Brookfield

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Multiplex Sites Trust
ARSN 111 903 747

ASX Announcement

22 February 2010

MULTIPLEX SITES TRUST FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

Please find attached the Appendix 4E Financial Report for the year ended 31 December 2009 for Multiplex SITES Trust for release to the market.

As the Brookfield Multiplex Group (the Group) ceased trading on the Australian Securities Exchange on 20 December 2007, following its acquisition by Brookfield Australia Pty Ltd (Brookfield) (formerly Brookfield Bidco (Australia) Pty Ltd) it would not normally release to the market a financial report. However, to ensure that SITES security holders continue to have up to date information available to them regarding the financial position and performance of the Group, the Board has approved for release to the market a Brookfield Multiplex Group General Purpose Financial Report for the year ended 31 December 2009 (Group Financial Report) and a Brookfield Multiplex Property Trust General Purpose Financial Report for the year ended 31 December 2009 (Trust Financial Report). These Reports are also attached.

Results in Summary – Brookfield Multiplex Group

- Funds from operations for the year ended 31 December 2009 were $141.1 million (6 months to 31 December 2008: $65.2 million);
- Net loss attributable to stapled security holders was $340.3 million (6 months to 31 December 2008: loss $266.6 million);
- Loss per stapled security was 40.6 Cents for the year ended 31 December 2009 compared to a loss of 31.8 cents for the 6 months to 31 December 2008;
- Fair value adjustments to property assets (before taxes) was a decrement of $351.8 million for the year ended 31 December 2009 compared to a decrement of $291.1 million for the 6 months to 31 December 2008;
- Net assets decreased to $4.0 billion at 31 December 2009 (31 December 2008: $4.4 billion); and
- Net tangible assets per stapled security decreased to $4.16 at 31 December 2009 (31 December 2008: $4.53).

Step-Up

As outlined in the Product Disclosure Statement when Multiplex SITES Trust was launched (Multiplex SITES PDS), the distribution rate is set at the start of each quarter and represents the three month bank bill rate determined on the first business day of the relevant distribution period plus a margin of 1.9% until the Step-Up date.

The Board has resolved not to redeem Multiplex SITES at 1 April 2010 (being the Step-Up Date). As such, in accordance with the terms for Multiplex SITES as set out in the Multiplex SITES PDS, the margin used to calculate the distribution rate increases by 2%. Therefore, the distribution rate that will apply to Multiplex SITES from 1 April 2010 will be 3.9% above the three month bank bill rate.

Please refer to the Multiplex SITES PDS for all terms for Multiplex SITES which continue to apply with no amendment.

Teleconference

Brookfield Multiplex Funds Management Limited as responsible entity of Multiplex SITES Trust has scheduled a teleconference for investors and analysts to discuss the results for the year ended 31 December 2009.

The teleconference will be held today at 2pm (AEST). A separate ASX announcement will be released later today which will include the dial in details and a presentation.

Multiplex SITES trade on the Australian Securities Exchange under the code MXUPA.

-ends-

Appendix 4E
Multiplex SITES Trust

For the year ended 31 December 2009

Name of entity:	Multiplex SITES Trust (MXU) ARSN 111 903 747
Details of reporting period	
Current reporting period:	1 January 2009 to 31 December 2009
Prior corresponding period:	1 July 2008 to 31 December 2008

Multiplex SITES Trust (Trust) was registered on 12 November 2004 and commenced operations upon listing for trading on the Australian Securities Exchange (ASX) on 20 January 2005.

This Appendix 4E should be read in conjunction with the financial report for the year ended 31 December 2009. It is also recommended that this Appendix 4E be considered together with any public announcements made by the Trust during the year ended 31 December 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

During 2008, the Trust changed its annual reporting period to the 12 months ended 31 December. The most recent audited annual report for the Trust comprises the six month period ended 31 December 2008. Accordingly, this Appendix 4E is presented for the year ended 31 December 2009 with comparative information presented for the half year ended 31 December 2008.

Due to an amendment to accounting standards, the amounts owing to SITES unitholders of $450 million has been classified as units on issue within equity. Previously this amount was classified as liabilities. There has been no change to the commercial terms of these units. The classification is solely as a result of amendments to the accounting standards.

Distributions paid or declared by the Trust were as follows:	% per annum	Total amount $'000	Date of payment
Year ended 31 December 2009			
Distributions for the period ended 31 March 2009	5.80	6,435	16 April 2009
Distributions for the period ended 30 June 2009	5.0133	5,580	15 July 2009
Distributions for the period ended 30 September 2009	5.06	5,715	15 October 2009
Distributions for the period ended 31 December 2009	5.2533	5,940	15 January 2010
Total distributions		**23,670**	

Distributions

Multiplex SITES unitholders

Distributions to Multiplex SITES unitholders paid or declared by the Trust during the current period were as follows:

	$'000
Quarterly distribution for the period from 1 January 2009 to 31 March 2009 of 5.80% per annum and paid on 16 April 2009	6,435
Quarterly distribution for the period from 1 April 2009 to 30 June 2009 of 5.0133% per annum and paid on 15 July 2009	5,580
Quarterly distribution for the period from 1 July 2009 to 30 September 2009 of 5.06% per annum and paid on 15 October 2009	5,715
Quarterly distribution for the period from 1 October 2009 to 31 December 2009 of 5.2533% per annum and paid on 18 January 2010	5,940
Total	**23,670**

On 1 January 2010, the Trust announced to the ASX that the distribution rate for the year from 1 January 2010 to 30 March 2010 is 6.01% per annum.

This preliminary final report is given to the ASX in accordance with Listing Rule 4.2A.

Commentary and analysis of the result for the current year can be found in the attached Multiplex SITES Trust ASX release dated 22 February 20010. This ASX release forms part of the Appendix 4E.

The Trust has a formally constituted Audit & Risk Committee of the Board of Directors of the Responsible Entity. The release of this report was approved by resolution of the Board of Directors of the Responsible Entity on 22 February 2010.

Multiplex SITES Trust
Annual financial statements
for the year ended
31 December 2009

Step-up
Income-distributing
Trust-issued
Exchangeable
Securities

Multiplex SITES Trust

ARSN 111 903 747

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Multiplex SITES Trust

For the year ended 31 December 2009

Directory
Multiplex SITES Trust

For the year ended 31 December 2009

Responsible Entity
Brookfield Multiplex Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: (02) 9322 2000
Facsimile: (02) 9322 2001

Directors of Brookfield Multiplex Funds Management Limited
Mr F Allan McDonald
Ms Barbara K Ward
Mr Brian W Kingston

Registered Office
Level 22, 135 King Street
Sydney NSW 2000
Telephone: (02) 9322 2000
Facsimile: (02) 9322 2001

Auditor
Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: (02) 9322 7000
Fax: (02) 9322 7001

Introduction

The Directors of Brookfield Multiplex Funds Management Limited (ACN: 105 371 917), the Responsible Entity of Multiplex SITES Trust (Trust) present their report together with the annual financial statements of the Trust for the year ended 31 December 2009 and the Independent Auditor's Report thereon.

Responsible Entity

The Responsible Entity is a wholly owned subsidiary of Brookfield Multiplex Limited and forms part of the consolidated Brookfield Multiplex Group (Group). The registered office and principal place of business of the Responsible Entity is 135 King Street, Sydney.

Directors

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

Name	Capacity
Mr F Allan McDonald (appointed 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (appointed 22 October 2003)	Non-Executive Director
Mr Brian W Kingston (appointed 31 March 2008)	Executive Director
Mr Jeffery M Blinder (resigned 4 January 2010)	Non-Executive Director
Mr Richard B Clark (resigned 4 January 2010)	Non-Executive Director
Mr Ross A McDiven (resigned 4 January 2010)	Chief Executive Officer

Information on Directors

Director	Experience	Special responsibilities
Non-Executive Directors		
F Allan McDonald BEcon, FCPA, FAIM, FCIS	Mr McDonald was appointed to the Board on 22 October 2003 and was appointed Non-Executive Chairman of Brookfield Multiplex Funds Management Limited in May 2005. Mr McDonald has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. Mr McDonald's other directorships of listed companies are Astro Japan Property Management Limited (responsible entity of Babcock & Brown Japan Property Trust) (appointed November 2004), Billabong International Limited (appointed July 2000), and Ross Human Directions Limited (appointed April 2000). During the past three years Mr McDonald has also served as a director of the following listed companies: Multiplex Limited (December 2003 to October 2007 – delisted December 2007).	Non-Executive Chairman
Barbara K Ward BEcon, M.Pol.Econ, MAICD	Ms Ward was appointed as a Non-Executive Director of Brookfield Multiplex Funds Management Limited on 22 October 2003. Ms Ward 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. Ms Ward is Chairman of Country Energy, and a Director of Qantas Airways Limited (appointed June 2008). During the past three years Ms Ward has also served as a Director of Multiplex Limited (December 2003 to October 2007 – delisted December 2007), Lion Nathan Limited (February 2003 to October 2009 and Allco Finance Group Limited (April 2005 to January 2008).	Chairperson of the Audit Committee and Risk and Compliance Committee

Information on Directors continued

Director	Experience	Special responsibilities
Executive Director		
Brian W Kingston	Mr Kingston is the Chief Executive Officer of Brookfield Australia, as well as Senior Managing Partner of its parent company, Brookfield Asset Management. Mr Kingston joined Brookfield Asset Management in 2001 and has held various senior management positions within Brookfield and its affiliates, including mergers and acquisitions, merchant banking and real estate advisory services. In 2008, following Brookfield's acquisition of the Multiplex Group, Mr Kingston relocated to Sydney where he is responsible for all of Brookfield's activities in the Australasian region. During the past three years Mr Kingston has also served as a Director of Prime Infrastructure Holdings Limited (November 2009 – present).	Executive Director
Company Secretary		
Karen Pedersen	Ms Pedersen is the General Counsel and Group General Manager, Corporate for Brookfield Multiplex Limited. Ms Pedersen has been with the company for almost thirteen years. Ms Pedersen is Company Secretary for Brookfield Multiplex Limited and Brookfield Multiplex Funds Management Limited.	

Directors' and executives' equity interests

	Multiplex SITES held at the start of the period	Changes during the period	Multiplex SITES held at the end of the period
Mr F Allan McDonald	705	–	705

The number of Directors' meetings (including meetings of committees of Directors) for the Responsible Entity during the financial year, and the number of meetings attended by each of the Directors, is as follows:

Director	Board meetings Held	Board meetings Attended	Audit and Risk Committee meetings Held	Audit and Risk Committee meetings Attended
Mr F Allan McDonald	4	4	2	2
Ms Barbara K Ward	4	4	2	2
Mr Brian W Kingston	4	4	n/a	n/a
Mr Jeffrey M Blidner (resigned 4 January 2010)	4	3	2	2
Mr Richard B Clark (resigned 4 January 2010)	4	1	n/a	n/a
Mr Ross A McDiven (resigned 4 January 2010)	4	3	n/a	n/a

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and the Step-up Income-distributing Trust-issued Exchangeable securities (Multiplex SITES) are listed on the Australian Securities Exchange.

The investment activities of the Trust continue to be in accordance with the policies outlined in the original Product Disclosure Statement for the Trust dated 29 November 2004. During the year ended 31 December 2009 the Trust's sole activity was holding units in Multiplex Hybrid Investment Trust and the payment of distributions to unitholders.

During 2008, the Trust changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. For the purpose of this report, the comparative period for the aforementioned statements is the half year ended 31 December 2008.

The Trust did not have any employees during the year.

Review of operations

The Trust earned a net profit attributable to unitholders of $23,670,000 for the year ended 31 December 2009 (half year ended 31 December 2008: $20,985,000). Total quarterly distributions paid or payable in respect of the year ended 31 December 2009 were $23,670,000 (half year ended 31 December 2008: $20,985,000). The value of the Trust's net assets at the end of the financial year was $450,000,000 (31 December 2008: $450,000,000).

The Trust's only activity is an investment in units in Multiplex Hybrid Investment Trust.

Corporate governance

This section outlines the main corporate governance practices that are currently in place for Brookfield Multiplex Funds Management Limited (the Company) in its capacity as Responsible Entity for the Trust. The Company as Responsible Entity of the Trust is committed to maintaining the required standards of corporate governance.

As a wholly owned subsidiary of Brookfield Multiplex Limited the Company aims to make best use of the existing governance expertise and framework within Brookfield Multiplex Group as it applies to the Trust's operations wherever possible.

Best practice principles

The Australian Securities Exchange (the ASX) has established best practice guidelines that are embodied in eight principles (the Principles). The Board is supportive of the Principles and has applied these Principles to the extent relevant to the Trust. The Board's approach has been guided by the Principles and practices which are in the best interests of investors while ensuring compliance with legal requirements. In pursuing its commitment to these governance standards, the Board will continue to review its governance practices.

The Principles as set out by the Corporate Governance Council are intended only as guidelines. Due to the investment structure of the Trust with its only investment being units in Multiplex Hybrid Investment Trust, there are several Principles that are neither relevant nor practically applicable to the Trust. The ASX Listing Rules require listed companies (or in the case of a listed trust, the responsible entity of that trust) to include in their annual report a statement disclosing the extent to which they have followed the Principles during the financial period.

The Principles have been adopted, where appropriate, to ensure that the Company as Responsible Entity of the Trust continues to protect stakeholder interests. This Corporate Governance Statement sets out each Principle and provides details of how these Principles have been addressed by the Company as Responsible Entity of the Trust for the year ended 31 December 2009.

Principle 1: Lay solid foundations for management and oversight

It is the responsibility of the Board to ensure that the foundations for management and oversight of the Trust are established and appropriately documented.

Role of the Board

The Board has formalised its role and responsibilities in a charter (Board Charter). The Board Charter clearly defines the matters reserved for the Board. The Board determines and monitors the Trust's policies and considers its future strategic direction in accordance with the terms of SITES. The Board is also responsible for presenting a balanced and understandable assessment of the Trust's position and, where appropriate, its prospects in the annual report and other forms of public reporting. The role of the Board is to act as the guardian of securityholder value for the Trust's investors. To the extent possible the Board as a whole is collectively responsible for promoting the success of the Trust by directing and supervising the Trust's affairs.

The role of the Board is summarised as follows:

- provision of guidance on and approval of the strategy and performance of the Trust;
- monitoring the progress of the financial situation of the Trust and other objectives;
- approving and monitoring the progress of major investments;
- oversight and approval of the risk, control and accountability systems;
- monitoring compliance with legal, constitutional and ethical standards; and
- ensuring effective communications with holders of Multiplex SITES and other stakeholders.

In essence, the Board Charter identifies the role of the Board, its committees and the powers reserved for the Board.

Principle 2: Structure the Board to add value
The ASX views independence of Board members as a key element of an effective corporate governance regime. It recommends that a majority of the Board be independent, that the Chairperson be independent, that the roles of Chairperson and Chief Executive Officer be split and further that the Board establish a Nomination Committee with a charter in line with best practice recommendations.

The Board believes that sound corporate governance is crucial to protecting the interests of investors. The Board has a broad range of relevant financial and other skills, experience and expertise necessary to meet its objectives and is subject to a continuous review of its composition. The Board meets formally at least four times per year and whenever necessary to deal with specific matters needing attention between scheduled meetings. As at 31 December 2009 the Board consisted of six Directors. On 4 January 2010, three non-independent directors, Jeffrey Blidner, Richard Clarke and Ross McDiven, resigned from the Board.

Profiles of each of the Directors may be found on pages 4 to 5.

Independence
The Chairman of the Board, Allan McDonald is an independent director. The roles of Chairman and Chief Executive Officer are not exercised by the same individual. This is in line with the ASX best practice principle. The Board also identified non-executive director Barbara Ward as being independent in accordance with the relationships affecting independent status listed by the ASX Corporate Governance Principles.

Since 4 January 2010 a majority of the members of the Board are independent directors.

In accordance with the Corporations Act the Company has established a Risk and Compliance Committee. On 4 January 2010 the Company changed the composition of the Risk and Compliance Committee. The Risk and Compliance Committee comprises the two independent directors Barbara Ward (Chairperson) and Allan McDonald. The Risk and Compliance Committee is governed by a formal Charter which includes a Compliance Plan, compliance, risk management and internal control matters and reports its findings to the Board.

The Board has deemed that the operations as Responsible Entity of the Trust do not warrant a separate Nomination Committee.

The structure of the Trust is such that the Company does not receive a management fee for its services and as such there are no performance related criteria or measures to assess performance.

Access to information and advice
All Directors have unrestricted access to records of the Company and Trust and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Group's expense to help them carry out their responsibilities.

The Company Secretary supports the effectiveness of the Board by monitoring Board policies and procedures followed, and co-ordinating the timely completion and dispatch of board agenda and briefing material. All directors have access to the Company Secretary.

Principle 3: Promote ethical and responsible decision making

The Board has established both a Code of Business Conduct and Ethics and a Security Trading Policy.

Code of business conduct and ethics
Neither the Trust nor the Company employs individuals. However, all Directors, managers and employees involved in the operation of the Trust and the Company are employees of Brookfield Multiplex Limited and, along with all other employees in Brookfield Multiplex Group, are required to act honestly and with integrity. The Board is committed to recognising the interests of investors and other stakeholders as well as all staff involved in the management and operation of the Company and Trust. The Board acknowledges that all Brookfield Multiplex Group employees are subject to a Code of Business Conduct and Ethics that governs workplace and human resource practices, risk management and legal compliance. This Code therefore applies to the Directors of the company and to all directors, managers and employees of Brookfield Multiplex Limited involved in the operation of the Trust and the Company. The Code is aligned to Brookfield Multiplex Group's core values of team work, integrity and performance and is fully supported by the board.

Security trading policy
All Directors of the Company and Brookfield Multiplex Group employees are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company, if they are in possession of inside information.

The Brookfield Multiplex Group Security Trading Policy has been formally adopted by the Board and specifically lists securities issued by the Trust as restricted securities for the purposes of the policy. A summary of the Security Trading Policy is available at www.brookfieldmultiplex.com under Investment, About Us – Corporate Governance, Company Policies.

Principle 4: Safeguard integrity in financial reporting
The approach adopted by the Board is consistent with the Principle. The Board requires the Chief Executive Officer and the Chief Financial Officer to provide a written statement that the financial statements of the Trust present a true and fair view, in all material aspects, of the financial position and operational results.

Audit Committee
The Board has established an Audit Committee with its own charter specifically for the Trust. Following the establishment of the Risk and Compliance Committee, the Board amended the Charter of the Audit and Risk Committee. The purpose of the Audit Committee is now to oversee, on behalf of the Board, the integrity of the financial reporting controls and procedures utilised by the Company as Responsible Entity of the Trust.

It achieves this by:
- overseeing financial reporting to ensure balance, transparency and integrity; and
- evaluating and monitoring the effectiveness of the external audit function.

The Charter sets out the Audit Committee's role and responsibilities, composition, structure and membership requirements. The members of the Audit Committee throughout the financial period are set out below:

Name	Position	Held	Audit and Risk Committee meetings Attended
Barbara Ward	Chairperson	2	2
Jeffrey Blidner (resigned 4 January 2010)	Member	2	2
Allan McDonald	Member	2	2

Both members, Barbara Ward and Allan McDonald, are not substantial shareholders of the Company or the Trust or an officer of, or otherwise associated directly with, a substantial shareholder of the Company or the Trust and therefore are deemed independent. A summary of the Audit Committee's charter is available at www.brookfieldmultiplex.com under About Brookfield Multiplex under the heading About Us – Corporate Governance.

Principle 5: Make timely and balanced disclosure
The Company is committed to the promotion of investor confidence by providing full and timely information to all investors about the Trust's activities and by complying with the continuous disclosure obligations contained in the Corporations Act 2001 and the ASX Listing Rules. The Board has adopted a Continuous Disclosure Policy which governs how the Company as Responsible Entity communicates with investors and the market. This policy applies to all Directors, managers and employees of Brookfield Multiplex Group involved in the operation of the Trust and the Company.

There are likely to be few events that require disclosure for the Trust as its only investment is in the units of the Multiplex Hybrid Investment Trust.

Principle 6: Respect the rights of Multiplex SITES Trust Holders

In addition to its statutory reporting obligations, the Trust and the Company are committed to timely and ongoing communication with Multiplex SITES holders. The Company's communication strategy is incorporated into the Brookfield Multiplex Continuous Disclosure Policy, a summary of which is available at www.brookfieldmultiplex.com under Investment, About Us – Corporate Governance, Company Policies.

The Company also seeks to ensure ongoing communication through the distribution of annual reports each year and through updates to all investors whenever significant developments occur.

The Trust has its own section on the Brookfield Multiplex website that provides up to date Trust information including any continuous disclosure notices given by the Trust, financial reports and distribution information.

Principle 7: Recognise and manage risk

An important role of the Company is to effectively manage the risks inherent in its business while supporting the reputation, performance and success of the Trust. The Board regularly reviews procedures in respect of compliance with the maintenance of statutory, legal, ethical and environmental obligations through the Risk and Compliance Committee. Management also reports to the Board through the Risk and Compliance Committee as to the effectiveness of the Company's management of its material business risks. As risks are primarily concerned with compliance rather than an operational nature, the existing risk management approach will continue to be enforced.

The procedures adopted by the Company are consistent with those in Principle 7, in that the Chief Executive Officer and the Chief Financial Officer approve the sign off of financial statements based upon a sound system of risk management and confirm that the internal compliance and control system is operating efficiently in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Principle 8 suggests that the Company should establish a dedicated Remuneration Committee. As neither the Trust nor the Company have employees of their own, no remuneration committee has been established.

With the exception of the departures from the ASX Corporate Governance Principles detailed above, the Company as Responsible Entity of the Trust believes that it has followed the best practice recommendations set by the ASX.

Distributions

Distributions paid or declared by the Trust were as follows:	Cents per unit	Total amount $'000	Date of payment
Year ended 31 December 2009			
Distributions for the period ended 31 March 2009	143.00	6,435	16 April 2009
Distributions for the period ended 30 June 2009	124.00	5,580	15 July 2009
Distributions for the period ended 30 September 2009	127.00	5,715	15 October 2009
Distributions for the period ended 31 December 2009	132.00	5,940	15 January 2010
Total distributions	**526.00**	**23,670**	
Half year ended 31 December 2008			
Distributions for the period ended 30 September 2008	243.02	10,936	16 October 2008
Distributions for the period ended 31 December 2008	223.32	10,049	16 January 2009
Total distributions	**466.34**	**20,985**	

On 1 January 2010, the Trust announced to the ASX that the distribution rate for the period from 1 January 2010 to 31 March 2010 is 6.01% per annum.

Events subsequent to the reporting date

On 19 February 2010 the Board of Directors of Brookfield Multiplex Funds Management Limited, as Responsible Entity of the Trust, resolved not to redeem the Multiplex SITES and as such a step-up in margin will occur from 1 April 2010. From that date the margin used to calculate the distribution rate increases by 2% in accordance with the terms per Multiplex SITES as set out in the product disclosure statement for SITES. Therefore the distribution rate that will apply to Multiplex SITES from 1 April 2010 will be 3.9% above the three month bank bill rate. In all respects, the terms for Multiplex SITES as set out in the product disclosure statement for SITES continue to apply with no amendment.

Other than the above, and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

Indemnification and insurance of officers and auditors continued
This policy does not seek to insure against liabilities (other than for legal costs) arising out of:
- conduct involving a wilful breach of duty in relation to the Company or a company in the Group; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*.

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.

Contract of insurance
The Company has paid or agreed to pay a premium in respect of a contract insuring the Directors and officers of the Company against a liability. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liabilities, as such disclosure is prohibited under the terms of the contract.

The Company 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 the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding of amounts
The Trust is of a kind referred to in Class Order 98/0100, dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the annual financial statements. Amounts in the Directors' Report and the annual financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand or thousand dollars, or in certain cases, to the nearest dollar.

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001
The lead auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the year ended 31 December 2009.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*, on behalf of the Directors of Brookfield Multiplex Funds Management Limited.

Dated at Sydney this 22 day of February 2010

F Allan McDonald
Non-Executive Director
Brookfield Multiplex Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Brian W Kingston
Executive Director
Brookfield Multiplex Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Multiplex Funds Management Limited
(as Responsible Entity for Multiplex SITES Trust)
Level 22
135 King Street
SYDNEY, NSW 2000

22 February 2010

Dear Directors

Multiplex Sites Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Funds Management Limited, as responsible entity for Multiplex SITES Trust.

As audit partner for the audit of the financial statements of the Multiplex SITES Trust for the financial year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountant

Statement of Comprehensive Income
Multiplex SITES Trust

For the year ended 31 December 2009

	Year ended 31 Dec 2009 $'000	Half year ended 31 Dec 2008 $'000
Share of net profit of associates accounted for using the equity method	23,670	20,985
Net profit for the period from continuing operations	**23,670**	**20,985**
Other comprehensive income for the period	**–**	**–**
Total comprehensive income for the period attributable to SITES unitholders	**23,670**	**20,985**
Earnings per unit		
Basic and diluted earnings per ordinary unit (cents)	**5.26**	**4.66**

The Statement of Comprehensive Income should be read in conjunction with the Notes to the financial statements.

Statement of Financial Position

Multiplex SITES Trust

As at 31 December 2009

	Note	31 Dec 2009 $'000	31 Dec 2008 $'000
Non-current assets			
Investments accounted for using the equity method	5	455,940	460,049
Total non-current assets		**455,940**	**460,049**
Total assets		**455,940**	**460,049**
Current liabilities			
Distributions payable	7	5,940	10,049
Total current liabilities		**5,940**	**10,049**
Total liabilities		**5,940**	**10,049**
Net assets		**450,000**	**450,000**
Equity			
Units on issue	8	450,000	450,000
Total equity		**450,000**	**450,000**

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

Statement of Changes in Equity

Multiplex SITES Trust

For the year ended 31 December 2009

	Note	Units on issue $'000	Accumulated profit/ (losses) $'000	Total equity $'000
Opening equity – 1 January 2009		**450,000**	**–**	450,000
Net profit		–	23,670	**23,670**
Other comprehensive income		–	–	**–**
Total comprehensive income for the year		**–**	**23,670**	23,670
Distributions to unitholders	7	–	(23,670)	**(23,670)**
Total transactions with unitholders in their capacity as unitholders		**–**	**(23,670)**	(23,670)
Closing equity – 31 December 2009		**450,000**	**–**	450,000
Opening equity – 1 July 2008		**450,000**	**–**	450,000
Net profit		–	20,985	**20,985**
Other comprehensive income		–	–	**–**
Total comprehensive income for the half year		**–**	**20,985**	20,985
Distributions to unitholders	7	–	(20,985)	**(20,985)**
Total transactions with unitholders in their capacity as unitholders		**–**	**(20,985)**	(20,985)
Closing equity – 31 December 2008		**450,000**	**–**	450,000

The Statement of Changes in Equity should be read in conjunction with the Notes to the financial statements.

Statement of Cash Flows

Multiplex SITES Trust

For the year ended 31 December 2009

	Year ended 31 Dec 2009 $'000	Half year ended 31 Dec 2008 $'000
Cash flows from operating activities	–	–
Net cash inflow from operating activities	–	–
Cash flows from investing activities		
Dividends and distributions received	27,779	21,830
Net cash inflow from investing activities	**27,779**	**21,830**
Cash flows from financing activities		
Distributions paid to Multiplex SITES holders	(27,779)	(21,830)
Net cash outflow from financing activities	**(27,779)**	**(21,830)**
Net increase in cash held	–	–
Cash at the beginning of the financial period	–	–
Cash at the end of the financial period	–	–

The Statement of Cash Flows should be read in conjunction with the Notes to the financial statements.

1 Reporting entity

Multiplex SITES Trust (Trust) is a unit trust domiciled in Australia. Brookfield Multiplex Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The units of the Trust have been listed on the Australian Securities Exchange (ASX) and are guaranteed on a subordinated and unsecured basis by Brookfield Multiplex Limited and Brookfield Multiplex Funds Management Limited (Guarantors). The Trust was registered on 12 November 2004.

2 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards. Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with Australian equivalents to IFRS ensures that the financial statements and notes of the Trust comply with IFRS.

The financial report has been prepared on the historical cost basis.

The financial report is presented in Australian dollars. The Trust is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 relating to the "rounding off" of amounts in the annual financial statements. In accordance with that Class Order amounts in the annual financial statements have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar, unless stated otherwise.

During 2008, the Trust changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. In accordance with Australian Accounting Standards, the comparative period for a statement of comprehensive income, statement of changes in equity and statement of cash flows shall be a comparable period of the immediately preceding annual reporting period. For the purpose of this report, the comparative period for the aforementioned statements is the half year ended 31 December 2008.

Estimates

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

3 Significant accounting policies

The annual financial statements of the Trust for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 22 February 2010.

The presentation of the financial report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income. As a result of the amendments to this standard the Trust has made the following changes to the primary statements for the year ended 31 December 2009:

Previous Primary Statement:	New Primary Statement:
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Equity	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

The report reflects changes to AASB 132 *Financial Instruments: Presentation* as updated by AASB 2008-2 *Amendments to Australian Accounting Standards.* This amendment defines puttable instruments and changed the classification and presentation of amounts owing to Multiplex SITES holders from non-current liabilities to equity. As a result of this amendment, total liabilities have decreased by $450,000,000 and equity has increased by $450,000,000 as at 1 July 2008, 31 December 2008 and 31 December 2009. This adjustment has therefore been retrospectively applied from the beginning of the earliest comparative period. Similarly, distributions to SITES holders are now classified as distributions paid/payable as opposed to interest paid/payable. The effect of this amendment has been applied to the current and comparative period to ensure consistency of presentation.

Associates

The Trust's investment in its associates is accounted for using the equity method of accounting in the annual financial statements. The associate is an entity in which the Trust has significant influence, but not control, over the financial and operating policies. Under the equity method, an investment in associates is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Trust's share of net assets of the associate. After application of the equity method, the Trust determines whether it is necessary to recognise any additional impairment loss with respect to the Trust's net investment in the associate. The Statement of Comprehensive Income reflects the Trust's share of the results of operations of the associate.

3 Significant accounting policies and principles of consolidation continued

When the Trust's share of losses exceeds its interest in an associate, the Trust's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of an associate.

Distributions

A provision for distribution is recognised in the Statement of Financial Position if the distribution has been declared prior to balance date. Distributions paid are included in cash flows from financing activities and distributions received are included in cash flows from investing activities in the Statement of Cash Flows.

Units on issue

Issued and paid up units are recognised at face value, being the consideration of $100 received by the Trust for each unit on issue.

4 Segment reporting

The Trust has adopted AASB 8 *Operating Segments* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Trust that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. AASB 8 is a disclosure standard which has no impact on the reported results or financial position of the Trust. The Trust operates in a single segment, being investment in Multiplex Hybrid Investment Trust in Australia. All items of the Statement of Comprehensive Income and Statement of Financial Position are derived from this single segment therefore no further segment reporting is required. The chief operating decision maker of the Trust, the Board of Directors of the Responsible Entity, reviews and assesses performance using information displayed as set out in these statements.

	31 Dec 2009 $'000	31 Dec 2008 $'000
5 Investments accounted for using the equity method		
Non-current		
Units in unlisted associates	455,940	460,049
Total	**455,940**	**460,049**

Details of material interests in associates are as follows:

Name	Principal activities	Voting interest %	Carrying value 31 Dec 2009 $'000	Carrying value 31 Dec 2008 $'000
Multiplex Hybrid Investment Trust	Investment	25	455,940	460,049

	31 Dec 2009 $000	31 Dec 2008 $000
Movement in the carrying value		
Carrying amount at the beginning of the period	460,049	460,894
Profit accounted for using the equity method	23,670	20,985
Distribution received during the period	(27,779)	(21,830)
Carrying amount at the end of the period	**455,940**	**460,049**
Other disclosures		
Associates' revenues and profits		
Revenues and profit of associates	**23,670**	**20,985**
Associates':		
Net profit before tax	23,670	20,985
Income tax expense attributable to net profit	–	–
Total associates' net profit after tax accounted for using the equity method	**23,670**	**20,985**
Associates' assets and liabilities		
Assets	455,940	460,049
Liabilities	(5,940)	(10,049)
Net assets	**450,000**	**450,000**

6 Auditor's remuneration

During the current and prior periods, all amounts paid to the auditor of the Trust, Deloitte Touche Tohmatsu, were borne by the Responsible Entity in its capacity as responsible entity of Multiplex SITES Trust.

	Cents per unit	Total amount $'000	Date of payment
7 Distributions			
Year ended 31 December 2009			
Distributions for the period ended 31 March 2009	143.00	6,435	16 April 2009
Distributions for the period ended 30 June 2009	124.00	5,580	15 July 2009
Distributions for the period ended 30 September 2009	127.00	5,715	15 October 2009
Distributions for the period ended 31 December 2009	132.00	5,940	18 January 2010
Total distributions	**526.00**	**23,670**	
Half year ended 31 December 2008			
Distributions for the period ended 30 September 2008	243.02	10,936	16 October 2008
Distributions for the period ended 31 December 2008	223.32	10,049	16 January 2009
Total distributions	**466.34**	**20,985**	

Distributions are payable at the discretion of the Responsible Entity at the three month bank bill rate on the issue date plus a margin of 1.90%. The rate is determined on the first business day of each quarter.

8 Units on issue	31 Dec 2009 $'000	31 Dec 2009 Units	31 Dec 2008 $'000	31 Dec 2008 Units
Units on issue				
Amounts owing to Multiplex SITES holders	450,000	4,500,000	450,000	4,500,000

Terms and conditions

Multiplex SITES is a fully paid unit issued by the Trust and is entitled to income that is derived by the Trust.

Multiplex SITES rank in priority to other units in the Trust, but behind creditors of the Trust.

The Responsible Entity in its capacity as responsible entity of Brookfield Multiplex Property Trust and Brookfield Multiplex Limited guarantee the face value and unpaid distribution amount on redemption (not being more than the distribution payments for the four preceding but unpaid distributions). In addition, while the Responsible Entity of the Trust is a member of Brookfield Multiplex Group, the Responsible Entity in its capacity as responsible entity of Brookfield Multiplex Property Trust and Brookfield Multiplex Limited guarantee any distributions which have been declared payable by the Trust. As there is discretion not to pay particular distributions, the guarantee does not ensure that priority distribution payments will be paid in all circumstances.

Under the guarantee, Multiplex SITES rank in priority to units in Brookfield Multiplex Property Trust and shares in Brookfield Multiplex Limited but are subordinated to senior creditors of Brookfield Multiplex Property Trust and Brookfield Multiplex Limited.

Multiplex SITES have an unsecured and subordinated guarantee of the face value and unpaid distribution amount (not being more than the distribution payments for the four preceding but unpaid distributions).

Assets pledged as security

The guarantee ranks in priority to units in Brookfield Multiplex Property Trust and shares in Brookfield Multiplex Limited, is subordinated to senior creditors of Brookfield Multiplex Property Trust and Brookfield Multiplex Limited and ranks equally with other creditors of Brookfield Multiplex Property Trust and Brookfield Multiplex Limited who are not senior creditors.

Holder redemption

Holders have the right to initiate redemption of Multiplex SITES, by issue of a holder realisation notice, in the following limited circumstances:

- where a priority distribution payment is not paid in full; or
- the occurrence of a winding-up event, with respect to either of the Guarantors, Multiplex SITES Trust (for as long as the responsible entity of Multiplex SITES Trust is a member of Brookfield Multiplex Group) or Multiplex Hybrid Investment Trust (MHIT) (for as long as the trustee of MHIT is a member of Brookfield Multiplex Group).

The request for redemption is effective and will be implemented if made by holders who cumulatively hold 5% or more of Multiplex SITES on issue.

8 Units on issue continued

Holder redemption

Upon redemption, holders will receive the aggregate of $100 plus the unpaid distribution amount, not being more than the distribution payments for the four preceding but unpaid distributions.

Issuer redemption

Subject to approval of the Responsible Entity and Brookfield Multiplex Limited, the Trust may initiate redemption of all or some of the Multiplex SITES for cash, by sending a realisation notice to holders, in the following circumstances:
- the step-up date or the last day of each distribution period after the step-up date;
- an increased costs event;
- an accounting event;
- where the responsible entity of the Trust is no longer a member of Brookfield Multiplex Group;
- a change of control event; or
- there are less than $50 million of Multiplex SITES remaining on issue.

Holder exchange

Holders have no right to request exchange.

Issuer exchange

Brookfield Multiplex Group was delisted on 20 December 2007. For so long as Brookfield Multiplex Group is not listed, the Responsible Entity will not be entitled to exercise its option to exchange Multiplex SITES for Brookfield Multiplex Group stapled securities.

9 Financial instruments

Financial risk management

Overview

The Trust is exposed to financial risks in the course of their operations. These risks can be summarised as follows:
- credit risk;
- liquidity risk; and
- market risk.

The Trust 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 Trust's financial performance.

The Board regularly reviews procedures in respect of compliance with the maintenance of statutory, legal, ethical and environmental obligations through the Audit & Risk Committee. Management also reports to the Board through the Audit & Risk Committee as to the effectiveness of the Company's management of its material business risks. As risks are primarily concerned with compliance rather than an operational nature, the existing risk management approach will continue to be enforced.

a Credit risk

Credit risk is the risk of financial loss to the Trust if a customer or counterparty defaults on its contractual obligations. Credit risk arises principally from the Trust's investment in Multiplex Hybrid Investment Trust.

b Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its financial obligations. The Trust's principal financial instruments comprise Multiplex SITES, the face value of which is guaranteed on an unsecured and subordinated basis by Brookfield Multiplex Limited and Brookfield Multiplex Property Trust. Liquidity risks for which the Trust may be exposed are regularly reviewed and monitored by the Responsible Entity. The Trust manages its liquidity risk by monitoring the performance of its investment in order to meet the distribution payments to investors.

c Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: currency risk, interest rate risk and other price risk. The primary market risk of the Trust relates to interest rate risk. The Trust's sensitivity to a 1% movement in interest rates in relation to discretionary priority distribution payments is as follows:

	Year ended 31 Dec 2009 Impact on profit		Half year ended 31 Dec 2008 Impact on profit	
	+100 bps	-100 bps	+100 bps	-100 bps
Distributions payable	4,500	4,500	2,250	(2,250)

For the year ended 31 December 2009

	Year ended 31 Dec 2009 $000	Half year ended 31 Dec 2008 $000
10 Reconciliation of cash flows from operating activities		
Change in operating assets and liabilities:		
Decrease in assets	4,109	845
Decrease in payables	(4,109)	(845)
Net cash inflow from operating activities	**–**	**–**

11 Related parties

Associates

Interests in associates are set out in note 5.

Key management personnel

No compensation is paid by the Trust or the Responsible Entity to Directors or directly to any of the key management personnel of the Responsible Entity. Compensation is paid by entities within the Brookfield Multiplex Group.

The number of Multiplex SITES held by key management personnel of the Responsible Entity, including their personally related entities, is set out below:

	Units held at 31 Dec 2009	**Units held at 31 Dec 2008**
Mr F Allan McDonald	705	705

Transactions with related parties

Transactions between Multiplex SITES Trust and Multiplex Hybrid Investment Trust

- an investment in Multiplex Hybrid Investment Trust of $450,000,000 (2008: $450,000,000); and
- distributions received of $27,779,000 for the year ended 31 December 2009 (half year ended 31 December 2008: $21,830,000).

Responsible Entity

The Responsible Entity of the Trust is Brookfield Multiplex Funds Management Limited, whose immediate parent company is Brookfield Multiplex Limited.

12 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2009 (2008: nil).

13 Capital and other commitments

No capital or other commitment existed at 31 December 2009 (2008: nil).

14 Events subsequent to the reporting date

On 19 February 2010 the Board of Directors of Brookfield Multiplex Funds Management Limited, as Responsible Entity of the Trust, resolved not to redeem the Multiplex SITES and as such a step-up in margin will occur from 1 April 2010. From that date the margin used to calculate the distribution rate increases by 2% in accordance with the terms per Multiplex SITES as set out in the product disclosure statement for SITES. Therefore the distribution rate that will apply to Multiplex SITES from 1 April 2010 will be 3.9% above the three month bank bill rate. In all respects, the terms for Multiplex SITES as set out in the product disclosure statement for SITES continue to apply with no amendment.

Other than matters previously disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

Directors' Declaration

Multiplex SITES Trust

For the year ended 31 December 2009

In the opinion of the Directors of Brookfield Multiplex Funds Management Limited, the Responsible Entity of Multiplex SITES Trust:

a The financial statements and notes set out on pages 12 to 20 are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Trust as at 31 December 2009 and of its performance for the year ended on that date; and

  ii complying with Accounting Standards and the *Corporations Act 2001* in Australia and the Corporations Regulations 2001;

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

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Funds Management Limited as required by Section 295A of the *Corporations Act 2001*.

Dated at Sydney this 22 day of February 2010

F Allan McDonald
Non-Executive Director
Brookfield Multiplex Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Brian W Kingston
Executive Director
Brookfield Multiplex Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Unitholders of Multiplex SITES Trust

Report on the Financial Report

We have audited the accompanying financial report of Multiplex SITES Trust which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of Multiplex SITES Trust at the year's end or from time to time during the financial year as set out on pages 12 to 21.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

We 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*.

Auditor's Opinion

In our opinion:

(a) the financial report of Multiplex SITES Trust is in accordance with the *Corporations Act 2001*, including:
  (i) giving a true and fair view of the Multiplex SITES Trust's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the Multiplex SITES Trust's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants
Sydney, 22 February 2010

Brookfield Multiplex Group
Annual financial statements
For the year ended
31 December 2009

Brookfield Multiplex Group

ABN 96 008 687 063

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Directors of Brookfield Multiplex Limited
Mr Jeffrey M Blidner
Mr Richard B Clark
Mr Brian W Kingston
Mr Ross A McDiven

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Directors' Report
Brookfield Multiplex Group
For the year ended 31 December 2009

Introduction
The Directors of Brookfield Multiplex Limited (Parent Entity or Company) present their report together with the financial report of the Consolidated Entity (Brookfield Multiplex Group or Group), being the Company and its controlled entities and Brookfield Multiplex Property Trust (Trust) and its controlled entities for the year ended 31 December 2009 and the Independent Audit Report thereon. Brookfield Multiplex Limited is the parent entity of the Group.

Group structure
The Group comprises the Company and its controlled entities and the Trust and its controlled entities. Ordinary shares in the Company and ordinary units in the Trust are stapled together so that neither can be dealt without the other. A transfer, issue or reorganisation of an ordinary share or an ordinary unit in one of the component parts is accompanied by a transfer, issue or reorganisation of a share or unit in the other component part.

Directors

Name	Capacity
Mr Jeffrey M Blidner	Non-Executive Director
Mr Richard B Clark	Non-Executive Director
Mr Brian W Kingston	Executive Director
Mr Ross A McDiven	Executive Director

Information on Directors

Director	Experience	Special responsibilities
Jeffrey M Blidner	Mr Blidner is a non-executive Director and Chairman of Brookfield Multiplex Limited and Non-Executive Director of Brookfield Multiplex Funds Management Limited and was appointed to both boards on 15 October 2007. Mr Blidner is a Senior Managing Partner of Brookfield Asset Management Inc. and is responsible for strategic planning and corporate operations. From 1998 to March 2008, Mr Blidner served on the board of directors of Teknion Corporation which was listed on the Toronto Stock Exchange and Brookfield Multiplex Limited. Both companies are no longer listed.	Non-Executive Director
Richard B Clark	Mr Clark is a Non-Executive Director of Brookfield Multiplex Limited and Brookfield Multiplex Funds Management Limited and was appointed to both boards on 15 October 2007. Mr Clarke is the Senior Managing Partner of Brookfield Asset Management's Property Operations, the Chief Executive Officer of Brookfield Properties and formerly was the President of Brookfield Asset Management's U.S Commercial Operations. Mr Clark has been a Director of Brookfield Properties Corporation, which is listed on the New York and Toronto Stock Exchanges, since 2002. He has also been a Director of BPO Properties Ltd, which is listed on the New York and Toronto Stock Exchanges, since 2002.	Non-Executive Director

Information on Directors continued

Director	Experience	Special responsibilities
Brian W Kingston	Mr Brian Kingston is the Chief Executive Officer of Brookfield Australia, as well as a Senior Managing Partner of its parent company, Brookfield Asset Management. Mr Kingston joined Brookfield Asset Management in 2001 and has held various senior management positions within Brookfield and its affiliates, including mergers and acquisitions, merchant banking and real estate advisory services. In 2008, following Brookfield's acquisition of the Multiplex Group, Mr Kingston relocated to Sydney where he is responsible for all of Brookfield's activities in the Australasian region. During the past three years Mr Kingston has also served as a Director of Prime Infrastructure Holdings Limited (November 2009 – present).	Executive director
Ross A McDiven	Mr Ross McDiven is the Chief Executive Officer of the Brookfield Multiplex Group. Mr McDiven was appointed as an executive director of Brookfield Multiplex Limited on 18 January 1986 and Brookfield Multiplex Funds Management Limited on 18 August 2003 respectively. Mr McDiven has over 38 years' experience with Brookfield Multiplex Group. He spent his early years at Brookfield Multiplex Group in the Construction business and for 18 years led the company's operations in New South Wales. Mr McDiven was also responsible for overseeing significant growth of Brookfield Multiplex Group Development operations and is now responsible for the Brookfield Multiplex Group Construction, Development and Services businesses worldwide.	Executive director

Company Secretary	Experience
Karen Pedersen	Ms Karen Pedersen is the General Counsel and Group General Manager, Corporate for Brookfield Multiplex Limited. Ms Pedersen has been with the Group for almost 14 years. Ms Pedersen is Company Secretary for Brookfield Multiplex Limited and Brookfield Multiplex Funds Management Limited.

Principal activities
The principal activities of the Consolidated Entity during the course of the year ended 31 December 2009 include:
- construction services and project management;
- property development;
- property services;
- property related funds management and property syndication; and
- investment in income producing retail, commercial and industrial properties.

The Consolidated Entity principally operates in Australia, New Zealand and the Middle East.

During 2008, the Group changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. For the purpose of this report, the comparative period is the half year ended 31 December 2008.

Review of operations and results

The Group recorded a net loss after tax attributable to stapled security holders of $340.3 million for the year ended 31 December 2009 (half year to 31 December 2008: loss of $266.6 million). The Group recorded a net loss after tax of $321.4 million for the year ended 31 December 2009 (half year to 31 December 2008: loss of $247.1 million).

The result was impacted by a number of significant items. These results include the unfavourable fair value adjustments relating to the Group's directly held investment properties totalling $263.3 million (half year ended 31 December 2008: unfavourable $236.6 million). The results also include the Group's share of net loss of investments accounted for using the equity accounted method of $74.4 million (2008: net loss of $33.3 million).

During the period, the Group acquired a controlling interest in Defence Maintenance Management Pty Limited (DMM) and Multiplex Prime Property Fund (MAFCB). As a result of these acquisitions, the Group now consolidates the results of these entities. Included in the loss for the year is $1.4 million profit attributable to the additional business generated by DMM and $0.1 million loss attributable to MAFCB.

Events subsequent to the reporting date

Formal credit approval has been received for a total of $407 million from a consortium of banks securing a three year extension of the Investment Finance Facility from its current maturity date of 20 May 2010 to 20 May 2013.

Other than as disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Group's operations in future financial years, the results of those operations or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

In the opinion of the Directors, further information 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 Company and the Group.

Environmental regulation

As an integrated property business, the Group's operations are subject to significant environmental regulation under international, Australian Commonwealth and state legislation. This is particularly the case in relation to the Group's construction, development and property investment activities.

The Group has systems in place to manage its environmental obligations within its construction activities. As a developer and property investor, the Group is also subject to and operates under other environmental regulations.

In June 2008, a subsidiary of the Company was served with an Enforcement Notice under the Integrated Planning Act 1997 in respect of alleged breaches at Keperra, Queensland. In August 2008 these same breaches became the subject of eight charges against the subsidiary three of which were ultimately litigated in the Brisbane Magistrates Court in November 2009. At the balance date, judgement is still reserved and no provision was recognised in relation to the alleged breaches.

Apart from the alleged breach noted above and based on the results of enquires made, the Board is not aware of any other significant breaches or non-compliance with environmental issues during the period covered by this report.

Dividends from the Company

There were no dividends paid or declared during the year ended 31 December 2009 (half year ended 31 December 2008: nil).

Distributions

During the year ended 31 December 2009, a distribution of $1.4 million in total was paid or payable to unitholders of the Trust (half year to 31 December 2008: nil).

Indemnification and insurance of officers and auditors

The Company 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 Company.

Under the deeds of access and indemnity, the Company has agreed to indemnify these persons (to the extent permitted by law) against:
– liabilities incurred as a director or officer of the Company 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*.

The Company has also agreed to effect, maintain and pay the premium on a director's and officer's insurance policy.

This policy does not seek to insure against liabilities (other than for legal costs) arising out of:
– conduct involving a wilful breach of duty in relation to the Company or a company in the Group; or
– a contravention of sections 182 or 183 of the *Corporations Act 2001*.

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.

Contract of insurance

The Company has paid or agreed to pay a premium in respect of a contract insuring the Directors and officers of the Company against a liability. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liabilities, as such disclosure is prohibited under the terms of the contract.

The Company 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 the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

All amounts paid to Deloitte Touche Tohmatsu for audit, review and regulatory services are disclosed in note 24.

There were no non-audit services fees incurred by the Group to Deloitte Touche Tohmatsu during the year.

Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company and the Group is set out below:

	Consolidated		Company	
	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $
Short-term employee benefits	7,376,088	3,424,869	7,376,088	3,424,869
Post-employment benefits	164,177	109,503	164,177	109,503
Other long-term benefits	1,932,495	858,333	1,932,495	858,333
Termination benefits	–	1,935,429	–	1,935,429
Share based payment	1,023,236	454,030	1,023,236	454,030
	10,495,996	**6,782,164**	**10,495,996**	**6,782,164**

Rounding of amounts
The Company 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 hundred thousand dollars, unless otherwise stated.

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 9 and forms part of the Directors' Report for the year ended 31 December 2009.

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

Dated at Sydney this 22 day of February 2010

Ross A McDiven
Executive Director
Brookfield Multiplex Limited

Brian W Kingston
Executive Director
Brookfield Multiplex Limited

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The Board of Directors
Brookfield Multiplex Limited and
Brookfield Multiplex Funds Management Limited
(as the Responsible Entity for
Brookfield Multiplex Property Trust)
Level 22
135 King Street
SYDNEY, NSW 2000

22 February 2010

Dear Directors

Brookfield Multiplex Group

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Limited and the directors of Brookfield Multiplex Funds Management Limited being the Responsible Entity for Brookfield Multiplex Property Trust.

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

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

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

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants

Statement of Comprehensive Income
Brookfield Multiplex Group
For the year ended 31 December 2009

	Note	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m	Company Year ended 31 Dec 2009 $m	Company Half year ended 31 Dec 2008 $m
Continuing operations					
Revenue	4	1,811.1	1,364.7	5.0	21.6
Cost of operations	4	(1,388.4)	(1,212.7)	(0.8)	(8.7)
Gross profit		**422.7**	**152.0**	**4.2**	**12.9**
Other income	4	3.1	95.8	25.6	10.2
Net loss on revaluation of investment property	13	(263.3)	(236.6)	–	–
Finance costs	4	(139.7)	(75.0)	(2.3)	(2.3)
Other expenses	4	(304.8)	(140.2)	(72.8)	(257.3)
Share of net loss of investments accounted for using the equity method		(74.4)	(33.3)	–	–
Net loss before income tax		**(356.4)**	**(237.3)**	**(45.3)**	**(236.5)**
Income tax benefit/(expense)	5	35.0	(1.4)	21.5	(37.2)
Net loss from continuing operations for the period		**(321.4)**	**(238.7)**	**(23.8)**	**(273.7)**
Discontinued operations					
Loss from discontinued operations for the period	30	–	(8.4)	–	–
Loss for the period		**(321.4)**	**(247.1)**	**(23.8)**	**(273.7)**
Other comprehensive income					
Currency translation differences		(6.0)	36.0	–	0.3
Changes in fair value of available for sale financial assets		1.9	(4.8)	–	–
Effective portion of changes in fair value of cash flow hedges		48.5	(84.6)	–	(13.0)
Other comprehensive income for the period		**44.4**	**(53.4)**	**–**	**(12.7)**
Total comprehensive income for the period		**(277.0)**	**(300.5)**	**(23.8)**	**(286.4)**
(Loss)/profit attributable to:					
Unitholders of Brookfield Multiplex Group		(340.3)	(266.6)	(23.8)	(273.7)
Non-controlling interests	23	18.9	19.5	–	–
Net loss for the period		**(321.4)**	**(247.1)**	**(23.8)**	**(273.7)**
Total comprehensive income attributable to:					
Unitholders of Brookfield Multiplex Group		(295.9)	(320.0)	(23.8)	(286.4)
Non-controlling interests	23	18.9	19.5	–	–
Total comprehensive income for the period		**(277.0)**	**(300.5)**	**(23.8)**	**(286.4)**

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

Statement of Financial Position

Brookfield Multiplex Group

As at 31 December 2009

	Note	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Current assets					
Cash and cash equivalents		265.8	322.9	12.5	88.0
Trade and other receivables	7	813.1	1,032.9	2,039.6	2,419.2
Derivative financial instruments	8	2.6	–	–	–
Inventories	9	224.0	692.4	–	–
Other financial assets	10	1,300.0	1,300.0	–	–
Other assets		31.0	32.1	0.5	2.1
Total current assets		**2,636.5**	**3,380.3**	**2,052.6**	**2,509.3**
Non-current assets					
Trade and other receivables	7	86.7	69.2	89.4	70.5
Derivative financial instruments	8	0.4	–	–	–
Inventories	9	441.8	1,449.2	–	–
Other financial assets	10	79.2	73.6	–	0.8
Investments in controlled entities	11	–	–	1,374.1	1,373.6
Investments accounted for using the equity method	12	1,156.2	1,044.8	–	–
Investment property	13	4,061.5	2,717.9	–	–
Property, plant and equipment	14	39.2	59.8	2.9	8.0
Deferred tax assets	5	116.2	107.7	18.3	9.4
Intangible assets	15	18.8	13.4	–	–
Other assets		57.3	77.0	–	–
Total non-current assets		**6,057.3**	**5,612.6**	**1484.7**	**1,462.3**
Total assets		**8,693.8**	**8,992.9**	**3,537.3**	**3,971.6**
Current liabilities					
Trade and other payables	16	506.4	633.7	33.5	33.7
Derivative financial instruments	8	2.4	27.3	–	–
Interest bearing loans and borrowings	17	1,726.9	726.9	58.2	95.1
Non-interest bearing loans and borrowings	18	337.4	375.1	1,136.3	1,529.2
Current tax liabilities	5	–	1.8	–	–
Provisions	19	119.3	110.8	27.3	25.2
Contract work in progress	20	296.9	339.3	–	–
Total current liabilities		**2,989.3**	**2,214.9**	**1,255.3**	**1,683.2**
Non-current liabilities					
Trade and other payables	16	19.5	40.8	–	–
Derivative financial instruments	8	13.3	13.2	–	–
Interest bearing loans and borrowings	17	1,646.3	2,313.0	–	–
Non-interest bearing loans and borrowings	18	–	–	4.5	–
Provisions	19	3.4	6.1	2.4	1.9
Total non-current liabilities		**1,682.5**	**2,373.1**	**6.9**	**1.9**
Total liabilities		**4,671.8**	**4,588.0**	**1,262.2**	**1,685.1**
Net assets		**4,022.0**	**4,404.9**	**2,275.1**	**2,286.5**
Equity					
Contributed equity	22	4,430.9	4,405.9	2,989.0	2,964.0
Reserves	31	(181.0)	(199.6)	(73.8)	(61.2)
Accumulated losses		(745.2)	(403.5)	(640.1)	(616.3)
Total parent interests		**3,504.7**	**3,802.8**	**2,275.1**	**2,286.5**
Non-controlling interest	23	517.3	602.1	–	–
Total equity		**4,022.0**	**4,404.9**	**2,275.1**	**2,286.5**

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

Statement of Changes in Equity
Brookfield Multiplex Group
For the year ended 31 December 2009

Consolidated	Preference shares (refer to Note 22) $m	Contributed equity (refer to Note 22) $m	Accumulated losses $m	Reserves $m	Total $m	Non-controlling interest $m	Total equity $m
	Attributable to Equityholders of the Parent						
As at 1 January 2009	**1,640.0**	**2,765.9**	**(403.5)**	**(199.6)**	**3,802.8**	**602.1**	**4,404.9**
Currency translation differences	–	–	–	(6.0)	(6.0)	–	(6.0)
Change in fair value of available for sale financial assets	–	–	–	1.9	1.9	–	1.9
Effective portion of changes in fair value of cash flow hedges	–	–	–	48.5	48.5	–	48.5
Change in taxation consolidation reserve	–	–	–	(25.8)	(25.8)	–	(25.8)
Expense recognised directly in equity	**–**	**–**	**–**	**18.6**	**18.6**	**–**	**18.6**
(Loss) for the year	–	–	(340.3)	–	(340.3)	18.9	(321.4)
Total comprehensive income	**–**	**–**	**(340.3)**	**18.6**	**(321.7)**	**18.9**	**(302.8)**
Transactions with equityholders in their capacity as equityholders:							
Share of equity issue costs	–	–	–	–	–	–	–
Issue of share capital	25.0	–	–	–	25.0	–	25.0
Dividends/distributions	–	–	(1.4)	–	(1.4)	(38.8)	(40.2)
Increase in non-controlling interest	–	–	–	–	–	(64.9)	(64.9)
Total transactions with equityholders in their capacity as equityholders	**25.0**	**–**	**(1.4)**	**–**	**23.6**	**(103.7)**	**(80.1)**
As at 31 December 2009	**1,665.0**	**2,765.9**	**(745.2)**	**(181.0)**	**3,504.7**	**517.3**	**4,022.0**
As at 1 July 2008	**1,300.0**	**2,765.9**	**(136.9)**	**(163.0)**	**3,766.0**	**597.2**	**4,363.2**
Currency translation differences	–	–	–	36.0	36.0	–	36.0
Change in fair value of available for sale financial assets	–	–	–	(4.8)	(4.8)	–	(4.8)
Change in taxation consolidation reserve	–	–	–	16.8	16.8	–	16.8
Effective portion of changes in fair value of cash flow hedges	–	–	–	(84.6)	(84.6)	–	(84.6)
Expense recognised directly in equity	–	–	–	**(36.6)**	**(36.6)**	–	**(36.6)**
(Loss)/profit for the period	–	–	(266.6)	–	(266.6)	19.5	(247.1)
Total comprehensive income	–	–	**(266.6)**	**(36.6)**	**(303.2)**	**19.5**	**(283.7)**
Transactions with equityholders in their capacity as equityholders:							
Issue of Class A preference shares	340.0	–	–	–	340.0	–	340.0
Dividends/distributions	–	–	–	–	–	(21.3)	(21.3)
Increase in non-controlling interest	–	–	–	–	–	6.7	6.7
Total transactions with equityholders in their capacity as equityholders	**340.0**	**–**	**–**	**–**	**340.0**	**(14.6)**	**325.4**
As at 31 December 2008	**1,640.0**	**2,765.9**	**(403.5)**	**(199.6)**	**3,802.8**	**602.1**	**4,404.9**

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

Statement of Changes in Equity continued
Brookfield Multiplex Group
For the year ended 31 December 2009

Company	Preference shares (refer to Note 22) $m	Contributed equity (refer to Note 22) $m	Accumulated losses $m	Reserves $m	Total $m
As at 1 January 2009	**1,640.0**	**1,324.0**	**(616.3)**	**(61.2)**	**2,286.5**
Tax consolidation reserve	–	–	–	(12.6)	**(12.6)**
Loss for the year	–	–	(23.8)	–	**(23.8)**
Total comprehensive income	–	–	**(23.8)**	**(12.6)**	**(36.4)**
Transactions with equityholders in their capacity as equityholders:					
Issue of share capital	25.0	–	–	–	**25.0**
Total transactions with equityholders in their capacity as equityholders	**25.0**	–	–	–	**25.0**
As at 31 December 2009	**1,665.0**	**1,324.0**	**(640.1)**	**(73.8)**	**2,275.1**
As at 1 July 2008	**1,300.0**	**1,324.0**	**(342.6)**	**(56.2)**	**2,225.2**
Currency translation differences	–	–	–	0.3	**0.3**
Tax consolidation reserve	–	–	–	7.7	**7.7**
Effective portion of changes in fair value of cash flow hedges	–	–	–	(13.0)	**(13.0)**
Income and expense recognised directly in equity	–	–	**–**	**(5.0)**	**(5.0)**
Loss for the period	–	–	(273.7)	**–**	**(273.7)**
Total comprehensive income	**–**	**–**	**(273.7)**	**(5.0)**	**(278.7)**
Transactions with equityholders in their capacity as equityholders:					
Issue of Class A preference shares	340.0	–	–	**–**	**340.0**
Total transactions with equityholders in their capacity as equityholders	**340.0**	**–**	**–**	**–**	**340.0**
As at 31 December 2008	**1,640.0**	**1,324.0**	**(616.3)**	**(61.2)**	**2,286.5**

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

Statement of Cash Flows

Brookfield Multiplex Group

For the year ended 31 December 2009

	Note	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m	Company Year ended 31 Dec 2009 $m	Company Half year ended 31 Dec 2008 $m
Cash flows from operating activities					
Receipts from customers		1,921.7	1,464.7	5.1	14.5
Payments to suppliers and employees		(1,876.3)	(2,033.0)	(60.9)	(71.8)
		45.4	**(568.3)**	**(55.8)**	**(57.3)**
Dividends and distributions received		1.0	22.2	–	2.6
Interest received		11.3	11.9	–	10.9
Finance costs paid		(140.8)	(83.8)	(2.3)	(2.3)
Income taxes received		0.2	3.4	–	3.4
Net cash (outflow) from operating activities	33	**(82.9)**	**(614.6)**	**(58.1)**	**(42.7)**
Cash flows from investing activities					
Additional interests acquired in associates and jointly controlled entities		(31.2)	–	–	–
(Payments for)/proceeds from property, plant and equipment		6.7	(19.5)	4.1	(0.8)
Payments for investments and associates		(7.5)	(26.1)	–	–
Proceeds from/(payments for) investment properties		43.2	(18.7)	–	–
(Payments for)/ proceeds from sale of investments		(16.8)	113.9	(7.5)	7.6
Proceeds from sale of controlled entities, net of cash disposed		–	264.3	–	34.6
Net cash inflow/(outflow) from investing activities		**(5.6)**	**313.9**	**(3.4)**	**41.4**
Cash flows from financing activities					
Proceeds from related parties		174.2	128.3	–	80.8
(Repayments from)/proceeds to external borrowings		(135.4)	395.6	–	–
Loans made to related parties		–	(513.3)	–	(406.1)
Repayment of loans to related parties		–	(16.0)	(39.0)	(16.0)
Repayments of loans to associates		–	(100.9)	–	–
Proceeds from issue of preference shares		25.0	340.0	25.0	340.0
Dividends and distributions paid to securityholders and non-controlling interest in controlled entities		(37.1)	(15.1)	–	–
Net cash inflow/(outflow) from financing activities		**26.7**	**218.6**	**(14.0)**	**(1.3)**
Net (decrease) in cash and cash equivalents held		(61.8)	(82.1)	(75.5)	(2.6)
Cash and cash equivalents at the beginning of the period		322.9	349.5	88.0	90.6
Effects of foreign exchange rate changes on cash		4.7	55.5	–	–
Cash and cash equivalents at the end of the period		**265.8**	**322.9**	**12.5**	**88.0**

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

1 Reporting entity

Brookfield Multiplex Group (Group) is domiciled in Australia. The Group comprises Brookfield Multiplex Property Trust (Trust) and its controlled entities and Brookfield Multiplex Limited (Company) and its controlled entities.

The Group's stapled securities comprise one ordinary Company share and one Trust unit. The stapled securities cannot be traded or dealt with separately. A transfer, issue or reorganisation of an ordinary share or an ordinary unit in one of the component parts is accompanied by a transfer, issue or reorganisation of a share or unit in the other component part.

2 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and interpretations and complies with other requirements of the law. Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with IFRS ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards.

During 2008, the Group changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. In accordance with Australian Accounting Standards, the comparative period for a statement of comprehensive income, statement of changes in equity and statement of cash flows shall be a comparable period of the immediately preceding annual reporting period. For the purpose of this report, the comparative period for the aforementioned statements is the half year ended 31 December 2008.

Due to the classification of certain financing facilities as current at 31 December 2009, the Group is in a net current liability position of $351.4 million. Non-current assets of $6,057.3 and a net asset position of $4,023.4 million is held by the Group. In accordance with AASB 101, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. The accounts of the Group have been prepared on a going concern basis as the net current asset deficiency is due to the classification of financing facilities. A number of realistic options exist with respect to managing the maturity of these financing facilities, including considering alternative sources of finance available, divesting assets classified as both current and non-current and a number of other capital management initiatives. Additionally, the borrowings classified as current are generally secured on specific assets and do not impact the ability of the Group to continue as a going concern.

The financial statements (report) were authorised for issue in accordance with a resolution of the directors on 22 February 2010.

Basis of measurement

The report has been prepared on the historical cost basis except for the following assets and liabilities that are stated at fair value: derivative financial instruments, financial instruments classified as available for sale and investment property. Any non-current assets which are held for sale are stated at the lower of carrying amount and fair value less costs to sell, except investment property.

The report is presented in Australian dollars. The Company 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 hundred thousand dollars, unless otherwise stated.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in note 13, investment property, and note 12, investments accounted for using the equity method.

3 Significant accounting policies

The significant policies set out below have been applied consistently to all periods presented in this report.

The presentation of the report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income. As a result of the amendments to this standard the Group has made the following changes to the primary statements for the year ended 31 December 2009:

Previous primary statement:	Current primary statement:
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Equity	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

In accordance with amended AASB 140 *Investment Property* effective 1 January 2009, investment property under construction, previously classified as inventory, is classified as investment property and carried at fair value. Refer to note 13 for further detail.

a Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Group as at 31 December 2009 and the results of all controlled entities for the year then ended.

Controlled entities

Controlled entities are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the financial report from the date control commences until the date that control ceases. The accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in controlled entities are carried at their cost of acquisition in the company's financial statements, less any impairment, if applicable.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-controlling interests

Non-controlling interests in the net assets (excluding goodwill) of consolidated controlled entities are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the controlled entities' equity are allocated against the interests of the Group except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

Associates

The Group's investments in associates are accounted for using the equity method in the consolidated financial statements. An associate is an entity in which the Group has significant influence, over their financial and operating policies, but not control.

Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets, net profits and reserves of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an associate. The consolidated Statement of Comprehensive Income reflects the Group's share of the results of operations of an associate, after applying consistent accounting policies to the associate.

3 Significant accounting policies continued

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated Statement of Changes in Equity.

In the Company's financial statements, investments in associates are accounted for at historical cost.

Joint ventures

Joint ventures are those entities over whose activities the Consolidated Entity has joint control, which is established by contractual agreement.

Jointly controlled entities

Investments in jointly controlled entities, including incorporated partnerships, are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted amount and the recoverable amount.

The general purpose financial report of the Consolidated Entity includes the share of the Consolidated Entity's total recognised profits and losses of joint ventures on an equity accounted basis, from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Jointly controlled operations and assets

The interest of the Consolidated Entity in unincorporated joint ventures and jointly controlled assets are brought to account in the financial report by recognising the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial reports of the Group.

b Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. This financial report is presented in Australian dollars, which is the presentation currency of the Group and the Company and the functional currency of the Company.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at the date of the transaction. At the end of each reporting period monetary items denominated in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary items denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the period in which they arise.

Translation of foreign operations

The results and financial position of all foreign operations in the Group that have a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of Comprehensive Income are translated at an average rate for the period that approximates the rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

3 Significant accounting policies continued

c Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised. Where amounts do not meet the recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

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, rebates and discounts and after sales within the Group are eliminated. Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue is recognised for the major business activities as follows:

Construction contracts

For fixed price contracts, construction contract revenues and expenses are recognised on an individual contract basis using the percentage of completion method. Once the outcome of a construction contract can be estimated reliably, contract revenues and expenses are recognised in the Statement of Comprehensive Income in proportion to the stage of completion of the contract. The stage of completion is measured by reference to actual costs incurred to date as a percentage of estimated total costs for each contract.

Where the outcome of a contract cannot be reliably determined, contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract the excess of total expected costs over revenue is recognised as an expense immediately.

For cost plus contracts, construction contract revenue is recognised by reference to the recoverable costs incurred during the reporting period plus the margin entitled to be charged on those recoverable costs.

For fee generating contracts, construction contract revenue is measured by the proportion that cost incurred to date compare to the estimated total cost of the contract multiplied by the expected total fee to be earned on the contract. Early completion bonuses are recognised only when construction projects are substantially complete.

Contract costs comprise:
- costs that relate directly to the contract;
- costs that are related to construction activities in general and can be allocated to the contract on a reasonable basis (such as insurance, costs of design and technical assistance);
- other costs that are specifically chargeable to a customer in accordance with the terms of a contract; and
- costs expected to be incurred under penalty clauses and rectification provisions are also included.

Project profitability is estimated at a project's inception based on the agreed contract value with the client and the budgeted total costs. Profitability is then reviewed and reassessed on a regular basis.

Unapproved variation revenue is recognised where it is probable that the revenue will be certified by the client and approved.

Claim recoveries against clients are recognised when:
- negotiations have reached an advanced stage such that it is probable that the client will accept the claim; and
- the amount can be measured reliably.

With regard to recognising claim recoveries against third parties, the key requirements that must be met are the same as those listed above for claims against clients. Where the matters are in dispute, the test of probability is normally supported by a legal opinion and/or independent expert's opinion.

Costs are recognised on a commitment basis for trade costs, and a forecast basis for other costs. Unapproved variations from subcontractors are recognised where it is probable that the Group will be liable to incur the costs.

Development projects

Revenue from the sale of development projects is recognised in the Statement of Comprehensive Income only when each of the following conditions has been satisfied:
- the transfer of the significant risks and rewards of ownership from the group to the buyer;
- that there is no continuing managerial involvement by the group to the degree usually associated with ownership, nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that economic benefits associated with the transaction will flow to the Group; and
- the costs incurred and to be incurred in respect of the transaction can be reliably measured.

The conditions are generally satisfied with the entering into of an unconditional contract which transfers legal title in addition to construction being substantially complete.

Sale of interests in developments

The proceeds received in respect of the sale of an economic interest in a development project by way of a development sale agreement with a co-investor are recognised as revenue once all of the above conditions have been satisfied, based on the specific terms and conditions of each agreement.

3 Significant accounting policies continued

c Revenue recognition continued

Sale of interests in developments continued

The transfer of the significant risks and rewards of ownership to the co-investor, and the satisfaction of a number of the other conditions detailed above, typically occurs upon the establishment of the agreement. However, the condition that there be no continuing managerial involvement by the Group to the degree usually associated with ownership, and no effective control over the goods sold, is generally not satisfied until practical completion is achieved, effectively deferring the recognition of the sale proceeds until such time. Any sales proceeds received before practical completion are recognised as deferred income.

Upon practical completion, the Group continues to account for any residual interest in the development project in accordance with the Group's revenue and profit recognition policies.

Equity accounted development projects

Development projects carried out by associates are accounted for using equity accounting principles. The share of associates' profits recognised reflects only the share attributable to the Group under the co-investor agreements.

Controlled development projects

Development projects carried out in controlled entities are consolidated in accordance with the principles of consolidation as a majority of the risks and benefits associated with the developments are retained by the Group. Development profits recognised reflects only the share attributable to the Group under the development agreements.

Property rental revenue

Rental income from investment property earned under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives*, lease incentives granted are recognised by the Group as an integral part of the total rental income and are amortised on a straight-line basis and deducted from rental income over the term of the lease.

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

Fees from funds management

Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customer or where there is a signed unconditional contract for sale or purchase of assets.

The periodic funds and facilities management fees are received for management services provided for income producing assets either owned by third parties or the Trust. These fees are recognised as revenues as the management services are provided, and the Group controls the right to be compensated for the services provided. Any fees earned on asset sales or property advisory services are recognised when the Group controls the right to receive the fee.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividends and distributions

Income from dividends and distributions is recognised when the right of the Group to receive payment is established. The Parent Entity receives dividends and distributions out of post-acquisition profits from its controlled entities.

Dividends and distributions received from associates, where the equity method of accounting is used, reduce the carrying amount of the investment of the Group in that associate and are not recognised as revenue.

d Expenses

Expenses including rates, taxes and other property outgoings are brought to account on an accruals basis, and any related payables are carried at amortised cost.

Finance costs

Finance costs are recognised as expensed using the effective interest method. Financing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of inventories or investment properties under development. Where borrowings are specific to particular inventory assets or investment properties under development, the rate at which borrowing costs are capitalised is determined by reference to the actual borrowing costs incurred.

Financing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

3 **Significant accounting policies** continued

d **Expenses** continued

New business and tender costs

New business and tender costs are deferred to the extent they can be separately identified and measured reliably and that the costs:

- are recoverable out of future revenue;
- do not relate to revenue which has already been brought to account; and
- will contribute to the future earning capacity of the Group.

New business and tender costs are reviewed on a regular basis, being at least semi-annually, to determine the amount, if any, which is no longer recoverable. Any such amount is subsequently expensed.

When costs associated with securing a contract are recognised as an expense in the period in which they are incurred, they are not subsequently included in contract costs, when the contract is obtained in a future period.

e **Income tax**

The Company and the Trust and all wholly-owned Australian controlled entities are members of Brookfield Holdco (Australia) Pty Ltd (Holdco Australia) income tax consolidated group.

Upon entry to the Holdco Australia tax consolidated group, the wholly-owned Australian entities of Brookfield Multiplex Group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of default by Holdco Australia head company.

The tax sharing agreement also contains tax funding provisions. Pursuant to the tax funding provisions, the wholly-owned tax paying Australian entities within the Brookfield Multiplex Group fully compensate the Holdco Australia head company for any current tax payable assumed. The Holdco Australia head company is not required to compensate wholly-owned Australian entities for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Holdco Australia head company under the tax consolidation legislation.

The amounts payable under the tax funding provisions are due upon receipt of the tax funding advice from the head entity which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay income tax instalments.

The non-Australian operations and non-wholly owned controlled entities of the Group are subject to tax on their taxable earnings based on local tax law.

Trust income tax – Brookfield Multiplex Property Trust

Under current income tax legislation, the Trust and its controlled entities are not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year, and any taxable capital gain derived from the sale of an asset acquired after 19 September 1985 is fully distributed to unitholders.

The Trust 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. Realised capital losses and tax losses are not distributed to unitholders but are carried forward in the Trust to be offset against any future realised capital gains and taxable income of the Trust subject to Australian income tax legislation.

Tax allowances for building and plant and equipment depreciation may be distributed to unitholders in the form of a tax deferred component of distributions.

The New Zealand operations of the Trust are subject to New Zealand tax on their taxable earnings.

Company income tax – Brookfield Multiplex Limited

Income tax in the Statement of Comprehensive Income for the periods represented comprises current and deferred tax. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 Significant accounting policies continued

e Income tax

Company income tax – Brookfield Multiplex Limited continued

The Group comprises taxable and non-taxable entities. A liability for current and deferred taxation and tax expense is only recognised in respect of taxable entities that are subject to income and potential capital gains tax.

f Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. 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.

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.

g Derivative financial instruments and hedging

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities. In accordance with its treasury policy, which documents policies and limits approved by the Board of Directors in respect of the use of derivative financial instruments to hedge cash flows subject to interest rate and currency risks of the relevant entity, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial assets at fair value through the Statement of Comprehensive Income.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured on a fair value basis. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged. Hedges of interest rate risk on the Group's debt are accounted for as cash flow hedges.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the Statement of Financial Position date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the Statement of Financial Position date, being the present value of the quoted forward price.

Hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group enters into hedges of actual and highly probable forecast transactions (cash flow hedges). The Group documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. The Group also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

The effective portion of changes in fair value of cash flow hedges is recognised directly in equity. Movements in the hedging reserve are shown in the Statement of Changes in Equity. The gain or loss relating to any ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts deferred in equity are recycled to the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Income.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Income.

3 Significant accounting policies continued

h Cash and cash equivalents

For purposes of 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 on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses. Impairment charges are brought to account as described note 7.

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

j Inventories

Development projects

Development projects are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where it is likely the project will be exited prior to completion, fair value is used to determine net realisable value. Cost includes direct materials, direct labour, borrowing costs, other direct variable costs and allocated overheads necessary to bring inventories to their present location and condition.

Costs incurred in the initial phase of development projects are capitalised and are expensed against the associated sales on the same basis as the recognition of sales and profit for development projects, while marketing costs incurred subsequent to the commencement of the development of the project are expensed as incurred. When a development project is completed, subsequent borrowing costs and other holding charges are expensed as incurred.

Construction work in progress on construction contracts is stated at cost plus profit recognised to date calculated in accordance with the percentage of completion method, including retentions payable and receivable, less a provision for foreseeable losses and progress payments received to date.

A contract is not considered complete until the defects liability period has expired and monies withheld have been received. Any expected losses on a contract are recognised immediately in the period the loss becomes foreseeable. That is, when it becomes probable that total contract costs will exceed total contract revenues.

Cost includes all variable and fixed costs directly related to specific construction contracts, those costs related to contract activity in general which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract. Costs expected to be incurred under penalty clauses and rectification provisions, and borrowing costs where contracts are classified as qualifying assets are also included.

Contract work in progress

The gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings, are generally presented as an asset. Progress billings not yet paid by customers and retention are included within the trade and other receivables balance.

The gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses), are generally presented as a liability.

Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, and development and borrowing costs during development.

3 Significant accounting policies continued

k Acquisitions of assets

Items of property, plant and equipment, including leasehold improvements, are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition and, where relevant, the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. After initial recognition property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses, if applicable.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate individual items of property, plant and equipment.

Subsequent costs are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Group and the amount of these costs can be measured reliably. All repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

l Depreciation of property, plant and equipment

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, taking into account estimated residual values. Freehold land is not depreciated.

The cost of leasehold improvements is amortised over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement to the Group.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time that an asset is completed and held ready for use.

The residual values and useful lives of the assets are reviewed, and the depreciation and amortisation rates and methods adjusted if appropriate, on an annual basis. When these changes are made the adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset (in both the current year and prior period) are as follows:

Asset class	Rate	Method
Buildings	2.5 – 4 %	Straight-line
Plant and equipment	6 – 33 %	Straight-line
Leasehold improvements	10 – 33 %	Straight-line

m Investments and other financial assets

Financial instruments held by the Group classified as being available for sale are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses and, in the case of monetary items, foreign exchange gains and losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Statement of Comprehensive Income. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the Statement of Comprehensive Income.

The fair value of exchange traded financial instruments is their quoted bid price at the reporting date.

Other investments are carried at the lower of cost and estimated recoverable amount.

Purchases and sales of financial assets that require delivery of assets are recognised on the trade date.

3 Significant accounting policies continued

n Leased assets

Lease payments made under operating leases are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives* lease incentives received are recognised in the Statement of Comprehensive Income on a straight-line basis as they are an integral part of the total lease expense over the lease term.

o Sale of non-current assets

Non-current assets held for sale at reporting date

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale if the assets meet the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property which is measured at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell if applicable. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other current assets in the Statement of Financial Position.

In the course of its ordinary activities, other transactions (including the sale of non-current assets such as investments and operating assets) may be undertaken that are incidental to the main revenue generating activities of the Group.

The results of such transactions are presented by netting the sale proceeds on disposal less selling costs and the carrying value of the asset at the date control of the asset passes to the buyer.

p Investment property

Investment property is property held to earn long-term rental yields and/or for capital appreciation.

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in the value of the building component due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment properties acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Investment properties are subsequently carried at fair value based on the principles outlined below.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, financing costs and other incidental costs.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Group if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Valuations

Investment properties are stated at their fair value at the Statement of Financial Position date.

The investment properties of the Group are internally valued at every reporting date and independently valued every three years or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. These valuations are considered by the Directors when determining fair value.

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

- without any deduction for transaction costs the entity may incur on sale or other disposal;
- reflecting market conditions at the reporting date;
- reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;

3 Significant accounting policies continued

p Investment property continued

- assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;
- ensuring that there is no double counting of assets or liabilities that are recognised as separate assets or liabilities; and
- without inclusion of uncommitted future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

q Intangible assets and goodwill

Intangibles assets

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates accounted for on a prospective basis.

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 1 July 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

A discount arising on an acquisition is recognised immediately in the Statement of Comprehensive Income.

Impairment of goodwill and intangibles with indefinite useful life

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

r Impairment

If any indication of impairment exists, the carrying amounts of the applicable assets of the Group, other than investment property, inventories, construction contracts and deferred tax assets are reviewed and the asset's recoverable amount is estimated.

For determining impairment of goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is reviewed annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity is recognised in the Statement of Comprehensive Income. The amount of the cumulative loss that is recognised in the Statement of Comprehensive Income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income.

Calculation of recoverable amount

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. Receivables that are not assessed as impaired or are not significant are placed into portfolios of assets with similar risk profiles and a collective assessment of impairment is performed.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3 Significant accounting policies continued

r Impairment continued

Reversals of impairment

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is reversed through the Statement of Changes in Equity. If the fair value of a debt instrument classified as available for sale increases and the increase can be related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss shall be reversed, with the amount of the reversal recognised in the Statement of Comprehensive Income.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

s Trade and other payables

Payables are stated at amortised cost and represent liabilities for goods and services provided to the Group 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.

t Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

u Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

v Dividends and distributions

The Trust seeks to fully distribute its taxable income to its unitholders. Distributions may also include capital gains arising from the disposal of investments and tax deferred income. Unrealised gains and losses on investments that are recognised as income (for example, fair value adjustments relating to investment properties) are usually retained and are generally not assessable or distributed until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

A liability is recognised for the amount of any dividend or distribution declared by the Directors of the Company and the Directors of Brookfield Multiplex Funds Management Limited as the Responsible Entity of the Trust on or before the end of the reporting period but not distributed or paid at the reporting date.

w Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised as current provisions in respect of employees' services provided up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long-term service benefits

The net obligation of the Group in respect of long-term service benefits other than superannuation is the amount of future benefit that employees have earned in return for their service in current and prior periods.

The obligation for long-term service benefits expected to be settled within 12 months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with the paragraph above. The obligation for long-term service benefits expected to be settled more than 12 months from the reporting date is recognised in the non-current provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3 Significant accounting policies continued

w Employee benefits continued

Post-employment benefits

Obligations for contributions to accumulation superannuation plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

x Contributed equity

Stapled securities and preference shares are classified as equity. Incremental costs directly attributable to the issue of new stapled securities are shown in equity as a deduction, net of tax, from the proceeds.

Other instruments that were classified as equity instruments in accordance with AASB 132 *Financial Instruments: Disclosure and Presentation* are disclosed as other equity securities within contributed equity.

Minority interest represents the portion of profit or loss and net assets in entities not wholly owned by the Group and are presented separately in the Statement of Comprehensive Income and within equity in the Statement of Financial Position.

y 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 31 December 2009 but have not been applied preparing these financial statements.

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

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

Revised AASB 3, *Business Combinations (2008)* which becomes mandatory for the Group's 31 December 2010 financial statements, will be applied prospectively, therefore no impact on the Consolidated Entity's prior periods will be required in the 2010 financial statements.

Amended AASB 127 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests by the Consolidated Entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 31 December 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

AASB 128 (as revised in 2008) *Investments in Associates* is effective from annual periods beginning on or after 1 July 2009. The principle adopted under AASB 127(2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to AASB 128; therefore, when significant influence is lost, the investor measures the remaining investment in the former associate at fair value, with any gain or loss recognised in profit or loss.

AASB 9 *Financial Instruments* is effective from annual periods beginning on or after 1 January 2013 introduces new requirements for classifying and measuring financial assets, as follows, debt instruments meeting both a business model test and a cash flow characteristics test are measured at amortised cost and investments in equity instruments can be designated as fair value through other comprehensive income with only dividends being recognised in profit or loss.

4 Revenues and expenses

	Consolidated		Company	
Continuing operations	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Revenues				
Revenue from the sale of development properties	231.3	248.9	–	–
Construction revenue	1,014.1	895.3	1.4	10.3
Property rental revenue	543.6	153.7	0.4	0.4
Property funds management revenue	12.6	57.9	–	–
Infrastructure revenue	–	0.3	–	–
Interest revenue – loans and receivables	9.5	8.6	3.2	10.9
Total revenues	**1,811.1**	**1,364.7**	**5.0**	**21.6**
Other income				
(Loss)/profit on sale of non-current assets	(9.2)	73.7	0.1	7.6
Dividend and distributions – controlled entities	–	–	4.6	2.6
Other income	12.3	22.1	20.9	–
Total other income	**3.1**	**95.8**	**25.6**	**10.2**
Costs of operations				
Subcontractor and consumable costs	1,053.4	1,013.5	0.8	8.2
Movement in development property inventories	193.9	145.5	–	–
Rental property rates, taxes and other property outgoings	141.1	53.7	–	0.5
Total cost of operations	**1,388.4**	**1,212.7**	**0.8**	**8.7**
Finance costs				
Interest and finance charges	123.6	71.1	2.3	2.3
Amortisation of borrowing costs	10.0	1.4	–	–
Other	6.1	2.5	–	–
Total finance costs	**139.7**	**75.0**	**2.3**	**2.3**
Other expenses				
Employee expenses	78.7	50.4	32.0	14.4
Depreciation and amortisation expenses	17.3	5.3	1.3	1.1
Unrealised foreign exchange losses/(gains)	3.7	5.0	21.5	(38.3)
Realised foreign exchange (gains)/losses	(5.0)	3.0	(5.0)	(1.8)
Tender cost expensed	14.7	7.6	–	–
Derivative decrement/(increment)	0.6	18.5	(0.1)	–
Project related overhead costs	–	0.2	–	–
Legal and consultancy fees	59.9	26.8	13.5	6.6
Advance pricing agreement recharges from UK Constructions	–	–	–	19.6
Loss on sale of non-current assets	–	–	–	72.5
Other impairments	129.9	–	0.1	178.6
Other expenses	5.0	23.4	9.5	4.6
Total other expenses	**304.8**	**140.2**	**72.8**	**257.3**

The prior period information presented above includes the results from continuing operations only. Refer to note 30 for information relating to discontinued operations. Other impairments includes negative goodwill on acquisition of business combinations see note 28 and impairments on residential inventory see note 9.

	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m	Company Year ended 31 Dec 2009 $m	Company Half year ended 31 Dec 2008 $m
5 Income tax				
Income tax (expense)/benefit				
Current income tax				
Current income tax benefit/(expense)	25.8	(0.7)	14.9	–
Adjustments in respect of current income tax of previous years		(23.4)		(12.1)
Deferred income tax				
Relating to origination and reversal of temporary differences and tax losses	9.2	22.7	8.9	(25.1)
Income tax benefit/(expense)	**35.0**	**(1.4)**	**23.8**	**(37.2)**
Numerical reconciliation of income tax expense to prima facie tax payable				
Accounting loss before income tax from continuing operations	**(356.4)**	**(237.3)**	**(45.3)**	**(236.5)**
Accounting loss before income tax from discontinuing operations	**–**	**(8.4)**	–	–
Prima facie income tax benefit on loss using the domestic corporation tax rate of 30% (2008: 30%)	**106.9**	**73.7**	**12.6**	**70.9**
Tax effect of amounts which are not (deductible)/assessable in calculating taxable income:				
Effect of tax rates in foreign jurisdiction	–	(0.1)	–	–
Non-deductible expenses	–	(0.1)	–	–
Non-taxable income	–	22.1	–	(73.3)
Non-taxable Trust profit and consolidation adjustments	(81.1)	(76.2)	–	–
Tax losses not booked	–	2.6	–	–
Previously unrecognised deferred tax asset	9.2	(23.4)	8.9	(34.8)
Income tax benefit/(expense)	**35.0**	**(1.4)**	**21.5**	**(37.2)**

Deferred tax assets and liabilities	Assets 31 Dec 2009 $m	Assets 31 Dec 2008 $m	Liabilities 31 Dec 2009 $m	Liabilities 31 Dec 2008 $m	Net 31 Dec 2009 $m	Net 31 Dec 2008 $m
Consolidated						
Unrealised foreign exchange	–	14.7	–	–	–	14.7
Investment property and inventory	141.0	–	(59.4)	–	81.6	–
Provisions	34.3	98.6	–	–	34.3	98.6
Deferred revenue	–	–	–	(11.2)	–	(11.2)
Other reserves	0.3	5.6	–	–	0.3	5.6
Tax assets/(liabilities)	**175.6**	**118.9**	**(59.4)**	**(11.2)**	**116.2**	**107.7**
Set off of tax	–	(11.2)	–	11.2	–	–
Net tax assets (liabilities)	**175.6**	**107.7**	**(59.4)**	**–**	**116.2**	**107.7**
Company						
Unrealised foreign exchange	–	–	–	(0.4)	–	(0.4)
Provisions	18.3	9.8	–	–	18.3	9.8
Tax assets/(liabilities)	**18.3**	**9.8**	**–**	**(0.4)**	**18.3**	**9.4**
Set off of tax	–	(0.4)	–	0.4	–	–
Net tax assets/(liabilities)	**18.3**	**9.4**	**–**	**–**	**18.3**	**9.4**

6 Dividends and distributions

Dividends from the Company

There were no dividends paid or declared during the year ended 31 December 2009 (half year ended 31 December 2008: nil).

Distributions from the Trust

During the year ended 31 December 2009, a distribution of $1.4 million in total was paid or payable to unitholders of the Trust (half year to 31 December 2008: nil).

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
7 Trade and other receivables				
Current				
Trade receivables	209.2	182.1	–	–
Less: Allowance for doubtful debts	(7.0)	(1.0)	–	–
	202.2	**181.1**	**–**	**–**
Amounts due from related parties	437.5	714.2	–	–
Receivables – intercompany tax sharing	–	0.1	–	–
Amounts due from controlled entities	–	–	2,039.0	2,418.6
Retentions receivable	20.6	14.2	–	–
Accrued income	119.2	95.3	0.6	0.6
Other	33.6	28.0	–	–
Total current trade and other receivables	**813.1**	**1,032.9**	**2,039.6**	**2,419.2**
Non-current				
Amounts due from controlled entities	–	–	89.3	70.4
Accrued income	78.7	51.1	0.1	0.1
Other	8.0	18.1	–	–
Total non-current trade and other receivables	**86.7**	**69.2**	**89.4**	**70.5**
Total trade and other receivables	**899.8**	**1,102.1**	**2,129.0**	**2,489.7**
Movement in allowance for the impairment of receivables				
Balance at beginning of the period	(1.0)	(5.4)	–	–
Impairment recognised during the period	(6.1)	(0.3)	–	–
Receivables written off during the period as uncollectable	0.1	0.6	–	–
Unused amounts reversed	–	4.1	–	–
Balance at the end of the period	**(7.0)**	**(1.0)**	**–**	**–**

The creation and release of the allowance for impaired receivables has been included in expenses (excluding finance costs and costs of operations) line in the Statement of Comprehensive Income.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
8 Derivative financial instruments				
Current assets				
Interest rate swap contracts	2.6	–	–	–
Total current derivative assets	**2.6**	**–**	**–**	–
Non-current assets				
Interest rate swap contracts	0.4	–	–	–
Total non-current derivative assets	**0.4**	**–**	**–**	–
Total derivative assets	**3.0**	**–**	**–**	–
Current liabilities				
Interest rate swap contracts	2.4	27.3	–	–
Total current derivative liabilities	**2.4**	**27.3**	**–**	–
Non-current liabilities				
Interest rate swap contracts	13.3	13.2	–	–
Total non-current derivative liabilities	**13.3**	**13.2**	**–**	–
Total derivative liabilities	**15.7**	**40.5**	**–**	–

Refer to note 32 for further information regarding derivative financial instruments.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
9 Inventories				
Development projects under construction	550.9	1,797.4	–	–
Development projects completed	87.0	268.9	–	–
Total development projects	**637.9**	**2,066.3**	**–**	**–**
Contract work in progress – amounts due from customers	27.9	75.3	–	–
Total inventories	**665.8**	**2,141.6**	**–**	**–**
Aggregate carrying amount of inventories:				
Current	224.0	692.4	–	–
Non-current	441.8	1,450.1	–	–
Total inventories	**665.8**	**2,141.6**	**–**	**–**

In the current year, directly attributable borrowing costs of $38.2 million (2008: $40.4 million) were capitalised into the carrying value of inventories.

Inventories recognised as an expense for the year ended 31 December 2009 totalled $193.9 million (half year to 31 December 2008: $145.5 million). In accordance with AASB 102, inventories are held at the lower of cost and net realisable value. Throughout the year, an assessment of net realisable value has occurred to determine if a write down in the value of inventories is required. During the current year, this analysis was performed by comparing the future cash flows to be realised from each project to the related project's current carrying value. Future cash flows were assessed based on estimated sales and costs, including any holding and interest costs. During the current year, $139.9 million write down in the value of inventory has been recorded and recognised in the Statement of Comprehensive Income as *Other expenses*.

See note 20 for details of constructions work in progress.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
10 Other financial assets				
Current				
Investment in promissory note	1,300.0	1,300.0	–	–
Non-current				
Available for sale investments	29.4	23.8	–	0.8
Other investments	49.8	49.8	–	–
Total other financial assets	**1,379.2**	**1,373.6**	**–**	**0.8**

The promissory note is non-interest bearing and repayable on demand. It is subordinate to a $750,000,000 syndicated facility that matures in April 2010 between Brookfield (GP) Australia Inc in its capacity as general partner of Brookfield Finance (Australia).

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
11 Investments in controlled entities				
Shares in controlled entities	–	–	1,374.1	1,373.6
Total investments in controlled entities	**–**	**–**	**1,374.1**	**1,373.6**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
12 Investments accounted for using the equity method				
Investment in associates	806.7	653.9	–	–
Impairment in investments in associates	(12.1)	–	–	–
	794.6	**653.9**	**–**	**–**
Investment in joint venture entities	361.6	390.9	–	–
Total investments accounted for using the equity method	**1,156.2**	**1,044.8**	**–**	**–**

Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Details of material interests in associates are as follows:

	Principal activities	Country of incorporation	Equity ownership 31 Dec 09 %	Equity ownership 31 Dec 08 %	Carrying value 31 Dec 09 $m	Carrying value 31 Dec 08 $m
Consolidated Investment						
R&M Investments (BVI) Limited	Investment	British Virgin Islands	50	50	306.8	359.8
Bourke Place Trust	Property Trust	Australia	43	43	169.1	185.6
Multiplex New Zealand Property Fund	Property Trust	Australia	30	27	25.8	41.4
Multiplex Acumen Property Fund	Property Trust	Australia	21	21	11.1	22.2
Multiplex Prime Property Fund	Property Trust	Australia	–	22	–	19.8
Multiplex European Property Fund	Property Trust	Australia	20	20	7.8	24.2
Ernst & Young Centre	Investment	Australia	50	–	264.8	–
Other interests	Various	Various	–	–	9.2	0.9
Total investments in associates					**794.6**	**653.9**

The balance date of all associates, except for Bourke Place Trust, is 30 June.

12 Investments accounted for using the equity method continued	Consolidated Year Ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Share of associates' revenues and profits		
Revenues	52.8	20.4
Total share of associates' net profit after tax accounted for using the equity method	**(1.0)**	**(35.7)**
Share of associates' assets and liabilities		
Assets	756.7	1,083.1
Liabilities	(231.7)	(394.4)
Net assets	**525.0**	**688.7**

Summary of associates aggregate financial information	31 Dec 2009 $m
Total revenue	176.7
Total profit	(18.2)
Total assets	2,201.0
Total liabilities	(911.2)

Investments in joint venture entities

Investments in the below joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting.

Details of material interests in joint venture entities are as follows:

	Principal activities	Country of incorporation	Ownership interest 31 Dec 09 %	31 Dec 08 %	Carrying value 31 Dec 09 $m	31 Dec 08 $m
Consolidated Investment						
Darling Park Trust	Property Investment	Australia	50	50	328.2	348.0
Pegasus Town Limited	Development	New Zealand	50	50	26.6	24.0
Little Bay South	Development	Australia	50	50	4.2	5.1
Other interests			various	various	2.6	13.8
Total investments in joint venture entities					**361.6**	**390.9**

In accordance with AASB 136 *Impairment of assets*, an assessment must be made at each reporting date whether there is an indication that an asset is impaired. A review of each investment accounted for using the equity method was performed at the reporting date and, due to a continued drop in value, a number of equity accounted investments were deemed to show indicators of impairment. As such, a detailed analysis was performed to determine whether these investments were impaired. This analysis included an assessment of the value in use of the equity accounted investment to ensure the current carrying value does not exceed the value in use. Value in use was determined by discounting the expected future cash flows from each equity accounted investment to present day. At the date of this report, the impairment analysis performed on the equity accounted investments at 31 December 2009 detailed that an impairment charge of $12.1 million is required to ensure value in use does not exceed carrying value.

	Consolidated 31 Dec 2009 $m	31 Dec 2008 $m
Provision for impairment related to investments in associates		
Carrying amount at beginning of period	–	–
Impairment recognised in relation to Multiplex New Zealand Property Fund	7.1	–
Impairment recognised in relation to Multiplex European Property Fund	5.0	–
Carrying amount at end of period	**12.1**	**–**

12 Investments accounted for using the equity method continued	Consolidated Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Share of joint venture entities revenues, expenses and profit		
Revenues	22.9	30.4
Total share of joint venture's net profit/(loss) after tax accounted for using the equity method	**8.0**	**2.4**
Share of joint venture entities assets and liabilities		
Assets	460.0	581.2
Liabilities	(71.1)	(30.1)
Net assets	**388.9**	**551.1**

Commitments and contingencies

Contingent liabilities and contingent assets exist in respect of guarantees and insurance bonds issued to clients and guarantees received by the joint venture entities from its subcontractors in lieu of cash retentions on building contracts.
In addition, insurance performance bonds have also been issued to some clients in support of the joint venture's performance under its bank guarantees and building contracts.

13 Investment property

Investment properties in the tables below indicate the directly owned and partially owned investments held to either earn a rental income or for capital appreciation or for both.

	Independent valuation date	Independent valuation $m	31 Dec 2009 $m	31 Dec 2008 $m
Consolidated (directly owned)				
15 Blue Street, North Sydney, NSW	Dec 07	110.0	91.0	100.0
Jessie Street Centre, Parramatta, NSW	May 09	245.0	246.0	251.0
King Street Wharf, Sydney, NSW	Dec 09	90.0	90.0	96.0
Macquarie Bank Building & Shelley St Car Park, Sydney. NSW	Dec 08	350	316.0	–
Sydney Water Headquarters, Sydney, NSW	Dec 09	142.0	142.0	–
Pittwater Place Shopping Centre, Sydney, NSW	Dec 07	78.0	62.5	64.0
Cnr Devon & Durham Streets, Rosehill, Sydney, NSW	Jul 09	88.3	87.4	100.0
Luna Park Car Park, Sydney, NSW	Feb 08	10.0	5.5	6.2
Dee Why Town Centre, Sydney, NSW	Dec 09	54.1	54.1	–
Amex Building, Sydney, NSW	–	–	125.0	–
Bathurst St, Sydney, NSW	–	–	115.0	–
Clarence St, Sydney, NSW	–	–	30.0	–
Southern Cross East Tower, Melbourne, Vic	Dec 09	537.5	537.5	545.0
Defence Plaza, Melbourne, Vic	–	–	59.4	–
AMP Place, Brisbane, Qld	May 09	191.0	172.0	200.0
Commonwealth Bank Building, Brisbane, Qld	Dec 09	171.0	171.0	228.0
Cnr Cobalt & Silica Streets, Carole Park, Brisbane, Qld	Jul 09	12.0	14.9	15.4
Great Western Super Centre, Keperra , Brisbane, Qld	Dec 09	49.0	49.0	57.3
46 Randle Road, Meeandah, Brisbane, Qld	Jul 09	6.0	4.0	8.0
Keperra Peachy Land, Brisbane, Qld	–	–	11.2	10.0
Bracken Ridge Plaza, Brisbane, Qld	Dec 07	24.0	–	21.0
Ernst & Young Building, Perth, WA	Jun 09	59.0	60.0	62.5
City Square (BHP), Perth, WA	–	–	272.0	–
111 Alinga Street, Canberra, ACT	Dec 09	66.0	66.0	68.5
Deloitte Centre, Auckland, NZ	–	–	142.0	–
Wholly owned investment property			**2,923.5**	**1,832.9**

* Independent valuation represents the valuation of Macquarie Bank Building and Shelley St Car Park as a combined property.

13 Investment property continued

	Independent valuation date	Independent valuation $m	31 Dec 2009 $m	31 Dec 2008 $m
Consolidated (partial ownership)				
IAG House, Sydney, NSW (50%)	May 09	170.5	172.5	185.0
KPMG Tower, Sydney, NSW (50%)	May 09	134.0	135.0	145.0
National Australia Bank House, Sydney, NSW (25%)	Jun 09	88.0	88.8	101.3
World Square Retail & Car Park, Sydney, NSW, (50%)	Jun 09	100.1	101.0	97.5
Latitude Commercial (ATO), George Street, Sydney, NSW (50%)	Apr 09	95.0	95.0	104.5
Southern Cross West, Melbourne, Vic, (50%)	Sep 09	117.5	111.3	–
The Foundry, Melbourne, Qld, (50%)	–	–	45.0	–
ANZ Centre, Brisbane, Qld (50%)	Jun 09	51.8	58.1	77.9
BankWest Tower, Perth, WA (50%)	Jun 09	132.5	127.5	161.5
Bishops See South Tower, Perth, WA, (50%)	Mar 09	72.5	65.0	–
Carillon City Shopping Centre, City Arcade, Perth, WA (50%)	Dec 07	66.1	57.8	58.5
Claremont – Retail, Perth, WA, (50%)	–	–	125.6	–
Bishops See – Stages 2/3/4, Perth, WA (50%)	–	–	26.4	–
Total partially owned investment property			**1,209.0**	**931.2**
Levelised receivables			**(71.0)**	**(46.2)**
Total investments in property			**4,061.5**	**2,717.9**

Independent valuations

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or both. Property investments are stated at fair value. An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. In the current year, investment properties were valued externally by Colliers International, CBRE, Jones Lang LaSalle, Knight Frank, Savills and LandMark White. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after appropriate marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Consolidated Entity's property investments. The valuations have been undertaken using a discounted cash flow approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rent and forecast net annual cash flows receivable from properties. The capitalisation rates utilised in the 31 December 2009 valuations ranged from 6.63% to 9.50%.

Any gain or loss from a change in fair value is recognised in the Statement of Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred. Where independent valuations are undertaken prior to the reporting date, the assumptions on which the valuation is based are reviewed in light of the prevailing market conditions at the reporting date to ensure that any material change is reflected in the valuation.

Reconciliation of the carrying amount of investment properties is set out below:	**Consolidated** 2009 $m	2008 $m
Carrying amount at 31 December 2008	2,717.9	3,111.1
Transfer from inventory	1,453.2	10.0
Capital expenditure	33.3	–
Acquisitions	184.4	320.6
Disposals	(64.0)	(520.5)
Net loss from fair value adjustments to investment properties	(241.9)	(230.6)
Impact of foreign exchange rates	–	33.3
Change due to impact of straight-lining of rental income disclosed as non-current receivables	(21.4)	(6.0)
Carrying amount at 31 December 2009	**4,061.5**	**2,717.9**

13 Investment property continued

Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated		Company	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Within one year	426.6	200.6	–	–
Later than one year but not later than five years	1,517.5	729.3	–	–
Later than five years	1,766.7	950.8	–	–
	3,710.8	**1,880.7**	**–**	**–**

Annual rent receivable by the Consolidated Entity under current leases from tenants is earned from commercial, industrial, retail and car park assets. The average lease term is 7.4 years (2008: 7.1 years) and rent reviews are generally performed based on either market rent on an annual basis or fixed percentage increase in accordance with the lease agreements.

	Consolidated		Company	
14 Property, plant and equipment	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Gross carrying value and accumulated depreciation				
At cost	70.7	89.1	8.9	15.7
Accumulated depreciation	(31.5)	(29.3)	(6.0)	(7.7)
Carrying amount at year/period end	**39.2**	**59.8**	**2.9**	**8.0**
Buildings	0.6	0.6	–	–
Leasehold improvements	1.2	2.8	0.1	1.2
Plant and equipment	37.4	56.4	2.8	6.8
Total property, plant and equipment	**39.2**	**59.8**	**2.9**	**8.0**

Reconciliation of carrying value	Buildings $m	Leasehold improvements $m	Plant and equipment $m	Total $m
Consolidated				
Carrying amount at 1 January 2009	0.6	2.8	56.4	59.8
Additions	–	–	0.4	0.4
Disposals	–	(0.7)	(8.7)	(9.4)
Depreciation expense	–	(0.9)	(10.7)	(11.6)
Carrying amount at 31 December 2009	**0.6**	**1.2**	**37.4**	**39.2**
Company				
Carrying amount at 1 January 2009	–	1.2	6.8	8.0
Additions	–	–	–	–
Disposals	–	(0.9)	(3.0)	(3.9)
Depreciation expense	–	(0.2)	(1.0)	(1.2)
Carrying amount at 31 December 2009	–	**0.1**	**2.8**	**2.9**
Consolidated				
Carrying amount at 1 July 2008	0.9	5.1	37.1	43.1
Additions	0.1	2.8	20.3	23.2
Disposals	–	(2.1)	(3.9)	(6.0)
Depreciation expense	(0.4)	(3.0)	(4.5)	(7.9)
Foreign exchange	–	–	7.4	7.4
Carrying amount at 31 December 2008	**0.6**	**2.8**	**56.4**	**59.8**
Company				
Carrying amount at 1 July 2008	–	**1.4**	**6.9**	**8.3**
Additions	–	**–**	**0.8**	**0.8**
Depreciation expense	–	**(0.2)**	**(0.9)**	**(1.1)**
Carrying amount at 31 December 2008	–	**1.2**	**6.8**	**8.0**

There has been no significant change to the depreciation method employed, estimated useful life or residual value of the property, plant and equipment of the Group.

15 Intangible assets and goodwill	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Cost	324.3	315.5	–	–
Accumulated impairments	(303.4)	(301.7)	–	–
Accumulated amortisation	(2.1)	(0.4)	–	–
	18.8	**13.4**	**–**	**–**

Movement during the year	Goodwill $m	Other intangible assets $m	Total $m
Carrying amount at 1 January 2009	8.8	4.6	13.4
Other acquisitions	5.2	3.1	8.3
Amortisation	–	(2.9)	(2.9)
Carrying amount at 31 December 2009	**14.0**	**4.8**	**18.8**

The carrying value of goodwill at 31 December 2009 is allocated to the cash generating units of funds management ($7.1 million) and the Defence Maintenance Management Pty Ltd (DMM) component of property services management ($5.2 million). At 31 December 2009, an impairment analysis was performed to confirm that the recoverable value is not in excess of the carrying value of goodwill. The recoverable value of the funds management unit was determined based on future cash flows associated with the underlying business as discounted back to present day. As the goodwill associated with the DMM component of the property services management business was derived from the acquisition of DMM occurring on 7 July 2009 (refer to note 28 for further detail related to the acquisition), no additional impairment analysis was required.

The carrying value of other intangible assets is allocated to individual components of the property services management business. The intangible assets relate to external customer relationships and management rights. These assets have finite useful lives and are amortised over a straight-line period ranging from 4 to 7 years. The useful lives are based on the expected lives of the underlying customer relationships and/or the contractual agreement to which the management rights are associated.

16 Trade and other payables	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Current				
Trade payables	167.0	228.1	0.1	0.8
Other creditors and accruals	317.6	394.1	27.1	26.1
Amounts due to joint ventures	21.8	11.5	6.3	6.8
Total current trade and other payables	**506.4**	**633.7**	**33.5**	**33.7**
Non-current				
Other creditors and accruals	19.5	40.8	–	–
Total non-current trade and other payables	**19.5**	**40.8**	**–**	**–**
Total trade and other payables	**525.9**	**674.5**	**33.5**	**33.7**

17 Interest bearing loans and borrowings	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Carrying amounts				
Current interest bearing loans and borrowings	1,727.8	726.9	58.2	95.1
Less: deferred borrowing costs	(0.9)	–	–	–
	1,726.9	**726.9**	**58.2**	**95.1**
Non-current interest bearing loans and borrowings	1,665.0	2,320.2	–	–
Less: deferred borrowing costs	(18.7)	(7.2)	–	–
	1,646.3	**2,313.0**	**–**	**–**
Total interest bearing loans and borrowings	**3,373.2**	**3,039.9**	**58.2**	**95.1**

17 Interest bearing loans and borrowings continued

Summary of borrowing arrangements

All debt facilities are bilateral and are secured by relevant mortgages and charges directly relating to specific investment properties and inventories. The Group has bank loans denominated in Australian dollars and New Zealand dollars. Interest on bank loans is charged at the prevailing market rate. There were no overdraft facilities in place at 31 December 2009 (2008: nil).

	Consolidated		Company	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Total financing facilities available				
Syndicated facility agreement	–	450.0	–	–
Working capital facility agreements	–	200.0	–	–
Commercial mortgage backed securities	463.0	463.0	–	–
Commercial mortgage backed securities liquidity facility	25.5	25.5	–	–
Investment finance facility	407.3	475.0	–	–
Project facilities	1,160.9	1,718.3	–	–
Loans from related parties	48.3	50.0	60.0	123.9
ING Facility	192.0	–	–	–
NAB 195	194.8	–	–	–
Investec	45.0	–	–	–
Property Finance Facility	471.5	–	–	–
Multiplex Prime Property Fund Facility	475.8	–	–	–
Brookfield Secured Bonds Series A	57.0	–	–	–
Brookfield Secured Bonds Series B	65.0	–	–	–
Other	19.7	49.1	–	–
Total facilities available	**3,625.8**	**3,430.9**	**60.0**	**123.9**
Facilities utilised at reporting date				
Syndicated facility agreement	–	450.0	–	–
Working capital facility agreements	–	187.5	–	–
Commercial mortgage backed securities	463.0	463.0	–	–
Investment finance facility	407.3	475.0	–	–
Project facilities	1,069.3	1,401.3	–	–
Loans from related parties	48.3	21.2	58.2	95.1
ING Facility	192.0	–	–	–
NAB 195	194.8	–	–	–
Investec	45.0	–	–	–
Property Finance Facility	356.2	–	–	–
Multiplex Prime Property Fund Facility	475.8	–	–	–
Brookfield Secured Bonds Series A	57.0	–	–	–
Brookfield Secured Bonds Series B	65.0	–	–	–
Other	19.7	49.1	–	–
Total facilities utilised at reporting date	**3,393.4**	**3,047.1**	**58.2**	**95.1**
Facilities not utilised at reporting date				
Working capital facility agreements	–	12.5	–	–
Commercial mortgage backed securities liquidity facility	25.5	25.5	–	–
Project facilities	91.6	317.0	–	–
Loans from related parties	–	28.8	1.8	28.8
Property Finance Facility	115.3	–	–	–
Total facilities not utilised at reporting date	**232.4**	**383.8**	**1.8**	**28.8**

At 31 December 2009 the Group are in compliance with all of their debt covenants.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
18 Non-interest bearing loans and borrowings				
Current				
Secured				
Loans from external parties	287.7	331.9	–	–
Loans from related parties	13.2	–	–	–
	300.9	**331.9**	**–**	**–**
Unsecured				
Loans from controlled entities	–	–	1,127.7	1,515.7
Loans from other related parties	36.3	29.1	8.6	13.5
Loans from associates and joint venture entities	0.2	14.1	–	–
	36.5	**43.2**	**1,136.3**	**1,529.2**
Non-current				
Unsecured				
Loans from other related parties	–	–	4.5	–
	–	**–**	**4.5**	**–**
Total non-interest bearing loans and borrowings	**337.4**	**375.1**	**1,140.8**	**1,529.2**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
19 Provisions				
Current				
Employee benefits	29.5	28.6	20.3	18.9
Rental guarantees	5.7	4.0	–	–
Defects and others	84.1	78.2	7.0	6.3
Total current provisions	**119.3**	**110.8**	**27.3**	**25.2**
Non-current				
Employee benefits	2.6	2.1	2.4	1.9
Rental guarantees	–	3.7	–	–
Defects and others	0.8	0.3	–	–
Total non-current provisions	**3.4**	**6.1**	**2.4**	**1.9**
Total provisions	**122.7**	**116.9**	**29.7**	**27.1**

Movements in provisions

Movements in each class of provision during the financial year are set out below.

	Employee benefits $m	Rental guarantees $m	Defects and other $m	Total $m
Consolidated				
Carrying amount at 1 January 2009	30.7	7.7	78.5	116.9
Additional provisions recognised	1.4	–	6.4	7.8
Provisions utilised	–	(2.0)	–	(2.0)
Carrying amount at 31 December 2009	**32.1**	**5.7**	**84.9**	**122.7**
Company				
Carrying amount at 1 January 2009	20.8	–	6.3	27.1
Additional provisions recognised	1.9	–	0.7	2.6
Provisions utilised	–	–	–	–
Carrying amount at 31 December 2009	**22.7**	–	**7.0**	**29.7**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
20 Contract work in progress				
Contract costs incurred to date	7,122.0	6,693.7	–	–
Profit recognised to date (less recognised losses)	513.9	395.4	–	–
	7,635.9	**7,089.1**	–	–
Less: Progress billings	(7,904.9)	(7,353.1)	–	–
Net contract work in progress	**(269.0)**	**(264.0)**	**–**	**–**
Net contract work in progress comprises:				
Amounts due to customers – contract work in progress	(296.9)	(339.3)	–	–
Amounts due from customers – inventories	27.9	75.3	–	–
	(269.0)	**(264.0)**	**–**	**–**
Advances on construction projects in progress included in trade creditors	**(107.2)**	**(66.7)**	**–**	**–**
Retentions on construction projects in progress included in progress billings	**78.7**	**124.1**	**–**	**–**

21 Employee benefits
Employee benefits and related on-costs liabilities are included in the following Statement of Financial Position line items.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Employee benefit and related on-costs liabilities				
Included in payables	33.3	35.1	18.0	18.9
Provision for employee benefits – current	29.5	28.6	20.3	18.9
Provision for employment benefits – non-current	2.6	2.1	2.4	1.9
Total employee benefits	**65.4**	**65.8**	**40.7**	**39.7**

Brookfield Multiplex Group Employees' Superannuation Fund
The Group contributes to defined contributions superannuation funds in Australia and other regions in which it operates. There are no defined benefit plans. All employees are entitled to benefits on retirement, temporary disability, permanent disability or death.

Employees
At 31 December 2009, the Group employed 1,426 employees (including Directors) (2008: 3,273 employees).

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
22 Equity				
Issued and fully paid up capital				
Stapled securities	2,765.9	2,765.9	1,324.0	1,324.0
Preference shares	1,665.0	1,640.0	1,665.0	1,640.0
Stapled securities	**4,430.9**	**4,405.9**	**2,989.0**	**2,964.0**

	Consolidated $m	Company $m
Balance at 1 July 2008	**2,765.9**	**1,324.0**
Balance at 31 December 2008	**2,765.9**	**1,324.0**
Balance at 31 December 2009	**2,765.9**	**1,324.0**

22 Equity continued

Stapled securities on issue

There are 837,402,185 stapled securities in issue at 31 December 2009 (2008: 837,402,185) valued at $2,765.9 million (2008: $2,765.9 million). There has been no movement in the number of stapled securities in issue during 2009 (half year to 31 December 2008: nil).

Movements of preference shares

Date	Details	Number of shares	Consolidated $m
1 July 2008	Balance at the beginning of the comparative period	1,300,000,000	1,300.0
29 August 2008	Contributions of equity, net of transaction costs	220,000,000	220.0
28 November 2008	Contributions of equity, net of transaction costs	70,000,000	70.0
22 December 2008	Contributions of equity, net of transaction costs	50,000,000	50.0
31 December 2008	**Balance at the end of the comparative period**	**1,640,000,000**	**1,640.0**
2 April 2009	Contributions of equity, net of transaction costs	25,000,000	25.0
31 December 2009	**Balance at the end of the current year**	**1,665,000,000**	**1,665.0**

Terms and conditions of equity instruments

Stapled securities

The stapled securities include an ordinary share in the Company stapled with units of the Trust, known as Brookfield Multiplex Group. Stapled security holders have the right to receive dividends and distributions as declared and, in the event of winding up of the Company and Trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held. Stapled securities entitle the holder to one vote either in person or by proxy, at a meeting of the Company and/or the Trust.

Class A preference shares

The Class A preference shares issued by the Company entitle preference shareholders to vote in limited circumstances. Class A preference shares are entitled to dividends as declared by the directors of the Company.

	Consolidated		Company	
	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
23 Non-controlling interests				
Balance at beginning of year/period	602.1	597.2	–	–
Share of profit/(loss) for the year	18.9	19.5	–	–
Dividends/distributions	(38.8)	(21.3)		
(Decrease)/increase in non-controlling interest	(64.9)	6.7	–	–
Total non-controlling interests	**517.3**	**602.1**	**–**	**–**
Interest in:				
Multiplex Hybrid Investment Trust				
Share capital	432.1	432.1	–	–
Retained profits	–	10.1	–	–
	432.1	**442.2**	**–**	**–**
Multiplex Prime Property Trust				
Share capital	167.2	128.4	–	–
Retained (loss)/profits	(101.8)	11.1	–	–
	65.4	**139.5**	**–**	**–**
Multiplex Diversified Property Trust				
Share capital	20.2	23.6	–	–
Retained (loss)	(8.6)	(2.3)	–	–
	11.6	**21.3**	**–**	**–**

23 Non-controlling interests continued	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Multiplex Sites Trust				
Share capital	–	–	–	–
Retained profits	5.9		–	–
	5.9	–	**–**	**–**
Multiplex Property Services Pty Limited				
Share capital	–	–	–	–
Issued share capital	2.5	–	–	–
Retained (loss)	(0.5)	(0.9)	–	–
	2.0	(0.9)	**–**	**–**
Brookfield Multiplex Property Trust				
Share capital	–	–	–	–
Retained profits	0.3	–	–	–
	0.3	–	**–**	**–**
Total Non-controlling interests	**517.3**	**602.1**	**–**	**–**

	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $
24 Auditor's remuneration				
Auditors of the Group – Deloitte Touche Tohmatsu				
Audit and review of financial reports	1,315,000	1,100,000	1,315,000	700,000
Other audit services	360,000	800,000	360,000	–
Non-audit services	–	100,000	–	–
Total auditor's remuneration	**1,675,000**	**2,000,000**	**1,675,000**	**700,000**

25 Contingent liabilities and assets

Details and estimated maximum amounts of contingent assets and liabilities (for which no amounts are recognised in the financial statements) are as follows:

Bank guarantees and insurance bonds

Contingent liabilities and contingent assets exist in respect of bank guarantees and insurance bonds issued to clients and guarantees received by subsidiaries of the Group from its subcontractors in lieu of cash retentions. The guarantees and bonds issued to clients are secured by indemnities. All of the bank guarantees and bonds are received and issued in the Group's ordinary course of business.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Bank guarantees and letters of credit outstanding	383.8	638.7	383.8	638.7
Insurance bonds outstanding	123.2	95.5	123.2	95.5
	507.0	**734.2**	**507.0**	**734.2**

Duelguide tax indemnity

In October 2004, the Consolidated Entity, together with its joint venture partner, provided an indemnity to a third party in relation to certain tax-related issues which may arise from the Consolidated Entity's investment in an associated entity. There has been no quantification of any claim and no claims have been made under the indemnity. On that basis, and because the Directors believe no liability is likely, no provision or other liability has been recorded by the Consolidated Entity in the financial statements at 31 December 2009 (2008: nil).

Class action

In December 2006, the Company and Brookfield Multiplex Funds Management Limited (BMFML) were served with a statement of claim in respect of a class action claiming unquantified damages. The statement of claim alleges that, in connection with the Wembley project, the Company and BMFML breached their continuous disclosure obligations and/or engaged in misleading or deceptive conduct in 2004 and 2005.

25 Contingent liabilities and assets continued

The Company and BMFML deny that they have any liability and continue to defend the class action. Given the issues involved in the class action, it is expected that it will be a complex and protracted litigation matter. It should be noted that the Company has not made any provision in its accounts for the payment of any claim in the event that the class action is successful.

Wembley costs indemnity

In December 2008, the Company sold Brookfield Construction (UK) Limited (BCUK) (formerly Multiplex Constructions (UK) Ltd), including all of its assets and liabilities at that time, to Brookfield Europe LP, a subsidiary of Brookfield Asset Management Inc, for market value. The assets of BCUK include a receivable of £81.9 million in respect of anticipated litigation and settlement proceeds relating to the construction of Wembley National Stadium. Consequently, as part of the sale, the Company agreed to indemnify BCUK to the extent that those proceeds are less than £81.9 million. BCUK has agreed to pay to the Company any proceeds from litigation and settlements relating to the construction of Wembley National Stadium exceeding £81.9 million. On the basis that the directors believe no liability is likely, no provision or other liability has been raised by the Company in the report for the period to 31 December 2009 (2008: nil).

The Company has also agreed to indemnify BCUK for any costs and other expenses relating to claims in connection with the construction of Wembley National Stadium.

Other

- In the ordinary course of business, the Consolidated Entity provides rental guarantees and income support arrangements to tenants and owners of various residential and commercial buildings, in respect of which the Consolidated Entity is developing or has completed developing. These arrangements require the Company to guarantee the rental income of these properties for certain periods of time. As at the date of this report, the Directors are of the opinion that based on the current sub-lease proposals and forecast sub-lease commitments, together with the allowances made within the development budgets for these property developments, adequate allowance has been made in the financial statements for these potential obligations.
- Contingent liabilities and assets exist as a consequence of the arrangements contained in the Stapling Deed between the Company and BMFML, as the responsible entity of the Trust.
- The Company and the Trust are called upon to give, in the ordinary course of business, guarantees and indemnities in respect of the performance of controlled entities, associates and related parties of their contractual obligations. The value of these guarantees and indemnities is indeterminate in amount. Any known losses have been brought to account.
- In the ordinary course of business, the Company and the Trust, their controlled entities and associates become involved in litigation pertaining to normal design liability in relation to completed design and construction projects, normal contractor's liability in relation to construction contracts, public liability, workers' compensation, etc, the majority of which falls within the Consolidated Entity's insurance arrangements and/or contractual indemnities with consultants and subcontractors.
- The Company and the Trust, their controlled entities and associates also become involved in contractual disputes in relation to property development activities and property ownership issues. Whilst the outcomes of these proceedings are uncertain, contingent liabilities exist in respect of amounts not specifically provided for, which, based on legal advice, should not be material either individually or in the aggregate.
- Controlled entities of the Company have entered into joint venture arrangements under which the subsidiary may be jointly and severally liable for the liabilities of the joint venture arrangement. The assets of each partnership or joint venture vehicle are anticipated to be sufficient to meet any such liabilities.

	Consolidated		Company	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
26 Capital and other commitments				
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	15.7	52.9	–	–
Later than one year but not later than five years	18.1	26.8	–	–
Later than five years	4.7	–	–	–
	38.5	**79.7**	**–**	**–**
Lease commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	4.6	7.6	–	4.7
Later than one year but not later than five years	14.5	10.0	–	6.9
Later than five years	5.7	1.0	–	1.0
	24.8	**18.6**	**–**	**12.6**
Representing:				
Cancellable operating leases	–	–	–	–
Non-cancellable operating leases	24.8	15.2	–	12.6
Future finance charges on finance leases	–	3.4	–	–
	24.8	**18.6**	**–**	**12.6**
Operating leases				
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	4.6	7.6	–	4.7
Later than one year but not later than five years	14.5	10.0	–	6.9
Later than five years	5.7	1.0	–	1.0
Commitments not recognised in the financial statements	**24.8**	**18.6**	**–**	**12.6**

27 Related parties

Key management personnel disclosures

The key management personnel of the Group (Mr B Kingston, Mr J McGreevy, Mr R McDiven, Ms K Pedersen, Mr M Wilson) at any time during the reporting period and unless otherwise indicated were key management personnel for the entire year.

The key management personnel compensation included in employee expenses is as follows:

	Consolidated		Company	
	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $	Year ended 31 Dec 2009 $	Half year ended 31 Dec 2008 $
Short-term employee benefits	7,376,088	3,424,869	7,376,088	3,424,869
Post-employment benefits	164,177	109,503	164,177	109,503
Other long-term benefits	1,932,495	858,333	1,932,495	858,333
Termination benefits	–	1,935,429	–	1,935,429
Share based payment	1,023,236	454,030	1,023,236	454,030
	10,495,996	**6,782,164**	**10,495,996**	**6,782,164**

The key management personnel receive no compensation in relation to the management of the Trust. The compensation disclosed above represents an allocation of the key management personnel's estimated compensation from the Group in relation to their services rendered to Brookfield Multiplex Limited.

Loans to key management personnel and their related parties

Individuals with advances above $100,000

	Balance at 1 Jan 2009 $	Interest paid and payable for the period $	Balance at 31 Dec 2009 $	Interest not charged $	Highest indebtedness during the period $
Key management personnel					
Mr J McGreevy	600,000	30,656	450,000	–	600,000

There were no other loans made, guaranteed or secured by any entity in the Group to key management personnel and their related parties during the year.

Rights over equity instruments

There were no rights over equity instruments granted or exercised by Key Management Personnel, including their related parties, during the period.

Share options

Following the acquisition of the Group by Brookfield Australia, certain Key Management Personnel and senior executives of the Group were issued with options for the purchase of shares in the ultimate parent entity, Brookfield Asset Management Inc., by the ultimate parent entity. At 31 December 2009, a charge of nil (2008: $444,354) will be incurred by the Group for the cost of these options.

Non-key management personnel disclosures

Ultimate parent

Brookfield Holdco (Australia) Pty Limited is the ultimate Australian parent entity and is domiciled in Australia. The ultimate parent entity is Brookfield Asset Management Inc.

Transactions within related parties

All transactions between the Trust and the Company have been eliminated in full. Details of dealings with entities within the Group are set out below:

	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Distributions/dividends		
Distributions received or due and receivable by the Trust from controlled entities	–	65.4
Intercompany loans		
Aggregate amounts receivable from/(payable to) controlled entities of the Trust and the Company at the end of the year and end of the previous financial year:		
Brookfield Multiplex Property Trust	(2,125.2)	(2,240.4)
Brookfield Multiplex Limited	854.3	610.5

27 Related parties continued

Transactions within the Group

The loans from the Trust to entities within the wholly-owned group are non-interest bearing. Transactions between the Company and its controlled entities (excluding the Trust) with the Trust and its controlled entities are set out below:

	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Provision of services to the Trust and its controlled entities by Brookfield Multiplex Limited and its controlled entities		
Property management expense	5.9	3.7
Leasing fee paid	0.5	0.3
Rental guarantee received	0.4	0.3
Construction and development of properties by Brookfield Multiplex Limited and its controlled entities for the Trust and its controlled entities		
Total amount paid	9.4	88.6
Interest received by the Trust and its controlled entities from Brookfield Multiplex Limited and its controlled entities		
Interest income	1.5	2.5

Brookfield Multiplex Limited and its controlled entities have unsecured loans payable to the Trust and its controlled entities of $88.0 million (2008: $14.9 million).

Transactions with other related parties

	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Amounts due from related parties	–	678.5
Interest bearing loans from other related parties	(48.3)	(21.2)
Non-interest bearing loans from other related parties	(36.3)	(29.1)
Promissory note	1,300.0	1,300.0
Fees paid from associates	–	6.3
Management fees paid to other related parties	(15.7)	(10.1)
Management fees received from controlled entities	9.7	10.3
Profit on sale of UK assets, NASA Multiplex management rights and Infrastructure assets	–	73.7

28 Business combinations

Controlled entities acquired 31 December 2009	Principal activity	Date of acquisition	Proportion of shares acquired %	Consideration transferred $m
Defence Maintenance Management (DMM)	Property management services	7 Jul 2009	50	6.9
Multiplex Prime Property Fund (MAFCB)	Property development	12 Nov 2009	46.4	34.2
				41.1

Consideration transferred	$m DMM	$m MAFCB
Cash	**6.9**	**34.2**

Acquisition-related costs amounting to $0.1 million in relation to the DMM acquisition have been excluded from the consideration transferred and have been recognised as an expense in the period within the other expenses line item in the Statement of Comprehensive Income.

28 Business combinations continued

Assets acquired and liabilities assumed at the date of acquisition	$m DMM	$m MAFCB	31Dec 2009 $m Total
Current assets			
Cash and & cash equivalents	6.7	7.9	14.6
Trade and other receivables	8.3	–	8.3
Other	0.1	–	0.1
Non-current assets			
Trade and other receivables	1.0	36.2	37.2
Intangible assets	1.2	–	1.2
Investments	–	584.5	584.5
Other	0.6	–	0.6
Current liabilities			
Trade and other payables	(16.3)	(18.9)	(35.2)
Non-current liabilities			
Interest bearing debt	–	(474.1)	(474.1)
Derivative liabilities	–	(10.5)	(10.5)
	1.6	**125.1**	**126.7**

Non-controlling interests

As a result of the Group's acquisition of an additional 46.4% of the units in the MAFCB, the Group now controls 68% of this entity and consolidates the revenue, profit or loss, assets and liabilities since the acquisition date of 12 November 2009. The Group also accounts for the non-controlling interest in relation to this entity (see note 23 for details). Following consolidation of MAFCB, the year end non-controlling interest of the Group has increased to ($106.0 million) and $38.8 million in relation to the non-controlling interest's share of share capital and retained earnings of MAFCB.

Goodwill arising on acquisition	$m DMM	$m MAFCB	31Dec 2009 $m Total
Consideration transferred	6.8	34.2	41.0
Less: fair value of identifiable net assets acquired	(1.6)	(63.7)	(65.3)
Goodwill arising on acquisition	**5.2**	**(29.5)**	**(24.3)**

Goodwill arose in the acquisition of DMM because single ownership of the company will maximise profit and aid in securing contract extensions through procurement synergies. These benefits are not recognised separately because they do not meet the recognition criteria for identifiable intangible assets.

A profit on the acquisition of MAFCB was recognised in the Statement of Comprehensive Income for the year within other expenses (see note 4), due to the cost of the additional interest in the controlled entity being purchased at discount to the fair value of the assets acquired.

Net cash outflow on acquisition of controlled entities	31Dec 2009 $m Total
Consideration paid in cash	41.1
Less: cash and cash equivalent balances acquired	(14.7)
	26.4

Impact of acquisitions on the results of the Group

Included in the profit for the year is $1.4 million attributable to the additional business generated by DMM, and $0.1 million loss attributable to MAFCB. Revenue for the period includes $23.5 million in respect of DMM and $6.9 million of MAFCB.

Had these business combinations been effected at 1 January 2009, the revenue of the Group from continuing operations would have been $43.2 million higher, and the loss for the year from continuing operations would have been greater by $39.2 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

29 Significant controlled entities

The Company's significant investments in controlled entities are in legal entities that are:

- the key holding and operating entities within the businesses in each of the geographical regions in which the Group has a significant presence; and
- the entities that held licences allowing the Group to carry out certain specified investing activities and management functions.

The significant controlled entities at 31 December 2009 are shown below:

Entity name	Equity Ownership 31 Dec 2009 %	31 Dec 2008 %	Country of incorporation
Brookfield Multiplex Constructions Pty Ltd - NSW	100	100	Australia
Brookfield Multiplex Constructions Pty Ltd - Vic	100	100	Australia
Brookfield Multiplex Constructions Pty Ltd - WA	100	100	Australia
Brookfield Multiplex Constructions FSH Contractor Pty Limited	100	100	Australia
Multiplex Plant and Equipment LLC	100	100	Australia
Multiplex Foundry Landowning Trust	100	100	Australia
Multiplex Portside Wharf Pty Limited	100	100	Australia
Brookfield Multiplex 324 Queen Street Landowning Trust	100	100	Australia
Brookfield Multiplex Rosehill Landowning Trust	100	100	Australia
Brookfield Multiplex WS Retail Landowning Trust	100	100	Australia
Brookfield Multiplex W9&10 Stage 1 Landowning Trust	100	100	Australia
Brookfield Multiplex W9&10 Stage 4 Landowning Trust	100	100	Australia
Multiplex Diversified Property Fund	100	100	Australia
Multiplex Bishops See North Tower Landowning Trust	100	100	Australia
Multiplex (City Square Lot 5) Pty Limited	100	100	Australia
Multiplex Claremont Pty Limited	100	100	Australia
Multiplex Prime Property Fund	100	100	Australia
Brookfield Multiplex Limited	100	100	Australia
Brookfield Multiplex Property Trust	100	100	Australia
Multiplex Constructions Middle East LLC	100	100	United Arab Emirates
NASA Multiplex LLC	100	100	United Arab Emirates

30 Discontinued operations

Disposal of UK operations

Details of amounts included in the comparative statement of comprehensive Income related to this disposal are detailed below. There were no discontinued operations in the year ended 31 December 2009.

	Half year ended 31 Dec 2008 $'000
Loss for the period from discontinued operations	
Revenue	194.2
Other income	–
	194.2
Expenses	
Cost of operations	(173.7)
Finance costs	(10.7)
Other expenses	(18.2)
Expenses	**(202.6)**
Loss before tax	(8.4)
Income tax expense	–
Loss for the period from discontinued operations	**(8.4)**
Cash flows from discontinued operations:	
Net cash flows from operating activities	(13.1)
Effects of exchange rate on cash	3.0
Net cash flows from financing activities	15.1
Net cash generated/(used) in discontinued operations	**5.0**
Effect of disposal on the financial position of the Consolidated Entity	
Investment properties	520.5
Inventories	333.5
Trade and other receivables	210.7
Property, plant and equipment	5.1
Deferred tax assets	13.2
Other assets	11.8
Cash and cash equivalents	27.9
Investments accounted for using the equity method	120.1
Interest bearing loans	(584.1)
Non-interest bearing loans	(58.6)
Trade and other payables	(198.6)
Provisions	(2.3)
Contract work in progress	(54.4)
Derivative liabilities	(19.0)
Net assets and liabilities	**325.8**
Consideration received, satisfied in cash	390.3
Cash disposed of	(27.9)
Net cash inflow	**362.4**
Gain on sale	**64.5**
Depreciation and amortisation expenses	
Depreciation of property, plant and equipment	0.1
Amortisation of leasehold improvements	2.5
Total depreciation and amortisation expenses	**2.6**
Other	
Amounts recognised in Statement of Comprehensive Income for investment property:	
Rental income	12.2
Direct operating expenses from property that generated rental income	6.4

31 Reserves	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Reserves				
Foreign currency translation reserve	(82.7)	(76.7)	0.9	0.9
Available for sale assets reserve	(9.6)	(11.5)	–	–
Cash flow hedge reserve	(0.8)	(49.3)	–	–
Tax consolidation reserve	(87.9)	(62.1)	(74.7)	(62.1)
Total reserves	**(181.0)**	**(199.6)**	**(73.8)**	**(61.2)**

	Consolidated 31 Dec 2009 $m	Company 31 Dec 2009 $m
Foreign currency translation reserve		
Balance at 1 January 2009	(76.7)	0.9
Change in reserves	(6.0)	–
Balance at 31 December 2009	**(82.7)**	**0.9**
Available-for-sale assets reserve		
Balance at 1 January 2009	(11.5)	–
Change in reserves	1.9	–
Balance at 31 December 2009	**(9.6)**	–
Cash flow hedge reserve		
Balance at 1 January 2009	(49.3)	–
Change in reserves	48.5	–
Balance at 31 December 2009	**(0.8)**	**–**
Tax consolidation reserve		
Balance at 1 January 2009	(62.1)	(62.1)
Change in reserves	(25.8)	(12.6)
Balance at 31 December 2009	**(87.9)**	**(74.7)**
Total reserves		
Balance at 1 January 2009	(199.6)	(61.2)
Change in reserves	18.6	(12.6)
Balance at 31 December 2009	**(181.0)**	**(73.8)**

32 Financial instruments

The Group's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. It is the Group's policy that no trading in financial instruments shall be undertaken nor will the Group enter into transactions that could be construed as speculative.

The Group's principal financial instruments, other than derivatives, comprise receivables, payables, bank loans, cash and short-term deposits.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk, and credit risk. These financial risks are the responsibility of the following groups in the context outlined below:

- Group Treasury – responsible for centrally managing the above risks both on a regional and global basis in accordance with the Group Treasury Risk Management Policy, which contains the written principles for management of the above risks. Transactions relating to debt funding, bonding facilities or exposures to other material financial risks should be signed off by Group Treasury prior to consideration by the following committee;
- Group Investment and Risk Committee (GIRC) – responsible for regulating the risk and capital approval framework for the Group; and
- Brookfield Multiplex Investment Committee (BMIC) – responsible for approving the Group Treasury Risk Management policy.

Details of the significant accounting policies and methods, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Market risk

Interest rate risk contracts – financial assets

The income and associated operating cash flows of the Group's assets are substantially independent of changes in market interest rates. The Group's loans are primarily provided to investments in joint ventures and associates as a means of funding Development projects. The Group does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period.

Interest rate risk contracts – financial liabilities

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations that are subject to floating interest rates. The Group maintains a practice of hedging up to 100% of its exposure to changes in interest rates for drawn debt where term is certain. The Group has entered into various interest rate swap agreements (in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount) used primarily to convert certain variable interest rate borrowings to fixed rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings.

The Group seeks to minimise interest within approved risk profiles whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. Interest rate exposure is analysed and measured by the effect of interest rate movements on the total portfolio of current and forecast debt (comprising estimated drawdown schedules), and interest rate hedging transactions.

The Group's exposure to interest rate risk at the reporting date and the periods in which they mature or, if earlier, reprice, for classes of financial assets and financial liabilities is set out below:

		Fixed interest maturing in			
	Floating interest rate $m	Less than 1 year $m	Between 1 – 5 years $m	Over 5 years $m	Total $m
Consolidated - 31 December 2009					
Financial assets					
Cash and cash equivalents	265.8	–	–	–	265.8
Receivables	–	–	–	–	–
Total financial assets	**265.8**	–	**–**	**–**	**265.8**
Financial liabilities					
Interest-bearing liabilities	2,368.6	503.3	501.3	–	3,373.2
Effect of interest rate swaps	(1,495.7)	917.2	578.5	–	–
Total financial liabilities	**872.9**	**1,420.5**	**1,079.8**	**–**	**3,373.2**

32 Financial instruments continued **Consolidated – 31 December 2008**	Floating interest rate $m	Fixed interest maturing in Less than 1 year $m	Between 1 – 5 years $m	Over 5 years $m	Total $m
Financial assets					
Cash and cash equivalents	322.9	–	–	–	322.9
Receivables	–	28.4	–	–	28.4
Total financial assets	**322.9**	**28.4**	**–**	**–**	**351.3**
Financial liabilities					
Interest-bearing liabilities	2,836.9	39.8	170.4	–	3,047.1
Effect of interest rate swaps	(1,820.7)	1,166.4	654.3	–	–
Total financial liabilities	**1,016.2**	**1,206.2**	**824.7**	**–**	**3,047.1**
Company - 31 December 2009					
Financial assets					
Cash and cash equivalents	12.5	–	–	–	12.5
Receivables	–	–	–	–	–
Total financial assets	**12.5**	**–**	**–**	**–**	**12.5**
Financial liabilities					
Interest-bearing liabilities	–	58.2	–	–	58.2
Total financial liabilities	**–**	**58.2**	**–**	**–**	**58.2**
Company - 31 December 2008					
Financial assets					
Cash and cash equivalents	88.0	–	–	–	88.0
Receivables	1,019.9	–	–	–	1,019.9
Total financial assets	**1,107.9**	**–**	**–**	**–**	**1,107.9**
Financial liabilities					
Interest-bearing liabilities	–	73.9	–	–	73.9
Effect of interest rate swaps	–	–	–	–	–
Total financial liabilities	**–**	**73.9**	**–**	**–**	**73.9**

Intercompany loans are non-interest bearing.

Interest rate sensitivity

The Group's sensitivity to a 1% movement in Australian dollars (AUD), United Arab Emirates dirham (AED) and New Zealand dollar (NZD) interest rates in relation to cash and cash equivalents, receivables, derivatives, and interest bearing loans and borrowings:

	31 Dec 2009 Impact on profit		Impact on equity		31 Dec 2008 Impact on profit		Impact on equity	
	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps
Consolidated								
AUD	(7.5)	7.5	(22.3)	16.0	(10.9)	10.9	13.6	(13.9)
AED	1.4	(1.4)	–	–	3.8	(3.8)	–	–
NZD	(1.3)	1.3	–	–	(0.1)	0.1	0.9	(0.9)
Company								
AUD	(0.5)	0.5	–	–	10.3	(10.3)	–	–

32 Financial instruments continued

Set out below is the notional value of interest rate swaps and the outstanding principal of fixed rate loans in their local currency, and the weighted average interest rate of those contracts in each currency at 31 December 2009:

	Periods in which they mature or, if earlier, reprice			
	Total $m	Less than 1 year $m	1-5 years $m	More than 5 years $m
31 December 2009				
Australian dollars				
Interest rate swaption	430.6	–	430.6	–
Interest rate swaps	1,495.7	917.2	578.5	–
Fixed rate borrowings	1,004.6	459.7	544.9	–
Total	**2,930.9**	**1,376.9**	**1,554.0**	**–**
Weighted average fixed rate	5.21%	5.06%	5.38%	–
31 December 2008				
Australian dollars				
Interest rate swaps	1,721.3	1,067.0	654.3	–
Fixed rate borrowings	210.2	39.8	170.4	–
Total	**1,931.5**	**1,106.8**	**824.7**	**–**
Weighted average fixed rate	6.45%	7.23%	5.18%	**–**
New Zealand dollars				
Interest rate swaps	99.4	99.4	–	–
Total	**99.4**	**99.4**	**–**	**–**
Weighted average fixed rate	8.35%	8.35%	–	–

As a result of the acquisition of Multiplex Prime Property Fund during the year, the Group is party to swaption agreements which provide the financiers the option to extend two existing interest rate swap agreements to 2016 at 5.88%. This option can be exercised by the financiers should the debt remain unpaid on maturity in July 2011. At 31 December 2009, the fair value of the swaption derivatives is a liability of $6.0 million (2008: Nil).

Foreign currency risk

Foreign exchange risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies; and
- investments in foreign operations.

The Group and the Company operate internationally and are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United Arab Emirates dirham and New Zealand dollar (2008: the Great British pound United Arab Emirates dirham and New Zealand dollar).

The risk is measured by projecting the net foreign currency flows of each currency to which the Group has an exposure for a minimum period of two years. Beyond two years, exposures will be recognised on a case by case basis by analysing the cash flows attached to the projects.

Foreign exchange transactional risk
The Group's foreign exchange transaction exposure arises from the transfer of funds from one currency to another as a result of working capital funding requirements, purchase or sale of property, payment of fees, return of profits or equity and intercompany loans.

Net investment in a foreign operation

The Group manages its foreign currency risk for its assets and liabilities denominated in foreign currency by borrowing in the same functional currency of its investment to form a natural economic hedge against any foreign currency fluctuations as well as using forward exchange contracts where funds were borrowed in the local currency.

For accounting purposes, net foreign operations and interests in joint ventures and associates are revalued at the end of each reporting period with the fair value movement reflected in equity as a movement in the foreign currency translation reserve. The interests in joint ventures and associates are then equity accounted to reflect the underlying net assets of the entities with changes reflected in the Statement of Comprehensive Income as a share of after tax profits of equity accounted entities. Refer to accounting policy note 3.

32 Financial instruments continued

The Group's exposure to foreign currency risk at the reporting date was as follows:

	31 Dec 2009 AED $m	31 Dec 2009 GBP $m	31 Dec 2009 NZD $m	31 Dec 2008 AED $m	31 Dec 2008 GBP $m	31 Dec 2008 NZD $m
Consolidated						
Financial assets						
Cash and cash equivalents	456.6	–	0.7	148.7	–	2.1
Receivables	662.9	–	0.5	230.1	–	10.8
Total financial assets	**1,119.5**	–	**1.2**	378.8	**–**	**12.9**
Financial liabilities						
Payables	630.5	0.4	7.9	268.6	0.7	20.2
Interest-bearing loans and borrowings	–	–	163.9	–	–	97.9
Non-interest bearing loans and borrowings	94.9	161.9	–	9.8	331.9	–
Total financial liabilities	**725.4**	**162.3**	**171.8**	**278.4**	**332.6**	**118.1**
Company						
Financial assets						
Cash and cash equivalents	–	–	–	–	–	–
Receivables	–	–	–	–	–	–
Total financial assets	**–**	**–**	**–**	**–**	**–**	**–**
Financial liabilities						
Interest-bearing loans and borrowings	–	–	–	–	–	–
Total financial liabilities	**–**	**–**	**–**	**–**	**–**	**–**

Foreign currency sensitivity

The following sensitivity is based on the foreign currency exposures in existence at the reporting date. At 31 December 2009, had the Australian dollar moved, as illustrated below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Consolidated 31 Dec 2009 Impact on profit		Consolidated 31 Dec 2009 Impact on equity		Consolidated 31 Dec 2008 Impact on profit		Consolidated 31 Dec 2008 Impact on equity	
	+5%	-5%	+5%	-5%	+5%	-5%	+5%	-5%
AED	5.7	(6.3)	–	–	(1.3)	1.5	–	–
GBP	(13.7)	15.1	–	–	(1.6)	2.0	–	–
NZD	(7.3)	7.3	–	–	0.1	(0.1)	–	–

32 Financial instruments continued

Commodity and equity price risk

The Group's exposure to commodity price risk and equity price risk is minimal.

Credit risk

Credit risk represents the loss that would be recognised if a counterparty failed to perform as contracted. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposures to business customers, including outstanding receivables and committed transactions.

The Group manages this risk by:
- establishing credit limits for customers that the Group trades with and managing its exposure to individual entities (it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures);
- transacting with multiple derivative counterparties that have a long term credit rating of at least an "A" from S&P, or as otherwise approved by the Board;
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity;
- regularly monitoring loans and receivables balances on an ongoing basis; and
- obtaining collateral as security (where appropriate).

At the reporting date, both the Group and Company had no significant concentration of credit risk with any single counterparty or group of counterparties. In accordance with the policies determined by the Board of Directors, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions.

The maximum exposure to credit risk at the reporting date, in relation to each recognised financial asset, is the carrying value of the asset recognised in the Statement of Financial Position. The Group and Company hold no significant collateral as security and the credit quality of all financial assets that are either past due or impaired is constantly monitored in order to identify any potential adverse changes in the credit quality.

Liquidity and capital risk management

Capital risk management

The objective of the Group and Company when managing capital risk is to optimise the cost of capital having regard to the markets in which it operates.

Capital management is monitored in two primary ways:
- Statement of Financial Position management, which is fundamentally concerned with the capital mix of equity and debt and maintenance of gearing levels in accordance with the policies established by the Brookfield Multiplex Investment Committee (BMIC) as approved by the Board. Protection of foreign denominated financial assets and liabilities is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against foreign currency fluctuations or by using forward foreign exchange contracts where funds are borrowed in a different currency. The Group and Company also protect its equity in assets by taking out insurance cover with credit worthy insurers; and
- Statement of Comprehensive Income management, which is principally concerned with supporting the delivery of financial targets by protecting the exposure to net foreign income and interest rate volatility through the use of forward foreign exchange contracts and interest rate swaps.

As part of the strategy to maintain its capital strength, the Group and Company is committed to ensuring a modest level of financial gearing. At 31 December 2009, the percentage of interest bearing net debt to total assets is 38.8% (2008: 33.8%).

Liquidity risk

The Group and Company are exposed to liquidity risk, being the risk of encountering difficulties in meeting obligations relating to the Group's financial liabilities. The Group's main liquidity risk is its ability to refinance its current borrowings. The Group and Company are exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Group and Company manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the liquidity of the Group and Company.

As a part of its liquidity risk management, the Group and Company are also required to obtain sufficient cash resources to maintain operations, meet its financial obligations and liabilities in a timely manner and provide funds for capital expenditure and investment opportunities as they arise.

The Group and Company measures liquidity risk by comparing net projected debt levels for the next two years against total committed facilities. Projected net debt levels take into account existing debt, operating cash flows including interest payments, committed and forecast project/investment capital expenditure; and dividend, tax and distribution payments. The level of cash and undrawn but committed facilities projected over time is used to indicate the liquidity position going forward.

32 Financial instruments continued

Financing arrangements

It is the Group's Treasury Risk Management policy that the Group holds a liquidity buffer in the form cash identified as surplus to normal requirements. This provides sufficient time to identify and implement more permanent funding solutions in the event of an unforeseen adverse liquidity event. Minimum liquidity buffer requirements are approved by the BMIC and reviewed by Group Treasury on a quarterly basis. Note 17 provides information in relation to the undrawn borrowing facilities at the reporting date.

Receivables maturity analysis

The receivable balances of the Group and Company fall due in accordance with the following table:

	Consolidated		Company	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
1 – 30 days	65.3	95.6	–	–
30 – 60 days	17.8	53.6	–	–
60 – 90 days	6.2	31.1	–	–
> 90 days	119.9	1.8	–	–
	209.2	**182.1**	**–**	**–**

At 31 December 2009, trade receivables of $119.9 million (2008: $0.3 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults and the amounts are still considered recoverable.

Maturities of financial liabilities

The tables below analyse the Group's and the Company's financial liabilities and net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using current interest rates applicable at the reporting date. The table includes both interest and principal cash flows.

32 Financial instruments continued

	Less than 1 year $m	Between 1 – 2 years $m	Between 2 – 3 years $m	Between 3 – 4 years $m	Between 4 – 5 years $m	Over 5 years $m	Total $m
Consolidated – 31 December 2009							
Non-derivatives							
Payables	506.4	19.5	–	–	–	–	525.9
Interest bearing loans and borrowings	1,679.8	733.9	964.8	–	15.3	–	3,393.8
Non-interest bearing loans and borrowings	337.4	–	–	–	–	–	337.4
Total non derivatives	**2,523.6**	**753.4**	**964.8**	**–**	**15.3**	**–**	**4,257.1**
Derivatives							
Net settled – interest rate swaps	(10.8)	(3.8)	0.3	–	–	–	(14.3)
Total derivatives	**(10.8)**	**(3.8)**	**0.3**	**–**	**–**	**–**	**(14.3)**
Consolidated – 31 December 2008							
Non-derivatives							
Payables	630.5	40.8	–	–	–	–	671.3
Interest bearing loans and borrowings	780.8	2,549.6	6.2	69.1	21.8	–	3,427.5
Non-interest bearing loans and borrowings	375.1	–	–	–	–	–	375.1
Total non derivatives	**1,786.4**	**2,590.4**	**6.2**	**69.1**	**21.8**	**–**	**4,473.9**
Derivatives							
Net settled – interest rate swaps	29.6	6.8	0.8	–	–	–	37.2
Gross settled – forward foreign exchange contracts:							
(Inflow)	(221.1)	–	–	–	–	–	(221.1)
Outflow	218.2	–	–	–	–	–	218.2
Total derivatives	**26.7**	**6.8**	**0.8**	**–**	**–**	**–**	**34.3**
Company - 31 December 2009							
Non-derivatives							
Payables	33.0	–	–	–	–	–	33.0
Interest bearing loans and borrowings	58.2	–	–	–	–	–	58.2
Non-interest bearing loans and borrowings	4.5	–	–	–	–	–	4.5
Total non derivatives	**95.7**	**–**	**–**	**–**	**–**	**–**	**95.7**
Company - 31 December 2008							
Non-derivatives							
Payables	30.6	–	–	–	–	–	30.6
Interest bearing loans and borrowings	103.6	–	–	–	–	–	103.6
Non-interest bearing loans and borrowings	2,529.2	–	–	–	–	–	2,529.2
Total non derivatives	**2,663.4**	**–**	**–**	**–**	**–**	**–**	**2,663.4**
Derivatives							
Net settled – interest rate swaps	–	–	–	–	–	–	–
Gross settled – forward foreign exchange contracts:							
(Inflow)	(221.1)	–	–	–	–	–	(221.1)
Outflow	218.2	–	–	–	–	–	218.2
Total derivatives	**(2.9)**	**–**	**–**	**–**	**–**	**–**	**(2.9)**

32 Financial instruments continued

Fair value

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

Trade and other receivables

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

Derivatives

The fair value of interest rate swaps is estimated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the reporting date. The fair value of forward foreign exchange contracts is based on present value of future cash flows, discounted at the market rate of interest at the reporting date.

Other investments

The fair value of quoted investments in A-REITs are based on current bid prices. The fair value of investments in unlisted property trust securities are based on the latest published NTA of the Trust.

The fair value of loans and other financial assets have been calculated using market interest rates, where applicable.

Fair values of financial assets and liabilities in the Group and Company approximate carrying value.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of all financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed investments); and
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

32 Financial instruments continued

Fair value continued

31 December 2009

Consolidated	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Derivative instruments – Interest rate swaps	–	3.0	–	3.0
Investments	–	–	–	–
- Listed	7.0	–	–	7.0
- Unlisted	–	22.4	–	22.4
Total financial assets at fair value	**7.0**	**25.4**	–	**32.4**
Financial liabilities				
Derivative instruments – interest rate swaps	–	(15.7)	–	(15.7)
Total financial liabilities at fair value	**–**	**(15.7)**	**–**	**(15.7)**
Net financial assets at fair value	**7.0**	**9.7**	**–**	**16.7**

31 December 2008

Consolidated	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Investments				
- Unlisted	–	23.8		23.8
Financial liabilities				
Derivative instruments – interest rate swaps	–	(27.3)	–	(27.3)
Total financial assets at fair value	**–**	**(3.5)**	**–**	**(3.5)**
Company				
Financial assets				
Investments				
- Unlisted	–	0.8	–	0.8
Total financial assets at fair value	**–**	**0.8**	**–**	**0.8**

33 Reconciliation of cash flows from operating activities	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Company 31 Dec 2009 $m	Company 31 Dec 2008 $m
Reconciliation of net (loss) to net cash (outflow)/inflow from operating activities				
Losses from ordinary activities after income tax	(321.4)	(247.1)	(23.8)	(273.7)
Depreciation and amortisation	17.3	7.9	1.3	1.1
Amortisation of capitalised borrowing costs	(19.6)	1.4	–	–
Net profit on sale of investments	(9.2)	(73.7)	(0.1)	(7.6)
Net loss on sale of controlled entities	–	–	–	72.5
Fair value adjustments on investment properties	263.3	236.6	–	–
Unrealised fair value movements in ineffective derivatives	–	18.5	–	–
Share of profits of associates and joint venture entities	73.9	33.3	–	–
Other impairments	(123.5)	–	0.1	178.6
Provisions against development inventories	–	21.7	–	–
Unrealised foreign exchanges losses/(gain)	3.7	5.0	(21.5)	(38.3)
Distributions from associates	1.0	–	–	–
Change in operating assets and liabilities, net of effects from purchase and disposal of subsidiaries:				
Decrease/(increase) in trade and other debtors	150.4	(104.9)	(19.7)	14.9
(Increase)/decrease in inventories	52.6	(430.1)		–
(Increase)/decrease in deferred tax balances	(8.5)	5.7	8.9	29.5
(Increase)/decrease in investment properties	(15.2)	–	–	
Increase/(decrease) in taxes payable	(1.8)	0.7	0.5	–
(Increase)/decrease in other assets	43.9	(29.7)	(5.7)	(0.3)
Increase/(decrease) in trade and other and other creditors	(148.6)	(47.1)	(0.7)	(8.7)
Increase/(decrease) in contract work in progress	(45.4)	3.5	–	–
Increase/(decrease) in other provisions	4.2	(16.3)	2.6	(10.7)
Net cash (outflow)/inflow from operating activities	**(82.9)**	**(614.6)**	**(58.1)**	**(42.7)**

34 Stapling arrangements

The Stapling Deed between BMFML, as the responsible entity of the Trust, and the Company, is dated 8 October 2003. It sets out the terms of the relationship between the Responsible Entity and the Company in respect of the units in the Trust and the shares in the Company that comprise the securities. The aspects of that relationship include the following:

- Stapling: the units and shares will remain stapled unless special resolutions of stapled securityholders approve unstapling or unless stapling becomes unlawful or prohibited by the Listing Rules;
- Co-operation and consultation: the Responsible Entity and the Company agree to share accounting and other information, and to co-operate in operating the Trust and Company in providing information to investors, valuing assets, preparing financial reports, holding meetings, issuing securities and making distributions;
- Dealings in securities: units and shares may only be issued or transferred as part of securities;
- Acquisitions, disposals and borrowings: these require consultation procedures between the Responsible Entity and the Company to be followed;
- Sale of assets: the Company agrees to notify the Responsible Entity of any assets that it intends to sell which are within the investment criteria of the Trust and will reasonably consider any proposals put to it by the Responsible Entity to purchase these assets;
- Allocation of issue price: the Responsible Entity and the Company must agree what proportion of the issue price of a security is allocated to each of the Trust and Company. Generally, this is by reference to the respective market values of the units and the shares (as determined by agreement between the Responsible Entity and the Company);
- Financial benefits: the Trust and the Company must provide to the other or its controlled entities upon request any financial benefit which is requested;
- Registers: these are to be kept jointly;
- Duties: when carrying out their duties, the Responsible Entity and the Company may consider the interests of holders of securities as a whole, not only the interests of the members of the Trust and Company separately; and
- Dispute resolution: if there are disagreements about stapling issues, the Responsible Entity and the Company must use their best efforts to resolve them and negotiate in good faith before instituting proceedings.

The stapled security structure will cease to operate on the first to occur of:

- either of the Company or the Trust resolving by special resolution in general meeting and in accordance with its Constitution to terminate the stapling provisions; or
- the winding up of either the Company or the Trust.

35 Events occurring after the reporting date

Formal credit approval has been received for a total of $407 million from three financial institutions securing a three year extension of the Investment Finance Facility from its current maturity date of 20 May 2010 to 20 May 2013.

Other than as disclosed above and elsewhere in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial period that has significantly affected, or may affect, the Group's operations in future financial periods, the results of those operations or the Group's state of affairs in future financial periods.

Directors' Declaration

Brookfield Multiplex Group

For the year ended 31 December 2009

In the opinion of the Directors of Brookfield Multiplex Limited:

a the financial statements and notes set out on pages 10 to 61 are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Company and the Consolidated Entity as at 31 December 2009 and of their performance for the year ended on that date; and

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

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

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Limited as required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 22 day of February 2010

Ross A McDiven
Executive Director
Brookfield Multiplex Limited

Brian W Kingston
Executive Director
Brookfield Multiplex Limited

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Securityholders of Brookfield Multiplex Group

We have audited the accompanying financial report of Brookfield Multiplex Group, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of cash flows and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the stapled entity comprising Brookfield Multiplex Limited and its controlled entities and Brookfield Multiplex Property Trust and its controlled entities at the year's end or from time to time during the financial period as set out on pages 10 to 62.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

We 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.*

Auditor's Opinion

In our opinion:

(a) the financial report of Brookfield Multiplex Group is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the Brookfield Multiplex Group's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the Brookfield Multiplex Group's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants
Sydney, 22 February 2010

Brookfield Multiplex Property Trust
and its controlled entities
Annual financial statements
For the year ended
31 December 2009

Brookfield Multiplex Property Trust

ARSN 106 643 387

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Brookfield Multiplex Property Trust and its controlled entities

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Brookfield Multiplex Property Trust and its controlled entities
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Responsible Entity
Brookfield Multiplex Funds Management Limited
Level 22, 135 King Street,
Sydney NSW 2000
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Facsimile: +61 (0) 2 9322 2001

Directors of Brookfield Multiplex Funds Management Limited
Mr F Allan McDonald
Ms Barbara K Ward
Mr Jeffrey M Blidner (Resigned 4 January 2010)
Mr Richard B Clark (Resigned 4 January 2010)
Mr Ross A McDiven (Resigned 4 January 2010)
Mr Brian W Kingston

Registered Office of Brookfield Multiplex Funds Management Limited
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Telephone: +61 (0) 2 9322 2000
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Auditor
Deloitte Touche Tohmatsu
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Sydney NSW 2000
Telephone: + 61 (0) 2 9322 7000
Fax: + 61 (0) 2 9322 7001

Directors' Report
Brookfield Multiplex Property Trust and its controlled entities
For the year ended 31 December 2009

Introduction
The Directors of Brookfield Multiplex Funds Management Limited, the Responsible Entity of Brookfield Multiplex Property Trust (the Trust) present their report together with the financial report of the Consolidated Entity, being the Trust and its controlled entities, for the year ended 31 December 2009 and the Independent Audit Report thereon. Brookfield Multiplex Limited (the Company), the Trust and their controlled entities are referred to as the Group in this report.

Responsible Entity
The Responsible Entity of the Trust is Brookfield Multiplex Funds Management Limited, which has been the Responsible Entity since inception of the Trust.

The registered office and principal place of business of the Responsible Entity and the Trust are as follows:

	Brookfield Multiplex Funds Management Limited	Brookfield Multiplex Property Trust
Registered office	Level 22, 135 King Street, Sydney NSW 2000	Level 22, 135 King Street, Sydney NSW 2000
Principal place of business	Level 22, 135 King Street, Sydney NSW 2000	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 year ended 31 December 2009:

Name	Capacity
Mr F Allan McDonald (Director since 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (Director since 22 October 2003)	Non-Executive Director
Mr Jeffrey M Blidner (Resigned 4 January 2010)	Non-Independent Director
Mr Richard B Clark (Resigned 4 January 2010)	Non-Independent Director
Mr Ross A McDiven (Resigned 4 January 2010)	Executive Director
Mr Brian W Kingston (Director since 31 March 2008)	Executive Director

Principal activities
The principal activity of the Consolidated Entity during the course of the year ended 31 December 2009 was the investment in income producing retail, commercial and industrial properties. The Consolidated Entity principally operates in Australia.

There has been no significant change in the nature of the activities of the Consolidated Entity during the year ended 31 December 2009.

Group structure
Ordinary shares in the Company and ordinary units in the Trust are stapled together so that neither can be dealt without the other. A transfer, issue or reorganisation of an ordinary share or an ordinary unit in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary share or ordinary unit in the other component part.

Distributions
During the year ended 31 December 2009, a distribution of $1.4 million in total was paid or payable to unitholders of the Trust (half year ended 31 December 2008: nil).

Review of operations and results
Operating results for the financial period
Set out below are the key financial results for the year ended 31 December 2009:

		Consolidated	
		Year ended 31 Dec 2009	Half year ended 31 Dec 2008
Net (loss) after tax attributable to unitholders	($m)	(289.2)	(277.7)
Loss per unit	(cents)	(34.5)	(33.2)
Distribution paid and payable	(cents)	1.4	–
Distribution per unit	(cents)	0.2	–

Operating results for the financial period continued

During 2008, the Consolidated Entity changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. For the purpose of this report, the comparative period is the half year ended 31 December 2008.

The Consolidated Entity reported a net loss attributable to unitholders of $289.2 million for the year ended 31 December 2009 (half year to 31 December 2008: loss of $277.7 million). The result included the unfavourable impact of fair value adjustments (FVAs) relating to the Consolidated Entity's directly owned and equity accounted investment properties of $371.5 million (half year to 31 December 2008: unfavourable $307.9 million).

The net profit attributable to non-controlling interests of $18.9 million for the year ended 31 December 2009 (half year ended 31 December 2008: $19.7 million) relates to distributions paid and payable to unitholders of the Multiplex SITES Trust ($23.7 million), 25% of the profits and fair value adjustments of Southern Cross East ($2.2 million), 26% of the loss of Multiplex Diversified Property Fund ($6.1 million) and 32% of the losses and fair value adjustments of Multiplex Prime Property Fund (MAFCB) ($0.9m).

During the period the Trust has:

- Retained strong occupancy at 97.3%.
- An investment portfolio with a value of over $2.7 billion.
- The weighted average lease term (by area) across the Trust's portfolio is 6.9 years.

As at 31 December 2009, the Trust held an interest in 29 properties (26 directly with a consolidated carrying value of $2,716.6 million and 3 indirectly with a share of equity accounted value of $762 million) valued at over $2.7 billion.

Financial condition

Total assets increased $80.2 million to $5,365.3 million at 31 December 2009 compared to $5,285.1 million at 31 December 2008.

At 31 December 2009 existing debt facilities totalled $2,299.7 million (31 December 2008: $1,888.1 million) of which $2,158.8 million was drawn (December 2008: $1,796.2 million). At 31 December 2009 the Consolidated Entity had available $140.8 million (31 December 2008: $91.9 million) of undrawn committed borrowing facilities in respect of which all conditions precedent, other than, for example, incurrence of costs or project facilities, had been met.

Total equity (excluding non-controlling interests) decreased $260.0 million to $2,414.5 million at 31 December 2009 compared to $2,674.5 million at 31 December 2008.

The Consolidated Entity's net debt gearing ratio (calculated as total interest bearing liabilities less cash assets, divided by total assets) was 38.9% at 31 December 2009 compared to 33.1% at 31 December 2008.

During the year, the Consolidated Entity acquired a controlling interest in Multiplex Prime Property Fund. As a result of this acquisition the Consolidated Entity now consolidates the results of this entity. Included in the loss for the year is $0.1 million attributable to Multiplex Prime Property Fund.

Events subsequent to the reporting date

Formal credit approval has been received for a total of $407m from three financial institutions securing a three year extension of the Investment Finance Facility from its current maturity date of 20 May 2010 to 20 May 2013.

Other than as disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Consolidated Entity's operations in future financial years, the results of those operations or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

In the opinion of the Directors, further information 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 Trust and the Consolidated Entity.

Environmental regulation

The Trust has systems in place to manage its environmental obligations.

Register of unitholders
The register of unitholders has, during the period ended 31 December 2009, been properly drawn up and maintained so as to give a true account of the unitholders of the Trust.

Indemnification and insurance of officers and auditors
The Company 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 Company.

Under the deeds of access and indemnity, the Company has agreed to indemnify these persons (to the extent permitted by law) against:
- liabilities incurred as a director or officer of the Company 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*.

The Company has also agreed to effect, maintain and pay the premium on a director's and officer's insurance policy.

This policy does not seek to insure against liabilities (other than for legal costs) arising out of:
- conduct involving a wilful breach of duty in relation to the Company or a company in the Group; or
- a contravention of sections 182 or 183 of the *Corporations Act 2001*.

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.

Contract of insurance
The Company has paid or agreed to pay a premium in respect of a contract insuring the Directors and officers of the Company against a liability. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and officers' liabilities, as such disclosure is prohibited under the terms of the contract.

The Company 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 the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding of amounts
The Trust is of a kind referred to in Class Order 98/0100 (10 July 1998), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and the financial report. Amounts in the directors' report and the financial report have been rounded off in accordance with that Class Order to the nearest hundred thousand dollars, or in certain cases, to the nearest dollar, unless otherwise indicated.

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*
The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the year ended 31 December 2009.

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

Dated at Sydney, this 22 day of February 2010

F Allan McDonald	**Brian W Kingston**
Non-Executive Chairman	Executive Director
Brookfield Multiplex Funds Management Limited	**Brookfield Multiplex Funds Management Limited**

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The Board of Directors
Brookfield Multiplex Funds Management Limited
(as Responsible Entity for Brookfield Multiplex Property Trust)
Level 22, 135 King Street
SYDNEY, NSW 2000

22 February 2010

Dear Directors

Brookfield Multiplex Property Trust

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Funds Management Limited as responsible entity for Brookfield Multiplex Property Trust.

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

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

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

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants

Statement of Comprehensive Income

Brookfield Multiplex Property Trust and its controlled entities

For the year ended 31 December 2009

	Note	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m	Trust Year ended 31 Dec 2009 $m	Trust Half year ended 31 Dec 2008 $m
Revenue	4	265.6	125.7	1.8	6.0
Other income	4	22.6	0.4	44.3	65.4
Net loss on revaluation of investment property		(283.8)	(255.2)	–	–
Rates, taxes and property outgoings		(65.0)	(28.4)	–	–
Finance costs	4	(116.3)	(66.5)	(132.1)	(86.5)
Other expenses		(31.7)	(1.3)	(1.3)	(0.8)
Share of net loss of investments accounted for using the equity method		(61.7)	(32.7)	–	–
Net (loss)/profit for the period		**(270.3)**	**(258.0)**	**(87.3)**	**(15.9)**
Other comprehensive income					
Currency translation differences	20	(2.9)	1.8	0.3	(0.3)
Changes in fair value of available for sale financial assets	20	1.9	(5.2)	–	–
Effective portion of changes in fair value of cash flow hedges	20	31.6	(55.4)	8.8	(8.1)
Other comprehensive income for the period		**30.6**	**(58.8)**	**9.1**	**(8.4)**
Total comprehensive income for the period		**(239.7)**	**(316.8)**	**(78.2)**	**(24.3)**
Loss attributable to:					
Unitholders of the Brookfield Multiplex Property Trust		(289.2)	(277.7)	(87.3)	(15.9)
Non-controlling interest		18.9	19.7	–	–
Net (loss)/profit for the period		**(270.3)**	**(258.0)**	**(87.3)**	**(15.9)**
Total comprehensive income attributable to:					
Unitholders of the Brookfield Multiplex Property Trust		(258.6)	(336.5)	(78.2)	(24.3)
Non-controlling interest		18.9	19.7	–	–
Total comprehensive income for the period		**(239.7)**	**(316.8)**	**(78.2)**	**(24.3)**

The Statement of Comprehensive Income should be read in conjunction with the Notes to the financial statements.

Statement of Financial Position
Brookfield Multiplex Property Trust and its controlled entities
As at 31 December 2009

	Note	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
Current assets					
Cash and cash equivalents		56.2	37.2	18.9	8.9
Trade and other receivables	7	369.3	435.8	857.1	275.1
Derivative financial instruments	8	2.6	–	0.8	–
Other financial assets	10	1,300.0	1,300.0	1,300.0	1,300.0
Other assets	9	8.0	2.4	–	–
Total current assets		**1,736.1**	**1,775.4**	**2,176.8**	**1,584.0**
Non-current assets					
Trade and other receivables	7	101.4	46.2	0.2	0.1
Derivative financial instruments	8	0.4	–	–	–
Other financial assets	10	8.9	3.0	56.1	56.1
Investments in controlled entities	11	–	–	3,089.5	3,074.0
Investments accounted for using the equity method	12	801.9	656.6	–	–
Investment property	13	2,716.6	2,613.4	–	–
Property, plant and equipment	14	–	190.5	–	–
Total non-current assets		**3,629.2**	**3,509.7**	**3,145.8**	**3,130.2**
Total assets		**5,365.3**	**5,285.1**	**5,322.6**	**4,714.2**
Current liabilities					
Trade and other payables	15	60.2	31.0	1.0	15.5
Derivative financial instruments	8	2.1	7.5	–	6.3
Interest bearing loans and borrowings	16	889.0	268.7	1,475.8	256.4
Non-interest bearing loans and borrowings	17	202.6	64.6	509.9	100.8
Provisions	18	7.8	7.9	4.9	5.0
Total current liabilities		**1,161.7**	**379.7**	**1,991.6**	**384.0**
Non-current liabilities					
Trade and other payables	15	4.2	24.0	–	–
Derivative financial instruments	8	11.5	13.2	–	1.7
Interest bearing loans and borrowings	16	1,255.2	1,520.3	913.0	1,830.9
Non-interest bearing loans and borrowings	17	–	70.4	–	–
Total non-current liabilities		**1,270.9**	**1,627.9**	**913.0**	**1,832.6**
Total liabilities		**2,432.6**	**2,007.6**	**2,904.6**	**2,216.6**
Net assets		**2,932.7**	**3,277.5**	**2,418.0**	**2,497.6**
Equity					
Issued equity	19	2,441.8	2,441.8	2,441.8	2,441.8
Reserves	20	(37.3)	(67.9)	(6.4)	(15.5)
Undistributed income	21	10.0	300.6	(17.4)	71.3
Total parent interests		**2,414.5**	**2,674.5**	**2,418.0**	**2,497.6**
Non-controlling interests	22	518.2	603.0	–	–
Total equity		**2,932.7**	**3,277.5**	**2,418.0**	**2,497.6**

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

Statement of Changes in Unitholder Interests

Brookfield Multiplex Property Trust and its controlled entities

For the year ended 31 December 2009

Consolidated	Issued Units (refer to Note 19) $m	Undistributed profits/ (losses) (refer to Note 21) $m	Reserves (refer to Note 20) $m	Total $m	Non-controlling Interests $m	Total Equity $m
	Attributable to Unitholders of the Trust					
As at 1 January 2009	**2,441.8**	**300.6**	**(67.9)**	**2,674.5**	**603.0**	**3,277.5**
Currency translation differences	–	–	(2.9)	(2.9)	–	(2.9)
Change in fair value of available for sale financial assets	–	–	1.9	1.9	–	1.9
Effective portion of changes in fair value of cash flow hedges	–	–	31.6	31.6	–	31.6
Income and expense recognised directly in equity	–	**–**	**30.6**	**30.6**	**–**	**30.6**
Loss for the year	–	(289.2)	–	(289.2)	(46.0)	(335.2)
Total recognised income and expenses for the year	–	**(289.2)**	**30.6**	**(258.6)**	**(46.0)**	**(304.6)**
Transactions with unitholders in their capacity as unitholders:						
Distributions for the year	–	(1.4)	–	(1.4)	(38.8)	(40.2)
Total transactions with unitholders in their capacity as unitholders	–	**(1.4)**	**–**	**(1.4)**	**(38.8)**	**(40.2)**
As at 31 December 2009	**2,441.8**	**10.0**	**(37.3)**	**2,414.5**	**518.2**	**2,932.7**
As at 1 July 2008	**2,441.8**	**578.3**	**(9.1)**	**3,011.0**	**598.4**	**3,609.4**
Currency translation differences	–	–	1.8	1.8	–	1.8
Change in fair value of available for sale financial assets	–	–	(5.2)	(5.2)	–	(5.2)
Effective portion of changes in fair value of cash flow hedges	–	–	(55.4)	(55.4)	–	(55.4)
Income and expense recognised directly in equity	**–**	**–**	**(58.8)**	**(58.8)**	**–**	**(58.8)**
(Loss)/profit for the period	–	(277.7)	–	(277.7)	19.7	(258.0)
Total recognised income and expenses for the year	**–**	**(277.7)**	**(58.8)**	**(336.5)**	**19.7**	**(316.8)**
Transactions with unitholders in their capacity as unitholders:						
Distributions for the period	–	–	–	–	(22.0)	(22.0)
Increase in non-controlling interest in subsidiary	–	–	–	–	6.9	6.9
Total transactions with unitholders in their capacity as unitholders	–	–	–	–	**(15.1)**	**(15.1)**
As at 31 December 2008	**2,441.8**	**300.6**	**(67.9)**	**2,674.5**	**603.0**	**3,277.5**

The Statement of Changes in Unitholder Interests should be read in conjunction with the Notes to the financial statements.

Statement of Changes in Unitholder Interests continued
Brookfield Multiplex Property Trust and its controlled entities
For the year ended 31 December 2009

Brookfield Multiplex Property Trust	Issued Units (refer to Note 19) $m	Undistributed profits/ (losses) (refer to Note 21) $m	Reserves (refer to Note 20) $m	Total $m
As at 1 January 2009	**2,441.8**	**71.3**	**(15.5)**	**2,497.6**
Currency translation differences	–	–	0.3	0.3
Effective portion of changes in fair value of cash flow hedges	–	–	8.8	8.8
Income and expense recognised directly in equity	–	–	**9.1**	**9.1**
Profit for the year	–	(87.3)	–	(87.3)
Total recognised income and expenses for the year	**–**	**(87.3)**	**9.1**	**(78.2)**
Transactions with unitholders in their capacity as unitholders:				
Distributions for the year	–	(1.4)	–	(1.4)
Total transactions with unitholders in their capacity as unitholders	**–**	**(1.4)**	**–**	**(1.4)**
As at 31 December 2009	**2,441.8**	**(17.4)**	**(6.4)**	**2,418.0**

Brookfield Multiplex Property Trust	Issued Units (refer to Note 19) $m	Undistributed profits/ (losses) (refer to Note 21) $m	Reserves (refer to Note 20) $m	Total $m
As at 1 July 2008	**2,441.8**	**87.2**	**(7.1)**	**2,521.9**
Currency translation differences	–	–	(0.3)	(0.3)
Effective portion of changes in fair value of cash flow hedges	–	–	(8.1)	(8.1)
Income and expense recognised directly in equity	–	–	**(8.4)**	**(8.4)**
Loss for the period	–	(15.9)	–	(15.9)
Total recognised income and expenses for the 6 months to 31 December 2008	–	**(15.9)**	**(8.4)**	**(24.3)**
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
As at 31 December 2008	**2,441.8**	**71.3**	**(15.5)**	**2,497.6**

The Statement of Changes in Unitholder Interests should be read in conjunction with the Notes to the financial statements.

Statement Cash Flows
Brookfield Multiplex Property Trust and its controlled entities
For the year ended 31 December 2009

	Note	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m	Trust Year ended 31 Dec 2009 $m	Trust Half year ended 31 Dec 2008 $m
Cash flows from operating activities					
Receipts from customers		289.1	115.1	–	0.5
Payments to suppliers		(91.8)	(37.1)	(2.5)	(5.0)
		197.3	**78.0**	**(2.5)**	**(4.5)**
Distributions received		1.0	21.8	44.3	66.1
Interest received		1.0	6.6	1.8	6.1
Finance costs paid		(110.9)	(67.6)	(57.2)	(90.5)
Net cash inflow/(outflow) from operating activities	6	**88.4**	**38.8**	**(13.6)**	**(22.8)**
Cash flows from investing activities					
Payments for property, plant and equipment		–	(88.6)	–	–
Payments for investments		(7.5)	–	–	–
Payments for investment properties		(45.8)	(18.7)	–	–
Net cash outflow on acquisition of subsidiary		(26.2)	–	–	–
Proceeds from sale of investment properties		20.5	–	–	–
Loans advanced to associates		(5.0)	–	(0.1)	–
Net cash outflow from investing activities		**(64.0)**	**(107.3)**	**(0.1)**	–
Cash flows from financing activities					
Proceeds from borrowings		787.9	625.3	–	543.6
Repayment of borrowings		(901.1)	(516.3)	–	(501.1)
Loans made to related parties		(121.1)	(122.9)	(710.0)	(272.1)
Repayment of loans to related parties		266.0	107.2	733.7	250.0
Distributions paid to unitholders and non-controlling interests in controlled entities		(37.1)	(15.1)	–	–
Net cash (outflow)/inflow from financing activities		**(5.4)**	**78.2**	**23.7**	**20.4**
Net increase/(decrease) in cash and cash equivalents held		19.0	9.7	10.0	(2.4)
Cash and cash equivalents at the beginning of the period		37.2	27.5	8.9	11.3
Cash and cash equivalents at the end of the period		**56.2**	**37.2**	**18.9**	**8.9**

The Statements of Cash Flows should be read in conjunction with the Notes to the financial statements.

1 Reporting entity

Brookfield Multiplex Property Trust (Trust) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. Brookfield Multiplex Limited (the Company), the Trust and their controlled entities are referred to as the Group in this report.

A Group stapled security consists of one ordinary unit in the Trust and one ordinary share in the Company and the stapled securities cannot be traded or dealt with separately. A transfer, issue or reorganisation of an ordinary share or a unit in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary share or unit in the other component part.

This financial report comprises the results and operations of the Trust and its controlled entities (the Consolidated Entity) for the year ended 31 December 2009.

2 Basis of preparation

Statement of compliance

The general-purpose financial report has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the Corporations Act 2001. Accounting standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards ('IFRS').

Unless otherwise stated, the principal accounting policies adopted in the preparation of the financial report are consistent with those applied to all periods presented.

During 2008, the Group changed its annual reporting period to the 12 months ended 31 December. Accordingly, this report is presented for the year ended 31 December 2009. In accordance with Australian Accounting Standards, the comparative period for a statement of comprehensive income, statement of changes in equity and statement of cash flows shall be a comparable period of the immediately preceding annual reporting period. For the purpose of this report, the comparative period for the aforementioned statements is the half year ended 31 December 2008.

The financial statements were authorised for issue in accordance with a resolution of the directors on 22 February 2010.

Basis of measurement

The report has been prepared on the historical cost basis except for the following assets and liabilities that are stated at fair value: derivative financial instruments, financial instruments classified as available for sale and investment property. Any non-current assets which are held for sale are stated at the lower of carrying amount and fair value less costs to sell, except investment property.

The report is presented in Australian dollars. The Trust 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 hundred thousand dollars, unless otherwise stated.

Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is provided in Note 13, investment property, and Note 12, investments accounted for using the equity method.

3 Significant accounting policies

The significant policies set out below have been applied consistently to all periods presented in this report.

The presentation of the report has been changed to reflect AASB 101 *Presentation of Financial Statements* as updated by AASB 2007-8 *Amendments to Australian Accounting Standards*. This amendment introduced the Statement of Comprehensive Income which displays components of profit or loss and components of other comprehensive income. As a result of the amendments to this standard the Consolidated Entity has made the following changes to the primary statements for the year ended 31 December 2009:

Previous primary statement:	Current primary statement:
Income Statement	Statement of Comprehensive Income
Balance Sheet	Statement of Financial Position
Statement of Changes in Equity	Statement of Changes in Equity
Cash Flow Statement	Statement of Cash Flows

In accordance with amended AASB 140 Investment Property effective 1 January 2009, investment property under construction, previously classified as Property, Plant and Equipment, is classified as investment property and carried at fair value. Refer to Note 14 for further detail.

a Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Consolidated Entity as at 31 December 2009 and the results of all controlled entities for the year then ended.

Controlled entities

Controlled entities are entities controlled by the Consolidated Entity. Control exists when the Consolidated Entity has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the financial report from the date control commences until the date that control ceases. The accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Investments in controlled entities are carried at their cost of acquisition in the Trust's financial statements, less any impairment, if applicable.

Business combinations

Acquisitions of controlled entites and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated Entity in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 *Business Combinations* are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Consolidated Entity's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Consolidated Entity's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Non-controlling interests

Non-controlling interests in the net assets (excluding goodwill) of consolidated controlled entities are identified separately from the Consolidated Entity's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interest in excess of the non-controlling interest's interest in the controlled entities' equity are allocated against the interests of the Consolidated Entity except to the extent that the non-controlling interest has a binding obligation and is able to make an additional investment to cover the losses.

3 Significant accounting policies continued

a Principles of consolidation continued

Associates

The Consolidated Entity's investment in associates is accounted for using the equity method of accounting in the consolidated financial report. An associate is an entity in which the Consolidated Entity has significant influence, but not control, over their financial and operating policies.

Under the equity method, investments in associates are carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets, net profits and reserves of the associate. After application of the equity method, the Consolidated Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Consolidated Entity's net investment in an associate. The Statement of Comprehensive Income reflects the Consolidated Entity's share of the results of operations of an associate, after applying consistent accounting policies to the associate.

When the Consolidated Entity's share of losses exceeds its interest in an associate, the Consolidated Entity's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Consolidated Entity has incurred legal or constructive obligations or made payments on behalf of an associate.

Where there has been a change recognised directly in the associate's equity, the Consolidated Entity recognises its share of any changes and discloses this in the consolidated Statement of Changes in Unitholder Interests.

In the Trust's financial statements, investments in associates are accounted for at historical cost.

Joint ventures

Joint ventures are those entities over whose activities the Consolidated Entity has joint control, which is established by contractual agreement.

Jointly controlled entities

Investments in jointly controlled entities, including incorporated partnerships, are accounted for using the equity method. Investments in joint venture entities are carried at the lower of the equity accounted amount and the recoverable amount.

The general purpose financial report of the Consolidated Entity includes the share of the Consolidated Entity's total recognised profits and losses of joint ventures on an equity accounted basis, from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Jointly controlled operations and assets

The interest of the Consolidated Entity in unincorporated joint ventures and jointly controlled assets are brought to account in the financial report by recognising the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the financial reports of the Consolidated Entity.

b Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the entities of the Consolidated Entity are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. This financial report is presented in Australian dollars, which is the presentation currency of the Consolidated Entity and the functional currency of the Trust.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at the date of the transaction. At the end of each reporting period monetary items denominated in foreign currencies are translated into the functional currency using the relevant exchange rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end of monetary items denominated in foreign currencies are recognised in the Statement of Comprehensive Income in the period in which they arise.

3 Significant accounting policies continued

b Foreign currency continued

Translation of foreign operations

The results and financial position of all foreign operations in the Consolidated Entity that have a functional currency that is different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of Comprehensive Income are translated at an average rate for the period that approximates the rates at the dates of the transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

Net investment in foreign operations

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

c Revenue recognition

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 must also be met before revenue is recognised. Where amounts do not meet the recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

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, rebates and discounts and after sales within the Consolidated Entity are eliminated. Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Revenue is recognised for the major business activities as follows:

Property rental revenue

Rental income from investment property earned under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives*, lease incentives granted are recognised by the Consolidated Entity as an integral part of the total rental income and are amortised on a straight-line basis and deducted from rental income over the term of the lease.

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

Fees from funds management

Revenues from the rendering of property funds management, property advisory and facilities management services are recognised upon the delivery of the service to the customer or where there is a signed unconditional contract for sale or purchase of assets.

The periodic funds and facilities management fees are received for management services provided for income producing assets either owned by third parties or the Trust. These fees are recognised as revenues as the management services are provided, and the Consolidated Entity controls the right to be compensated for the services provided. Any fees earned on asset sales or property advisory services are recognised when the Consolidated Entity controls the right to receive the fee.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Dividends and distributions

Income from dividends and distributions is recognised when the right of the Consolidated Entity to receive payment is established. The Trust receives dividends and distributions out of post-acquisition profits from its controlled entities.

Dividends and distributions received from associates, where the equity method of accounting is used, reduce the carrying amount of the investment of the Consolidated Entity in that associate and are not recognised as revenue.

d Expenses

Expenses including rates, taxes and other property outgoings are brought to account on an accruals basis, and any related payables are carried at amortised cost.

3 Significant accounting policies continued

d Expenses continued

Finance costs

Finance costs are recognised as expensed using the effective interest method. Financing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of inventories or investment properties under development. Where borrowings are specific to particular inventory assets or investment properties under development, the rate at which borrowing costs are capitalised is determined by reference to the actual borrowing costs incurred.

Financing costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

New business and tender costs

New business and tender costs are deferred to the extent they can be separately identified and measured reliably and that the costs:

- are recoverable out of future revenue;
- do not relate to revenue which has already been brought to account; and
- will contribute to the future earning capacity of the Consolidated Entity.

New business and tender costs are reviewed on a regular basis, being at least semi-annually, to determine the amount, if any, which is no longer recoverable. Any such amount is subsequently expensed.

When costs associated with securing a contract are recognised as an expense in the period in which they are incurred, they are not subsequently included in contract costs, when the contract is obtained in a future period.

e Trust income tax – Brookfield Multiplex Property Trust

On 1 January 2008, Brookfield Multiplex Property Trust and its resident Australian wholly owned controlled entities joined the Australian tax consolidated group of Brookfield Holdco (Australia) Pty Limited.

On entry to the Brookfield Holdco (Australia) Pty Limited Australian tax consolidated group, Brookfield Multiplex Property Trust and its resident Australian wholly owned controlled entities entered into a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of default by Brookfield Holdco (Australia) Pty Limited.

The tax sharing agreement also contains tax funding provisions. Pursuant to the tax funding provisions, Brookfield Multiplex Property Trust and its wholly owned Australian controlled entities are not required to compensate Brookfield Holdco (Australia) Pty Limited on the basis that all taxable income is distributed by Brookfield Multiplex Property Trust.

Under current income tax legislation, the Trust and its controlled entities are not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year, and any taxable capital gain derived from the sale of an asset acquired after 19 September 1985 is fully distributed to unitholders.

The Trust 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. Realised capital losses and tax losses are not distributed to unitholders but are carried forward in the Trust to be offset against any future realised capital gains and taxable income of the Trust subject to Australian income tax legislation.

Tax allowances for building and plant and equipment depreciation may be distributed to unitholders in the form of a tax deferred component of distributions.

The New Zealand operations of the Consolidated Entity are subject to New Zealand tax on their taxable earnings.

f Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. 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.

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.

3 Significant accounting policies continued

g Derivative financial instruments

The Consolidated Entity uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investing activities. In accordance with its treasury policy, which documents policies and limits approved by the Board of Directors in respect of the use of derivative financial instruments to hedge cash flows subject to interest rate and currency risks of the relevant entity, the Consolidated Entity does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial assets at fair value through profit or loss.

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured on a fair value basis. The gain or loss on re-measurement to fair value is recognised immediately in the Statement of Comprehensive Income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Consolidated Entity would receive or pay to terminate the swap at the statement of financial position date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the Statement of Financial Position date, being the present value of the quoted forward price.

Hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Consolidated Entity enters into hedges of actual and highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions. The Consolidated Entity also documents its assessment, both at the inception of the hedge and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the hedged items.

The effective portion of changes in fair value of cash flow hedges is recognised directly in equity. Movements in the hedging reserve are shown in the Statement of Changes in Equity. The gain or loss relating to any ineffective portion is recognised immediately in the Statement of Comprehensive Income.

Amounts deferred in equity are recycled to the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Income.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Statement of Comprehensive Income.

Financial guarantee contracts

For financial guarantee contract liabilities, the fair value at initial recognition is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payment that would be required without the guarantee. Where guarantees in relation to loans of controlled entities or associates are provided for no compensation, the fair values are accounted for as part of the cost of the investment.

h Cash and cash equivalents

For purposes of 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 on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost less any identified impairment losses. Impairment charges are brought to account as described in Note 3r.

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

3 Significant accounting policies continued

j Acquisition of assets

Items of property, plant and equipment, including leasehold improvements, are initially recorded at cost, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition and, where relevant, the initial estimate of the costs of dismantling and removing the items and restoring the site on which they are located. After initial recognition property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses, if applicable.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate individual items of property, plant and equipment.

Subsequent costs are included in the carrying amount of the asset or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with these costs will flow to the Consolidated Entity and the amount of these costs can be measured reliably. All repairs and maintenance are charged to the Statement of Comprehensive Income during the period in which they are incurred.

k Depreciation of property, plant and equipment

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment, taking into account estimated residual values. Freehold land is not depreciated.

The cost of leasehold improvements is amortised over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement to the Consolidated Entity.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time that an asset is completed and held ready for use.

The residual values and useful lives of the assets are reviewed, and the depreciation and amortisation rates and methods adjusted if appropriate, on an annual basis. When these changes are made the adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset (in both the current year and prior period) are as follows:

Asset class	Rate	Method
Buildings	2.5 – 4 %	Straight-line
Plant and equipment	6 – 33 %	Straight-line
Leasehold improvements	10 – 33 %	Straight-line

l Investments and other financial assets

Financial instruments held by the Consolidated Entity classified as being available for sale are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses and, in the case of monetary items, foreign exchange gains and losses. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Statement of Comprehensive Income. Where these investments are interest bearing, interest calculated using the effective interest method is recognised in the Statement of Comprehensive Income.

The fair value of exchange traded financial instruments is their quoted bid price at the reporting date.

Other investments are carried at the lower of cost and estimated recoverable amount.

Purchases and sales of financial assets that require delivery of assets are recognised on the trade date.

m Leased assets

Lease payments made under operating leases are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

In accordance with Interpretation 115 *Operating Leases – Incentives* lease incentives received are recognised in the Statement of Comprehensive Income on a straight-line basis as they are an integral part of the total lease expense over the lease term.

3 Significant accounting policies continued

n Sale of non-current assets

Non-current assets held for sale at reporting date

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale if the assets meet the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property which is measured at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell if applicable. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other current assets in the Statement of Financial Position.

In the course of its ordinary activities, other transactions (including the sale of non-current assets such as investments and operating assets) may be undertaken that are incidental to the main revenue generating activities of the Consolidated Entity.

The results of such transactions are presented by netting the sale proceeds on disposal less selling costs and the carrying value of the asset at the date control of the asset passes to the buyer.

o Investment property

Investment property is property held to earn long-term rental yields and/or for capital appreciation.

Land and buildings are considered to have the function of an investment and are therefore regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than diminution in the value of the building component due to the passing of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Investment properties acquired are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Investment properties are subsequently carried at fair value based on the principles outlined below.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, financing costs and other incidental costs.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Consolidated Entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

p Valuations

Investment properties are stated at their fair value at the Statement of Financial Position date.

The investment properties of the Consolidated Entity are internally valued at every reporting date and independently valued every three years or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. These valuations are considered by the Directors when determining fair value.

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

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

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

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

3 Significant accounting policies continued

q Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 1 July 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

A discount arising on an acquisition is recognised immediately in the Statement of Comprehensive Income.

r Impairment

If any indication of impairment exists, the carrying amounts of the applicable assets of the Consolidated Entity, other than investment property, inventories, construction contracts and deferred tax assets are reviewed and the asset's recoverable amount is estimated.

For determining impairment of goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is reviewed annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

When a decline in the fair value of an available for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity is recognised in the Statement of Comprehensive income. The amount of the cumulative loss that is recognised in the Statement of Comprehensive Income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the Statement of Comprehensive Income.

s Calculation of recoverable amount

The recoverable amount of loans and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (being the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that an impairment event has occurred. Significant receivables are individually assessed for impairment. Receivables that are not assessed as impaired or are not significant are placed into portfolios of assets with similar risk profiles and a collective assessment of impairment is performed.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

t Reversals of impairment

An impairment loss in respect of loans and receivables is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is reversed through the Statement of Changes in Equity. If the fair value of a debt instrument classified as available for sale increases and the increase can be related to an event occurring after the impairment loss was recognised in the Statement of Comprehensive Income, the impairment loss shall be reversed, with the amount of the reversal recognised in the Statement of Comprehensive Income.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

3 Significant accounting policies continued

u Trade and other payables

Payables are stated at amortised cost 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.

v Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest basis.

w Provisions

A provision is recognised if, as a result of a past event, the Consolidated Entity has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

x Distributions

The Trust seeks to fully distribute its taxable income to its unitholders. Distributions may also include capital gains arising from the disposal of investments and tax deferred income. Unrealised gains and losses on investments that are recognised as income (for example, fair value adjustments relating to investment properties) are usually retained and are generally not assessable or distributed until realised. Capital losses are not distributed to unitholders but are retained to be offset against any future realised capital gains.

A liability is recognised for the amount of any distribution declared by the Directors of Brookfield Multiplex Funds Management Limited as the Responsible Entity of the Trust on or before the end of the reporting period but not distributed or paid at the reporting date.

y Issued equity

Units are classified as equity. Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

Other instruments that were classified as equity instruments in accordance with AASB 132 *Financial Instruments: Disclosure and Presentation* are disclosed as other equity securities within contributed equity.

Non-controlling interests represents the portion of profit or loss and net assets in entities not wholly owned by the Consolidated entity and are presented separately in the Statement of Comprehensive Income and within equity in the Statement of Financial Position.

z Transfers to/(from) total equity

In respect of the Consolidated Entity, revaluation increments and decrements arising from changes in the fair value of investment properties and derivative financial investments, unrealised gains and losses in the net value of investments, accrued income not yet assessable and expenses provided for or accrued and not yet deductible, net capital losses and tax free or tax deferred amounts may be transferred to equity and may not be included in the determination of distributable income.

aa New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied preparing these financial statements.

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

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

Revised AASB 3, which becomes mandatory for the Consolidated Entity's 31 December 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Consolidated Entity's 2010 consolidated financial statements.

3 Significant accounting policies continued

aa New standards and interpretations not yet adopted continued

Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Consolidated Entity in a controlled entity, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a controlled entity, any interest retained in the former controlled entity will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Consolidated Entity's 31 December 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

AASB 128 (as revised in 2008) *Investments in Associates* effective date annual periods beginning on or after 1 July 2009. The principle adopted under AASB 127 (2008) (see above) that a loss of control is recognised as a disposal and re-acquisition of any retained interest at fair value is extended by consequential amendment to AASB 128; therefore, when significant influence is lost, the investor measures the remaining investment in the former associate at fair value, with any gain or loss recognised in profit or loss.

AASB 9 *Financial Instruments* effective date annual periods beginning on or after 1 January 2013 introduces new requirements for classifying and measuring financial assets, as follows, debt instruments meeting both a business model test and a cash flow characteristics test are measured at amortised cost and investments in equity instruments can be designated as fair value through other comprehensive income with only dividends being recognised in profit or loss.

ab Comparatives

Where deemed necessary, the comparatives have been reclassified to achieve consistency with the current period.

4 Revenues and expenses

	Consolidated		Trust	
	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Revenues				
Property rental revenue	225.1	103.3	–	–
Recoverable outgoings	37.8	16.7	–	–
Interest revenue – loans and receivables	2.7	5.7	1.8	6.0
Total revenues	**265.6**	**125.7**	**1.8**	**6.0**
Other income				
Gain on acquisition of units in Multiplex Prime Property Fund	20.0	–	–	–
Distributions - controlled entities	–	–	44.3	65.4
Other income	2.6	0.4	–	–
Total other income	**22.6**	**0.4**	**44.3**	**65.4**
Finance costs				
Interest and finance charges				
Related parties	–	–	(130.5)	(82.7)
External parties	(100.8)	(62.7)	–	(0.1)
Amortisation of borrowing costs	(9.6)	(2.4)	(0.1)	(2.3)
Other	(5.9)	(1.4)	(1.5)	(1.4)
Total finance costs	**(116.3)**	**(66.5)**	**(132.1)**	**(86.5)**

5 Distributions

Distributions from the Trust

During the year ended 31 December 2009, a distribution of $1.4 million in total was paid or payable to unitholders of the Trust (half year ended 31 December 2008: nil).

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
6 Reconciliation of net (loss)/profit to net cash flows from operating activities				
Net loss for the period	**(270.3)**	**(258.0)**	**(87.3)**	**(15.9)**
Amortisation	3.6	2.1	–	2.3
Fair value adjustments – loss	283.8	255.2	–	–
Share of loss of associates	61.7	32.7	–	–
Impairment of associates	19.2	–	–	–
Distribution from associates	1.0	21.5	–	–
Change in operating assets and liabilities, net of effects from purchase and disposal of controlled entities:				
(Increase)/decrease in trade debtors	(3.5)	(4.1)	–	1.3
(Increase)/decrease in capitalised borrowing cost	(7.4)	(2.4)	–	(4.4)
(Decrease)/increase in provisions	(1.5)	(0.9)	(1.5)	(0.8)
(Increase)/decrease in trade and other payables	9.4	(7.0)	88.2	(5.3)
(Increase)/decrease in other assets	(2.0)	–	(13.2)	–
(Increase)/decrease in prepayments	(5.6)	(0.3)	0.2	–
Net cash inflow/(outflow) from operating activities	**88.4**	**38.8**	**(13.6)**	**(22.8)**

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
7 Trade and other receivables				
Current				
Trade receivables[1]	4.1	5.6	–	–
Less: Allowance for doubtful debts	(2.2)	–	–	–
	1.9	**5.6**	**–**	**–**
Amounts due from Brookfield Multiplex Limited and its controlled entities[2]	90.4	149.8	56.2	–
Amounts due from Brookfield Australia Pty Limited and Brookfield Holdco (Australia) Pty Limited	275.3	275.0	275.3	275.0
Amounts due from associates[3]	1.7	3.0	0.1	–
Other debtors[4]	–	2.4	525.5	0.1
Total current trade and other receivables	**369.3**	**435.8**	**857.1**	**275.1**
Non-current				
Other debtors	101.4	46.2	0.2	0.1
Total non-current trade and other receivables	**101.4**	**46.2**	**0.2**	**0.1**
Total trade and other receivables	**470.7**	**482.0**	**857.3**	**275.2**

1 Trade receivables are non-interest bearing and generally on 30 day terms. An allowance for impairment is made when there is objective evidence that a trade receivable is impaired. An allowance of $2.2 million (31 December 2008: $nil) has been recognised for specific trade receivables.

2 Amounts classified as current receivables relating to amounts due from Brookfield Multiplex Limited and its controlled entities are unsecured and are repayable when called.

3 Represents distributions receivable from associates. No interest is charged and the amounts are due within the normal receivable terms.

4 These amounts generally arise from transactions outside the usual operating activities of the Consolidated Entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

7 Trade and other receivables continued

As of 31 December 2009, trade receivables of $1.5 million (31 December 2008: $5.2 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of defaults and the amounts are still considered recoverable. The ageing analysis is as follows:

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
1 – 30 days	0.4	0.4	–	–
30 – 60 days	0.1	0.8	–	–
60 – 90 days	0.1	0.7	–	–
> 90 days	1.3	3.7	–	–
	1.9	**5.6**	–	–

There are no receivables that have had renegotiated terms that would otherwise have been past due or impaired.

Movements in provision for the impairment of receivables are as follows:

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Balance at beginning of the period	–	(2.0)	–	–
Provision recognised during the period	(2.2)	–	–	–
Receivables written off during the period as Uncollectable	–	2.0	–	–
Balance at end of the period	**(2.2)**	**–**	**–**	**–**

The creation and release of the provision for impaired receivables has been included in the Other Expenses line in the Statement of Comprehensive Income.

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
8 Derivative financial instruments				
Current assets				
Interest rate swap contracts	2.6	–	0.8	–
Total current derivative assets	**2.6**	–	**0.8**	–
Non-current assets				
Interest rate swap contracts	0.4	–	–	–
Total non-current derivative assets	**0.4**	–	–	–
Total derivative assets	**3.0**	–	**0.8**	–
Current liabilities				
Interest rate swap contracts	2.1	7.5	–	6.3
Total current derivative liabilities	**2.1**	**7.5**	–	**6.3**
Non-current liabilities				
Interest rate swap contracts	11.5	13.2	–	1.7
Total non-current derivative liabilities	**11.5**	**13.2**	–	1.7
Total derivative liabilities	**13.6**	**20.7**	–	**8.0**

Refer to Note 29 for further information regarding derivative financial instruments.

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
9 Other assets				
Current				
Prepayments	8.0	2.4	–	–
Total other assets	**8.0**	**2.4**	**–**	**–**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
10 Other financial assets				
Current				
Investment in Promissory Note	1,300.0	1,300.0	1,300.0	1,300.0
Total other financial assets - Current	**1,300.0**	**1,300.0**	**1,300.0**	**1,300.0**
Non Current				
Available for sale investments	8.9	3.0	56.1	56.1
Total other financial assets – Non Current	**8.9**	**3.0**	**56.1**	**56.1**

The promissory note is non-interest bearing and repayable on demand. It is subordinate to a $750,000,000 syndicated facility that matures in April 2010 between Brookfield (GP) Australia Inc, in its capacity as general partner of Brookfield Finance (Australia) LP, Barclays Bank PLC, and others (acquisition facility).

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
11 Investments in controlled entities				
Non-current				
Shares in controlled entities	–	–	3,089.5	3,074.0
Total investments in controlled entities	**–**	**–**	**3,089.5**	**3,074.0**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
12 Investments accounted for using the equity method				
Investment in associates	505.2	320.9	–	–
Impairment of investments in associates	(31.5)	(12.3)	–	–
Carrying value of investments in associates	473.7	308.6	–	–
Investment in joint venture entities	328.2	348.0	–	–
Total investments accounted for using the equity method	**801.9**	**656.6**	–	–

12 Investments accounted for using the equity method continued

Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Details of material interests in associates are as follows:

	Principal activities	Country of incorporation	Equity ownership 31 Dec 2009 %	Equity ownership 31 Dec 2008 %	Carrying value 31 Dec 2009 $m	Carrying value 31 Dec 2008 $m
Consolidated Investment						
Bourke Place Trust	Property Investment	Australia	43	43	169.0	185.6
Multiplex New Zealand Property Fund	Property Investment	Australia	24	24	21.6	50.0
Multiplex Acumen Property Fund	Property Investment	Australia	21	21	10.4	22.2
Multiplex Prime Property Fund	Property Investment	Australia	n/a	22	–	25.3
Multiplex European Property Fund	Property Investment	Australia	20	20	7.9	25.5
Ernst & Young, Sydney	Property Investment	Australia	50	–	264.8	–
Total investments in associates					**473.7**	**308.6**

The balance date of all associates, except for Bourke Place Trust, is 30 June. The balance date for Bourke Place Trust is 31 December.

	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m
Share of associates' revenues and profits		
Total revenue	48.5	(20.5)
Total share of associates' net profit/(loss) after tax accounted for using the equity method	**4.6**	**(28.8)**
Share of associates' assets and liabilities		
Assets	704.0	722.9
Liabilities	(191.0)	(394.4)
Net assets	**513.0**	**328.5**

Summary of associates aggregate financial information	Year ended 31 Dec 2009 $m
Total revenue	176.2
Total loss	(8.4)
Total assets	2,161.3
Total liabilities	(875.9)

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m
Allowance for impairment related to investments in associates		
Carrying amount at beginning of period	12.3	12.3
Impairment recognised in relation to MNZPF	16.3	–
Impairment recognised in relation to MUE	6.4	–
Reversal of impairment recognised in relation to Multiplex Prime Property Fund	(3.5)	–
Carrying amount at end of period	**31.5**	**12.3**

In accordance with AASB 128 *Investments in Associates* and AASB 139 *Financial Instruments: Recognition and Measurement*, an assessment must be made at each reporting date whether there is an indication that an asset is impaired. A review of each investment accounted for using the equity method was performed at the reporting date and, due to a continued drop in value, a number of equity accounted investments were deemed to show indicators of impairment. As such, a detailed analysis was performed to determine whether these investments were impaired. This analysis included an assessment of the value in use of the equity accounted investment to ensure the current carrying value does not exceed the value in use. Value in use was determined by discounting the expected future cash flows from each equity accounted investment to present day.

12 Investments accounted for using the equity method continued

Investments in associates continued

At the date of this report, the impairment analysis performed on the equity accounted investments at 31 December 2009 detailed that an impairment charge of $22.7 million in the current year is required to ensure value in use does not exceed carrying value. This impairment charge is reflected in *Other Expenses* in the Statement of Comprehensive Income. The impairment recorded in the period ended 30 June 2008 in relation to Multiplex Prime Property Fund was reversed due to a change in estimates used to determine the related recoverable amount. Furthermore, effective 12 November 2009, the Consolidated Entity obtained a controlling interest in Multiplex Prime Property Fund upon participation in the Multiplex Prime Property Fund rights issue. The results and operations of Multiplex Prime Property Fund are therefore consolidated into the Consolidated Entity's results from this date. Refer to Note 28 for further details.

Investments in joint venture entities

Investments in the below joint venture entities are accounted for in the consolidated financial statements using the equity method of accounting. Details of material interests in joint venture entities are as follows:

	Principal activities	Country of incorporation	Ownership interest 31 Dec 2009 %	Ownership interest 31 Dec 2008 %	Carrying value 31 Dec 2009 $m	Carrying value 31 Dec 2008 $m
Consolidated Investment						
Darling Park Trust	Property Investment	Australia	50	50	328.2	348.0
Total investments in joint venture entities					**328.2**	**348.0**

	Consolidated Year ended 31 Dec 2009 $m	Consolidated Half year ended 31 Dec 2008 $m
Share of joint venture entities revenues and profit		
Revenues	5.2	(18.9)
Total share of joint venture's net profit/(loss) after tax accounted for using the equity method	**2.7**	**(3.9)**
Share of joint venture entities assets and liabilities		
Assets	360.5	353.1
Liabilities	(1.3)	–
Net assets	**359.2**	**353.1**

Commitments and contingencies

Contingent liabilities and contingent assets exist in respect of guarantees and insurance bonds issued to clients and guarantees received by the joint venture entities from its subcontractors in lieu of cash retentions on building contracts. In addition, insurance performance bonds have also been issued to some clients in support of the joint venture's performance under its bank guarantees and building contracts.

13 Investment property

Independent valuations

Investment properties in the tables below indicate the directly owned and partially owned investments held to either earn a rental income or for capital appreciation or for both.

	Independent valuation date	Independent valuation $m	Carrying value 31 Dec 2009 $m	Carrying value 31 Dec 2008 $m
Consolidated (wholly owned)				
15 Blue Street, North Sydney, NSW	Dec-07	110.0	91.0	100.0
Jessie Street Centre, Parramatta, NSW	May-09	245.0	246.0	251.0
King Street Wharf Retail, Sydney, NSW	Dec-09	90.0	90.0	96.0
Sydney Water Headquarters, Sydney, NSW1	Dec-09	142.0	142.0	–
Pittwater Place, Sydney, NSW	Dec-07	78.0	62.5	64.0
Rosehill, Sydney, NSW	Jul-09	88.3	87.4	100.0
Luna Park Car Park, Sydney, NSW	Feb-08	10.0	5.5	6.2
Amex Building, Sydney, NSW2	n/a	n/a	125.0	–
Southern Cross East, Melbourne, VIC3	Dec-09	537.5	537.5	545.0
Defence Plaza, Melbourne, VIC2	n/a	n/a	59.5	–

13 Investment property continued

	Independent valuation date	Independent valuation $m	Carrying value 31 Dec 2009 $m	Carrying value 31 Dec 2008 $m
Consolidated (wholly owned) continued				
AMP Place, Brisbane, QLD	May-09	191.0	172.0	200.0
CBA Building, Brisbane, QLD	Dec-09	171.0	171.0	228.0
Carole Park, Brisbane, QLD	Jul-09	12.0	14.9	15.4
Great Western Super Centre, Brisbane, QLD	Dec-09	49.0	49.0	57.3
Meeandah, Brisbane, QLD	Jul-09	6.0	4.0	8.0
Keperra Peachy Land, Brisbane, QLD	n/a	n/a	11.3	10.0
Ernst & Young, Perth WA	Jun-09	59.0	60.0	62.5
111 Alinga Street, Canberra, ACT	Dec-09	66.0	66.0	68.5
Bracken Ridge Plaza, Brisbane, QLD	n/a	n/a	–	21.0
Total wholly owned investment property			**1,994.6**	**1,832.9**

	Independent valuation date	Independent valuation $m	Carrying value 31 Dec 2009 $m	Carrying value 31 Dec 2008 $m
Consolidated (partial ownership)				
IAG House, Sydney, NSW, (50%)	May-09	170.5	172.5	185.0
KPMG Tower, Sydney, NSW, (50%)	May-09	134.0	135.0	145.0
NAB House, Sydney, NSW, (25%)	Jun-09	88.0	88.8	101.3
World Square Retail & Car Park, Sydney, NSW, (50%)	Jun-09	100.1	101.0	97.5
The Foundry, Melbourne VIC (50%)[1]	n/a	n/a	45.0	–
ANZ Centre, Brisbane, QLD (50%)	Jun-09	51.8	58.1	77.9
BankWest Tower, Perth, WA (50%)	Jun-09	132.5	127.5	161.5
Carillion & City Arcades, Perth, (50%)	Dec-07	66.1	57.8	58.5
Total partially owned investment property			**785.7**	**826.7**
Impact of straight-lining of rental income disclosed as non-current receivables			**(63.7)**	**(46.2)**
Total investment property			**2,716.6**	**2,613.4**

1 Held as property, plant and equipment at 31 December 2008.
2 Properties owned by Multiplex Prime Property Fund.
3 Multiplex Prime Property Fund owns 25% of this property.

Independent valuations

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or both. Property investments are stated at fair value. An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. In the current year, investment properties were valued externally by Colliers International, CBRE, Jones Lang LaSalle, Knight Frank, and Savills. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after appropriate marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Consolidated Entity's property investments. The valuations have been undertaken using a discounted cash flow approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rent and forecast net annual cash flows receivable from properties. The capitalisation rates utilised in the 31 December 2009 valuations ranged from 6.87% to 9.50%.

Any gain or loss from a change in fair value is recognised in the Statement of Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred. Where independent valuations are undertaken prior to the reporting date, the assumptions on which the valuation is based are reviewed in light of the prevailing market conditions at the reporting date to ensure that any material change is reflected in the valuation.

13 Investment property continued

Reconciliation of the carrying amount of investment properties is set out below:	Consolidated 31 Dec 2009 $m	31 Dec 2008 $m
Carrying amount as at beginning of period	2,613.4	2,854.5
Transfer from Property, Plant and Equipment – at cost	190.5	–
Capital expenditure	33.0	14.1
Additions	184.5	–
Disposals	(21.0)	–
Net loss from fair value adjustments to investment properties	(267.7)	(249.2)
Change due to impact of straight-lining of rental income disclosed as non-current receivables	(16.1)	(6.0)
Carrying amount at end of period	**2,716.6**	**2,613.4**

Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated 31 Dec 2009 $m	31 Dec 2008 $m	Trust 31 Dec 2009 $m	31 Dec 2008 $m
Within one year	285.9	193.3	–	–
Later than one year but not later than five years	987.8	697.4	–	–
Later than five years	1,082.8	863.5	–	–
	2,356.5	**1,754.2**	**–**	**–**

Annual rent receivable by the Consolidated Entity under current leases from tenants is earned from commercial, industrial, retail and car park assets. The average lease term is 6.9 years (half year ended 31 December 2008: 7.1 years) and rent reviews are generally performed based on either market rent on an annual basis or fixed percentage increase in accordance with the lease agreements.

	Consolidated 31 Dec 2009 $m	31 Dec 2008 $m	Trust 31 Dec 2009 $m	31 Dec 2008 $m
14 Property, plant and equipment				
Gross carrying value and accumulated depreciation				
At cost	190.5	190.5	–	–
Transfers to investment property – at cost	(190.5)	–	–	–
Total Property, plant and equipment	–	**190.5**	–	–

AASB 140 *Investment Property* has been updated to include in the definition of investment property that is being constructed or developed for future use as an investment property. Previously, investment property that was being constructed or developed was classified as property, plant & equipment. Accordingly, on 1 January 2009 a transfer of assets out of property, plant & equipment to investment property occurred to reflect the requirements of the updated AASB 140. There was no valuation uplift recognised on transfer.

	Consolidated 31 Dec 2009 $m	31 Dec 2008 $m	Trust 31 Dec 2009 $m	31 Dec 2008 $m
15 Trade and other payables				
Current				
Trade payables	0.7	2.5	–	–
Other creditors and accruals	59.5	28.5	1.0	15.5
Total current trade and other payables	**60.2**	**31.0**	**1.0**	**15.5**
Non-current				
Other creditors and accruals	4.2	24.0	–	–
Total non-current trade and other payables	**4.2**	**24.0**	–	–
Total trade and other payables	**64.4**	**55.0**	**1.0**	**15.5**

16 Interest bearing loans and borrowings	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
Carrying amounts				
Current interest bearing loans and borrowings	889.9	268.8	1,475.8	256.4
Less: deferred borrowing costs	(0.9)	(0.1)	–	–
Total current interest bearing loans and borrowings	**889.0**	**268.7**	**1,475.8**	**256.4**
Non-current interest bearing loans and borrowings	1,268.9	1,527.4	913.0	1,838.0
Less: deferred borrowing costs	(13.7)	(7.1)	–	(7.1)
Total non-current interest bearing loans and borrowings	**1,255.2**	**1,520.3**	**913.0**	**1,830.9**
Total interest bearing loans and borrowings	**2,144.2**	**1,789.0**	**2,388.8**	**2,087.3**

Summary of borrowing arrangements

All debt facilities are bilateral and are secured by relevant mortgages and charges directly relating to specific investment properties.The Consolidated Entity has bank loans denominated in Australian dollars. Interest on bank loans is charged at the prevailing market rate. There were no overdraft facilities in place at 31 December 2009 (31 December 2008: nil).

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
Total financing facilities available				
Syndicated facility agreement	–	450.0	–	–
Working capital facility agreements	–	–	–	–
Commercial mortgage backed securities	463.0	463.0	–	–
Commercial mortgage backed securities liquidity facility	25.5	25.5	–	–
Investment finance facility	407.3	475.0	–	–
ING Facility	197.0	474.6	–	–
NAB 195	194.8	–	–	–
Investec	45.0	–	–	–
Property Finance Facility	471.5	–	–	–
Multiplex Acumen Prime Property Fund Facility	475.8	–	–	–
Foundry facility	19.7	–	–	–
Amounts payable to controlled entities	–	–	2,388.8	2,094.4
Total facilities available	**2,299.6**	**1,888.1**	**2,388.8**	**2,094.4**
Facilities utilised at reporting date				
Syndicated facility agreement	–	450.0	–	–
Working capital facility agreements	–	–	–	–
Commercial mortgage backed securities	463.0	463.0	–	–
Investment finance facility	407.3	475.0	–	–
ING Facility	197.0	408.2	–	–
NAB 195	194.8	–	–	–
Investec	45.0	–	–	–
Property Finance Facility	356.2	–	–	–
Multiplex Acumen Prime Property Fund Facility	475.8	–	–	–
Foundry facility	19.7	–	–	–
Amounts payable to controlled entities	–	–	2,388.8	2,094.4
Total facilities utilised at reporting date	**2,158.8**	**1,796.2**	**2,388.8**	**2,094.4**
Facilities not utilised at reporting date				
Working capital facility agreements	–	66.4	–	–
Commercial mortgage backed securities liquidity facility	25.5	25.5	–	–
Property Finance Facility	115.3	–	–	–
Total facilities not utilised at reporting date	**140.8**	**91.9**	–	–

At 31 December 2009, the Consolidated Entity is in compliance with all of its debt covenants.

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
17 Non-Interest bearing loans and borrowings				
Current				
Unsecured				
Amounts due to Brookfield Multiplex Limited and controlled entities	202.6	64.6	134.4	71.6
Amounts due to controlled entities	–	–	375.5	29.2
Total current non-interest bearing loans and borrowings	**202.6**	**64.6**	**509.9**	**100.8**
Non-Current				
Unsecured				
Amounts due to Brookfield Multiplex Limited and controlled entities	–	70.4	–	–
Total non-current non-interest bearing loans and borrowings	–	**70.4**	–	**–**
Total non-interest bearing loans and borrowings	**202.6**	**135.0**	**509.9**	**100.8**

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
18 Provisions.				
Current				
Other provisions	7.8	7.9	4.9	5.0
Total provisions	**7.8**	**7.9**	**4.9**	**5.0**

Movements in provisions

Movements in each class of provision during the financial year are set out below.

	Total $m
Consolidated	
Carrying amount at 1 January 2009	7.9
Provisions utilised	(1.5)
Provisions recognised	1.4
Carrying amount at 31 December 2009	**7.8**
Brookfield Multiplex Property Trust	
Carrying amount at 1 January 2009	5.0
Provisions utilised	(1.5)
Provisions recognised	1.4
Carrying amount at 31 December 2009	**4.9**

19 Issued units

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Units issued and fully paid up capital	**2,441.8**	**2,441.8**	**2,441.8**	**2,441.8**

There are 837,402,185 units in issue at 31 December 2009 (31 December 2008: 837,402,185). There has been no movement in the number of units in issue during 2009 (Half year to 31 December 2008: nil).

Terms and conditions of units in the Trust

Ordinary units in the Trust are stapled with ordinary shares in the Company and are collectively known as the Brookfield Multiplex Group. Ordinary units in Brookfield Multiplex Property Trust entitles holders to participate in distributions as declared and, in the event of winding up the Trust, to participate in the process from the sale of all surplus assets in proportion to the number of and amounts paid up on units held. Each unit entitles the holder to one vote either in person or by proxy, at a meeting of the Trust.

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
20 Reserves				
Reserves				
Foreign currency translation reserve	(16.3)	(13.4)	(6.7)	(7.0)
Available for sale assets reserve	(9.3)	(11.2)	–	–
Cash flow hedge reserve	(11.7)	(43.3)	0.3	(8.5)
Total reserves	**(37.3)**	**(67.9)**	**(6.4)**	**(15.5)**
Movements comprise:				
Foreign currency translation reserve				
Balance at the beginning of the financial period	(13.4)	(15.2)	(7.0)	(6.7)
Net exchange difference on net investment in foreign operations	(2.9)	1.8	0.3	(0.3)
Balance at the end of the period	**(16.3)**	**(13.4)**	**(6.7)**	**(7.0)**
Available-for-sale assets reserve				
Balance at the beginning of the financial period	(11.2)	(6.0)	–	–
Change in fair value of available-for-sale financial assets	1.9	(5.2)	–	–
Balance at the end of the period	**(9.3)**	**(11.2)**	–	–
Cash flow hedge reserve				
Balance at the beginning of the financial period	(43.3)	12.1	(8.5)	(0.4)
Change in fair value of interest rate swaps	31.6	(55.4)	8.8	(8.1)
Balance at the end of the period	**(11.7)**	**(43.3)**	**0.3**	**(8.5)**
Total reserves				
Balance at the beginning of the financial period	(67.9)	(9.1)	(15.5)	(7.1)
Movement in reserves	30.6	(58.8)	9.1	(8.4)
Balance at the end of the period	**(37.3)**	**(67.9)**	**(6.4)**	**(15.5)**

Nature and purpose of reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of foreign operations, the translation of transactions that hedge the Consolidated Entity's net investment in a foreign operation, the translation of foreign currency monetary items forming part of the net investment in foreign operations and the Consolidated Entity's share of the foreign currency transaction reserves forming part of the Consolidated Entity's investment in associates. Refer to significant accounting policy Note 3b.

Available-for-sale Assets Reserve

This reserve records fair value changes on available-for-sale investments.

Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
21 Undistributed income				
Undistributed profits at the beginning of the financial period	300.6	578.3	71.3	87.2
Net (loss)/profit attributable to unitholders	(289.2)	(277.7)	(87.3)	(15.9)
Distributions recognised during the year	(1.4)	–	(1.4)	–
Undistributed income at the end of the period	**10.0**	**300.6**	**(17.4)**	**71.3**

	Consolidated 31 Dec 2009 $m	Consolidated 31 Dec 2008 $m	Trust 31 Dec 2009 $m	Trust 31 Dec 2008 $m
22 Non-controlling interests				
Interest in:				
Multiplex Hybrid Investment Trust				
Share capital	432.1	432.1	–	–
Retained profits	5.9	10.1	–	–
	438.0	**442.2**	–	–
Multiplex Southern Cross East Investment Trust				
Share capital	–	128.4	–	–
Retained profits	–	11.1	–	–
	–	**139.5**	–	–
Multiplex Diversified Property Trust				
Share capital	23.5	23.6	–	–
Retained profits	(8.6)	(2.3)	–	–
	14.9	**21.3**	**–**	–
Multiplex Prime Property Trust				
Share capital	167.2	–	–	–
Retained profits	(101.9)	–	–	–
	65.3	**–**		–
Total Non-controlling interests	**518.2**	**603.0**	**–**	**–**

23 Auditor's remuneration
The auditor of the Consolidated Entity is Deloitte Touche Tohmatsu. During the financial period, all amounts paid to the auditor of the Consolidated Entity were borne by Brookfield Multiplex Limited.

24 Contingent liabilities and contingent assets
Details and estimated maximum amounts of contingent assets and liabilities (for which no amounts are recognised in the financial statements) are as follows:

- Contingent liabilities and contingent assets exist as a consequence of the arrangements contained in the Stapling Deed between the Company and Brookfield Multiplex Funds Management Limited, as the Responsible Entity of the Brookfield Multiplex Property Trust. The Stapling Deed is described further in Note 31.
- The Trust is called upon to give, in the ordinary course of business, guarantees and indemnities in respect of the performance of controlled entities, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminate in amount. Any known losses have been brought to account.
- In the ordinary course of business, the Group, the Consolidated Entity, its controlled entities and associates may become involved in litigation, the majority of which falls within the Trust's insurance arrangements. Whilst the outcomes of these proceedings are uncertain, contingent liabilities exist in respect of amounts not specifically provided for, which, based on legal advice, should not be material either individually or in the aggregate.

Controlled entities of the Consolidated Entity have entered into joint venture arrangements under which the controlled entity may be jointly and severally liable for the liabilities of the joint venture arrangement. The assets of each partnership or joint venture vehicle are anticipated to be sufficient to meet any such liabilities.

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
25 Capital and other commitments				
Capital commitments				
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities are as follows:				
Within one year	11.7	52.9	–	–
After one year but not more than five years	7.0	26.8	–	–
Longer than five years	2.1	–		
Total capital and other commitments	**20.8**	**79.7**	**–**	**–**

26 Related party disclosure

The Responsible Entity of the Trust is Brookfield Multiplex Funds Management Limited (ACN 105 371 917) whose immediate and ultimate parent entity is the Company (ABN 96 008 687 063). Accordingly transactions with entities related to the Company are disclosed below. Brookfield Multiplex Funds Management Limited also acts as the manager of the Trust.

Transactions with related parties have taken place at arms length and in the ordinary course of business.

Fees payable to the Responsible Entity

Under the terms of the Trust Constitution and subject to the Corporations Act, the Responsible Entity is entitled to be:

- Paid an application fee by the applicant of 2% in respect of each application for units in the Trust;
- Paid a management fee by the Trust equal to the Responsible Entity's reasonable estimate of its costs in providing its services as the Responsible Entity;
- Paid an acquisition fee by the Trust of 1.5% of the acquisition price of properties acquired by the Trust;
- Reimbursed by the Trust for all expenses incurred in relation to the performance of its duties; and

The Responsible Entity has waived its fees as the Trust and its controlled entities form part of the Group. During the financial period, the Responsible Entity did not charge the Trust any fees (half year to 31 December 2008: $nil).

Key management personnel

The Trust does not employ key management personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Trust and personnel of this entity are considered the Key Management Personnel of the Trust.

The names of the key management personnel of the Responsible Entity during the financial period were:
- Mr F Allan McDonald (Non-Executive Chairman)
- Mr Brian Kingston (Executive Director)
- Mr Ross McDiven (Chief Executive Officer)
- Mr James McGreevy (CEO Brookfield Multiplex Engineering & Infrastructure)
- Mr Tim Harris (Chief Financial Officier)
- Mr Tony Martin (Chief Operating Officier, Commercial Property)
- Ms Karen Pedersen (Company Secretary, General Counsel and Group General Manager (Corporate))
- Mr Mark Wilson (CEO Funds Management and Infrastructure)

The positions noted above for the Trust's key management personnel are the positions held within the Responsible Entity and not the Trust itself.

Key management personnel compensation

Key management personnel are paid by the parent of the Responsible Entity for services provided to Brookfield Multiplex Limited. Payments made from the fund to the Responsible Entity do not included any amounts attributable to the compensation of key management personnel in respect of services rendered to the Trust itself.

Related party investments held by the trust

During or since the end of the financial period, none of the key management personnel held units in the Trust, either directly, indirectly, or beneficially.

26 Related party disclosure continued

Directors' loans

No loans were made by the Trust to the key management personnel and/or their related parties.

Transactions with related parties

(a) Transactions within the Consolidated Entity

All transactions between the Trust and its controlled entities have been eliminated in full. Details of dealings with entities within the Consolidated Entity are set out below:

	31 Dec 2009 $m	31 Dec 2008 $m
Distributions		
Distributions received or due and receivable by Trust from controlled entities	44.3	65.4
Intercompany loans		
Aggregate amounts receivable from/(payable to) controlled entities of the Trust at the end of the financial period	(2,125.2)	(2,240.4)

(b) Transactions with the Trust and its controlled entities

	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Provision of services to the Trust and its controlled entities by Brookfield Multiplex Limited and its controlled entities		
Property management expense	5.9	3.8
Leasing fee	0.5	0.3
Rental guarantee received	–	0.3

	Year ended 31 Dec 2009 $m	Half year ended 31 Dec 2008 $m
Construction and development of properties by Brookfield Multiplex Limited and its controlled entities for the Trust and its controlled entities		
Total purchase price	**9.4**	**88.6**
Interest received by the Trust and its controlled entities from Brookfield Multiplex Limited and its controlled entities		
Interest income	**1.5**	**2.5**

Brookfield Multiplex Limited and its controlled entities have unsecured loans payable to the Trust and its controlled entities of $90.4 million (31 December 2008: $149.8 million). The rental guarantee provision is provided in the normal course of business and on normal terms and conditions.

(c) Transactions with parent companies and other related parties

Brookfield Multiplex Trust has an investment of $1,300,000,000 representing an unsecured, non-interest bearing Promissory Note receivable from Brookfield Australia Pty Limited.

Brookfield Australia Pty Ltd and Brookfield Holdco (Australia) Pty Limited have unsecured loans payable to the Trust and its controlled entities of $275.3 million (31 December 2008: $275.0 million).

During the financial period, interest received and receivable from Brookfield Australia Pty Limited was $nil (31 December 2008: $nil).

Distributions paid or payable to Brookfield Australia Pty Limited during the current financial period was $1.4 million (31 December 2008: $nil).

27 Significant controlled entities

The Trust's significant investments in controlled entities are in legal entities that are the key holding and operating entities within the business segments and the geographical segments in which the Consolidated Entity has a significant presence. At 31 December 2009, the significant controlled entities are shown below:

Entity name	31 Dec 2009	31 Dec 2008	Country of incorporation
Multiplex Foundry Landowning Trust	100%	100%	Australia
Brookfield Multiplex 240 Queen Street Landowning Trust	100%	100%	Australia
Brookfield Multiplex 324 Queen Street Landowning Trust	100%	100%	Australia
Brookfield Multiplex Rosehill Landowning Trust	100%	100%	Australia
Brookfield Multiplex City Arcade Landowning Trust	100%	100%	Australia
Brookfield Multiplex DT 100 Landowning Trust	100%	100%	Australia
Brookfield Multiplex PCEC Office Landowning Trust	100%	100%	Australia
Brookfield Multiplex Pittwater Place Landowning Trust	100%	100%	Australia
Brookfield Multiplex WS Retail Landowning Trust	100%	100%	Australia
Brookfield Multiplex W 9 & 10 Stage 1 Landowning Trust	100%	100%	Australia
Brookfield Multiplex W 9 & 10 Stage 4 Landowning Trust	100%	100%	Australia
Brookfield Multiplex Stage 3A Landowning Trust	100%	100%	Australia
Multiplex Diversified Property Fund	74%	100%	Australia
Multiplex Foundry Landowning Trust	100%	100%	Australia
Onyx Property Trust	100%	100%	Australia
Brookfield Multiplex SW Landowning Trust	100%	100%	Australia
Brookfield Multiplex BASX Unit Trust No. 3	75%	75%	Australia
Multiplex Prime Property Fund	68%	–	Australia

28 Business combinations

Controlled entity acquired 31 December 2009	Principal activity	Date of acquisition	Proportion of shares acquired %	Consideration transferred $m
Multiplex Prime Property Fund (MAFCB)	Property development	12 Nov 2009	46.4	34.2

Assets acquired and liabilities assumed at the date of acquisition	31 Dec 2009 $m
Current assets	
Cash and & cash equivalents	7.9
Non-current assets	
Trade and other receivables	36.2
Investments	584.5
Current liabilities	
Trade and other payables	(25.9)
Non-current liabilities	
Interest bearing debt	(474.1)
Derivative liabilities	(10.5)
Assets acquired and liabilities assumed at the date of acquisition	**118.1**

28 Business combinations continued

Non-controlling interests

As a result of the Consolidated Entity's acquisition of 46.4% of the shares in the Multiplex Prime Property Fund (MAFCB), the Consolidated Entity now controls 68% of this entity and consolidates the revenue, profit or loss, assets and liabilities since the acquisition date. The Consolidated Entity also accounts for the non-controlling interest in relation to this entity see Note 22 for details. Following consolidation the year end non-controlling interest of the Consolidated Entity has increased by $167.2 million and $101.9 million in relation to the non-controlling interest's share of retained earnings and reserves of Multiplex Prime Property Fund.

Gain on acquisition of units in Multiplex Prime Property Fund	31 Dec 2009 $m
Consideration transferred	34.2
Less: fair value of identifiable net assets acquired	(54.2)
Gain on acquisition of units in Multiplex Prime Property Fund	**(20.0)**

A profit on the acquisition of MAFCB was recognised in the Statement of Comprehensive Income for the year due to the cost of the additional interest in the controlled entity being purchased at discount to the fair value of the assets acquired.

Net cash outflow on acquisition of controlled entity	
Consideration paid in cash	34.2
Less: cash and cash equivalent balances acquired	(8.0)
Net cash outflow on acquisition of controlled entity	**26.2**

Impact of acquisitions on the results of the Group

Included in the loss for the year is $0.1 million loss attributable to MAFCB. Revenue for the period includes $6.9 million in respect of MAFCB.

Had this business combination been effected at 1 January 2009, the revenue of the Consolidated Entity from continuing operations would have increased by $19.7 million, and the loss for the year from continuing operations would have increased by $48.2 million. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

29 Financial instruments

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as interest rate swaps to manage the interest rate risks arising from the Consolidated Entity's sources of finance. It is the Consolidated Entity's policy that no trading in financial instruments shall be undertaken nor will the Consolidated Entity enter into transactions that could be construed as speculative.

The Consolidated Entity's principal financial instruments, other than derivatives, comprise receivables, bank loans, cash and short-term deposits.

The main purpose of these financial instruments is to provide funds for the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Consolidated Entity's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. These financial risks are the responsibility of the following groups in the context outlined below:

- Group Treasury – responsible for centrally managing the above risks both on a regional and global basis in accordance with the Group Treasury Risk Management Policy, which contains the written principles for management of the above risks. Transactions relating to debt funding, bonding facilities or exposures to other material financial risks should be signed off by Group Treasury prior to consideration by the following committee.
- Group Investment and Risk Committee (GIRC) – responsible for regulating the risk and capital approval framework for the Group.
- Brookfield Multiplex Investment Committee (BMIC) – responsible for approving the Group Treasury Risk Management policy.

29 Financial instruments continued

Details of the significant accounting policies and methods, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Market risk

Interest rate risk contracts – financial assets

The income and associated operating cash flows of the Consolidated Entity's assets are substantially independent of changes in market interest rates. The Consolidated Entity's loans are primarily provided to investments in joint ventures and associates as a means of funding Development projects. The Consolidated Entity does not undertake any specific hedging of loan receivables except to monitor the loan outstanding to strategies in the underlying investment portfolio and the cash flow at risk as a result of interest rate fluctuations on scheduled interest rate resets for the next reporting period.

Interest rate risk contracts – financial liabilities

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's debt obligations that are subject to floating interest rates. The Consolidated Entity maintains a practice of hedging up to 100% of its exposure to changes in interest rates for drawn debt where term is certain. The Consolidated Entity has entered into various interest rate swap agreements (in which the Consolidated Entity agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount) used primarily to convert certain variable interest rate borrowings to fixed rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings.

The Consolidated Entity seeks to minimise interest within approved risk profiles whilst ensuring that an appropriate level of flexibility exists to accommodate potential changes in funding requirements. Interest rate exposure is analysed and measured by the effect of interest rate movements on the total portfolio of current and forecast debt (comprising estimated drawdown schedules), and interest rate hedging transactions.

The Consolidated Entity's exposure to interest rate risk at the reporting date and the periods in which they mature or, if earlier, reprice, for classes of financial assets and financial liabilities is set out below:

			Fixed interest maturing in			
	Non-interest bearing $m	Floating interest rate $m	Less than 1 year $m	Between 1 – 5 years $m	Over 5 years $m	Total $m
Consolidated - 31 December 2009						
Financial assets						
Cash and cash equivalents	9.1	47.1	–	–	–	56.2
Receivables	470.7	–	–	–	–	470.7
Other financial assets	1,300.0	–	–	–	–	1,300.0
Total financial assets	**1,779.8**	**47.1**	–	–	**–**	**1,826.9**
Financial liabilities						
Interest-bearing liabilities	–	2,158.8	–	–	–	2,158.8
Effect of interest rate swaps	–	(1,830.6)	865.1	965.5	–	–
Total financial liabilities	**–**	**328.2**	**865.1**	**965.5**	**–**	**2,158.8**
Consolidated – 31 December 2008						
Financial assets						
Cash and cash equivalents	–	37.2	–	–	–	37.2
Receivables	482.0	–	–	–	–	482.0
Other financial assets	1,300.0	–	–	–	–	1,300.0
Total financial assets	**1,782.0**	**37.2**	**–**	**–**	**–**	**1,819.2**
Financial liabilities						
Interest-bearing liabilities	–	1,796.2	–	–	–	1,796.2
Effect of interest rate swaps	–	(1,176.9)	601.9	575.0	–	–
Total financial liabilities	**–**	**619.3**	**601.9**	**575.0**	**–**	**1,796.2**

29 Financial instruments continued

Market risk continued

Interest rate sensitivity

	Non-interest bearing $m	Floating interest rate $m	Fixed interest maturing in: Less than 1 year $m	Between 1 – 5 years $m	Over 5 years $m	Total $m
Trust - 31 December 2009						
Financial assets						
Cash and cash equivalents	–	18.9	–	–	–	18.9
Receivables	857.3	–	–	–	–	857.3
Other financial assets	1,300.0	–	–	–	–	1,300.0
Total financial assets	**2,157.3**	**18.9**	–	**–**	**–**	**2,176.2**
Financial liabilities						
Interest-bearing liabilities	–	2,388.8	–	–	–	2,388.8
Effect of interest rate swaps	–	(900.6)	–	900.6	–	–
Total financial liabilities	–	**1,488.2**	–	**900.6**	**–**	**2,388.8**
Trust - 31 December 2008						
Financial assets						
Cash and cash equivalents	–	8.9	–	–	–	8.9
Receivables	275.1	–	0.1	–	–	275.2
Other financial assets	1,300.0	–	–	–	–	1,300.0
Total financial assets	**1,575.1**	**8.9**	**0.1**	**–**	**–**	**1,584.1**
Financial liabilities						
Interest-bearing liabilities	–	2,094.4	–	–	–	2,094.4
Total financial liabilities	**–**	**2,094.4**	**–**	**–**	**–**	**2,094.4**

The Consolidated Entity's sensitivity to a 1% movement in Australian dollar interest rates in relation to cash and cash equivalents, receivables, derivatives, and interest bearing loans and borrowings:

	31 Dec 2009 Impact on Profit +100 bps	31 Dec 2009 Impact on Profit -100 bps	31 Dec 2009 Impact on Equity +100 bps	31 Dec 2009 Impact on Equity -100 bps	31 Dec 2008 Impact on Profit +100 bps	31 Dec 2008 Impact on Profit -100 bps	31 Dec 2008 Impact on Equity +100 bps	31 Dec 2008 Impact on Equity -100 bps
Consolidated								
Australian Dollar	2.7	(2.8)	3.8	(30.7)	2.8	(2.8)	10.2	(10.4)
Trust								
Australian Dollar	14.6	(14.6)	(1.4)	(26.3)	18.7	(18.7)	–	–

29 Financial instruments continued

Market risk continued

Interest rate sensitivity continued

Set out below is the notional principal of interest rate swaps and the outstanding principal of fixed rate loans in their local currency, and the weighted average interest rate of those contracts in each currency:

		Periods in which they mature or, if earlier, reprice					
	Total	Less than 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
31 December 2009	$m	$m	$m	$m	$m	$m	$m
Australian Dollars							
Interest rate swaps	1,830.6	865.1	900.6	64.9	–	–	–
Fixed rate borrowings	–	–	–	–	–	–	–
Total	**1,830.6**	**865.1**	**900.6**	**64.9**	**–**	–	–
Weighted average fixed rate	**5.04%**	**5.12%**	**5.88%**	**4.91%**	–	–	–
31 December 2008							
Australian Dollars							
Interest rate swaps	1,176.9	601.9	575.0	–	–	–	–
Fixed rate borrowings	–	–	–	–	–	–	–
Total	**1,176.9**	**601.9**	**575.0**	**–**	–	–	–
Weighted average fixed rate	**6.19%**	**7.27%**	**5.05%**	–	–	–	–

Foreign currency risk

The Consolidated Entity's exposure to foreign currency risk is minimal.

Foreign exchange transactional risk

The Consolidated Entity's exposure to foreign exchange transactional risk is minimal.

Commodity and equity price risk

The Consolidated Entity's exposure to commodity price risk and equity price risk is minimal.

Credit risk

Credit risk represents the loss that would be recognised if a counterparty failed to perform as contracted. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as exposures to business customers, including outstanding receivables and committed transactions.

The Consolidated Entity manages this risk by:

- establishing credit limits for customers that the Consolidated Entity trades with and managing its exposure to individual entities (it is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures).
- transacting with multiple derivative counterparties that have a long term credit rating of at least an "A" from S&P, or as otherwise approved by the Board.
- providing loans as an investment into joint ventures, associates and third parties where it is comfortable with the underlying property exposure within that entity.
- regularly monitoring loans and receivables balances on an ongoing basis; and
- obtaining collateral as security (where appropriate).

At the reporting date, the Consolidated Entity had no significant concentration of credit risk outside of the Brookfield Australia Group with any single counterparty or group of counterparties. In accordance with the policies determined by the Board of Directors, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions.

The Consolidated Entity's maximum exposure to credit risk at the reporting date, in relation to each recognised financial asset, is the carrying value of the asset recognised in the Balance Sheet. The Consolidated Entity and the Trust hold no significant collateral as security and the credit quality of all financial assets that are neither past due or impaired is constantly monitored in order to identify any potential adverse changes in the credit quality

29 Financial instruments continued

Liquidity and capital risk management

Capital risk management

The Consolidated Entity's objective when managing capital and risk is to optimise the cost of capital having regard to the markets in which it operates.

Capital management is monitored in two main ways:

– Statement of financial position management – fundamentally concerned with the capital mix of equity and debt and maintaining its gearing levels in accordance with the policies established by the Brookfield Multiplex Investment Committee (BMIC) as approved by the Board.
– Protection of the Consolidated Entity's foreign denominated financial assets and liabilities is achieved by borrowing in the same functional currency as the investments to form a natural economic hedge against foreign currency fluctuations or by using forward foreign exchange contracts where funds are borrowed in a different currency.
– The Consolidated Entity also protects its equity in assets by taking out insurance cover with credit worthy insurers.
– Income Statement management – principally concerned with supporting the delivery of financial targets by protecting the Consolidated Entity's exposure to net foreign income and interest rate volatility through the use of forward foreign exchange contracts and interest rate swaps.

As part of the Consolidated Entity's strategy to maintain its capital strength, the Consolidated Entity is committed to ensuring:

– a maximum of 50% of interest bearing net debt to total assets. At 31 December 2009, the percentage of interest bearing net debt to total assets is 40% (31 December 2008: 35%).

Liquidity risk

The Consolidated Entity is exposed to liquidity risk, being the risk of encountering difficulties in meeting obligations relating to the Consolidated Entity's financial liabilities. The Consolidated Entity's main liquidity risk is its ability to refinance its current borrowings. The Consolidated Entity is exposed to refinancing risks arising from the availability of finance as well as the interest rates and credit margins at which financing is available. The Consolidated Entity manages this risk by spreading maturities of borrowings and interest rate swaps, using interest rate derivatives to hedge known and forecast positions and reviewing potential transactions to understand the impact on the Consolidated Entity's liquidity.

As part of its liquidity risk management, the Consolidated Entity is also required to obtain sufficient cash resources to maintain operations, meet its financial obligations and liabilities in a timely manner and provide funds for capital expenditure and investment opportunities as they arise.

The Consolidated Entity measures liquidity risk by comparing net projected debt levels for the next two years against total committed facilities. Projected net debt levels take into account: existing debt; operating cash flows including interest payments; committed and forecast project/investment capital expenditure; and dividend, tax and distribution payments. The level of cash and undrawn but committed facilities projected over time is used to indicate the Consolidated Entity's liquidity position going forward.

Financing arrangements

It is the Consolidated Entity's Treasury Risk Management policy that the Consolidated Entity holds a liquidity buffer in the form of undrawn, committed facilities and/or cash identified as surplus to normal requirements or available for repayment against debt. This provides sufficient time to identify and implement more permanent funding solutions in the event of an unforeseen adverse liquidity event. Minimum liquidity buffer requirements are approved by the BMIC and reviewed by Group Treasury on a quarterly basis.

29 Financial instruments continued

Liquidity and capital risk management continued

Financing arrangements continued

The Consolidated Entity and the Trust had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		Trust	
	31 Dec 2009 $m	31 Dec 2008 $m	31 Dec 2009 $m	31 Dec 2008 $m
Floating rate				
Expiring within one year (cash advance and bill facility)	25.5	12.5	–	–
Expiring beyond one year (bank loans)	115.3	79.4	–	–
	140.8	**91.9**	–	–

The Consolidated Entity's borrowings mature at dates between 2009 and 2012.

Maturities of financial liabilities

The tables below analyse the Consolidated Entity's and the Trust's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps the cash flows have been estimated using current interest rates applicable at the reporting date. The table includes both interest and principal cash flows.

	Less than 1 year $m	Between 1 – 2 years $m	Between 2 – 3 years $m	Between 3 – 4 years $m	Between 4 – 5 years $m	Over 5 years $m	Total $m
Consolidated – 31 December 2009							
Non-derivatives							
Payables	60.2	4.2	–	–	–	–	64.4
Interest bearing loans and borrowings	889.9	480.9	788.0	–	–	–	2,158.8
Total non derivatives	**950.1**	**485.1**	**788.0**	**–**	**–**	**–**	**2,223.2**
Derivatives							
Net settled – interest rate swaps	(8.6)	(3.0)	(0.3)	–	–	–	(11.9)
Total derivatives	**(8.6)**	**(3.0)**	**(0.3)**	**–**	**–**	**–**	**(11.9)**
Consolidated – 31 December 2008							
Non-derivatives							
Payables	31.1	24.0	–	–	–	–	55.1
Interest bearing loans and borrowings	268.8	1,388.0	139.4	–	–	–	1,796.2
Total non derivatives	**299.9**	**1,412.0**	**139.4**	**–**	**–**	**–**	**1,851.3**
Derivatives							
Net settled – interest rate swaps	(17.4)	(4.5)	–	–	–	–	(21.9)
Total derivatives	**(17.4)**	**(4.5)**	**–**	**–**	**–**	**–**	**(21.9)**

29 Financial instruments continued

Liquidity and capital risk management continued

Maturities of financial liabilities continued

	Less than 1 year $m	Between 1 – 2 years $m	Between 2 – 3 years $m	Between 3 – 4 years $m	Between 4 – 5 years $m	Over 5 years $m	Total $m
Trust - 31 December 2009							
Non-derivatives							
Payables	1.0	–	–	–	–	–	1.0
Interest bearing loans and borrowings	1,475.8	463.0	–	–	–	450.0	2,388.8
Total non derivatives	**1,476.8**	**463.0**	–	–	–	**450.0**	**2,389.8**
Derivatives							
Net settled – interest rate swaps	(8.2)	(3.5)	–	–	–	–	(11.7)
Total derivatives	**(8.2)**	**(3.5)**	–	–	–	–	**(11.7)**
Trust - 31 December 2008							
Non-derivatives							
Payables	15.5	–	–	–	–	–	15.5
Interest bearing loans and borrowings	256.4	1,838.0	–	–	–	–	2,094.4
Total non derivatives	**271.9**	**1,838.0**	–	**–**	**–**	**–**	**2,109.9**
Derivatives							
Net settled – interest rate swaps	–	–	–	–	–	–	–
Total derivatives	–	–	–	–	–	–	–

Fair value

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

Trade and other receivables

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

Derivatives

The fair value of interest rate swaps is estimated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the reporting date.

Other investments

The fair value of quoted investments in A-REITs are based on current bid prices. The fair value of investments in unlisted property trust securities are based on the latest published NTA of the Trust.

The fair value of loans and other financial assets have been calculated using market interest rates, where applicable.

Fair values of financial assets and liabilities in the Consolidated Entity and Trust approximate carrying value.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of all financial assets and financial liabilities are determined as follows:

– the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed investments); and
– the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

29 Financial instruments continued

Fair value continued

Fair value measurements recognised in the Statement of Financial Position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

– level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
– level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
– level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2009	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated				
Financial assets				
Derivative instruments – Interest rate swaps	–	3.0	–	3.0
Investments				
- Listed	8.9	–	–	8.9
Total financial assets	**8.9**	**3.0**	**–**	**11.9**
Financial liabilities				
Derivative instruments – interest rate swaps	–	(13.6)	–	(13.6)
Total financial liabilities	**–**	**(13.6)**	**–**	**(13.6)**
Total net financial assets/(liabilities)	**8.9**	**(10.6)**	**–**	**(1.7)**
Trust				
Financial assets				
Derivative instruments – Interest rate swaps	–	0.8	–	0.8
Investments				
- Unlisted	–	–	56.1	56.1
Total financial assets	**–**	**0.8**	**56.1**	**56.9**

31 December 2008	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Consolidated				
Financial liabilities				
Derivative instruments – interest rate swaps	–	(20.7)	–	(20.7)
Total financial liabilities	**–**	**(20.7)**	**–**	**(20.7)**
Trust				
Financial assets				
Investments				
- Unlisted	–	–	56.1	56.1
Total financial assets	–	–	**56.1**	**56.1**
Financial liabilities				
Derivative instruments – interest rate swaps	–	(8.0)	–	(8.0)
Total financial liabilities	–	**(8.0)**	–	**(8.0)**
Total net financial (liabilities)/assets	–	**(8.0)**	**56.1**	**48.1**

The carrying value of investments and interest bearing loans and borrowings approximates their fair value.

30 Stapling arrangements

The Stapling Deed between Brookfield Multiplex Funds Management Limited, as the Responsible Entity of the Trust, and the Company is dated 8 October 2003. It sets out the terms of the relationship between the Responsible Entity and the Company in respect of the units in the ordinary Trust and the ordinary shares in the Company that comprise the securities.The aspects of that relationship include the following:

- Stapling: the units and shares will remain stapled unless special resolutions of stapled securityholders approve unstapling or unless stapling becomes unlawful or prohibited by the Listing Rules;
- Co-operation and consultation: the Responsible Entity and the Company agree to share accounting and other information, and to co-operate in operating the Trust and Company in providing information to investors, valuing assets, preparing financial reports, holding meetings, issuing securities and making distributions;
- Dealings in securities: units and shares may only be issued or transferred as part of securities;
- Acquisitions, disposals and borrowings: these require consultation procedures between the Responsible Entity and the Company to be followed;
- Sale of assets: the Company agrees to notify the Responsible Entity of any assets that it intends to sell which are within the investment criteria of the Trust and will reasonably consider any proposals put to it by the Responsible Entity to purchase these assets;
- Allocation of issue price: the Responsible Entity and the Company must agree what proportion of the issue price of a security is allocated to each of the Trust and Company. Generally, this is by reference to the respective market values of the units and the shares (as determined by agreement between the Responsible Entity and the Company);
- Financial benefits: the Trust and the Company must provide to the other or its controlled entities upon request any financial benefit which is requested;
- Registers: these are to be kept jointly;
- Duties: when carrying out their duties, the Responsible Entity and the Company may consider the interests of holders of securities as a whole, not only the interests of the members of the Trust and Company separately; and
- Dispute resolution: if there are disagreements about stapling issues, the Responsible Entity and the Company must use their best efforts to resolve them and negotiate in good faith before instituting proceedings.

The stapled security structure will cease to operate on the first to occur of:

- either of the Company or the Trust resolving by special resolution in general meeting and in accordance with its Constitution to terminate the stapling provisions; or
- the winding up of either the Company or the Trust.

31 Events occurring after the reporting date

Formal credit approval has been received for a total of $407m from three financial institutions securing a three year extension of the Investment Finance Facility from its current maturity date of 20 May 2010 to 20 May 2013.

Other than as disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may affect, the Consolidated Entity's operations in future financial years, the results of those operations or the Consolidated Entity's state of affairs in future financial years.

Directors' Declaration
Brookfield Multiplex Property Trust and its controlled entities
For the year ended 31 December 2009

In the opinion of the directors of Brookfield Multiplex Funds Management Limited, the Responsible Entity of Brookfield Multiplex Property Trust:

a The financial statements and notes, set out on pages 8 to 46, are in accordance with the *Corporations Act 2001*, including:

  i giving a true and fair view of the financial position of the Trust and the Consolidated Entity as at 31 December 2009 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and

  ii complying with Australian Accounting Standard and the *Corporation Act 2001* in Australia and the Corporations Regulations 2001;

b The Trust has operated during the financial year in accordance with the provisions of the Trust Constitution dated 19 September 2003 (amended);

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

Signed in accordance with a resolution of the directors made pursuant to section 295A of the *Corporations Act 2001*.

Dated at Sydney, this 22 day of February 2010.

F Allan McDonald
Non-Executive Chairman
Brookfield Multiplex Funds Management Limited

Brian W Kingston
Executive Director
Brookfield Multiplex Funds Management Limited

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Independent Auditor's Report to the Unitholders of Brookfield Multiplex Property Trust

We have audited the accompanying financial report of Brookfield Multiplex Property Trust, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in unitholder interests 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 Brookfield Multiplex Property Trust and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 8 to 47.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

We 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*.

Auditor's Opinion

In our opinion:

(a) the financial report of Brookfield Multiplex Property Trust is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of Brookfield Multiplex Property Trust's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the Brookfield Multiplex Property Trust financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

J A Leotta
Partner
Chartered Accountants
Sydney, 22 February 2010