

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 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 Property Income Fund units held
F. Allan McDonald	–
Brian Motteram	–
Barbara Ward	–
Russell Proutt	–
Shane Ross	–

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

Responsible Entity fees and other transactions

Management Fees

For the years ended 30 June 2012 and 30 June 2011, all management fees have been fully borne by BAO in accordance with the Product Disclosure Statement dated 13 March 2007. As such, no management fees have been paid to the Responsible Entity from assets of the Consolidated Entity (2011: nil).

Related party unitholders

JP Morgan Chase Bank N.A., as custodian of BAO, holds all of the ordinary units of the Fund.

Unitholdings in other related parties

JP Morgan Chase Bank N.A., as custodian of the Consolidated Entity and Fund, holds an investment in Multiplex New Zealand Property Fund (MNZPF) of 1,125,402 units or 0.5% of the Fund (2011: 1,125,402 units or 0.5%).

Parent entities

The ultimate Australian parent of the Consolidated Entity is Brookfield Holdco (Australia) Pty Limited. The ultimate parent of the Consolidated Entity is Brookfield Asset Management Inc..

Transactions with related parties

	Consolidated 2012 $'000	2011 $'000
Transactions with the Responsible Entity		
Cost reimbursements	113	–
Cost reimbursements payable	28	–
Transactions with Brookfield Australian Opportunities Fund		
Amounts receivable	40	40
Transactions with related parties of the Responsible Entity		
Investment in Multiplex New Zealand Property Fund (at fair value)	642	663
Consideration from disposal of units in Multiplex New Zealand Property Fund	–	50

Transactions with related parties are conducted on normal commercial terms and conditions.

Acquisition of Consolidated Entity assets

During the year, the Directors of BCML as Responsible Entity of the Fund received a conditional offer from BCML as responsible entity of BAO to buy 8 investments in unlisted property funds and 1 investment listed on the Bendigo Stock Exchange (now migrated to the National Stock Exchange of Australia) as held by the Consolidated Entity.

Following a unitholder vote on 22 November 2011, the offer was rejected by the income unitholders of the Fund and the assets remain with the Consolidated Entity. Costs of this proposal were borne by BAO.

17 Contingent liabilities and assets

No contingent liabilities or assets existed at 30 June 2012 (2011: nil)

18 Capital commitments

There were no capital commitments at 30 June 2012 (2011: nil).

19 Events subsequent to reporting date

The Directors of BCML, in their capacity as responsible entity of Brookfield Australian Opportunity Fund (BAO) today announced a proposal to potentially wind up the BAO fund. It has announced that a meeting of its investors will be held on 24 September 2012 to consider a proposal to de-list and wind up that fund. If approved by BAO investors MPIF income unitholders will receive a payment directly from BAO estimated to be approximately 5.7 cents per unit (approximately $3.0 million in total).

The payment that MPIF income unitholders will receive will have the effect of releasing the 'distribution stopper' which has remained in place since December 2008 and which for some time has prevented BAO from making any distributions to its investors. Under the Transaction it is proposed that, immediately after the payment to MPIF income unitholders, BAO will be wound up, and its cash and assets (after debt repayment) distributed to its investors.

If BAO is wound up MPIF will continue with its current operations and will continue to make monthly distributions, subject to the performance of its underlying investments. The payment MPIF income unitholders will receive from BAO will be in addition to these distributions. As BAO will be wound up no further payments will be made to MPIF income unitholders by BAO. Management fees for MPIF will be waived for as long as an entity controlled by Brookfield Asset Management Inc remains as responsible entity of MPIF.

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

Director's Declaration

Multiplex Property Income Fund

For the year ended 30 June 2012

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

a The consolidated financial statements and notes, set out in pages 10 to 32, are in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2012 and of its performance, for the financial year ended on that date;

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

   iii complying with International Financial Reporting Standards, as stated in note 2 to the financial statements.

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

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited pursuant to Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 22nd day of August 2012.

Russell Proutt
Director
Brookfield Capital Management Limited

Deloitte.

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Independent Auditor's Report to the Unitholders of Multiplex Property Income Fund

Report on the Financial Report

We have audited the accompanying financial report of Multiplex Property Income Fund ('the Fund'), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 10 to 33.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity of the Fund ("the Directors") are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those 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 of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Multiplex Property Income Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 22 August 2012