MULTIPLEX NEW ZEALAND PROPERTY FUND

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PROPERTY FUND
ANNUAL REPORT 2005

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MULTIPLEX
CAPITAL

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Multiplex New Zealand Property Fund is an Australian unlisted investment vehicle which invests in a direct portfolio of quality New Zealand investment grade properties.

Multiplex New Zealand Property Fund (the Fund) delivers attractive tax advantaged income returns through a diversified portfolio of office, retail, industrial and car park assets. The Fund offers a limited liquidity feature and defined exit strategy and sits today as one of the largest property vehicles in New Zealand.

MANAGING DIRECTOR'S REPORT

Overview

Multiplex New Zealand Property Fund (the Fund) was launched in September 2004 with a quality portfolio of 11 New Zealand property assets valued at NZ$294.1 million. By 30 June 2005, the Fund had grown to become one of New Zealand's largest property vehicles, with 33 office, retail, industrial and car park assets valued at NZ$602.8 million.

It has been an exceptional first reporting period for the Fund, characterised by significant asset growth, an expanding investor base, an expanded management team and a total return to original investors of 16.0% (annualised). The Fund exceeded revenue and net profit forecasts detailed in the September 2004 and May 2005 Product Disclosure Statements (PDS) and achieved distribution payments in line with PDS forecasts.

The Fund

The Fund has been created to provide Australian investors with an opportunity to invest in a direct portfolio of quality New Zealand investment grade properties, providing strong tax-advantaged income returns with the potential for capital growth over the initial seven year term of the Fund.

The Fund has been active in raising equity capital from investors with the issue of a PDS in September 2004 and May 2005 to raise capital to finance the acquisition of the first and second stage properties, and a supplementary PDS in August 2005 to announce the acquisition of the third stage properties.

Fund snapshot at 30 June 2005

Total assets	$570.4 million
Issue price per unit	$1.07
Accounting NTA per unit[1]	$0.96
Fund gearing[2]	64%
Management fee	0.70% per annum of the gross value of assets
Management expense ratio (MER)[3]	0.74%
Tax-advantaged distributions	100% (for the period to 30 June 2005)
Distributions paid	Quarterly

1 The Accounting NTA per unit at 30 June 2005 excludes the outstanding units to be issued under the May 2005 capital raising. On a fully issued basis of 212.1 million units, the accounting NTA per unit of the Fund at 30 June 2005 would be $0.98.

2 The gearing of the Fund at 30 June 2005 includes $18.7 million of subordinated debt which was utilised to acquire the third stage properties on 30 June 2005. The subordinated debt amount will be repaid through equity subscriptions at which time the gearing of the Fund will reduce to 61%.

3 Estimate based on a 12 month period.

The Fund generated net revenue of $23.1 million for the 10 month period to 30 June 2005, being a 7.8% increase on the May 2005 PDS forecast of $21.4 million. Net profit for the period to 30 June 2005 of $5.2 million also exceeded the May 2005 PDS forecast of $4.8 million by 8.5%.

The Fund achieved an annualised income return for the period to 30 June 2005 of 9.00% for investors investing at $1.00 per unit and an annualised income return of 8.41% for investors investing at $1.07 per unit. In addition, the Fund's original investors (investing at $1.00 per unit) achieved a 7.00% increase in unit price.

The property portfolio

The portfolio of 33 commercial properties, comprising 11 office, 18 retail, 1 car park and 3 industrial assets provides investors with an interest in a quality, diverse and well leased portfolio of properties spread throughout New Zealand's north and south islands.

The Fund acquired the property portfolio, currently valued at NZ$602.8 million in three separate stages as follows:

– First stage properties, comprising a quality portfolio of 11 properties including the landmark ASB Bank Centre office building, the sub-regional South City Shopping Centre, six Progressive (General Distributors Limited) retail centres and three Progressive distribution centres, which were acquired by the Fund in September 2004 for a total purchase price of NZ$294.1 million. The properties were independently valued at NZ$294.1 million at the time of acquisition.

– Second stage properties, comprising 10 Auckland based office assets and one car park, were acquired by the Fund in May 2004 for a total purchase price of NZ$223.0 million. The properties were independently valued at NZ$237.6 million at the time of acquisition.

– Third stage properties, comprising 10 provincially located supermarkets and one east Auckland shopping centre, were acquired by the Fund in June 2005 for a total purchase price of NZ$55.4 million. The properties were independently valued at NZ$56.7 million at the time of acquisition.

The portfolio comprises approximately 165 tenants, with rental income secured by leases with average terms to expiry of 8.6 years. A key feature of the Fund has been the security of income provided by the major tenants in the portfolio. The portfolio's five largest tenants, being General Distributors Limited, Telecom New Zealand, ASB Bank, University of Auckland and New Zealand Inland Revenue, contribute approximately 70% of the portfolio's net property income on lease terms averaging 11.0 years.

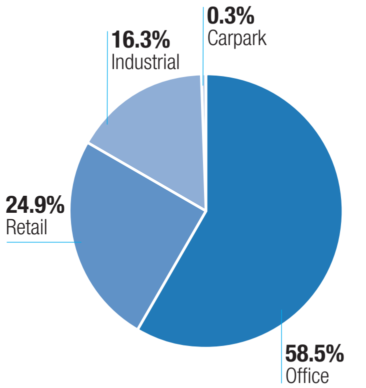
The portfolio is well leased, with an occupancy rate across the properties of 98.5% (by income) at 30 June 2005. The portfolio also benefits from a low lease expiry profile over the coming years with less than 10% of leases (by income) expiring each year between 2005 and 2010.

The portfolio has been acquired at prices generally below valuation, in a market which continues to see upward pricing pressure and firming capitalisation rates on investment grade real estate. Investors have already seen the benefits of this robust market first hand with the revaluation of the first stage properties in March 2005 providing a NZ$14.4 million (or 5%) valuation increase on the September 2004 purchase price of NZ$294.1 million.

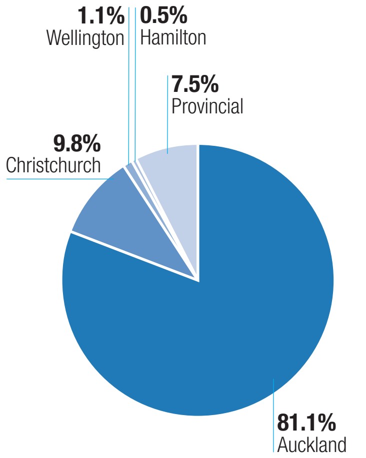
A further example of the upward pressure on values in the tightly held New Zealand property market is demonstrated by the number of past and current unsolicited offers received by the Manager to sell Fund properties at prices above current valuation. In August 2005, the Manager received a number of competing offers to buy the property at 76 Symonds Street, Auckland, a C-grade office building acquired for NZ$5.39 million as part of the second stage properties in May 2005 and currently valued at NZ$5.55 million. After declining a number of lesser valued offers, the Manager agreed to accept an offer of NZ$6.70 million from a private investor in late September 2005 based on the significant premium achieved over both purchase price and valuation. The property sale, which is expected to be completed by mid December 2005, will provide investors with a profit after costs of NZ$0.9 million, representing a 17% premium on purchase price over a three month holding period.

The Manager also notes with interest the proposed de-merger and on-sale of Foodland Associated Limited's New Zealand business to Woolworths Australia Limited, which was announced to the market in May 2005. General Distributors Limited is a wholly-owned subsidiary of Progressive Enterprises Limited which in turn is a subsidiary of Foodland Associated Limited. If completed, the transaction will see Woolworths Limited as the ultimate owner of the Fund's largest tenant (General Distributors Limited), which in turn will be positive for the Fund in terms of increasing the overall tenant quality of the portfolio and may also positively impact the property valuations of the (twenty) Fund properties wholly leased to General Distributors Limited. The transaction, which is subject to regulatory approval, is expected to be completed by the end of 2005.

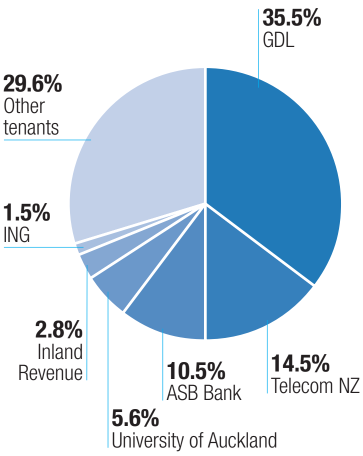
Sector diversification (by value)



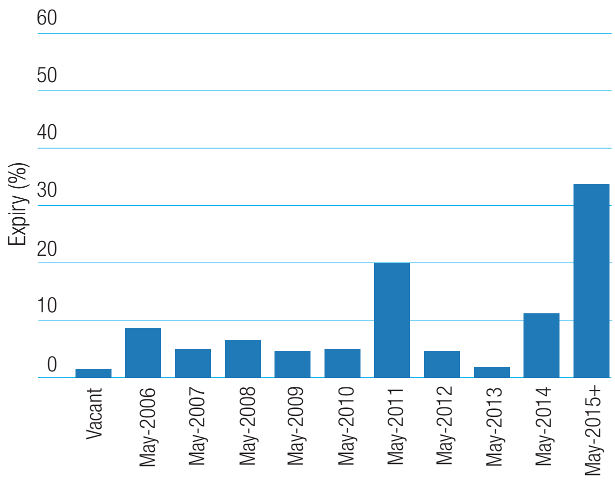
Location diversification (by value)



Tenant diversification (by income)



Lease expiry profile (by income)



Debt facilities

The Fund established a senior debt facility with the Commonwealth Bank of Australia (CBA) on 1 September 2004 for NZ$191.2 million in order to partially fund the acquisition of the first stage properties. The facility size was increased to NZ$350.0 million in May 2005 to partially fund the acquisition of the second stage properties. In June 2005, the facility was increased again to NZ$385 million to partially fund the acquisition of the third stage properties, with ANZ National Bank, New Zealand joining the syndicate to provide co-funding with CBA under the terms of the facility.

The facility runs for a term of five years (expiring 31 August 2009) and is provided on a loan to value ratio of 65%. The facility is being provided at a cost of 65 basis points, representing a margin of 30 basis points and line fee of 35 basis points. At 30 June 2005, the senior debt facility was drawn to NZ$378.0 million, reflecting a loan to value ratio of 63%. The undrawn facility balance (being NZ$7.0 million) will be used to fund future capital expenditure commitments across the property portfolio.

In addition to the above senior debt facility, the Fund established a new subordinated debt facility in June 2005 for NZ$20.4 million which has been used to partially fund the acquisition of the third stage properties. The subordinated facility is provided jointly by CBA and ANZ National Bank at a cost of 65 basis points and for a period of 12 months expiring on 30 June 2006. This is a short-term funding bridge which is being repaid from equity oversubscriptions received under the May 2005 PDS and August 2005 supplementary PDS. At the time of writing, the Manager anticipates that this facility will be fully repaid by the end of September 2005.

Interest rate hedging

In order to reduce the risk of interest rate movements, the Manager has entered into interest rate swap contracts to fix the interest rate under the senior debt facility. As of 1 July 2005, interest rate swaps with a notional value of NZ$374.4 million (or hedge of 99% on drawings of NZ$378.0 million) were in place, providing an average fixed interest rate including margin of 7.39%.

The Manager has decided not to hedge the subordinated debt facility on the basis that it is being progressively paid down from equity oversubscriptions.

Property portfolio summary

Property	Property acquired (stage)	Location	Purchase price NZ$ million	Current valuation NZ$ million	Portfolio (%)	Major tenants
Office						
ASB Bank Centre	First stage	Auckland	113.9	116.5	19.3	ASB Bank, ING
Gen-i Tower	Second stage	Auckland	63.7	66.8	11.1	gen-i Ltd
Telecom House	Second stage	Auckland	55.5	59.1	9.8	Telecom New Zealand Limited
AIA Building	Second stage	Auckland	24.6	25.3	4.2	Inland Revenue
SAP Centre	Second stage	Auckland	19.4	21.8	3.6	American Express, Auckland Uniservices Ltd
Uniservices House	Second stage	Auckland	17.5	18.0	3.0	University of Auckland
The Telco Building	Second stage	Auckland	14.7	16.6	2.8	University of Waikato
The Plaza	Second stage	Auckland	10.5	11.3	1.9	Telecom New Zealand Limited
University Building	Second stage	Auckland	9.6	10.9	1.8	University of Auckland
76 Symonds Street	Second stage	Auckland	5.4	5.6	0.9	University of Auckland
Farmers Car Park (carpark asset)	Second stage	Auckland	1.4	1.5	0.3	gen-i Ltd
12 Whitaker Place	Second stage	Auckland	0.7	0.7	0.1	DJ Scott and Associates
Sub total			**336.9**	**354.1**	**58.8**	
Industrial						
Mangere Distribution Centre	First stage	Auckland	55.5	61.0	10.1	General Distributors Limited
Wiri Distribution Centre(1), (3)	First stage	Auckland	20.5	21.8	3.6	General Distributors Limited
Christchurch Distribution Centre(1)	First stage	Christchurch	15.4	15.7	2.6	General Distributors Limited
Sub total			**91.4**	**98.5**	**16.3**	
Retail						
South City Shopping Centre(2)	First stage	Christchurch	40.0	43.0	7.1	The Warehouse, New World
Countdown Botany	First stage	Auckland	14.8	15.0	2.5	General Distributors Limited
Countdown Lynfield	First stage	Auckland	12.1	12.7	2.1	General Distributors Limited
Howick Shopping Centre	Third stage	Auckland	10.7	11.2	1.9	General Distributors Limited
Woolworths Grey Lynn	First stage	Auckland	8.7	9.1	1.4	General Distributors Limited
Foodtown Pukekohe	Third stage	Pukekohe	8.2	8.4	1.4	General Distributors Limited
Woolworths New Plymouth	Third stage	New Plymouth	7.5	7.7	1.3	General Distributors Limited
Countdown Porirua	First stage	Wellington	6.5	6.7	1.1	General Distributors Limited
Woolworths Te Awamutu	Third stage	Te Awamutu	5.5	5.6	0.9	General Distributors Limited
Woolworths Dargaville	Third stage	Dargaville	5.2	5.2	0.9	General Distributors Limited
Woolworths Wanganui(3)	Third stage	Wanganui	4.2	4.1	0.7	General Distributors Limited
Woolworths Papakura	First stage	Auckland	3.9	4.1	0.7	General Distributors Limited
Countdown Oamaru	Third stage	Oamaru	3.7	3.8	0.6	General Distributors Limited
Woolworths Invercargill	Third stage	Invercargill	3.6	3.7	0.6	General Distributors Limited
Woolworths Paeroa	Third stage	Paeroa	2.9	2.9	0.5	General Distributors Limited
Foodtown Hamilton(3)	First stage	Hamilton	2.8	2.9	0.5	General Distributors Limited
Woolworths Putaruru	Third stage	Putaruru	2.5	2.5	0.4	General Distributors Limited
Woolworths Marton	Third stage	Marton	1.4	1.6	0.3	General Distributors Limited
Sub total			**144.2**	**150.2**	**24.9**	
Total portfolio			**572.5**	**602.8**	**100.0**	

(1) The Wiri Distribution Centre and Christchurch Distribution Centre valuations include vacant land areas totalling NZ$3.0 million (NZ$1.0 million at Wiri Distribution Centre and NZ$2.0 million at Christchurch Distribution Centre). General Distributors Limited, as the lessee of these land areas, has a right to acquire them at NZ$3.0 million.
(2) Includes a separate building known as 573-579 Colombo Street with a valuation of NZ$4.1 million.
(3) Perpetual leasehold property.

Equity raisings

The Fund undertook its initial equity raising of $114.5 million (114.5 million units at $1.00) with the release of the September 2004 PDS. The equity was fully raised by March 2005 and included cornerstone investments by Multiplex Property Trust (25%) and Multiplex Acumen Property Fund (20%). The equity was used to finance the acquisition of the first stage properties.

The Fund undertook its second equity raising for $40.4 million (37.8 million units a $1.07) with the release of the May 2005 PDS. In addition to the PDS raising, Multiplex Property Trust and Multiplex Acumen Property Fund together subscribed for an additional $40.4 million of equity such that their cornerstone holdings achieved equal 25% ownership interests in the Fund on a fully subscribed basis. The equity will be used to finance the acquisition of the second stage properties.

With the acquisition of the third stage properties in June 2005, the Manager announced that the Fund would seek to raise an additional $23.7 million (22.2 million units at $1.07) through equity oversubscriptions under the May 2005 PDS and August 2005 supplementary PDS. The equity will be used to repay the subordinated debt facility and fees incurred in relation to the acquisition of the third stage properties. Multiplex Acumen Property Fund has subscribed for an additional 5.5 million units based on the oversubscription offer. In September 2005, AMP Capital Investors, on behalf of one of their wholesale clients, confirmed that it would take a cornerstone position in the Fund with a subscription of approximately 19.5 million units.

The total number of units on issue by the Fund once the current equity of $64.1 million (being $40.4 million of subscriptions and $23.7 million of oversubscriptions) has been fully subscribed will be 212.1 million units. The cornerstone investors and their holdings in the Fund based on a fully subscribed basis will be:

– Multiplex Property Trust – 47.5 million units (22% interest);

– Multiplex Acumen Property Fund – 53.0 million units (25% interest); and

– AMP Capital Investors – 19.5 million units (9% interest).

Management team

The Fund has a dedicated team of Australian and New Zealand property professionals and support staff looking after the interests of investors and driving the performance of the Fund. The team in Australia is headed by Leon Boyatzis as Fund Manager and Noella Choi as dedicated analyst of the Fund. Leon is responsible to the Multiplex Capital Limited Board for the performance of the Fund and communication to the Fund's investors. Being part of the Multiplex Capital team, Leon is able to draw on the wider resources of the Multiplex Group including the treasury, accounting, compliance, legal and marketing functions.

The New Zealand management team is headed by Peter Wall, a past national president of the Property Council of New Zealand and highly regarded professional within the New Zealand property market. Peter heads up a team of asset managers, property managers and support staff responsible for the day to day management of the Fund's properties.

The Board of Multiplex Capital Limited, as Responsible Entity of the Fund, comprises both executive and independent Directors and is ultimately responsible for managing the Fund on behalf of investors. At 30 June 2005, the Board comprised an equal number of executive (Andrew Roberts, Ian O'Toole and Rob Rayner) and independent (Dr Peter Morris, Robert McCuaig and Mike Hodgetts) Directors, with Andrew Roberts holding the position of Chairman. On 14 September 2005, Andrew Roberts resigned as Chairman and director of the Board due to his role as Chief Executive of Multiplex Group being permanently based in the United Kingdom. The Board is currently considering Andrew Roberts replacement and the position of Chairman of the Board.

Investment strategy

The investment strategy of the Fund is to acquire further investment grade direct property assets in New Zealand that are well leased with strong tenant covenants, as well as being well located and able to provide investors with strong and secure income returns. The Fund may also acquire indirect property assets in New Zealand such as units in a listed or unlisted trust. It is the Managers intention over the medium term to acquire additional retail properties in order to achieve a more even weighting of office and retail assets.

The Fund undertakes a rigorous and arm's length investment process when considering new property acquisitions. The Fund's senior management presents all acquisition opportunities to the Board for approval, with each independent Director required to sign-off on each acquisition before it can proceed.

Outlook

The Fund's outlook is very positive. Over a relatively short period of time, the Fund has grown to become one of the largest property vehicles in New Zealand and is well positioned to capitalise on the continued rental income and capital growth prospects being experienced across New Zealand's major property markets. A small example of the capital growth potential in the portfolio is provided through the sale of 76 Symonds Street which has provided investors with a 17% premium over the acquisition price paid by the Fund over a three month holding period.

The Fund's properties are well leased with minimal vacancy, predominantly let at market rents and has the major tenants providing approximately 70% of net income secured over lease terms averaging 11.0 years.

The Fund now has a dedicated New Zealand management team headed by a highly regarded local property professional. In addition to the day to day management of the portfolio and tenant relationships, the team is constantly on the lookout for new acquisition opportunities for the Fund.

Based on the take-up rate of the current equity raising, it is anticipated that the raising will be fully subscribed within the next few months, which will provide the Fund with additional capacity to source further acquisitions in the short to medium term. The Manager intends to grow the Fund responsibly with quality, well leased properties with secure income returns.

I would like to thank all investors for their support over the past 10 months and look forward to sharing a new year of growth and success with you.

Ian O'Toole
Managing Director
Multiplex Capital Limited

PROPERTY
PORTFOLIO SUMMARY

ASB Bank Centre

Valuation Details		
Valuation	NZ$116.5 million	
Valuer	Colliers International	
Valuation Date	31 March 2005	
Valuation per sqm of NLA	NZ$3,483	
Valuation per sqm of land	NZ$33,022	
Capitalisation rate (%)	8.13	
Property Details		
Net lettable area (sqm) (approx.)	33,442	
Land area (sqm) (approx.)	3,528	
Tenancy Profile		
Occupancy (%)	99	
Major Tenant	**ASB Bank**	**ING**
Area (sqm)	20,418	2,457
NLA (%)	61	7
Lease Expiry	June 2013	May 2010
Reviews	3 yearly to market	3 yearly to market

Location
The landmark ASB Bank Centre occupies a prominent position towards the south-western end of the Auckland CBD. The building is located on the upper end of Albert Street, and with its visual dominance of the city and the harbour, it makes an imposing contribution to Auckland's skyline. The site has frontages to Albert, Wellesley and Federal Streets and is in close proximity to key city services – the Aotea Performing Arts Centre, the Carlton Hotel and New Zealand's premier shopping thoroughfare in Queen Street.

Property description
ASB Bank Centre is a premium quality, landmark property. The building features four levels of basement parking, a prestige quality entry foyer and 30 levels of column-free office accommodation. The building has a central core allowing for tenant flexibility. Services are premium grade, including a full back-up emergency generator.

Gen-i Tower

Valuation Details	
Valuation	NZ$66.8 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,961
Valuation per sqm of land	NZ$20,218
Capitalisation rate (%)	8.50
Property Details	
Net lettable area (sqm) (approx.)	22,561
Land area (sqm) (approx.)	3,304
Tenancy Profile	
Occupancy (%)	94
Major Tenant	**gen-i Ltd**
Area (sqm)	3,074
NLA (%)	14
Lease Expiry	February 2012
Reviews	3 yearly to market

Location
The property is located at 66 Wyndham Street on the corner of Federal and Hobson Streets. This is a prominent CDB location, being approximately 200 metres to the west of the Queen Street retail centre which is widely recognised as the core of the Auckland CBD. The property is also in close proximity to the Viaduct Harbour precinct and Princess Wharf which provides for a combination of entertainment areas, office accommodation, apartment dwellings and marina.

Property description
The property comprises a substantial office building which was completed in 1990. The building has 19 levels of office accommodation, ground floor retail accommodation and three basement levels of parking providing 191 car spaces. A feature of the building is the large canopy and colonnade area surrounding the ground floor and water feature on the corner of Wyndham and Hobson Streets. The upper floors of the building enjoy excellent views to the harbour and western elevation.

Telecom House

Valuation Details	
Valuation	NZ$59.1 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$3,773
Valuation per sqm of land	NZ$11,487
Capitalisation rate (%)	8.50
Property Details	
Net lettable area (sqm) (approx.)	15,665
Land area (sqm) (approx.)	5,145
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**Telecom New Zealand Limited**
Area (sqm)	15,665
NLA (%)	100
Lease Expiry	November 2010
Reviews	Annually to CPI+1% Capped at 4%

Location
The property is situated to the eastern side of Hereford Street and Hopetown Street, approximately one kilometre to the south of Auckland's CBD. The property sits 50 metres from the Karangahape Road ridge, which is a major arterial road forming the southern boundary around the CBD periphery.

Property description
The property comprises a 15 level modern office building which was completed in 1989. The building has 11 levels of office accommodation and four levels of basement parking providing 463 car spaces. The interior of the building has been extensively refurbished to a high specification, with views from all levels of the building, predominantly to the north over the CBD and Waitemata Harbour.

AIA Building

Valuation Details	
Valuation	NZ$25.3 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,671
Valuation per sqm of land	NZ$8,821
Capitalisation rate (%)	8.50
Property Details	
Net lettable area (sqm) (approx.)	9,471
Land area (sqm) (approx.)	2,868
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**New Zealand Inland Revenue Department**
Area (sqm)	7,466
NLA (%)	79
Lease Expiry	December 2008
Reviews	3 yearly to market

Location
The property is located in the Auckland north shore suburb of Takapuna, approximately eight kilometres from the Auckland CBD. Takapuna is the commercial and retail centre of the Auckland north shore region.

Property description
The property comprises a 17 level office tower completed in 1989, with 13 office floors and four levels of parking providing 189 car spaces. Two of the parking levels also comprise retail accommodation. The building's service core is centrally positioned to the western elevation, providing good natural light and views across urban areas to the ocean.

SAP Centre

Uniservices House and 12 Whitaker Place

Valuation Details		
Valuation	NZ$21.8 million	
Valuer	Colliers International	
Valuation Date	30 April 2005	
Valuation per sqm of NLA	NZ$3,040	
Valuation per sqm of land	NZ$5,737	
Capitalisation rate (%)	9.00	
Property Details		
Net lettable area (sqm) (approx.)	7,170	
Land area (sqm) (approx.)	3,800	
Tenancy Profile		
Occupancy (%)	100	
Major Tenant	**American Express**	**Auckland Uniservices Ltd**
Area (sqm)	2,225	1,675
NLA (%)	31	23
Lease Expiry	January 2007	January 2011
Reviews	3 yearly to market	3 yearly to market

Location

The property is situated on the northern side of Symonds Street, at the eastern end of the Auckland CBD. Symonds Street is a major arterial road carrying traffic between the downtown Auckland precinct and leading to the southern fringe commercial and residential areas.

Property description

The property comprises a nine level modern office building which was completed in 1989. In addition there are five levels of parking providing 233 car spaces. The office accommodation is divided between podium and office tower and is orientated to take maximum advantage of the outlook and northerly aspect. The building is well serviced with two lift banks, concierge area and standby generator.

Valuation Details	
Valuation	
Uniservices House	NZ$18.0 million
12 Whitaker Place	NZ$0.7 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,419
Valuation per sqm of land	NZ$7,242
Capitalisation rate (%)	8.89
Property Details	
Net lettable area (sqm) (approx.)	7,729
Land area (sqm) (approx.)	2,582
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**University of Auckland**
Area (sqm)	5,395
NLA (%)	70
Lease Expiry	October 2010
Reviews	3 yearly to market

Location

The properties, sharing the same site location and title, are situated on the eastern side of Symonds Street on the southern fringe of the Auckland CBD, being a short distance from the main campus of Auckland University. The properties have easy access to the main transport routes and motorway networks, with access to the southern motorway being approximately 400 metres to the south.

Property description

Uniservices House

The property comprises an 11 level office building which was completed in 1986. In addition there are three levels of basement parking providing 111 car spaces.

12 Whitaker Street

The property is a two level English suburban style dwelling constructed circa 1925. It has since been refurbished and enlarged in 1985 to provide office accommodation.

The Telco Building

Valuation Details[1]	
Valuation[1]	NZ$16.6 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,111
Valuation per sqm of land	NZ$13,344
Capitalisation rate (%)	9.00
Property Details	
Net lettable area (sqm) (approx.)	7,865
Land area (sqm) (approx.)	1,244
Tenancy Profile	
Occupancy (%)	85
Major Tenant	**University of Waikato**
Area (sqm)	1,013
NLA (%)	13
Lease Expiry	December 2005
Reviews	2 yearly to market

Location

The property is situated on the south-eastern corner of Federal and Kingston Streets at the western end of the Auckland CBD. Queen Street lies approximately 200 metres to the east while Viaduct Harbour is approximately 500 metres to the north. Access to the motorway systems are provided at Fanshawe Street to the northern motorway, while access to the southern and western motorways are approximately one kilometre to the south along Hobson Street.

Property description

16 Kingston Street comprises a 17 level office building which was completed in 1989 and its interior has recently been extensively refurbished, and 60 Federal Street comprises a four level office and retail building which was completed in 1987. A basement level, which is shared between the two properties, provides parking for approximately 41 cars.

(1) Colliers International has valued 16 Kingston Street and 60 Federal Street as a single property.

The Plaza

Valuation Details	
Valuation	NZ$11.3 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,408
Valuation per sqm of land	NZ$3,970
Capitalisation rate (%)	9.00
Property Details	
Net lettable area (sqm) (approx.)	4,692
Land area (sqm) (approx.)	2,846
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**Telecom New Zealand Limited**
Area (sqm)	3,408
NLA (%)	73
Lease Expiry	March 2008/November 2010
Reviews	On renewal to market/annually to CPI capped at 2%

Location

The property is situated to the northern side of Karangahape Road to the north-western corner of the intersection between Howe Street and Hereford Streets, on the southern fringe of the Auckland CBD. The property has considerable street frontage and enjoys significant exposure to both pedestrian and vehicle traffic. Karangahape is a major arterial road forming the southern accesses of the outer CBD periphery of Auckland.

Property description

The property comprises an historic strip shop complex completed in the early 1900s and recently subject to a major refurbishment. It contains a variety of accommodation, comprising 22 street level retail and restaurant tenancies, and two levels of high specification office space. The building also provides basement level parking for 34 cars.

University Building

Valuation Details	
Valuation	NZ$10.9 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,142
Valuation per sqm of land	NZ$8,122
Capitalisation rate (%)	9.00
Property Details	
Net lettable area (sqm) (approx.)	5,088
Land area (sqm) (approx.)	1,342
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**University of Auckland**
Area (sqm)	5,088
NLA (%)	100
Lease Expiry	July 2012
Reviews	3 yearly to market

Location

The property is situated on the eastern fringe of the Auckland CBD within a five minute walk to the centrally located Queen Street. The main campus of the University of Auckland is located a short distance away and the Auckland University of Technology is within reasonable proximity. The property has good access to main arterial roads providing links to the motorway systems and is also in close proximity to public transport facilities, including the new Britomart Transport Development.

Property description

The property comprises a nine level office tower originally completed in 1971, with seven office floors and two levels of parking providing 46 car spaces. The building was refurbished in circa 1995 for educational use. The upper office floors of the building enjoy views over the Auckland port area.

76 Symonds Street

Valuation Details	
Valuation	NZ$5.55 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per sqm of NLA	NZ$2,149
Valuation per sqm of land	NZ$6,160
Capitalisation rate (%)	9.50
Property Details	
Net lettable area (sqm) (approx.)	2,582
Land area (sqm) (approx.)	901
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**University of Auckland**
Area (sqm)	2,582
NLA (%)	100
Lease Expiry	August 2010
Reviews	3 yearly to market

Location

The property is situated on the north-eastern corner of the intersection of Symonds Street, Wakefield Street and Whitaker Place, being a short distance from the main campus of Auckland University, on the southern fringe of the Auckland CBD. The property has easy access to the motorway network, with the southern motorway being approximately 400 metres to the south of the property.

Property description

The property consists of a high-rise C-grade office and car park development which was completed in 1975. The building consists of eight office floors and three levels of parking providing 60 car spaces. The upper floors of the building enjoy views to the north of Auckland CBD.

Farmer's Carpark

Valuation Details	
Valuation	NZ$1.55 million
Valuer	Colliers International
Valuation Date	30 April 2005
Valuation per car space	NZ$33,696
Valuation per sqm of land	n/a
Capitalisation rate (%)	9.00
Property Details	
Number of car spaces	46
Land area (sqm) (approx.)	n/a
Tenancy Profile	
Occupancy (%)(1)	87
Major Tenant	**gen-i Ltd**
Number of car spaces	25
Percentage of total car spaces (%)	54
Lease Expiry	February 2012
Reviews	3 yearly to market

Location

The property is situated in a prominent cental Auckland location with frontages to Wyndham Street and Hobson Street, being approximately 500 metres to the west of the central Queen Street retail centre and in close proximity to the Viaduct Harbour precinct.

Property description

The property comprises a multi-level car park building incorporating approximately 1,350 car parks and completed in the 1960s. The Fund has acquired 46 car spaces within the building. 31 car spaces are located on the underground basement level (contained within a single title), with the remaining 15 spaces located over levels two and three. The level two spaces are both secured and covered, and the level three spaces are secured but uncovered.

(1) Occupancy is calculated on the number of leased car spaces to the total number of car spaces held.

Mangere Distribution Centre

Valuation Details	
Valuation	NZ$61.0 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$935
Valuation per sqm of land	NZ$455
Capitalisation rate (%)	8.38
Property Details	
Net lettable area (sqm) (approx.)	65,274
Land area (sqm) (approx.)	134,071
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	73,273
NLA (%)	100
Lease Expiry	August 2024
Reviews	3 yearly to market

Location

The property is located on the northern side of Favona Road, approximately 1.5 kilometres from the south-western motorway and approximately five minutes travel from Auckland International Airport in the suburb of Mangere. The property will benefit from increased accessibility to Manukau and Wiri with the proposed extensions and redirections of State Highway 20 to the south. The area immediately surrounding Favona Road comprises residential development and established industrial and commercial premises.

Property description

The property comprises a large integrated distribution centre and head office complex. It includes a new office building, completed to a high standard, extensive car parking and a significant area of hardstand to the rear of the site. The total building area of 65,274 square metres provides a site coverage of approximately 49%.

Wiri Distribution Centre

Christchurch Distribution Centre

Wiri Distribution Centre

Valuation Details	
Valuation	
Distribution Centre	NZ$20.75 million
Vacant Land	NZ$1.0 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$614[1]
Valuation per sqm of land	NZ$288[1]
Capitalisation rate (%)	10.25
Property Details	
Net lettable area (sqm) (approx.)	33,786
Distribution Centre (sqm) (approx.)	72,068
Vacant land (sqm) (approx.)	83,048
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	33,786
NLA (%)	100
Lease Expiry	August 2016
Reviews	3 yearly to market

Location

The property is located on the southern side of Kerrs Road, approximately one kilometre from the intersection with Great South Road, and is within close proximity to the Southern and Mangere Onehunga motorways. Auckland CBD is approximately 25 minutes drive from the property, while the Auckland International Airport is approximately 10 minutes drive to the west.

Property description

The property comprises a large scale distribution centre and warehouse with associated offices and amenities, and parking for 309 cars. There is a large area of hardstand adjacent to the warehouse. The total building area of 33,786 square metres provides a site coverage of approximately 47%. Separate to the Distribution Centre, the site also comprises vacant land over an area of 83,048 square metres which has been valued at NZ$1.0 million by Colliers. The property is subject to a perpetually renewable lease in favour of the Fund (i.e. a leasehold property).

(1) Distribution Centre only.

Christchurch Distribution Centre

Valuation Details	
Valuation	
Distribution Centre	NZ$13.7 million
Vacant Land	NZ$2.0 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$779[1]
Valuation per sqm of land	NZ$217
Capitalisation rate (%)	8.50
Property Details	
Net lettable area (sqm) (approx.)	17,595
Total land area (sqm) (approx.)	72,203
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Limited Area (sqm)	17,594
NLA (%)	100
Lease Expiry	August 2024
Reviews	3 yearly to market

Location

The property is located approximately 12 kilometres from the Christchurch CBD within the south-western suburb of Hornby. Access to the city is by way of major routes along Main South Road and Blenheim Road. The Christchurch industrial market is New Zealand's second largest (after Auckland) and serves as a central hub for the South Island.

Property description

The property was constructed in 1999 and comprises a modern, purpose built distribution centre, with associated warehouse and office facilities and car parking for 50 vehicles. The total building area of 17,595 square metres provides a site coverage of approximately 41%. Separate to the distribution centre the site also comprises vacant land over an area of 38,490 square metres which has been valued at NZ$2.0 million by Colliers International NZ.

(1) Distribution Centre only.

South City Shopping Centre[1]

Countdown Botany

South City Shopping Centre

Valuation Details		
Valuation	NZ$43.0 million	
Valuer	Colliers International	
Valuation Date	31 March 2005	
Valuation per sqm of NLA	NZ$2,468	
Valuation per sqm of land	NZ$1,136	
Capitalisation rate (%)	9.07	
Property Details		
Net lettable area (sqm) (approx.)	17,423	
Land area (sqm) (approx.)	37,841	
Tenancy Profile		
Occupancy (%)	100	
Major Tenant	**The Warehouse**	**New World**
Area (sqm)	4,921	3,073
NLA (%)	28	18
Lease Expiry	April 2010	May 2011
Reviews	3 yearly to market	3 yearly to market

Location

The property is located on the southern fringe of the Christchurch CBD and has frontages to Colombo and Durham Streets. The site has a significant profile and is well placed to serve the high volume of passing traffic from the Christchurch work force. Colombo Street is the major commercial thoroughfare from the northern suburb of St Albans to the southern suburb of Cashmere Hills.

Property description

The property comprises a refurbished single level complex with associated open car parking. The fully enclosed centre was originally constructed in the late 1990s and extended in 1999 to accommodate The Warehouse and a New World supermarket. It offers 31 specialty shops, a six-tenant food court, six kiosks and five ATMs. Additionally there are three tenancies in the Colombo Street building and four tenancies in the Durham Street building.

(1) Includes a separate building known as 573-579 Colombo Street valued at NZ$4.1 million.

Countdown Botany

Valuation Details	
Valuation	NZ$15.0 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$2,571
Valuation per sqm of land	NZ$857
Capitalisation rate (%)	8.00
Property Details	
Net lettable area (sqm) (approx.)	5,833
Land area (sqm) (approx.)	17,506
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited[1]**
Area (sqm)	5,833
NLA (%)	100
Lease Expiry	August 2019
Reviews	3 yearly to market

Location

The property is located on the corner of Ti Rakau Drive to the north and Te Irinangi Drive to the east, with frontages onto both boundaries. Both these arterial roads provide access to the Motorway system, with the Auckland CBD being approximately 20-25 minutes drive time.

Property description

The property comprises a large, modern purpose built, stand alone supermarket constructed in 2003, including offices, amenities and storage. A basement car park extends below the supermarket, providing approximately 138 covered car parks with an internal ramp access to the supermarket level. A further surface level car park provides space for an additional 245 car parking bays.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Countdown Lynfield

Valuation Details	
Valuation	NZ$12.75 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$2,294
Valuation per sqm of land	NZ$847
Capitalisation rate (%)	8.38
Property Details	
Net lettable area (sqm) (approx.)	5,558
Land area (sqm) (approx.)	15,053
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited(1)**
Area (sqm)	5,558
NLA (%)	100
Lease Expiry	August 2019
Reviews	3 yearly to market

Location
The property is located on the corner of Hillsborough Road and The Avenue and is located within the Auckland city suburb of Lynfield. Hillsborough Road is a main traffic thoroughfare between the northern end of the south-western motorway and the suburbs to the north and west of Lynfield.

Property description
The property comprises a large purpose built Countdown supermarket over basement car parking, a strip of several smaller tenancies and an on grade sealed car parking area. Along the southern boundary of the site there are several smaller retail tenancies with frontage to the main car park area.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Howick Shopping Centre

Valuation Details	
Valuation	NZ$11.25 million
Valuer	Colliers International
Valuation Date	18 May 2005
Valuation per sqm of NLA	NZ$3,232
Valuation per sqm of land	NZ$1,237
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	3,481
Land area (sqm) (approx.)	9,096
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited(1)**
Area (sqm)	3,481
NLA (%)	100
Lease Expiry	June 2020
Reviews	3 yearly to market

Location
The property is located on the corner of Cook Street and Fencible Drive with additional right of way access from Moore Street, in the East Auckland suburb of Howick on New Zealand's North Island. The site is adjacent to the residential areas of Howick, Eastern Beach and Botany Downs. The area comprises strip style retail and larger shopping centres in the surrounding suburbs of Pakuranga and Botany Downs.

Property description
The property comprises of a purpose built supermarket completed in 2004 together with a small retail development comprising seven specialty shops whose lease arrangements form a part of the head lease with General Distributors Limited. Covered and undercover parking is available for 142 vehicles.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Woolworths Grey Lynn

Valuation Details	
Valuation	NZ$9.1 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$2,020
Valuation per sqm of land	NZ$812
Capitalisation rate (%)	8.00
Property Details	
Net lettable area (sqm) (approx.)	4,505
Land area (sqm) (approx.)	11,207
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited(1)**
Area (sqm)	4,505
NLA (%)	100
Lease Expiry	August 2019
Reviews	3 yearly to market

Location
The property is well located on the corner of Richmond Road and Regina Street in Grey Lynn, approximately 10 minutes drive from Auckland's CBD. Development in the immediate locality varies from older established residential properties, to more modern infill developments and some smaller pockets of light industrial and retail uses.

Property description
These premises were originally constructed in 1979 and completely refurbished in 1998 for a Woolworths branded supermarket comprising a total rentable area of 4,374 square metres together with a separate internal tenancy of 131 square metres under sub lease to Unichem Pharmacy. In addition to the supermarket, there is associated warehouse and storage space over a secure staff basement car park incorporating first level offices, staff amenities and cafeteria.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Foodtown Pukekohe

Valuation Details	
Valuation	NZ$8.40 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$2,137
Valuation per sqm of land	NZ$1,198
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	3,930
Land area (sqm) (approx.)	7,014
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	3,930
NLA (%)	100
Lease Expiry	June 2020
Reviews	3 yearly to market

Location
The property is situated on the southern side of Tobin Street with additional access from Seddan Street to the western boundary, in the main commercial area of Pukekohe. Pukekohe is 52 kilometres from central Auckland and 97 kilometres from Hamilton on New Zealand's North Island.

Property description
The property comprises a purpose built, stand alone supermarket with on site car parking for 117 vehicles and is adjacent to additional parking at a council car park.

Woolworths New Plymouth

Valuation Details	
Valuation	NZ$7.65 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$2,188
Valuation per sqm of land	NZ$1,288
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	3,497
Land area (sqm) (approx.)	5,939
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	3,497
NLA (%)	100
Lease Expiry	June 2020
Reviews	3 yearly to market

Location

The property is located to the northern end of the commercial area of New Plymouth with frontage to Courtenay Street and Leach Street. New Plymouth is located in the Taranaki region on the west coast of New Zealand's North Island.

Property description

The property comprises a stand alone supermarket with uncovered and basement car parking providing 176 car spaces. In addition, a large McDonald's Restaurant with neighbouring car park areas adjoins the property.

Countdown Porirua

Valuation Details	
Valuation	NZ$6.7 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$1,769
Valuation per sqm of land	NZ$661
Capitalisation rate (%)	$8.50
Property Details	
Net lettable area (sqm) (approx.)	3,787
Land area (sqm) (approx.)	10,143
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**(1)
Area (sqm)	3,787
NLA (%)	100
Lease Expiry	August 2016
Reviews	3 yearly to market

Location

The property is located within central Porirua, midway between the Megacentre to the north and North City Shopping Centre to the south. Porirua is approximately 20 kilometres north of Wellington City and is one of Wellington's northern most commercial centres. Situated on a predominantly level island site, the property has four frontages to Jellicoe Street, Norrie Street, Lyttleton Avenue and Parumoana Street.

Property description

The property comprises a purpose built standalone supermarket constructed in 1989 and recently refurbished to accommodate the new Countdown Supermarket design. There is provision for 228 car parks which are located within a tarsealed and landscaped car parking area around the supermarket.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Woolworths Te Awamutu

Valuation Details	
Valuation	NZ$5.60 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$2,344
Valuation per sqm of land	NZ$987
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	2,389
Land area (sqm) (approx.)	5,673
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	2,389
NLA (%)	100
Lease Expiry	June 2017
Reviews	3 yearly to market

Location
The property is located to the southern end of the commercial area of Te Awamutu, which is located in the Waikato region on New Zealand's North Island, approximately 30 kilometres to the south of Hamilton on State Highway 21.

The property has a street frontage onto the eastern side of Sloane Street.

Property description
The property comprises a stand alone supermarket on a prominent site in the township of Te Awamutu.

Woolworths Dargaville

Valuation Details	
Valuation	NZ$5.22 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$2,458
Valuation per sqm of land	NZ$475
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	2,124
Land area (sqm) (approx.)	10,992
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	2,124
NLA (%)	100
Lease Expiry	June 2020
Reviews	3 yearly to market

Location
The property is located in the Dargaville commercial area approximately two hours north of Auckland. The property is bounded by Victoria Street to the north west and the Wairoa River to the south east on the northern fringe of the commercial area of Dargaville.

Property description
The property comprises a purpose built, stand alone supermarket with on site 165 car parking spaces contiguous with a site occupied by The Warehouse and adjacent to a river front recreation reserve.

Woolworths Wanganui

Valuation Details	
Valuation	NZ$4.10 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,217
Valuation per sqm of land	NZ$423
Capitalisation rate (%)	8.75
Property Details	
Net lettable area (sqm) (approx.)	3,370
Land area (sqm) (approx.)	9,698
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	3,370
NLA (%)	100
Lease Expiry	June 2017
Reviews	3 yearly to market

Location

The property is located on prominent site on the corner of Victoria Avenue and Glasgow Street in the provincial city of Wanganui. Wanganui is located on the west coast of New Zealand's North Island and is approximately one hour north west of Palmerston North.

Property description

The property comprises a stand alone supermarket with 182 car parking spaces. The property is subject to a perpetually renewable lease in favour of the Fund (i.e. a leasehold property).

Woolworths Papakura

Valuation Details	
Valuation	NZ$4.1 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$1,367
Valuation per sqm of land	NZ$462
Capitalisation rate (%)	9.00
Property Details	
Net lettable area (sqm) (approx.)	2,999
Land area (sqm) (approx.)	8,878
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**[1]
Area (sqm)	2,999
NLA (%)	100
Lease Expiry	August 2016
Reviews	3 yearly to market

Location

The property is located on the eastern side of Great South Road, approximately 500 metres to the north of the main retail strip of Papakura, an older established residential locality. Papakura is approximately 40 minutes drive from the Auckland CBD.

Property description

The property comprises a single level supermarket with mezzanine amenities and offices above with on site shared car parking. Two adjoining retail premises constructed circa 1960 and subsequently joined now form the Woolworths supermarket. The remainder of the site is tar sealed, providing parking for 269 cars.

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Countdown Oamaru

Valuation Details	
Valuation	NZ$3.80 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,256
Valuation per sqm of land	NZ$395
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	3,025
Land area (sqm) (approx.)	9,624
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	3,025
NLA (%)	100
Lease Expiry	June 2017
Reviews	3 yearly to market

Location

This property is located in a prominent location in the central business area of Oamaru. The city of Oamaru is located on the east coast of New Zealand's South Island being approximately 125 kilometres north of Dunedin.

The property has frontages onto Thames Street, Coquet Street and Eden Street and is co-located with The Warehouse property situated between Coquet and Eden Streets.

Property description

The property comprises a stand alone supermarket on a prominent site with 180 car park spaces.

Woolworths Invercargill

Valuation Details	
Valuation	NZ$3.65 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,582
Valuation per sqm of land	NZ$338
Capitalisation rate (%)	7.75
Property Details	
Net lettable area (sqm) (approx.)	2,307
Land area (sqm) (approx.)	10,803
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	2,307
NLA (%)	100
Lease Expiry	June 2020
Reviews	3 yearly to market

Location

The property is located on a prominent site on the corner of North Road and Durham Street on the northern periphery of the provincial city of Invercargill. Invercargill is located on the southern coast of New Zealand's South Island, being approximately two hours south west of Dunedin.

Property description

The property comprises a stand alone supermarket with 184 car parking spaces.

Woolworths Paeroa

Valuation Details	
Valuation	NZ$2.95 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,621
Valuation per sqm of land	NZ$778
Capitalisation rate (%)	8.25
Property Details	
Net lettable area (sqm) (approx.)	1,820
Land area (sqm) (approx.)	3,793
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	1,820
NLA (%)	100
Lease Expiry	June 2014
Reviews	3 yearly to market

Location

The property has three street frontages and is located on the main State Highway 2 in the town of Paeroa on New Zealand's North Island, 1.5 hours drive south of Auckland.

Property description

The property comprises a small provincial supermarket with three street frontages with 46 car parking spaces provided to the front of the site.

Foodtown Hamilton

Valuation Details	
Valuation	NZ$2.9 million
Valuer	Colliers International
Valuation Date	31 March 2005
Valuation per sqm of NLA	NZ$921
Valuation per sqm of land	NZ$237
Capitalisation rate (%)	9.50
Property Details	
Net lettable area (sqm) (approx.)	3,148
Land area (sqm) (approx.)	12,228
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**[1]
Area (sqm)	3,148
NLA (%)	100
Lease Expiry	August 2016
Reviews	3 yearly to market

Location

The property is located on the northern corner of the intersection of Bryce and Tristram Streets on the fringe of the Hamilton City CBD. To the east of the property is the recently completed Hamilton City bus station. Tristram Street is one of the main streets in Hamilton City.

Property description

The property was originally constructed in 1981 and comprises an older style Foodtown supermarket design. The building has supplementary loading areas, storerooms and mezzanine offices and amenities. The car park provides approximately 224 level car spaces. The property is subject to a perpetually renewable lease in favour of the Fund (i.e. a leasehold property).

(1) 100% of the income from this property is secured by a head lease with General Distributors Limited, which is guaranteed by Progressive Enterprises Limited.

Woolworths Putaruru

Valuation Details	
Valuation	NZ$2.52 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,972
Valuation per sqm of land	NZ$678
Capitalisation rate (%)	8.25
Property Details	
Net lettable area (sqm) (approx.)	1,278
Land area (sqm) (approx.)	3,715
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	1,278
NLA (%)	100
Lease Expiry	June 2014
Reviews	3 yearly to market

Location

The property is located on a prominent corner on State Highway 1 in the commercial area of the provincial town of Putaruru.

Putaruru is located approximately 50 kilometres to the south east of Hamilton on New Zealand's North Island.

Property description

The property comprises a stand alone supermarket with 53 car parking spaces.

Woolworths Marton

Valuation Details	
Valuation	NZ$1.56 million
Valuer	Colliers International
Valuation Date	1 June 2005
Valuation per sqm of NLA	NZ$1,545
Valuation per sqm of land	NZ$483
Capitalisation rate (%)	7.50
Property Details	
Net lettable area (sqm) (approx.)	1,010
Land area (sqm) (approx.)	3,231
Tenancy Profile	
Occupancy (%)	100
Major Tenant	**General Distributors Limited**
Area (sqm)	1,010
NLA (%)	100
Lease Expiry	June 2014
Reviews	3 yearly to market

Location

This property is situated in Marton which is located south east of Wanganui and north west of Palmerston North, on New Zealand's North Island. The store is located on the eastern side of the main commercial street of Marton, with a second frontage onto Stewart Street to the rear of the site.

Property description

The property comprises a small provincial supermarket located at the northern end of the main retail strip. The store operates checkouts at both ends of the store and 93 car parks are provided on the Stewart Street frontage.

FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2005

Introduction

The Directors of Multiplex Capital Limited (ABN 32 094 936 866), the Responsible Entity of the Multiplex New Zealand Property Fund (the Fund), present their report for the period 28 July 2004 to 30 June 2005 (the period) and the auditors' report thereon:

Responsible Entity

The Responsible Entity of Multiplex New Zealand Property Fund is Multiplex Capital Limited, which has been the Responsible Entity since the inception of the Fund.

Directors

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

Name	
Ian O'Toole	
Robert Rayner	
Peter Morris	
Robert McCuaig	
Michael Hodgetts	
Andrew Roberts	(appointed 12 August 2004 and resigned 14 September 2005)

Information on Directors

Ian O'Toole

Ian was formerly with ING Real Estate Asset Management Limited as Director – Property, where he was responsible for the capital transactions and asset management of ING Industrial Fund and ING Office Fund. Ian has over 22 years' experience in funds management and real estate.

Ian is also Managing Director of Multiplex Capital, the investment management division of the Multiplex Group.

Robert Rayner

Rob has responsibility for the day-to-day operation and development of Multiplex Capital's funds management activities. Rob has been involved in property and property funds management for more than 15 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. This experience has been gained through his previous employment within the Armstrong Jones (now ING Real Estate Investment Management Limited) unlisted and listed property trust business, where he managed total property assets exceeding $500 million.

Dr Peter Morris

Peter is a recognised leader in the development and project management field having played a major role in the growth of professional project management as a specialist skill in Australia. Peter's specialist skills are in the areas of establishing project delivery strategies, top level negotiation and the management of multi-stakeholder, high profile projects, management of major projects, strategy determination, financial assessment and feasibility studies, design management and review and development management. Peter is a non-executive director of Galileo Funds Management Limited, the responsible entity of Galileo Shopping America Trust, a listed property trust owning retail assets in the USA valued at over US$1.7 billion.

Robert McCuaig

Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia on a global basis, now one of the world's largest professional property services group with 215 offices throughout Australia and the Asia Pacific, Europe, the Middle East, the Americas and Africa.

Robert has acted as property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Port Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia. Robert is a director of St Vincents and Mater Health Sydney and a member of the Salvation Army Advisory Board.

Michael Hodgetts

Mike was responsible for the management of Rider Hunt both in Perth and Sydney and was Group Chairman of Rider Hunt from 1992 to 1996. He was National President of the Australian Institute of Quantity Surveyors from 2001 to 2003. Mike is currently a director of the peer group body the Australian Construction Industry Forum. As a senior professional consultant, he has extensive experience in development and construction, particularly in non-residential projects.

Andrew Roberts

Andrew is Managing Director and Chief Executive of Multiplex Group. During more than 20 years with Multiplex, Andrew has been directly involved in all operations of the business. Through his position as Managing Director and Chief Executive, Andrew provides strategic and managerial leadership for the Multiplex Group executive team. Andrew is also a Director of Danae Resources NL (appointed December 1998), Greenwich Resources plc (appointed December 2001) (a company listed on the London Stock Exchange), a Director of Burswood Limited and a Board member of the University of Western Australia Business School.

Andrew also serves as a Director of MTM Funds Management Limited (appointed May 1998) (responsible entity for the MTM Entertainment Trust).

There are no other listed companies of which Andrew has served as a Director during the past three years.

Directors' meetings

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

Director	Board meetings	
	A	B
Multiplex Capital Limited		
Ian O'Toole	11	16
Robert Rayner	15	16
Peter Morris	11	16
Robert McCuaig	15	16
Michael Hodgetts	14	16
Andrew Roberts	–	14

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

Remuneration of Directors of the Responsible Entity

No amounts have been paid by the Fund directly to the Directors of the Responsible Entity. The amount of remuneration paid by the Responsible Entity and its related parties to Directors of the Responsible Entity in connection with their responsibilities for all schemes is as follows:

	Primary benefits			Post-employment	Total remuneration
	Salary and fees $	Non-monetary benefits $	Equity ownership benefits $	Superannuation benefits $	$
Executive Directors					
Ian O'Toole*	170,423	–	142,786	5,793	319,002
Robert Rayner*	80,041	1,936	–	3,823	85,800
Andrew Roberts*	–	–	–	–	–
Non-executive Directors					
Michael Hodgetts	22,936	–	–	2,064	25,000
Robert McCuaig	22,936	–	–	2,064	25,000
Peter Morris	22,936	–	–	2,064	25,000
Total	**319,272**	**1,936**	**142,786**	**15,808**	**479,802**

* As this Director is also Director of other entities within the wholly owned-group, the amount of remuneration disclosed in the scheme is based on an allocation of their activities attributed to the Responsible Entity.

Principal activities

The Fund is a registered managed investment scheme in Australia.

The investment activities of the Fund are in accordance with the investment strategy as outlined in the Product Disclosure Statement dated May 2005.

The Fund did not have any employees during the period or subsequent to balance date.

Review of operations

Key highlights over the year include:

— Net profit for the period ended 30 June 2005 was $5,212,619.

— In September 2004, the Fund entered into a NZ$191.2 million debt facility, of which NZ$189.4 million was drawn down. The proceeds were used to fund the acquisition of the first stage properties.

— Between September 2004 and March 2005, the Fund issued 114,385,247 units as part of the initial 2004 capital allocation, raising $103,160,140, net of issue costs. The proceeds were used to finance the acquisition of the first stage properties.

— In September 2004, the Fund made its first stage acquisition of 11 properties for NZ$294.1 million excluding costs. This included seven retail, three industrial properties and one office property.

— In March 2005, the Fund revalued its first stage properties, providing a valuation increase across the properties of NZ$14.4 million.

— On 31 May 2005, the Fund made its second stage acquisition of 11 properties for NZ$223.0 million excluding costs. This included 10 office properties and one car park. These properties were revalued at NZ$237.6 million.

— In June 2005, the Fund increased the existing debt facility to NZ$385.0 million. In addition, a NZ$20.4 million bank debt bridging facility was entered into. An additional NZ$188.6 million was drawn down on the existing debt facility and NZ$20.4 million was drawn down on the bridging facility. These funds were used to acquire the second and third stage properties.

— On 30 June 2005, the Fund made its third stage acquisition of 11 properties. This included 10 provincially located supermarkets known as the Pernik Retail Portfolio and the Howick Shopping Centre located in Auckland's eastern suburbs for a total of NZ$55.4 million. The properties were valued at NZ$56.7 million.

— As at 30 June 2005, the Fund had issued 63,639,444 units as part of the May 2005 capital raising, resulting in increased capital of $57,605,360 net of issue costs. This capital raising will continue into the 2006 financial year.

Matters subsequent to the end of the financial year

Other than those mentioned in the financial report, there are no matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Likely developments

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

Environmental regulation

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

Distributions

Distributions paid to unitholders or declared during the period were as follows:

	Cents per unit	$'000
Distribution for quarter ended 31 December 2004	3.1808	3,105
Distribution for quarter ended 31 March 2005	2.2192	2,495
Distribution for quarter ended 30 June 2005	2.2438	3,066
	7.6438	**8,666**

Options

No options over units in the Fund were granted during or since the end of the period and there were no options outstanding at the date of this report.

Derivatives and other financial instruments

The Fund's investments expose it to changes in foreign exchange rates, interest rates as well as credit and liquidity risk.

Directors' interests and benefits

At the date of this report, no Director of the Responsible Entity held units in the Fund.

No Director of the Responsible Entity has received or become entitled to receive any benefit by reason of a contract made by the Fund or a related entity with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.

Indemnification and insurance premiums

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

The Fund has not indemnified any auditor of the Fund.

During the period, the Responsible Entity has paid premiums in respect of their officers for liability and legal expenses insurance contracts for the period ended 30 June 2005. The Responsible Entity has paid, or agreed to pay, in respect of the Fund, premiums in respect of such insurance contracts for the period ended 30 June 2005. Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are, or have been, executive officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

Rounding of amounts

The Fund is of a kind referred to in Class Order 98/0100, 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 thousand dollars or, in certain cases, to the nearest dollar.

Dated at Sydney this 28th day of September 2005.

Signed in accordance with a resolution the Directors:

Robert Rayner
Divisional Director - Funds Management
Multiplex Capital Limited

LEAD AUDITOR'S INDEPENDENCE DECLAREATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE RESPONSIBLE ENTITY OF THE MULTIPLEX NEW ZEALAND PROPERTY FUND

For the period ended 30 June 2005

I declare that, to the best of my knowledge and belief in relation to the audit for the period from 28 July 2004 to 30 June 2005 there have been:

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

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

KPMG

Andrew Dickinson
Partner

Dated at Sydney this 28th day of September 2005

STATEMENTS OF FINANCIAL PERFORMANCE AND DISTRIBUTION

For the period ended 30 June 2005

Statement of Financial Peformance	Note	2005 Consolidated $'000	2005 Fund $'000
Revenue from ordinary activities			
Rent from investment properties		23,349	–
Recoverable outgoings		2,412	–
Interest income	2	563	111
Distributions		–	11,057
Other revenues		232	–
Total revenue from ordinary activities		26,556	11,168
Expenses from ordinary activities			
Rates, taxes and other property outgoings		3,476	–
Borrowing costs	2	11,842	–
Amortisation of lease incentives	2	24	–
Responsible Entity fees	21	1,828	1,828
Other expenses		596	396
Total expenses from ordinary activities		17,766	2,224
Profit before income tax expense		8,790	8,944
Income tax expense	3	3,577	–
Profit from continuing operations		5,213	8,944
Net profit attributable to unitholders of the Multiplex New Zealand Property Trust		5,213	8,944
Net exchange loss on translation of financial reports of foreign controlled entities	13	(2,874)	–
Net increase in asset revaluation reserve	13	17,305	–
Total revenues, expenses and valuation adjustments attributable to unitholders of Multiplex New Zealand Property Fund recognised directly in equity	13	14,431	–
Total changes in unitholders' funds attributable to unitholders of Multiplex New Zealand Property Fund other than those resulting from transactions with owners as owners	16	19,644	8,944
Basic and diluted earnings per ordinary unit	**24**	**4.6**	**7.9**
Statement of Distribution			
Distribution paid and payable	15	8,666	8,666
Distribution cents per unit	15	7.6438	7.6438

The above statements of financial performance and distribution should be read in conjunction with the accompanying notes.

MULTIPLEX NEW ZEALAND PROPERTY FUND

STATEMENT OF FINANCIAL POSITION

As at 30 June 2005

	Note	2005 Consolidated $'000	2005 Fund $'000
Current assets			
Cash assets	4	12,439	5,854
Receivables	5	3,103	12,598
Other	6	454	17
Total current assets		15,996	18,469
Non-current assets			
Investment properties	7	552,709	–
Investment in controlled entity	8	–	174,649
Other	9	1,678	–
Total non-current assets		554,387	174,649
Total assets		570,383	193,118
Current liabilities			
Payables	10	25,837	29,008
Interest bearing liabilities	11	18,658	–
Provision for distribution	15	3,066	3,066
Total current liabilities		47,561	32,074
Non-current liabilities			
Interest bearing liabilities	11	346,566	–
Deferred income tax liability	3	4,512	–
Total non-current liabilities		351,078	–
Total liabilities		398,639	32,074
Net assets		171,744	161,044
Unitholders' funds			
Contributed equity	12	160,766	160,766
Reserves	13	14,431	–
Undistributed income	14	(3,453)	278
Total unitholders' funds		171,744	161,044

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the period ended 30 June 2005

	Note	2005 Consolidated $'000	2005 Fund $'000
Cash flows from operating activities			
Cash receipts in the course of operations		24,293	–
Cash payments in the course of operations		(3,923)	(2,898)
Interest received		563	111
Borrowing costs paid		(10,303)	–
Net cash (outflow)/inflow from operating activities	22	10,630	(2,787)
Cash flows from investing activities			
Payments for investment properties		(533,803)	–
Investment in controlled entities		–	(174,649)
Net cash (outflow)/inflow from investing activities		(533,803)	(174,649)
Cash flows from financing activities			
Proceeds from issues of units		187,607	187,607
Issue costs paid		(11,619)	(11,619)
Proceeds from borrowings		365,224	–
Proceeds from loans advanced by related parties		–	12,902
Distributions paid		(5,600)	(5,600)
Net cash inflow from financing activities		535,612	183,290
Net increase in cash held		12,439	5,854
Cash at the beginning of the period		–	–
Cash at the end of the period	4	12,439	5,854

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards Board (AASB) standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the AASB and the Corporations Act 2001.

The financial report has been prepared using the historical cost convention. Except where stated, it does not take into account changing money values or current valuations of non-current assets. Except where noted, the accounting policies have been consistently applied by each entity in the Fund.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of Multiplex New Zealand Property Fund and its controlled entities. The Fund and its controlled entities are referred to as "the Consolidated Entity".

Controlled entities

The financial statements of controlled entities are included in the consolidated financial statements from the date control commences until the date control ceases. The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated.

(c) Rounding of amounts

The Fund is of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

(d) 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 relevant authority. 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 relevant authority 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 relevant authority are classified as operating cash flows.

(e) Revenue recognition

Revenues are recognised at fair value of the consideration received. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Revenue and expense are recognised for the major business activities as follows.

Rent

Rent is brought to account on an accruals basis and, if not received at balance date, is reflected in the statement of financial position as a receivable or if paid in advance, as rents in advance.

Interest

Interest is brought to account when earned and, if not received at balance date, is reflected in the statement of financial position as a receivable.

Recoverable outgoings

Recovery of certain outgoings is brought to account on an accruals basis.

Distributions

Distribution revenue is recognised net of any franking credits. Revenue from distributions from associates and other investments is recognised when distributions are received. Distributions received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

(f) Expenses

Expenses are brought to account on an accruals basis.

Property expenses

Property expenses consist of rates, taxes and other property outgoings in relation to investment properties where such expenses are the responsibility of the Fund.

(g) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing 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.

(h) Taxation

Under current income tax legislation the Fund is not subject to income tax in Australia, as its taxable income (including assessable realised capital gains) is distributed in full to unitholders. Tax allowances for buildings, plant and equipment are distributed to unitholders in the form of a tax deferred component of the distributions.

The wholly-owned sub-Trust of the Fund which owns properties in New Zealand is liable to pay tax under New Zealand tax legislation at the current corporate rate of 33%. Tax effect accounting procedures are followed whereby the income tax expense of the subsidiary is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses will be carried forward as an asset only when the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or future income tax benefit account at the rates which are expected to apply when those timing differences reverse.

(i) Cash

For the purpose of the statement of cash flows, cash includes cash on hand, at call deposits in banks and money market investments with less than 14 days to maturity, net of bank overdrafts.

(j) Receivables

The collectibility of debts is assessed on an ongoing basis and specific provision is made for any doubtful accounts. Trade debtors are due for settlement within 30 days and are carried at amounts due.

(k) Investment properties

Investment properties comprise investment interests in land and buildings held for the purpose of letting to produce rental income.

Land and buildings comprising the investment properties are considered composite assets and are disclosed as such in the accompanying notes to the financial statements.

Investment properties acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed/redeveloped internally include the costs of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset.

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 Fund if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Valuations

Investment properties are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date.

The Fund's Constitution requires the Responsible Entity to have the Fund's property investments independently valued whenever the Responsible Entity believes that the fair value of a property differs significantly from its carrying value or at least every three years. These valuations are considered by the Directors of the Responsible Entity when determining fair value. When assessing fair value, the Directors will also consider the discounted cash flow of the property, the highest and best use of the property and sales of similar properties.

Revaluation increments are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues. Revaluation decrements are only offset against revaluation increments and any excess is recognised as an expense.

Investment properties are maintained at a high standard and, the properties are not depreciated.

(l) Investments

Investments in controlled entities are accounted for as set out in Note 1(b). Other investments are carried at the lower of cost and recoverable amount.

(m) Recoverable amount of non-current assets

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at reporting date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is expensed in the reporting period in which it occurs.

In assessing recoverable amounts of non-current assets, the relevant cash flows have not been discounted to their present value.

(n) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Fund prior to the end of the period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Bank loans

Bank loans are carried on the statement of financial position at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in “payables”. Interest is payable in arrears.

(p) Interest bearing liabilities

Loans are carried at their principal amounts, subject to set-off arrangements. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

(q) Distributions

Provision is made for the amount of any distribution declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at balance date.

(r) Derivative financial instruments

The Fund’s activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors in respect of the use of derivative and other financial instruments to hedge cash flows and profits subject to interest rate and currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The Fund is party to derivative financial instruments in the normal course of business in order to hedge exposure to interest and foreign exchange rates. The Fund does not enter into derivative financial instruments for speculative purposes. The Fund continually reviews its exposures and upgrades its treasury policies and procedures.

Interest rate swap contracts

Interest rate swap agreements are used 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. Net receipts and payments in relation to interest rate swaps are recognised as interest income or interest expense as appropriate on an accruals basis over the life of the hedges.

Foreign exchange contracts

The Fund, from time to time, enters into forward rate agreements to buy or sell specified amounts of foreign currencies in the future at predetermined rates. The objective is to minimise the risk of exchange rate fluctuation in respect of its foreign currency denominated assets, liabilities, revenues and expenses.

Differences arising on settlement of forward exchange contracts which hedge the Fund’s foreign currency denominated income and profits are recognised in the Fund’s Statement of Financial Performance as and when the underlying foreign currency income or expenditure is recognised.

(s) Issue costs

All costs related to the issue of new units are to be offset against the proceeds raised.

(t) Foreign currency translation

Transactions

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the date of the transactions or at hedge rates where applicable. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date. Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the periods in which they arise.

Translation of controlled foreign operations

The assets and liabilities of foreign operations, including controlled entities, associates and joint ventures, which are self-sustaining are translated at the rates of exchange ruling at reporting date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the period. Exchange differences arising on translation are taken directly to the foreign currency translation reserve until the disposal, or partial disposal, of the operations.

The assets and liabilities of foreign operations, including controlled entities, associates and joint ventures, that are integrated are translated using the temporal method. Monetary assets and liabilities are translated at rates of exchange ruling at reporting date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transaction occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

(u) Segment reporting

Business segments

The business segments have been identified on the basis of grouping individual investments subject to similar risks and returns. The Multiplex New Zealand Property Fund operates in a single, primary business segment, being direct investment in property assets.

Geographical segments

The Fund invests in income producing investment property in New Zealand.

	2005 Consolidated $'000	2005 Fund $'000

2 Profit from ordinary activities

Net gains and expenses

Profit from ordinary activities includes the following specific net gains and expenses:

Interest income	563	111
Tenant incentives – amortisation	24	–
Borrowing costs – amortisation	134	–
Borrowing costs – other	11,708	–
	11,842	–

3 Income tax

(a) Income tax expense

Prima facie income tax expense calculated at 33% on profit from ordinary activities of Albert Street Landowning Trust	3,577	–

(b) Deferred tax liabilities

Balance taken up on acquisition of Albert Street Landowning Trust	935	–
Current year income tax expense	3,577	–
	4,512	–

Income tax expense is calculated on the wholly owned sub-Trust of the Fund (Albert Street Landowning Trust) which owns properties in New Zealand, at the current New Zealand corporate tax rate of 33%. Due to tax timing differences there is no current tax provision with the entire expense provided for as a deferred tax liability in non-current liabilities. The Fund will be liable to pay income tax on depreciation deductions previously allowed when the buildings are sold.

4 Cash assets

Cash at bank and on hand	12,439	5,854

Cash at bank balances bear floating interest rates of between 5.00% and 5.65% p.a.

5 Receivables

Trade debtors	563	–
Distribution receivable	–	11,057
Goods and service tax receivable	1,541	1,541
Other debtors	999	–
	3,103	12,598

6 Other assets (current)

Prepaid borrowing costs	328	–
Other prepayments	126	17
	454	17

7 Investment properties

Investment properties	552,709	–

Carrying value of investment properties

Investment properties are being carried at fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

Description	Title	Cost including additions* $'000	Valuation date	Valuation $'000	June 2005 book value $'000
Retail					
South City Shopping Centre	Freehold	37,790	March 2005	39,424	39,424
Countdown Botany	Freehold	13,792	March 2005	13,753	13,753
Countdown Lynfield	Freehold	11,276	March 2005	11,690	11,690
Woolworths Grey Lynn	Freehold	8,107	March 2005	8,343	8,343
Countdown Porirua	Freehold	6,057	March 2005	6,143	6,143
Woolworths Papakura	Freehold	3,634	March 2005	3,759	3,759
Foodtown Hamilton	Leasehold	2,628	March 2005	2,659	2,659
Howick Shopping Centre	Freehold	9,890	May 2005	10,315	10,315
Woolworths Dargaville	Freehold	4,842	June 2005	4,814	4,814
Foodtown Pukekohe	Freehold	7,650	June 2005	7,702	7,702
Woolworths Paeroa	Freehold	2,724	June 2005	2,705	2,705
Woolworths Putaruru	Freehold	2,379	June 2005	2,320	2,320
Woolworths Te Awamutu	Freehold	5,103	June 2005	5,134	5,134
Woolworths New Plymouth	Freehold	6,979	June 2005	7,014	7,014
Woolworths Wanganui	Leasehold	3,956	June 2005	3,759	3,759
Woolworths Marton	Freehold	1,288	June 2005	1,430	1,430
Countdown Oamaru	Freehold	3,499	June 2005	3,484	3,484
Woolworths Invercargill	Freehold	3,331	June 2005	3,346	3,346
		134,925		137,794	137,794
Office					
ASB Bank Centre	Freehold	105,867	March 2005	106,812	106,812
Geni-Tower	Freehold	60,141	April 2005	61,245	61,245
Telecom House	Freehold	52,398	April 2005	54,185	54,185
AIA Building	Freehold	23,288	April 2005	23,196	23,196
SAP Centre	Freehold	18,286	April 2005	19,987	19,987
Uniservices House	Freehold	16,496	April 2005	16,503	16,503
The Telco Building	Freehold	13,924	April 2005	15,220	15,220
The Plaza	Freehold	9,897	April 2005	10,360	10,360
University Building	Freehold	8,054	April 2005	9,994	9,994
76 Symonds St	Freehold	5,094	April 2005	5,088	5,088
12 Whitaker Place	Freehold	679	April 2005	642	642
Farmer's Carpark	Freehold	1,334	April 2005	1,421	1,421
		315,458		324,653	324,653
Industrial					
Mangere Distribution Centre	Freehold	51,720	March 2005	55,927	55,927
Wiri Distribution Centre	Leasehold	19,104	March 2005	19,941	19,941
Christchurch Distribution Centre	Freehold	14,351	March 2005	14,394	14,394
		85,175		90,262	90,262
		535,558		552,709	552,709

* Included in the cost of investment properties is $10,686,093 of acquisition costs.

	2005 $'000
Reconciliation	
Reconciliation of the carrying amount of investment properties is set out below:	
Investment properties	
Carrying amount at beginning of period	–
Acquisition of investment property	524,865
Capital expenditure	7
Acquisition costs	10,686
Revaluations	17,305
Foreign currency translation	(154)
	552,709

Assets pledged as security

The security provided for the debt facility is a first registered fixed and floating charge over all assets and an undertaking by Multiplex Capital Limited (as Responsible Entity for the Multiplex New Zealand Property Fund), Multiplex Albert Street Investment Pty Ltd (in its capacity and as trustee for the Albert Street Investment Trust), the Borrower (in its capacity, as trustee for the Albert Street Landowning Trust) and the Custodian (as custodian for each of the Multiplex New Zealand Property Fund, the Albert Street Investment Trust, and the Albert Street Landowning Trust), in favour of the Security Trustee.

Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	44,539
Later than one year but not later than five years	152,030
Later than five years	183,891
	380,460

Annual rent receivable by the Fund under current leases from tenants is from commercial, industrial, retail and car park assets held. The average lease term is 8.6 years and rent reviews are generally performed on a three yearly basis and are based on market rent.

	Ownership %	2005 Consolidated $'000	2005 Fund $'000
8 Investment in controlled entities			
Investment in Albert Street Investment Trust	99	–	174,390
Investment in Albert Street Landowning Trust	1	–	259
Investment in controlled entity	100	–	174,649

The Fund acquired the Multiplex Albert Street Investment Trust on 30 August 2004.

Details of the acquisition of the controlled entity is as follows:

	2005 $'000
Consideration	
Cash	77,700
Units	25,642
	103,342
Change in the fair value of net assets as a result of the acquisition	
Assets	
Receivables	1,054
Prepayments	213
Investment properties	104,797
Liabilites	
Payables	(1,761)
Deferred tax liability	(961)
	103,342
Net cash (outflow)	77,700

	2005 Consolidated $'000	2005 Fund $'000
9 Other assets (non-current)		
Debt establishment fee	1,668	–
Accumulated amortisation	(133)	–
Net debt establishment fee	1,535	–
Lease incentive	167	–
Accumulated amortisation	(24)	–
Net lease incentive	143	–
Net cash (outflow)	1,678	–
10 Payables		
Trade payables	1,741	–
Other payables	456	50
Goods and services tax	606	–
Interest payable	3,402	–
Monies held in trust – unallocated units	5,148	5,148
	11,353	5,198
Payables to related parties:		
Lease incentive	213	213
Management fee	651	651
Syndication fee	13,614	13,614
Other payables	6	9,332
	14,484	23,810
	25,837	29,008

		2005 Consolidated $'000	2005 Fund $'000
11 Interest bearing liabilities			
Current			
Secured bank debt		18,658	–
Non-current			
Secured bank debt		346,566	–
		365,224	–
Financing arrangements	**Expiry date**		
Facilities available			
Bank debt facility(1)	30 June 2006	18,658	–
Bank debt facility(2)	31 August 2009	352,984	–
		371,642	–
Less: facilities utilised		(365,224)	–
Facilities not utilised		6,418	–

(1) This debt is a bridging facility consisting of NZ$10,175,000 financed by Commonwealth Bank of Australia and NZ$10,175,000 financed by ANZ National Bank Limited. This facility is fully drawn and is expected to be retired at the end of September 2005.

(2) This facility consists of NZ$217,500,000 financed by Commonwealth Bank of Australia and NZ$167,500,000 financed by ANZ National Bank Limited. NZ$378,000,000 has been drawn down on the facility.

As at 30 June 2005 the weighted average interest rate in respect of the amounts drawn under the facilities, excluding margin, was 6.86%. The amount does not include the effect of swaps.

The security provided for the debt facility is a first registered fixed and floating charge over all assets and an undertaking by Multiplex Capital Limited (as Responsible Entity for the Multiplex New Zealand Property Fund), Multiplex Albert Street Investment Pty Ltd (in its capacity and as trustee for the Albert Street Investment Trust), the Borrower (in its capacity, as trustee for the Albert Street Landowning Trust) and the Custodian (as custodian for each of the Multiplex New Zealand Property Fund, the Albert Street Investment Trust, and the Albert Street Landowning Trust), in favour of the Security Trustee.

12 Contributed equity

Date	Details	Units	Issue price	$
1 July 2004	Opening balance	–	–	–
	September 2004 capital raising	114,385,247	1.00	114,385,247
	September 2004 capital raising costs on issue			(11,225,107)
	May 2005 capital raising	63,639,444	1.07	68,094,205
	May 2005 capital raising costs on issue			(10,488,845)
30 June 2005	Closing balance	178,024,691		160,765,500

Between September 2004 and March 2005, 114,385,247 units were issued at $1.00 per unit. The funds raised were used to finance the purchase of the Multiplex Albert Street Landowning Trust, which included one office property, seven retail properties, and three industrial properties, as detailed in the Product Disclosure Statement dated September 2004.

The second capital raising began in May 2005 and will continue through 2006, as detailed in the Product Disclosure Statement dated May 2005 and supplementary Product Disclosure Statement dated August 2005. As of 30 June 2005, 63,639,444 units were issued at a price of $1.07. The funds from the second capital raising are used to finance the acquisition of the second stage assets consisting of 11 office properties, and the third stage assets consisting of 11 retail properties.

Ordinary units

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

	Note	2005 Consolidated $'000	2005 Fund $'000
13 Reserves			
Asset revaluation reserve		17,305	–
Foreign currency translation reserve		(2,874)	–
		14,431	–
Movements			
(a) Asset revaluation reserve			
Balance at beginning of period		–	–
Revaluation increment – investment properties		17,305	–
Balance at end of period		17,305	–
(b) Foreign currency translation reserve			
Balance at beginning of period		–	–
Net exchange differences on translation of foreign controlled entities		(2,874)	–
Balance at end of period		(2,874)	–

The exchange rate applicable at balance date was A$1.00 = NZ$1.0907.

14 Undistributed income

	Note	2005 Consolidated $'000	2005 Fund $'000
Undistributed income at the start of the period		–	–
Net profit attributable to unitholders of Multiplex New Zealand Property Fund		5,213	8,944
Distributions provided for or paid	15	(8,666)	(8,666)
Undistributed income at the end of the period		(3,453)	278

15 Distributions

Distributions paid to unitholders or declared during the period were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
December 2004 distribution*	3.1808	3,105	7 February 2005
March 2005 distribution	2.2192	2,495	3 May 2005
June 2005 distribution	2.2438	3,066	2 August 2005
Total distribution	7.6438	8,666	

* The December 2004 distribution payment was for the period 25 August 2004 to 31 December 2004.

16 Reconciliation of total unitholders' funds

	2005 Consolidated $'000	2005 Fund $'000
Total unitholders' funds at the start of the period	–	–
Total changes in interest in unitholders' funds recognised in Statement of Financial Performance	19,644	8,944
Transactions with owners as owners:		
Contributions of equity (net of issue costs)	160,766	160,766
Distributions	(8,666)	(8,666)
Total unitholders' funds at the end of the period	171,744	161,044

17 Segment information

Business segment

The business segments have been identified on the basis of grouping individual investments subject to similar risks and returns. The Multiplex New Zealand Property Fund operates in a single, primary business segment being direct investment in property assets.

Geographical segment

The Fund operates only in one geographical segment being New Zealand.

18 Director and Executive disclosures

The following persons were Directors of Multiplex Capital Limited for the period ended 30 June 2005:

Name	Capacity	
Ian O'Toole	Executive Director	
Robert Rayner	Executive Director	
Peter Morris	Non-executive Director	
Robert McCuaig	Non-executive Director	
Michael Hodgetts	Non-executive Director	
Andrew Roberts	Executive Director	(appointed 12 August 2004 and resigned 14 September 2005)

Each of the non-executive Directors is independent.

Remuneration of Directors and Executives

Details of the nature and amount of the remuneration received by the Directors of the Responsible Entity from Multiplex Group are set out in the Directors' Report.

Equity instrument disclosures relating to Directors

No units in the Multiplex New Zealand Property Fund are held by the Directors or Executives.

19 Remuneration of auditors

	2005 Consolidated	2005 Fund
Amounts received or receivable by the auditors of the Fund		
Audit services:		
Auditors of the Fund – KPMG Australia:		
Audit and review of the financial reports	17,500	17,500
Other services:		
Auditors of the Fund – KPMG New Zealand:		
Taxation services	14,397	–

These expenses have been included in other expenses in the statement of financial performance.

20 Commitments and contingent assets and liabilities

The Fund has no commitments for expenditure or contingent assets or liabilities.

21 Related parties

Directors

Disclosures relating to Directors are set out in Note 18.

Controlled entities

The Fund has 99% ownership in Multiplex Albert Street Investment Trust. The Multiplex Albert Street Investment Trust has 99% ownership of the Multiplex Albert Street Landowning Trust. The Fund, in addition, owns 1% of Multiplex Albert Street Landowning Trust.

Responsible Entity

The Responsible Entity of the Multiplex New Zealand Property Fund is Multiplex Capital Limited (ABN 32 094 936 866).

Directors of Responsible Entity

The names of each person holding the position of Director of Multiplex Capital Limited during the period ended 30 June 2005 are R Rayner, M Hodgetts, R McCuaig, P Morris, A Roberts and I O'Toole.

Since 1 July 2004, no Director of Multiplex Capital Limited has become entitled to receive any benefit because of a contract made by the Company with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

No amounts have been paid by the Fund directly to the Directors of the Responsible Entity. The amount of remuneration paid by the Responsible Entity and its related parties to Directors of the Responsible Entity in connection with their responsibilities for the Fund has been included in the Directors' Report.

Responsible Entity's Remuneration

In accordance with the Fund Constitution, Multiplex Capital Limited is entitled to receive the following:

Leasing fee

Leasing fees are payable to the Responsible Entity for an amount not more than 8.5% of the gross proceeds for the first year of the new or extended term of a lease of premises that form part of the property. The Responsible Entity's leasing fee for the period ended 30 June 2005 was $290,518. As at 30 June 2005, the leasing fee payable to the Responsible Entity was $212,585.

Management fee

A base management fee up to 0.70% per annum of the gross value of assets is payable to the Responsible Entity. The fee is payable by the Fund monthly in arrears. The Responsible Entity's management fee for the period ended 30 June 2005 was $1,827,650. As at 30 June 2005, the management fee payable to the Responsible Entity was $651,243.

Establishment fee

An establishment fee up to 5% of the gross value of assets acquired, which compensates the Manager for the risks and expenses associated with raising equity, acquiring assets and establishing the Fund is payable to the Responsible Entity. From this fee, the Manager will pay commissions in relation to subscriptions. This fee is payable by the Fund on the completion of the purchase of assets. The establishment fee payable to the Responsible Entity for the period ended 30 June 2005 was $27,284,685. Of this amount, $20,144,971 relates to the raising of capital, while $7,139,714 relates to the acquisition of the properties. As at 30 June 2005, the establishment fee payable to the Responsible Entity was $13,614,284.

Reimbursement of expenses

The Responsible Entity is reimbursed by the Fund for all expenses incurred on behalf of the Fund.

Other related party transactions

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

Multiplex Funds Management Limited is the custodian of the Fund. The custodian fee for the period ended 30 June 2005 was $14,315. As at 30 June 2005, the custodian fee payable to the Multiplex Funds Management Limited was $4,200.

Multiplex Tasman Management Limited is the property agent for the Fund. The agent fee for the period ended 30 June 2005 was $61,219. As at 30 June 2005, the agent fee payable to Multiplex Tasman Management Limited was $6,189.

The vendor of the second stage assets acquired was Multiplex Constructions (NZ) Limited, a New Zealand domiciled company, the ultimate parent entity being the Multiplex Group. The Fund acquired the properties from Multiplex Constructions (NZ) Limited for NZ$223.0 million.

Rent guarantee income paid and payable from Multiplex Property Trust during the period was $12,371.

Related party unitholders

Multiplex Funds Management Limited as custodian for Multiplex Property Trust holds 47,461,298 units or 26.7% of the Fund as at 30 June 2005.

Permanent Trustee Australia Limited as custodian for Multiplex Acumen Property Fund holds 47,478,504 units or 26.7% of the Fund as at 30 June 2005.

Perpetual Trust Limited as custodian for Multiplex Tasman Property Fund holds 2,377,236 units or 1.3% of the Fund as at 30 June 2005.

Right of first refusal

Prior to the acquisition by the Fund of Multiplex Albert Street Investment Trust and Albert Street Landowning Trust in September 2004, these trusts were owned by Multiplex Property Trust. The Manager has granted rights of first refusal to the Multiplex Property Trust, in relation to the future sale by the Fund of any of the properties, or of a beneficial interest in them.

	2005 Consolidated $'000	**2005 Fund $'000**
22 Reconciliation of profit from ordinary activities after income tax to net cash inflow/outflow from operating activities		
Profit from ordinary activities	5,213	8,944
Amortisation	24	–
Change in operating assets and liabilities, net of effects from purchase and disposal of controlled entities	5,237	8,944
Increase in trade debtors	(5,259)	(12,616)
Increase in trade and other creditors and accruals	10,652	885
Net cash inflow/(outflow) from operating activities	10,630	(2,787)

23 Financial instruments

Derivative financial instruments

The Fund's activities expose it to changes in interest rates and foreign exchange rates. There are policies and limits approved by the Board of Directors in respect of the use of derivative and other financial instruments to hedge cash flows and profits subject to interest rate and currency risks. Management reports to the Board on a regular basis as to the monitoring of the policies in place.

The Fund is party to derivative financial instruments in the normal course of business in order to hedge exposure to interest and foreign exchange rates. The Fund does not enter into derivative financial instruments for speculative purposes. The Fund continually reviews its exposures and upgrades its treasury policies and procedures.

Interest rate risk

Interest rate risk exposures

The Fund's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

			Fixed interest maturing in:				
	Weighted average interest rate %	**Floating interest rate $'000**	**1 year or less $'000**	**Over 1 to 5 years $'000**	**More than 5 years $'000**	**Non-interest bearing $'000**	**Total $'000**
2005 Financial assets							
Cash and deposits	5.4	12,439	–	–	–	–	12,439
Receivables		–	–	–	–	3,103	3,103
Other		–	–	–	–	2,132	2,132
		12,439	–	–	–	5,235	17,674
2005 Financial liabilities							
Trade and other creditors		–	–	–	–	25,837	25,837
Loans	7.2	365,224	–	–	–	–	365,224
		365,224	–	–	–	25,837	391,061

Interest rate swap contracts

Interest rate swap agreements are used 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. Net receipts and payments in relation to interest rate swaps are recognised as interest expense on an accruals basis over the life of the hedges.

The fair value of the swaps at 30 June 2005 is (NZ $2,801,524).

At 30 June 2005, the notional principal amounts receivable and periods of expiry of the interest rate swap contracts were as follows:

	2005 Consolidated $'000
Less than one year	–
Between one and two years	343,278
	343,278

Credit risk exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on the financial assets of the Fund which have been recognised on the Statement of Financial Position is represented by the asset carrying amount, net of any provision for doubtful debts. Credit risk on trade debtors is considered low as there is no material exposure to any individual tenant.

Credit risk on interest rate swap contracts is minimised as the counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency.

Net fair values of financial assets and liabilities

Market risk is the risk that the value of the Fund's investment portfolio will fluctuate as a result of changes in valuations. The risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits. Market risk analysis is conducted regularly on a portfolio basis.

24 Earnings per unit

	2005 Consolidated	2005 Fund
Earnings per unit (cents)	4.6	7.9
Weighted average number of ordinary units used as the denominator (number)	113,165,719	113,165,719
	$'000	**$'000**
Reconciliation of earnings used in calculating earnings per unit		
Net profit	5,213	8,944
Net profit attributable to outside equity interest	–	–
Earnings used in calculating earnings per share	5,213	8,944

Earnings per unit is determined by dividing net profit attributable to unitholders by the weighted average number of ordinary units outstanding during the period.

The Fund did not have any potential securities outstanding during the period and, as such, diluted earnings per unit are the same as basic earnings per unit.

25 Net tangible asset backing per unit

	2005 Consolidated	2005 Fund
Net tangible assets ($'000)	171,744	161,044
Net tangible asset backing per unit ($)	0.96	0.90

Net asset backing is calculated by dividing the equity attributable to unitholders of the Fund by the number of ordinary units on issue. The number of units to be used in the calculation can be found in Note 12.

26 International Financial Reporting Standards (IFRS)

For reporting periods beginning on or after 1 January 2005 the Fund must comply with the Australian equivalents of International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

The Fund will report for the first time in compliance with AIFRS when the results for the half-year ending 31 December 2005 are released.

AIFRS requires that entities complying with AIFRS for the first time also restate their comparative financial statements using all AIFRS except for AASB 132 "Financial Instruments: Disclosure and Presentation", AASB 139 "Financial Instruments: Recognition and Measurement" and AASB 4 "Insurance Contracts", which the Fund has elected to adopt as effective from 1 July 2005.

The opening AIFRS balance sheet for the Fund is a restated balance sheet dated 1 July 2004. Most adjustments required on transition to AIFRS are made, retrospectively, against opening retained earnings on 1 July 2004. Transitional adjustments relating to the financial instruments standards noted above, where comparatives are not required, will only be made at 1 July 2005. Comparatives restated under AIFRS will not be reported in financial statements until December 2005, being the first half-year reported in compliance with AIFRS.

As emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations continues, producing some uncertainty about their treatment as currently adopted, the disclosures detailed in this note should not be considered to provide complete guidance as to the changes in accounting policies that will result from the transition from Australian GAAP (AGAAP) to AIFRS from 1 July 2005.

The Multiplex Group Board has established a formal implementation project, including the establishment of a project team (the team) to manage the transition to AIFRS. The team reports quarterly to the Audit and Risk Committee, and is lead by senior finance personnel who, working with specialist external consultants and monitored by a steering committee, have identified changes to accounting policies, quantified likely key impacts and is currently finalising detailed design, implementation and system amendments.

Impact of transition to AIFRS

The impact of the transition to AIFRS, including the transitional adjustments disclosed, is based on AIFRS standards that management expect to be in place, when preparing the first complete AIFRS financial report for the half-year ending 31 December 2005.

The differences between current AGAAP and AIFRS identified to date as potentially having a significant effect on the financial position and financial performance of the Trust are summarised below, being management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report.

Where the application or interpretation of an accounting standard is currently being debated, the accounting policy adopted reflects the current assessment of management of the likely outcome of those deliberations. As accepted accounting practices continue to develop the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary materially from the reconciliations provided in this note.

For a true and fair view to be presented under AIFRS a complete set of financial statements and notes, together with comparative balances, is required. As this note provides only a summary, further disclosure and explanations will be required in the first complete AIFRS financial report.

The following table displays the anticipated quantified impact on the 2005 net profit result and the 30 June 2005 net assets balance of the material differences between the existing AGAAP accounting policies and the AIFRS accounting policies to be adopted:

	Consolidated	
Year ended 30 June 2005	**Net profit 2005 $'000**	**Net assets 2005 $'000**
Net profit and net assets under AGAAP	5,213	171,744
AIFRS opening balance sheet adjustments		
(a) investment property	17,305	–
(b) foreign currency translation	(2,874)	–
(c) other	–	–
Net profit and net assets under AIFRS	19,644	171,744

No significant differences between AGAAP and AIFRS have been identified in the cash flow statement.

Under AIFRS the financial report comprises the following:

- balance sheet (AGAAP: statement of financial position);
- income statement (AGAAP: statement of financial performance);
- statement of changes in equity (not previously required under AGAAP);
- cash flow statement (previously required under AGAAP); and
- notes (previously required under AGAAP).

When describing the AIFRS impacts on financial reporting, the AIFRS terminology is used.

Quantified impacts of AIFRS

Further details of the adjustments arising as a result of the material changes in accounting policies expected to be adopted with the transition to AIFRS are detailed below.

(a) Investment property

In accordance with AASB 140 "Investment Property", the Fund has the option to measure the value of investment property using either depreciated historical cost or fair value (after initial recognition at cost).

The Fund has elected to adopt the fair value model, requiring investment property to be measured at fair value, which is defined as "the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction", reflecting market conditions at the reporting date. Under AIFRS any gains and losses that arise from the change in fair value are recognised in the Income Statement in the period in which they arise. This election reflects a change to the current accounting policy, under which changes in the fair value of investment property are recognised in the asset revaluation reserve, and has the potential to increase the volatility of reported earnings in the future.

(b) Foreign currency translation

In accordance with AASB 121 "The Effects of Changes in Foreign Currency Rates", the Fund is required to record foreign currency transactions in the functional currency by applying the exchange rate at the date of the transaction. Exchange differences are required to be recognised as income or expense in the period. This reflects a change to the current accounting policy, under which foreign currency translation changes are taken to reserves.

(c) Other

In addition to the above changes to existing accounting policy that will impact the financial statements for the year ended 30 June 2005, a number of additional changes may impact the financial statements of future periods. These changes are detailed as follows:

Operating lease revenue (Straight Lining)

Under AIFRS, AASB 117 "Leases" requires a lessor to recognise the lease revenue of an operating lease "on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished". The straight-line basis for recording operating lease revenues will result in an amount which has the potential to differ substantially from the actual cash flows resulting from the lease contract.

In accordance with AASB 140 "Investment Property" the Fund has adopted the fair value model in accounting for investment properties, which defines fair value as "the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction". When calculating the fair value of investment property it is important to avoid the double-counting of assets and liabilities and the standard describes a number of specific situations where this might otherwise occur, including prepaid or accrued operating lease income.

Practically, the fair value calculation for investment properties will reflect discounted cash flow projections based on the estimated future cash flows, which are dependent upon existing leases and current market rents for similar properties in the same location and condition. As a result, the timing and amounts of the future cash flows are included within the valuation of the investment property, and the recognition of the deferred income asset created as a result of operating lease straight lining would consequently represent a double-counting of assets, as it would also be determined based on the timing and amounts of the future cash flows.

As a result it is necessary to adjust to avoid the double-counting of assets on the Income Statement. The result of this adjustment is that it exactly negates the straight lining adjustment taken to account in the Income Statement, with the overall effect of the adjustments being that there is no impact on overall profit or loss, or net assets, but it does result in an Income Statement reclassification between revenue and the fair value adjustment to investment property.

The effect of the straight lining of lease revenues has not been quantified as there continues to be a number of substantial interpretation issues surrounding the appropriate basis of calculation for a range of lease types and terms. In addition, affected leases with stepped or fixed increases are not common in the New Zealand market. Currently, the Fund has no such material leases.

Financial instruments

Under AIFRS, the Fund has elected to adopt the exemption provided in AASB 1 "First-time Adoption" which permits entities to not apply the requirements of AASB 132 "Financial Instruments: Disclosure and Presentation", and AASB 139 "Financial Instruments: Recognition and Measurement" for the financial year ended 30 June 2005.

As a result there are no expected adjustments in relation to these standards for the opening balance sheet as at 1 July 2004, or for the financial year ended 30 June 2005, as current AGAAP accounting policies are expected to continue to apply.

Upon the transition to AIFRS from 1 July 2005 financial instruments will generally be recognised in the Balance Sheet at fair value.

Derivatives will need to meet stricter criteria for treatment as hedges; otherwise they will be marked to market through the Income Statement. The Fund has reviewed its interest rate and foreign exchange hedge strategy to ensure, where possible, that such hedges are treated as hedges under AIFRS.

The Fund has taken the exemption in AASB 1 "First-time Adoption" and will not be restating comparatives for any impact of restating hedges at fair value.

The Fund is in the process of determining the impact that adopting the standards will have on its financial statements.

Reclassification of unitholder funds

The classification of unitholder funds is prescribed by AASB 132 "Financial Instruments: Disclosure and Presentation", which determines the classification of financial instruments.

Under AIFRS there is a view that unitholder funds in trusts which have a limited fixed life should be classified as debt rather than equity on the basis that if, after the specified period of the trust, liquidation is not discretionary then the instrument has a finite life. It is likely that unitholder funds initially will be classified as debt under AIFRS, although there are plans to revise the trust deed during the year, so that from this time unitholder funds will be classified as equity.

27 Events occurring after reporting date

Other than those mentioned below, there have been no significant events or transactions that have arisen since the end of the financial period which, in the opinion of the Directors, would affect significantly the operations of the aggregated entity, the results of those operations, or the state of affairs of the aggregated entity.

Sale of 76 Symonds Street, Auckland

Unconditional contracts were exchanged on 23 September 2005 for the sale of 76 Symonds Street for a gross sale price of NZ$6.70 million and expected net sale price (after costs) of NZ$6.46 million. The sale has come about through an unsolicited offer from a private investor and represents a significant premium over the purchase price paid by the Fund in May 2005 of NZ$5.39 million and current valuation of the property of NZ$5.55 million. The transaction is due to settle on 15 December 2005.

DIRECTORS' DECLARATION

For the period ended 30 June 2005

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

(a) the financial statements and notes, set out on pages 33 to 53, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the period ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) the Fund has operated during the financial year in accordance with the provisions of the Fund Constitution dated 28 July 2004.

This declaration is made in accordance with a resolution of the Directors.

Rob Rayner

Robert Rayner
Divisional Director - Funds Management
Multiplex Capital Limited

Sydney

28 September 2005

INDEPENDENT AUDIT REPORT

To the members of Multiplex New Zealand Property Fund

Scope

We have audited the financial report of Multiplex New Zealand Property Fund for the period from 28 July 2004 to 30 June 2005, consisting of the statements of financial performance and distribution, statements of financial position, statements of cash flows, accompanying notes 1 to 27, and the directors declaration set out on page 33 to 54. The Responsible Entity, Multiplex Capital Limited is responsible for the preparation of the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the unitholders.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatements. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with accounting standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the schemes financial position, and its performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of Multiplex New Zealand Property Fund for the period from 28 July 2004 to 30 June 2005 is in accordance with;

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the scheme's financial position as at 30 June 2005 and of its performance for the period ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

KPMG

A Dickinson
Partner
Sydney
28 September 2005

CORPORATE DIRECTORY

Responsible Entity

Multiplex Capital Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Directors of Multiplex Capital Limited

Ian O'Toole
Robert Rayner
Peter Morris
Robert McCuaig
Michael Hodgetts
Andrew Roberts (appointed 12 August 2004 and resigned 14 September 2005)

Company secretary of Multiplex Capital Limited

Alex Carrodus

Location of unit registry

Registries (Victoria) Pty Limited
PO Box R67
Royal Exchange
Sydney NSW 1223
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Custodian

Multiplex Funds Management Limited
C/- Multiplex Capital Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

Auditor

KPMG
10 Shelley Street
Sydney NSW 2000
Telephone: (02) 9335 7000
Facsimile: (02) 9299 7077