MULTIPLEX NEW ZEALAND
PROPERTY FUND

ANNUAL REPORT
2006

MULTIPLEX NEW ZEALAND PROPERTY FUND
ARSN 110 281 055

MULTIPLEX
CAPITAL

CONTENTS

ANNUAL REPORT 2006

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

MANAGING DIRECTOR'S REPORT

OVERVIEW

Multiplex New Zealand Property 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 diversified property vehicles, with 33 property assets valued at NZ$602.8 million.

During the 2006 financial year, the Fund entered into contracts to acquire additional properties valued at NZ$224 million. On settlement of these, the Fund will comprise 40 properties valued at NZ$901.6 million.

The Fund's second reporting period has again been exceptional, characterised by significant asset growth, together with an expanding and diversified asset base. As at 30 June 2006, the net tangible asset backing per unit was $1.18, which combined with income distributions paid during the year, delivered a total annualised return* to original investors from Fund inception to 30 June 2006 of 20.2% (entry price of $1.00) and 19.8% for other investors (entry price of $1.07).

THE FUND

The Fund was established to provide Australian investors with an opportunity to invest in an Australian unlisted fund that owns 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 Product Disclosure Statement (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. The fourth stage properties are funded primarily from debt.

A summary of the Fund property assets and the respective stages of these properties is provided on page 9.

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* Includes unrealised capital growth.

FUND SNAPSHOT AT 30 JUNE 2006

Total assets	$718.0 million
Accounting NTA per unit	$1.18
Fund gearing	59%
Management fee	0.70% per annum of the gross value of assets
Management expense ratio (MER)	0.73%
Tax-advantaged distributions	100% (for the year ended 30 June 2006)
Distributions paid	quarterly

THE PROPERTY PORTFOLIO

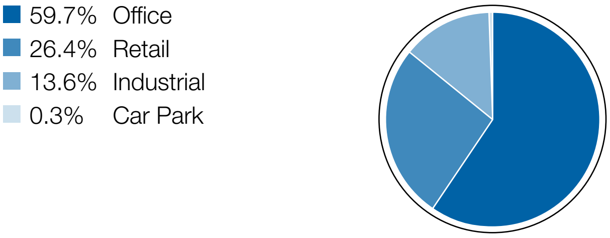
The portfolio of 40 properties, comprising 15 office, 20 retail, one car park and four industrial assets provides investors with a quality, diversified and well leased portfolio of properties spread throughout New Zealand's North and South Islands.

The Fund's entire portfolio was independently valued as at 30 June 2006 by Colliers International. The current valuation of NZ$901.6 million represents an increase of NZ$87 million in independent valuations during the year.

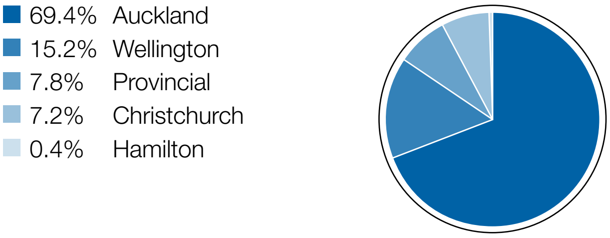
The Fund acquired its property portfolio in four stages:

- **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 Woolworths (General Distributors Limited) retail centres and three distribution centres, were acquired by the Fund in September 2004 for a total purchase price of NZ$294.1 million. As at 30 June 2006, the properties were valued at NZ$364.8 million.
- **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. As at 30 June 2006 the properties were valued at NZ$253.1 million.
- **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. As at 30 June 2006, the properties are valued at NZ$59.7 million.

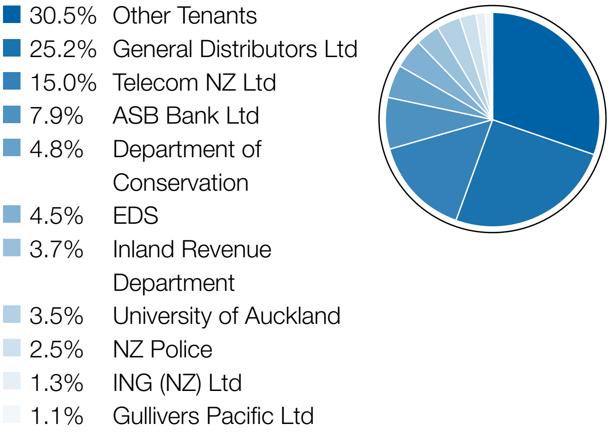
Sector diversification (by value)



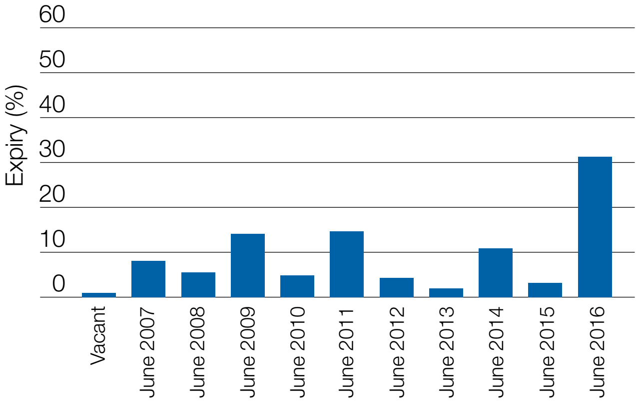
Location diversification (by value)



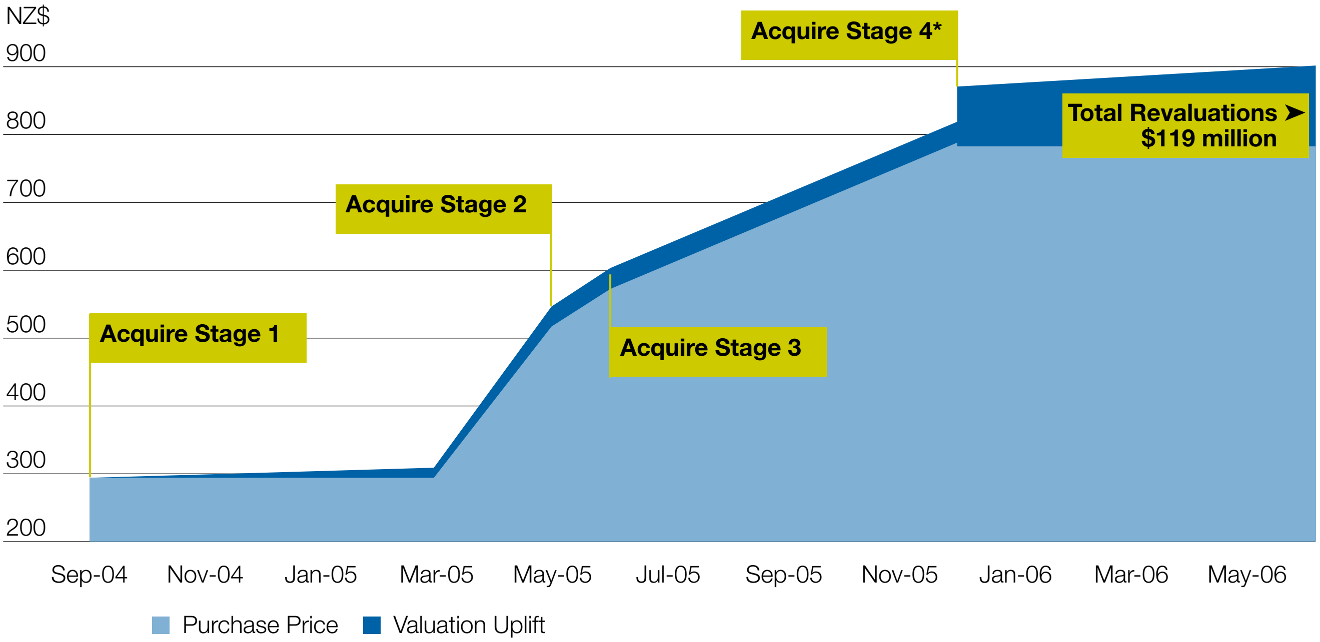
Tenant diversification (by income)



Lease expiry profile (by income)



Portfolio growth – acquisitions and revaluations



* Settlement to occur progressively from December 2005 with final settlement estimated to be February 2007.
Note: The above graphs and tables include the eight Fourth Stage properties.

- **Fourth stage properties**, comprising eight properties located in Albany and provisional North Island locations as well as Wellington, New Zealand's capital. The properties were purchased for NZ$215.6 million and were valued at NZ$224 million as at 30 June 2006. Six of the eight properties have settled (valued at NZ$165.8 million) with the remaining two properties forecast to settle in February 2007 (valued at NZ$58.2 million).

During the year, one of the second stage properties, 76 Symonds Street, was sold for NZ$6.7 million, representing a premium of 24% to its purchase price of NZ$5.4 million.

The portfolio comprises approximately 222 tenants, with rental income secured by leases with average terms to expiry of 7.6 years. A key feature of the Fund has been the security of income provided by the major tenants in the portfolio. The portfolio's ten largest tenants, including General Distributors Limited, Telecom New Zealand, ASB Bank, Department of Conservation, EDS, University of Auckland and New Zealand Inland Revenue, contribute approximately 70% of the portfolio's net property income with a weighted average lease term of 8.5 years.

The portfolio is well leased, with an occupancy rate across the properties of 99% at 30 June 2006.

DEBT FACILITIES

The Fund has a senior debt facility with a current limit of NZ$599 million with the Commonwealth Bank of Australia (CBA) and ANZ National Bank, New Zealand (ANZ).

The facility runs for a term of five years expiring 31 August 2009 and is provided on a loan to value ratio of 65% and an interest rate margin of 0.65%. At 30 June 2006, the senior debt facility was drawn to NZ$514.6 million. The undrawn facility balance (being NZ$84.4 million) will be used to fund the Fourth Stage acquisitions and future capital expenditure commitments across the property portfolio.

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 at 30 June 2006, the Fund has in place a fixed interest rate hedge across 96% of the Fund's loan facility through until 31 August 2009. The average interest rate under this hedging facility is 7.40% (including margin).


ASB

EQUITY RAISINGS

The Fund is currently closed to new equity investment, however, management is continually seeking opportunities to grow the Fund through further property acquisitions, in which case, additional equity will be required. The Fund will only acquire further property assets if it makes economic sense to existing investors. In making this assessment, management will have regard to many factors, including the impact on Fund distributions paid to investors, the level of gearing, effect on the unexpired lease term, geographic and sector spread of property assets and the calibre of the tenants in any new property assets.

MANAGEMENT TEAM

The Fund has a dedicated team of Australian and New Zealand property professionals and support staff overseeing the interests of investors and driving the performance of the Fund. The team in Australia is headed by Leon Boyatzis as Fund Manager, who has full-time day-to-day responsibility for the performance of the Fund and communication to Fund investors. Being part of the Australian based 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 the performance of the Fund. The Board comprises five Directors, three of which are entirely independent of the Multiplex Group.

INVESTMENT STRATEGY

The investment strategy of the Fund is to acquire further investment grade property assets in New Zealand that are well leased with strong tenant covenants, together with 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.

The Fund undertakes a rigorous and arm's length investment process when considering new investments. The Fund's senior management presents all acquisition opportunities to the Board for approval, with each independent Director required to sign-off on each investment 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 owners of New Zealand property assets. The Fund is also well positioned to capitalise on the continued rental income and capital growth prospects being experienced across New Zealand's major property markets.

The Fund's properties are well leased with minimal vacancy, predominantly let at market rents and have the major tenants providing approximately 70% of net income secured over leases with average terms of expiry of 8.5 years.

The Fund also benefits from having in place a highly dedicated New Zealand based management team. In addition to the day-to-day management of the portfolio and tenant relationships, the team is continuously searching for new, attractive property acquisition opportunities for the Fund.

I would like to thank all investors for their support over the past 12 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

The Fund comprises 40 New Zealand properties valued at NZ$901.6 million.

PROPERTY PORTFOLIO SUMMARY

Property Name	Stage	Location	Sector	Cap Rate %	Purchase Price NZ$m	Current Valuation[(1)] NZ$m	Market Value A$m*	% of Portfolio
Office								
ASB Bank Centre	First Stage	Auckland	Office	7.75	113.9	136.3	112.1	15.1
Gen-i Tower	Second Stage	Auckland	Office	8.00	63.7	75.0	61.7	8.3
Telecom House	Second Stage	Auckland	Office	8.38	55.5	61.5	50.6	6.8
SAP Centre	Second Stage	Auckland	Office	8.75	19.4	21.8	17.9	2.4
Uniservices House	Second Stage	Auckland	Office	8.50	17.5	20.0	16.4	2.2
12 Whitaker Place	Second Stage	Auckland	Office	5.00	0.7	0.9	0.7	0.1
Telco Building	Second Stage	Auckland	Office	8.25	14.7	18.3	15.1	2.0
The Plaza	Second Stage	Auckland	Office	8.50	10.5	12.3	10.1	1.4
University Building	Second Stage	Auckland	Office	8.38	9.6	12.1	10.0	1.3
AIA House	Second Stage	Auckland	Office	8.25	24.6	29.5	24.3	3.3
ANZ Business Centre	Fourth Stage	Auckland	Office	7.75	26.7	27.2	22.4	3.0
Conservation House[3,4]	Fourth Stage	Wellington	Office	7.75	36.1	39.2	32.2	4.4
180 Molesworth Street[5]	Fourth Stage	Wellington	Office	8.13	35.5	38.7	31.8	4.4
EDS House	Fourth Stage	Wellington	Office	8.75	26.1	26.8	22.0	3.0
Telecom Tower[3]	Fourth Stage	Wellington	Office	8.25	19.0	19.0	15.6	2.1
Farmer's Carpark (car park asset)	Second Stage	Auckland	Car Park	7.50	1.4	1.7	1.4	0.2
Subtotal					**474.9**	**540.3**	**444.3**	**60.0**
Retail								
South City Shopping Centre[2]	First Stage	Christchurch	Retail	8.34	40.0	46.9	38.6	5.2
Countdown Botany	First Stage	Auckland	Retail	6.75	14.8	18.5	15.2	2.0
Countdown Lynfield[4]	First Stage	Auckland	Retail	7.75	12.1	17.4	14.3	1.9
Woolworths Grey Lynn	First Stage	Auckland	Retail	7.38	8.7	11.1	9.1	1.2
Countdown Porirua	First Stage	Wellington	Retail	7.75	6.5	7.8	6.4	0.9
Woolworths Papakura	First Stage	Auckland	Retail	8.00	3.9	5.3	4.4	0.6
Foodtown Hamilton	First Stage	Hamilton	Retail	9.00	2.8	3.8	3.1	0.5
Woolworths Dargaville	Third Stage	Dargaville	Retail	7.75	5.2	5.3	4.4	0.6
Foodtown Pukekohe	Third Stage	Pukekohe	Retail	7.75	8.2	8.5	7.0	0.9
Woolworths Paeroa	Third Stage	Paeroa	Retail	8.25	2.9	3.0	2.5	0.3
Woolworths Putaruru	Third Stage	Putararu	Retail	8.25	2.5	2.6	2.1	0.3
Woolworths Te Awamutu	Third Stage	Te Awamutu	Retail	7.75	5.5	5.6	4.6	0.6
Woolworths New Plymouth	Third Stage	New Plymouth	Retail	7.75	7.5	7.8	6.4	0.9
Woolworths Wanganui	Third Stage	Wanganui	Retail	9.00	4.2	4.2	3.5	0.5
Woolworths Marton	Third Stage	Marton	Retail	7.50	1.4	1.6	1.3	0.2
Countdown Oamaru	Third Stage	Oamaru	Retail	7.75	3.7	3.8	3.1	0.4
Woolworths Invercargill	Third Stage	Invercargill	Retail	7.75	3.6	3.8	3.1	0.4
Howick Shopping Centre	Third Stage	Auckland	Retail	6.75	10.7	13.5	11.1	1.5
The Hub[4]	Fourth Stage	Auckland	Retail	8.00	43.3	43.5	35.8	4.8
Valley Mega Centre[4]	Fourth Stage	New Plymouth	Retail	7.90	24.1	24.3	20.0	2.7
Subtotal					**211.6**	**238.3**	**196.0**	**26.4**
Industrial								
Mangere Distribution Centre	First Stage	Auckland	Industrial	7.75	55.5	74.2	61.0	8.2
Wiri Distribution Centre	First Stage	Auckland	Industrial	9.75	20.5	25.5	21.0	2.8
Christchurch Distribution Centre	First Stage	Christchurch	Industrial	8.00	15.4	18.0	14.8	2.0
IRD Building	Fourth Stage	Wellington	Industrial	9.00	4.8	5.3	4.4	0.6
Subtotal					**96.2**	**123.0**	**101.2**	**13.6**
Total Portolio					**782.7**	**901.6**	**741.5**	**100.0**

* A$ = 1.2159 NZ$

1. The current valuation is as at 30 June 2006 per Colliers International.
2. Includes a separate building known as 573–579 Colombo Street with a valuation of NZ$4.4 million.
3. The Fund has exchanged contracts to purchase these properties however they are still conditional upon certain requirements being met.
4. Valuation "as if complete".
5. Includes adjacent air rights at NZ$2.75 million.

ASB Bank Centre

Valuation Details

Valuation	NZ$136.3 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$4,076
Capitalisation rate (%)	7.75

Property details	
Net lettable area (sqm) (approx)	33,446

Tenancy profile	
Occupancy (%)	98

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$75.0 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,316
Capitalisation rate (%)	8.00

Property details	
Net lettable area (sqm) (approx)	22,621

Tenancy profile	
Occupancy (%)	97

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$61.5 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,926
Capitalisation rate (%)	8.38
Property details	
Net lettable area (sqm) (approx)	15,665
Tenancy profile	
Occupancy (%)	100
Major tenant	**Telecom NZ**
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.

Conservation House(1)

Valuation Details

Valuation	**NZ$39.20 million(2)**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$4,569
Capitalisation rate (%)	7.75
Property details	
NLA (sqm) (approx)	8,579(3)
Tenancy profile	
Occupancy (%)	100
Major tenant	**Department of Conservation**
Area (sqm)	7,459
NLA (%)	88
Lease expiry	1 July 2018
Reviews	3 yearly First review to market, second/third review to market capped at CPI + 4%

Location

The property located in Wellington, is situated on the western side of Manners Street with access from the eastern side of Willis Street. The property is located in the southern sector of the Wellington CBD.

Property description

The property is a four level podium plus basement structure constructed in the late 1980s. Situated above the building is a 14 level office tower (Telecom Tower). The building is currently being extensively redeveloped with a design focused on environment sustainability and is due for completion in January 2007.

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(1) Contract exchanged however still conditional on certain requirements being met.

(2) Valuation "as if complete".

(3) Subject to final measurement.

180 Molesworth Street

Valuation Details

Valuation	**NZ$38.7 million(1)**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,448(2)
Capitalisation rate (%)	8.13
Property details	
NLA (sqm) (approx)	14,681
Tenancy profile	
Occupancy (%)	100
Major tenant	**NZ Police**
Area (sqm)	7,899
NLA (%)	54
Lease expiry	30 June 2008
Reviews	On renewal to market

Location

The property located in Wellington, is situated at the northern end of Molesworth Street, immediately before it crosses over the motorway.

Property description

The property comprises a 17 storey office building completed in 1979. The building is a free-standing tower with strong vertical concrete columns with vertical glazing panels. Entry to the building is from Molesworth Street via a short flight of stairs.

(1) Includes air rights valued at NZ$2.75 million.

(2) Excludes air rights valuation.

AIA House

Valuation Details

Valuation	**NZ$29.5 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,114
Capitalisation rate (%)	8.25
Property details	
Net lettable area (sqm) (approx)	9,473
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.

ANZ Business Centre

Valuation Details

Valuation	**NZ$27.2 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$4,739
Capitalisation rate (%)	7.75

Property details	
NLA (sqm) (approx)	5,740

Tenancy profile	
Occupancy (%)	66(1)

Major tenant	**ANZ**	**Westpac**
Area (sqm)	910	830
NLA (%)	16	14
Lease expiry	30 June 2014	30 June 2014
Reviews	3 yearly, 1st fixed @ 10% then market	3 yearly, > market or CPI + 2%

Location

The property is located in the North Shore City suburb of Albany, approximately 17 kilometres from Auckland's CBD. The Albany area has been extensively developed since the early 1990s into a commercial, educational, retail, industrial and residential regional centre.

Property description

The property is a five level commercial building featuring both retail and office accommodation. The building was completed in late 2004 and has ground level retail with open and first level car parking with three levels of office above.

(1) Vacancy subject to rental support.

EDS House

Valuation Details

Valuation	**NZ$26.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,657
Capitalisation rate (%)	8.75

Property details	
NLA (sqm) (approx)	10,087

Tenancy profile	
Occupancy (%)	100

Major tenant	**EDS**
Area (sqm)	10,087
NLA (%)	100
Lease expiry	22 April 2009
Reviews	3 yearly to market(1)

Location

The property located in Wellington, is situated on the eastern side of Gilmer Terrace, a short cul-de-sac running off the western side of Boulcott Street. Boulcott Street bisects The Terrace and Willis Street, essentially connecting parts of the CBD in Wellington.

Property description

The property comprises fourteen office levels and a basement car park providing a good standard of accommodation well suited to modern office usage.

(1) At landlord's option.

SAP Centre

Valuation Details

Valuation	NZ$21.8 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,034
Capitalisation rate (%)	8.75

Property details	
Net lettable area (sqm) (approx)	7,170

Tenancy profile	
Occupancy (%)	82

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 for 233 cars. 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.

Uniservices House and 12 Whitaker Place

Valuation Details

Valuation	
Uniservices House/12 Whitaker Place	NZ$20.9 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,717
Capitalisation rate (%)	8.35

Property details	
Net lettable area (sqm) (approx)	7,704

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.

Telecom Tower(1)

Valuation Details

Valuation	NZ$19.0 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,528
Capitalisation rate (%)	8.25

Property details	
NLA (sqm) (approx)	7,502

Tenancy profile	
Occupancy (%)	100

Major tenant	Telecom NZ	Medical Council of NZ
Area (sqm)	5,487	1,381
NLA (%)	72	18
Lease expiry	22 May 2013	30 April 2009
Reviews	3 yearly to market	3 yearly to market(2)

Location
The property located in Wellington, is situated on the western side of Manners Street with access from the eastern side of Willis Street. The property is located in the southern sector of the Wellington CBD.

Property description
The property is a 14 level office building situated on Willis Street and located above a podium level currently being redeveloped into an environmental building leased to the Department of Conservation (Conservation House).

(1) Contract exchanged however still conditional on certain requirements being met.

(2) At either landlord or tenant discretion.

The Telco Building

Valuation Details

Valuation(1)	NZ$18.3 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,326
Capitalisation rate (%)	8.25

Property details	
Net lettable area (sqm) (approx)	7,866

Tenancy profile	
Occupancy (%)	87

Major tenant	Primus International College
Area (sqm)	1,013
NLA (%)	13
Lease expiry	December 2008
Reviews	On renewal

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$12.3 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,621
Capitalisation rate (%)	8.50
Property details	
Net lettable area (sqm) (approx)	4,692
Tenancy profile	
Occupancy (%)	100
Major tenant	**Telecom NZ**
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$12.1 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,378
Capitalisation rate (%)	8.38
Property details	
Net lettable area (sqm) (approx)	5,088
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 circa 1995 for educational use. The upper office floors of the building enjoy views over the Auckland port area.

Farmer's Carpark

Valuation Details

Valuation	**NZ$1.70 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per car space	NZ$36,956
Capitalisation rate (%)	7.50

Property details	
Number of car spaces	46

Tenancy profile	
Occupancy (%)(1)	93

Major tenant	**gen-i Ltd**
Area (sqm)	25
NLA (%)	54
Lease expiry	February 2012
Reviews	3 yearly to market

Location

The property is situated in a prominent central 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, completed in the 1960s, comprises a multi-level car park building with approximately 1,350 car parks.

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.

The Hub

Valuation Details

Valuation	**NZ$43.5 million(1)**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,641
Capitalisation rate (%)	8.00

Property details	
NLA (sqm) (approx)	26,516

Tenancy profile	
Occupancy (%)	52(2)

Major tenant	**Bunnings**	**Harvey Norman**
Area (sqm)	8,014	3,500
NLA (%)	30	13
Lease expiry	18 June 2016	30 September 2016
Reviews	2 yearly to CPI + 1% (Cap 6.5%)	Annual to CPI (Cap 3.0%)

Location

The property is located in the provincial town of Whakatane which is located in the Bay of Plenty District. Whakatane is situated in the central North Island, being approximately 310 kilometres from Auckland City, 85 kilometres to Rotorua and 160 kilometres to Taupo.

Property description

The Hub comprises a bulk retail development. The site will comprise approximately 9.97 hectares on the fringe of Whakatane with frontage to State Highway 30. The full development is due for completion in September 2006 with the Bunnings store already complete and commenced trading in June 2006. On completion the property will have just over 26,500 sqm of net lettable area with approximately 12 units and 900 car spaces.

(1) Valuation "as if complete and fully leased".

(2) Vacancy subject to rental support.

South City Shopping Centre(1)

Valuation Details

Valuation		**NZ$46.9 million**
Valuer		Colliers International
Valuation date		30 June 2006
Valuation per sqm of NLA		NZ$2,694
Capitalisation rate (%)		8.34
Property details		
Net lettable area (sqm) (approx)		17,409
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$4.4 million.

Valley Mega Centre

Valuation Details

Valuation		**NZ$24.3 million(1)**
Valuer		Colliers International
Valuation date		30 June 2006
Valuation per sqm of NLA		NZ$2,120
Capitalisation rate (%)		7.90
Property details		
NLA (sqm) (approx)		11,462
Tenancy profile		
Occupancy (%)		71(2)
Major tenant	**Briscoes**	**Rebel Sports**
Area (sqm)	2,406	1,822
NLA (%)	21	16
Lease expiry	31 May 2015	31 May 2015
Reviews	3 yearly to market (Cap 3.0%)	3 yearly to market (Cap 3.0%)

Location

The property is located in the provincial town of New Plymouth on the western coast of the North Island. It is situated approximately 450 kilometres from Auckland and 300 kilometres north of Wellington.

Property description

Valley Mega Centre comprises a bulk retail development. The site is approximately 28,400 sqm, situated two kilometres west of the new Plymouth Central Business District. The development is due for completion in late October 2006 and on completion will comprise 11,462 sqm of net lettable area, divided into retail units ranging from 135 to 1,700 sqm, as well as 328 car parks.

(1) Valuation "as if complete and fully leased".

(2) Vacancy subject to rental support.

Countdown Botany

Valuation Details

Valuation	**NZ$18.5 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,172
Capitalisation rate (%)	6.75
Property details	
Net lettable area (sqm) (approx)	5,833
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 to 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$17.4 million(2)**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,807
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	6,198
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.

(2) On completion of Super Cheap development.

Howick Shopping Centre

Valuation Details

Valuation	**NZ$13.5 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$3,879
Capitalisation rate (%)	6.75

Property details	
Net lettable area (sqm) (approx)	3,481

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$11.1 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,464
Capitalisation rate (%)	7.38

Property details	
Net lettable area (sqm) (approx)	4,505

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$8.5 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,163
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	3,930
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$7.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,230
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	3,497
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$7.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,060
Capitalisation rate (%)	7.75

Property details	
Net lettable area (sqm) (approx)	3,787

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 northernmost 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 stand-alone 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 tar-sealed 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$5.64 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,361
Capitalisation rate (%)	7.75

Property details	
Net lettable area (sqm) (approx)	2,389

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$5.3 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,495
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	2,124
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 riverfront recreation reserve.

Woolworths Papakura

Valuation Details

Valuation	**NZ$5.25 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,750
Capitalisation rate (%)	8.00
Property details	
Net lettable area (sqm) (approx)	2,999
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.

Foodtown Hamilton

Valuation Details

Valuation	**NZ$3.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,207
Capitalisation rate (%)	9.00
Property details	
Net lettable area (sqm) (approx)	3,148
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 Wanganui

Valuation Details

Valuation	**NZ$4.2 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,246
Capitalisation rate (%)	9.00
Property details	
Net lettable area (sqm) (approx)	3,370
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).

Countdown Oamaru

Valuation Details

Valuation	**NZ$3.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,256
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	3,025
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$3.8 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,647
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	2,307
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$3.0 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,648
Capitalisation rate (%)	8.25

Property details	
Net lettable area (sqm) (approx)	1,820

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.

Woolworths Putaruru

Valuation Details

Valuation	**NZ$2.6 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$2,034
Capitalisation rate (%)	8.25

Property details	
Net lettable area (sqm) (approx)	1,278

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$1.6 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,584
Capitalisation rate (%)	7.50
Property details	
Net lettable area (sqm) (approx)	1,010
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.

Mangere Distribution Centre

Valuation Details

Valuation	NZ$74.2 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,013
Capitalisation rate (%)	7.75
Property details	
Net lettable area (sqm) (approx)	73,273
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

Valuation Details

Valuation	
Distribution centre	NZ$24.5 million
Vacant land	NZ$1.0 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$725(1)
Capitalisation rate (%)	9.75
Property details	
Net lettable area (sqm) (approx)	33,786
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 78,457 square metres provides a site coverage of approximately 47%. Separate to the Distribution Centre, the site also comprises vacant land over an area of 78,457 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$16.0 million
Vacant land	NZ$2.0 million
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$907(1)
Capitalisation rate (%)	8.00
Property details	
Net lettable area (sqm) (approx)	17,626
Tenancy profile	
Occupancy (%)	100
Major tenant	**General Distributors Limited**
Limited area (sqm)	17,626
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 17,626 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.

IRD Building

Valuation Details

Valuation	**NZ$5.3 million**
Valuer	Colliers International
Valuation date	30 June 2006
Valuation per sqm of NLA	NZ$1,069
Capitalisation rate (%)	9.00

Property details	
NLA (sqm) (approx)	4,958

Tenancy profile	
Occupancy (%)	100

Major tenant	**Department of Inland Revenue**
Area (sqm)	4,958
NLA (%)	100
Lease expiry	31 August 2007
Reviews	3 yearly to market

Location

The property located in Upper Hutt, is situated in park-like grounds in an industrial and residential area known as Wallaceville which is situated just south of Upper Hutt's Central City.

Property description

The property is essentially an industrial building which has been converted to offices. It is in a park-like setting and is relatively attractive because it is not clearly visible that it is an industrial structure.

FINANCIAL REPORT

The Fund's second reporting period has again been exceptional, characterised by significant asset growth, and an expanding and diversified asset base.

CONTENTS

DIRECTORS' REPORT

For the year ended 30 June 2006

INTRODUCTION

The Directors of Multiplex Capital Limited (ABN 32 094 936 866), the Responsible Entity of the Multiplex New Zealand Property Fund, present their report together with the financial report of the Fund and the Consolidated Fund, being the Fund and its controlled entities, for the year ended 30 June 2006 and the Auditor's report thereon.

DIRECTORS

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

Name

Robert Rayner
Michael Hodgetts
Robert McCuaig
Peter Morris
Ian O'Toole
Andrew Roberts (resigned 14 September 2005)

Information on Directors

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 16 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. Rob was a founding shareholder and director of the Acumen Capital funds management business, since renamed Multiplex Capital in 2003 upon Multiplex Group listing on ASX.

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 known as the Australian Construction Industry Forum. As a senior professional consultant, he has extensive experience in development and construction, particularly in non-residential projects.

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, now one of the world's largest professional property services groups with 215 offices throughout Australia, Asia Pacific, Europe, the Middle East, the Americas and Africa. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, the Presbyterian Church of Australia, Sydney Ports Authority, the Benevolent Society of NSW, the State Government 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.

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.

Ian O'Toole

Ian has responsibility for the overall direction and strategy of the Multiplex Capital funds management business, including both MPT and the external funds management business of Multiplex Capital. He has over 24 years' experience in funds management and prior to joining Multiplex Capital in 2003 was responsible for both capital transactions and asset management within ING Real Estate Investment Management Limited.

Andrew Roberts

Andrew Roberts 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. Andrew resigned as director on 14 September 2005.

PRINCIPAL ACTIVITIES

The Consolidated Fund is a registered managed investment scheme in Australia.

The investment activities of the Consolidated Fund are in accordance with the investment strategy as outlined in the Product Disclosure Statement in September 2004 and May 2005 and a supplementary Product Disclosure Statement in August 2005.

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

There have been no significant changes in the nature of the Consolidated Fund's activities during the year.

REVIEW OF OPERATIONS

Key highlights over the period include:

- Net profit before unitholders' expenses for the year ended 30 June 2006 was $76,817,000 (30 June 2005: $22,375,000).
- On 23 September 2005, exchange for the sale of 76 Symonds Street, Auckland was completed. Consideration was NZ$6.7 million resulting in a net profit to book value after costs of NZ$916,000. Settlement occurred on 15 December 2005.
- In November and December 2005, the Fund entered into contracts to acquire eight additional properties (Fourth Stage acquisitions). The Fourth Stage acquisitions, including Valley Mega Centre, the Hub, ANZ Business Centre, and five Wellington properties, will be almost entirely debt funded. Once the final settlement has occurred (forecast to be February 2007), the additional amount of debt is forecast to be NZ$212.1 million. As of 30 June 2006, debt of NZ$136.6 million has been drawn down to fund the purchase of the Fourth Stage properties.
- The Hub, located in Whakatane, was acquired with exchange on 4 November 2005 and settled on 21 December 2005. Monthly progress payments are forecast to be made until August 2006.
- The Valley Mega Centre was acquired with exchange on 21 December 2005 and settled on 27 January 2006 with monthly progress payments forecast to be made until September 2006.
- The ANZ Business Centre exchanged on 23 December 2005 and settled in 16 March 2006.
- The Wellington properties were acquired with exchange on 15 December 2005. 180 Molesworth, IRD Building, and EDS House settled on 3 April 2006. Conservation House and Telecom Tower are expected to settle in February 2007.

DISTRIBUTIONS

Distributions paid to unitholders or declared were as follows:

Ordinary units	Cents per unit	Total amount $'000	Date of payment
September 2005 distribution	2.3945	4,263	2 November 2005
December 2005 distribution	2.3945	4,955	27 January 2006
March 2006 distribution	2.3425	5,079	4 May 2006
June 2006 distribution	2.3685	5,138	1 August 2006
Total distribution 30 June 2006	9.5000	19,435	
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 30 June 2005	7.6438	8,666	

* The December 2004 distribution payment was for the period 7 September 2004 to 31 December 2004.

INTERESTS OF THE RESPONSIBLE ENTITY

The following fees were paid to Multiplex Capital Limited and its associates during the financial year:

	2006 $	2005 $
Responsible Entity's management fee	4,514,362	1,827,650
Leasing fee	189,925	290,518
Establishment fee	7,135,425	27,284,685

The Responsible Entity and its associates have not held any units in the Consolidated Fund during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Responsible Entity there were no significant changes in the state of affairs of the Consolidated Fund that occurred during the financial year.

LIKELY DEVELOPMENTS

The Consolidated Fund will continue to pursue its policy of increasing returns through active investment selection.

Further information about likely developments in the operations of the Consolidated Fund and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Consolidated Fund.

ENVIRONMENTAL REGULATIONS

The Consolidated Fund's operations are not subject to any significant environmental regulation under either Commonwealth, State or Territory legislation.

EVENTS SUBSEQUENT TO BALANCE DATE

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

INDEMNIFICATION AND INSURANCE PREMIUMS

Under the Consolidated Fund Constitution, the Responsible Entity, including officers and employees, is indemnified out of the Consolidated 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 Consolidated Fund.

The Consolidated Fund has not indemnified any auditor of the Consolidated 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 2006. The Responsible Entity has paid, or agreed to pay, in respect of the Consolidated Fund, premiums in respect of such insurance contracts for the period ending 30 June 2006. 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 have not been included as such disclosure is prohibited under the terms of the contracts.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 37 and forms part of the Directors' report for the year ended 30 June 2006.

ROUNDING OF AMOUNTS

The Consolidated Fund is of a kind referred to in Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Sydney this 29th day of August 2006.

Signed in accordance with a resolution of the Directors.

Ian O'Toole
Managing Director
Multiplex Capital Limited

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2006

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: the directors of Multiplex Capital Limited, as Responsible Entity of the Multiplex New Zealand Property Fund.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2006 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 contraventions of any applicable code of professional conduct in relation to the audit.

T Gilerman
Partner
KPMG

Sydney
29 August 2006

INCOME STATEMENT

For the year ended 30 June 2006

		Consolidated		Fund	
	Note	1 July 2005–30 June 2006 $'000	27 July 2004–30 June 2005 $'000	1 July 2005–30 June 2006 $'000	27 July 2004–30 June 2005 $'000
Rental income		59,496	25,761	–	–
Less: Property related expenses		(10,954)	(3,500)	–	–
Net property income		48,542	22,261	–	–
Distribution income		–	–	21,351	11,057
Interest income		801	563	215	111
Gain on sale of property		856	232	–	–
Other income		391	–	347	–
Other Fund expenses:					
Finance costs – external		(28,678)	(11,842)	–	–
Finance costs – distributions to unitholders*	16	(19,435)	–	(19,435)	–
Responsible Entity fees		(4,514)	(1,828)	(4,514)	(1,828)
Other expenses		(778)	(596)	(309)	(396)
Net realised income/(loss) from operating activities before income tax		(2,815)	8,790	(2,345)	8,944
Income tax expense	4	(6,890)	(3,577)	–	–
Net realised income/(loss) from operating activities		(9,705)	5,213	(2,345)	8,944
Net gain from investment property valuations		71,725	17,162	–	–
Net gain on revaluation of financial derivatives		14,797	–	9,804	–
Net profit		76,817	22,375	7,459	8,944
Distribution to unitholders*	16	–	(8,666)	–	(8,666)
Change in net assets attributable to unitholders		76,817	13,709	7,459	278
Earnings per unit (cents)					
Basic earnings per ordinary unit**	20	37.5	19.8	3.6	7.9
Diluted earnings per ordinary unit**	20	37.5	19.8	3.6	7.9

* Due to the requirements of AIFRS, distributions for the current year of $19.435 million have been classified as a finance cost. The comparative year distribution of $8.666 million was shown as an equity distribution.

** Due to the requirements of AIFRS, distributions paid to unitholders during the period totalling $19.435 million have been classified as finance costs and are therefore included in the earnings per unit calculation. When these amounts are added back to the period result, the earnings per unit is 47.0 cents.

The above consolidated income statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN UNITHOLDERS' INTEREST

For the year ended 30 June 2006

	Consolidated		Fund	
	30 June 2006(1) $'000	30 June 2005(2) $'000	30 June 2006(1) $'000	30 June 2005(2) $'000
Opening balance of unitholders' interests	171,601	–	161,044	–
Net loss on revaluation of financial derivatives	(2,569)	–	–	–
Units on issue				
September 2004 capital raising	–	114,385	–	114,385
September 2004 capital raising costs on issue	–	(11,225)	–	(11,225)
May 2005 capital raising	41,542	68,094	41,542	68,094
May 2005 capital raising costs on issue	(534)	(10,488)	(534)	(10,488)
Distribution reinvestment plan	141	–	141	–
Foreign currency translation reserve	(30,060)	(2,874)	–	–
Distributions paid*	–	(8,666)	–	(8,666)
Net adjustments recognised directly in unitholders' interests	180,121	149,226	202,193	152,100
Net profit/changes in net assets attributable to unitholders	76,817	22,375	7,459	8,944
Closing balance of unitholders' interests	256,938	171,601	209,652	161,044

* Distributions paid in the current year of $19.435 million have been deducted from changes in net assets attributable to unitholders in accordance with AIFRS.

(1) Classified as a liability under AIFRS.

(2) Classified as equity.

The above consolidated statement of changes in unitholders' interest should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2006

	Note	Consolidated 30 June 2006 $'000	Consolidated 30 June 2005 $'000	Fund 30 June 2006 $'000	Fund 30 June 2005 $'000
Assets					
Current assets					
Cash and cash equivalents	6	9,859	12,439	1,085	5,854
Trade and other receivables	7	2,391	3,387	213	12,598
Other	8	2,835	454	–	17
Total current assets		15,085	16,280	1,298	18,469
Non-current assets					
Investment properties	9	692,096	552,425	–	–
Investment in controlled entity	10	–	–	208,252	174,649
Fair value of financial derivatives	18	10,861	–	9,804	–
Total non-current assets		702,957	552,425	218,056	174,649
Total assets		718,042	568,705	219,354	193,118
Liabilities					
Current liabilities					
Trade and other payables	11	8,119	25,837	4,564	29,008
Interest bearing liabilities	12	–	18,658	–	–
Financial liability to unitholders – distribution	16	5,138	3,066	5,138	3,066
Deferred settlement		16,044	–	–	–
Total current liabilities		29,301	47,561	9,702	32,074
Non-current liabilities					
Interest bearing liabilities	12	421,438	345,031	–	–
Deferred income tax liability	4	10,365	4,512	–	–
Total non-current liabilities		431,803	349,543	–	–
Total liabilities		461,104	397,104	9,702	32,074
Net assets attributable to unitholders*		256,938	171,601	209,652	161,044
Represented by					
Units on issue	13	201,915	160,766	201,915	160,766
Reserves	14	(32,934)	(2,874)	–	–
Undistributed income	15	87,957	13,709	7,737	278
		256,938	171,601	209,652	161,044

* Classified as equity in 2005 and as a liability under AIFRS in 2006.

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the year ended 30 June 2006

	Note	Consolidated 1 July 2005– 30 June 2006 $'000	Consolidated 27 July 2004– 30 June 2005 $'000	Fund 1 July 2005– 30 June 2006 $'000	Fund 27 July 2004– 30 June 2005 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		60,476	24,293	1,217	–
Cash payments in the course of operations		(14,074)	(3,923)	(6,259)	(2,898)
Interest received		801	563	215	111
Borrowing costs paid		(28,888)	(10,303)	–	–
Distributions paid		(17,222)	–	(17,222)	–
Net cash flows from operating activities	17	1,093	10,630	(22,049)	(2,787)
Cash flows from investing activities					
Proceeds from sale of investment property		6,040	–	–	–
Deposits on investment properties		(2,400)	–	–	–
Payments for purchase of, and additions to investment properties		(126,421)	(533,803)	–	–
Investment in controlled entities		–	–	(32,616)	(174,649)
Net cash flows used in investing activities		(122,781)	(533,803)	(32,616)	(174,649)
Cash flows from financing activities					
Proceeds from issues of units		36,415	187,607	36,415	187,607
Issue costs paid		(10,154)	(11,619)	(10,154)	(11,619)
Repayment of interest bearing liabilities		(18,532)	–	–	–
Proceeds from interest bearing liabilities		112,337	365,224	–	–
Debt establishment costs paid		(958)	–	–	–
Proceeds/(payments) from loans advanced by related parties		–	–	(767)	12,902
Distributions received		–	–	24,402	–
Distributions paid		–	(5,600)	–	(5,600)
Net cash flows from financing activities		119,108	535,612	49,896	183,290
Net increase in cash and cash equivalents		(2,580)	12,439	(4,769)	5,854
Cash and cash equivalents at 1 July		12,439	–	5,854	–
Cash and cash equivalents at 30 June		9,859	12,439	1,085	5,854

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

1. CONSOLIDATED FUND INFORMATION

Multiplex New Zealand Property Fund is an Australian registered managed investment scheme under the *Corporations Act 2001*. Multiplex Capital Limited, the Responsible Entity of Multiplex New Zealand Property Fund, is incorporated and domiciled in Australia.

The financial report of Multiplex New Zealand Property Fund and its controlled entities (the Consolidated Fund) for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 29 August 2006.

The nature of the operations and principal activities of the Consolidated Fund are described in the Directors' report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, the Consolidated Fund Constitution and the requirements of the *Corporations Act 2001*. Other mandatory professional reporting requirements (Urgent Issues Group Interpretations) have also been complied with.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. This report has been prepared on the basis of historical cost, except for the revaluation of investment properties and financial instruments. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 2(d).

The financial report is presented in Australian dollars and all values have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Consolidated Fund in accordance with ASIC Class Order 98/100. The Consolidated Fund is an entity to which the Class Order applies.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

This is the first full year financial report prepared in accordance with AIFRS. The date of transition of AIFRS is 1 July 2004, accordingly the financial information for the year ended 30 June 2005 has been restated. Note 2(v) includes reconciliations between previously reported Australian Generally Accepted Accounting Principles (AGAAP) as at 30 June 2005 to AIFRS including a reconciliation between AGAAP to AIFRS equity as at 30 June 2005.

(c) Principles of consolidation

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

The financial statements of controlled entities are prepared for the same reporting period as the Fund, using consistent accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Fund. Control exists when the Fund has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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 including unrealised profits arising from intra-entity transactions, included in the consolidated financial statements have been eliminated in full.

(d) Significant accounting judgements, estimates and assumptions

Investment properties

The discounted cash flow approach applied for investment properties usually includes assumptions in relation to current and recent investment property prices. If such prices are not available, then the fair value of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date.

The principal assumptions underlying management's estimation of fair value are those related to the receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements and appropriate discount rates. These valuations are regularly compared to actual market yield data and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Refer to note 2(i) for the policy on investment properties.

Derivative financial instruments

Refer to note 2(n) for the policy on derivative financial instruments.

(e) Revenue and expense recognition

Revenue

Revenue from rents, interest and distributions is recognised as it accrues to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue brought to account but not received at balance date is recognised as a receivable.

Fixed rental increases which do not represent direct compensation for underlying cost increases or capital expenditure are recognised on a straight-line basis over the term of the lease until the next market review date. All other rental increases are recognised as income in the financial year in which they are earned.

Incidental revenues (and related costs) derived from an investment property undergoing construction or development, but not directly related to bringing the asset to the location and working condition of an investment property, are recognised in operating profit for the period, and included in their respective classifications of income and expense in the Income Statement.

Expense

All expenses are recognised in the income statement on an accrual basis. Custodian, registry, legal, valuation, marketing, audit, and banking fees are included in other expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxation

Income Tax

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 includes both current tax expense and deferred tax expense/benefit. The future tax benefit relating to tax losses will be carried forward as an asset only when the benefit is probable of realisation. Income tax on differences between asset and liability carrying amounts and their tax base is set aside to the deferred tax asset or deferred tax liability accounts at the rates which are expected to apply when those timing differences reverse.

Goods and Services Tax

Revenues, expenses and assets (with the exception of receivables) are recognised net of the amount of Goods and Services Tax (GST) to the extent that the GST is recoverable from the taxation authority. Where GST is not recoverable, it is recognised as part of the cost of acquisition, or as an expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to the taxation authority is included in the Balance Sheet as a receivable or payable.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(g) Cash and cash equivalents

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.

(h) Trade and other receivables

Receivables are recognised and carried at original amount, less impairment losses.

Receivables from related parties are recognised and carried at the nominal amount due. Interest and rent is taken up as income on an accrual basis.

(i) Investment properties

Initially, investment properties are measured at cost including all transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in the year of derecognition.

Independent valuations of investment properties are obtained at intervals of not more than three years from suitably qualified valuers. Such valuations are reflected in the financial statements of the Consolidated Fund. Additionally, the directors of the Responsible Entity assess the carrying value of each investment property at each reporting date to ensure that its carrying value does not materially differ from its fair value. Where the carrying value differs from fair value, that asset is adjusted to its fair value.

In determining fair value, the expected net cash flows have been discounted to their present value using a market determined risk-adjusted discount rate applicable to the respective asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investment properties (continued)

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount because the Fund does not expect to be ultimately liable for capital gains tax in respect of the assets.

Expenditure capitalised to properties includes the cost of acquisition, capital and refurbishment additions, and during development, includes financing charges, related professional fees incurred and other directly attributable transaction costs.

(j) Impairment

If any indication of impairment exists, the carrying amounts of the applicable assets of the Consolidated Fund, other than investment property (refer to Note 2(i)) and deferred tax assets (refer to Note 2(f)), are reviewed and the asset's recoverable amount is estimated.

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

Calculation of recoverable amount

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

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

(k) Trade and other payables

These amounts are carried at cost and represent liabilities for goods and services provided to the Consolidated 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.

(l) Distributions

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date.

Current accounting policy

Distributions paid and payable on units are recognised in the income statement as finance costs. Distributions paid are included in cash flows from operating activities in the Cash Flow Statement.

Comparative period policy

The comparative year distribution is shown as an equity distribution. Comparative year distributions paid are included in cash flows from financing activities in the Cash Flow Statement.

(m) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process. Financing costs are recognised as an expense in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Derivative financial instruments

The Consolidated Fund has elected to apply the option available under AASB 1 of adopting AASB 132 “Financial Instruments: Presentation and Disclosure” and AASB 139 “Financial Instruments: Recognition and Measurement” from 1 July 2005.

Current accounting policy

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

Derivative financial instruments are initially recognised at fair value and are subsequently remeasured on a fair value basis. The gain or loss on re-measurement to fair value is recognised immediately in the Income Statement.

The fair value of interest rate swaps is the estimated amount that the Consolidated Fund would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Comparative period policy

The Consolidated 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 manage 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 Consolidated Fund is party to derivative financial instruments in the normal course of business in order to manage exposure to interest and foreign exchange rates. The Consolidated Fund does not enter into derivative financial instruments for speculative purposes. The Consolidated 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 managing 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 Consolidated Fund 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 distributions.

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

(o) Issue costs

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Foreign currencies

Translation of foreign currency transactions

The functional and presentation currency of the Fund is the Australian dollar.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

A non-monetary item that is measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction. A non-monetary item that is measured at fair value in a foreign currency is translated using the exchange rates at the date when the fair value was determined.

Translation of financial reports of overseas operations

The functional currency of the overseas operations is New Zealand dollars.

As at the reporting date, the asset and liabilities of these overseas subsidiaries are translated into the presentation currency of the Fund at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to the foreign currency translation reserve.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation shall be recognised in the income statement.

(q) Units on issue

Issued and paid up units are recognised at the fair value of the consideration received by the Fund.

Any transaction costs arising on the issue of ordinary units are recognised as a reduction of the unit proceeds received.

(r) Earnings per unit

Basic and diluted EPU is calculated as net income after tax before distributions to unitholders and changes in unitholders interests, divided by the weighted average number of ordinary units.

(s) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as income on a straight-line basis over the lease term, which is considered to best represent the time pattern in which use benefit derived from the leased asset is diminished.

(t) Leasing fees

Leasing fees in relation to the initial leasing of the property after a redevelopment are capitalised to the carrying value of the property and amortised over the period to which the lease relates.

Costs that are directly associated with negotiating and executing the ongoing renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are also capitalised as part of the carrying value of the property and amortised over the lease term in proportion to the rental revenue recognised in each financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Leasing incentives

Lease incentives which may take the form of up-front payments, contributions to certain lease costs, relocation costs and fit-outs and improvements are recognised as part of the carrying value of the investment properties. The aggregate cost of incentives is recognised as a reduction of rental income over the lease term.

(v) Impact of adoption of AIFRS

The Consolidated Fund has made its election to the transitional exemptions allowed by AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" as follows:

(i) AASB 3 "Business Combinations" was not applied retrospectively to business combinations undertaken before the date of transition to AIFRS.

(ii) The Consolidated Fund has elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the opening retained earnings at 1 July 2005 has been adjusted to account for the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" as at that date. Refer note 2(v)(iii) for the reconciliation between 30 June 2005 closing balance.

The impacts of adopting AIFRS on the total equity and profit from continuing operations as reported under previous Australian Generally Accepted Accounting Principles (AGAAP) are illustrated below.

	Consolidated 30 June 2005 $'000	Fund 30 June 2005 $'000
(i) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS		
Total equity under previous AGAAP	171,744	161,044
Lease incentive adjustment to asset revaluation reserve	(143)	–
Total equity under AIFRS	171,601	161,044
(ii) Reconciliation of profit from continuing operations under previous AGAAP to that under AIFRS		
Prior year profit from continuing operations as previously reported	5,213	8,944
Lease incentives(1)	(143)	–
Fair value movement in investment properties(2)	17,305	–
Prior year profit from continuing operations under AIFRS	22,375	8,944

(1) Amortisation of leasing incentives included within carrying value of investment property. The corresponding reduction in the carrying value of the underlying asset has been offset by an increase in the valuation uplift.

(2) Fair value movements in investment properties are charged to the income statement under AASB 140 "Investment Property", but were taken to the asset revaluation reserve under previous AGAAP. The gain from the fair value adjustment caused an increase in profit for the year.

	Consolidated 30 June 2005 $'000	Fund 30 June 2005 $'000
(iii) Reconciliation of total equity opening balance upon adoption of AASB 132 and 139 on 1 July 2005		
Total equity under AIFRS at 30 June 2005	171,601	161,044
Adjusted for adoption of AASB 132 and 139:		
Fair value of derivative financial instruments	(2,569)	–
Liabilities attributable to unitholders	(169,032)	(161,044)
Total equity under AIFRS at 1 July 2005	–	–

(iv) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under previous AGAAP.

3. SEGMENT REPORTING

Business segments

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

Geographical segments

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

4. INCOME TAX

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Income tax expense				
Prima facie income tax expense calculated at 33% on profit from ordinary activities of Albert Street Landowning Trust	6,890	3,577	–	–
(b) Deferred tax liabilities				
Amount carried forward from prior year	4,512	–	–	–
Balance taken up on acquisition of Albert Street Landowning Trust	–	935	–	–
Current year income tax expense	6,890	3,577	–	–
Foreign currency translation reserve	(1,037)	–	–	–
	10,365	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 temporary 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.

5. REMUNERATION OF AUDITORS

	Consolidated		Fund	
	2006 $	2005 $	2006 $	2005 $
Audit services				
Auditors of the Fund – KPMG Australia				
Audit and review of the financial reports	31,763	17,500	31,763	17,500
Other – Ernst & Young Australia:				
Review of financial reports	54,500	–	54,500	–
	86,263	17,500	86,263	17,500
Other services				
Auditors of the Fund – KPMG New Zealand:				
Taxation services	–	14,397	–	–
Other – PricewaterhouseCoopers Australia:				
Taxation services	64,368	–	26,888	–
	64,368	14,397	26,888	–

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

6. CASH AND CASH EQUIVALENTS

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash at bank and on hand	9,859	12,439	1,085	5,854

7. TRADE AND OTHER RECEIVABLES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade debtors	1,741	563	–	–
Distribution receivable	–	–	–	11,057
Goods and service tax receivable	650	1,541	213	1,541
Other debtors	–	1,283	–	–
	2,391	3,387	213	12,598

8. OTHER ASSETS (CURRENT)

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deposits on investment properties	2,400	–	–	–
Prepaid borrowing costs	–	328	–	–
Other prepayments	435	126	–	17
	2,835	454	–	17

9. INVESTMENT PROPERTIES

	2006 $'000	2005 $'000	2006 $'000	2005 $'000
(a) Details of property investments				
Investment properties	692,096	552,425	–	–

9. INVESTMENT PROPERTIES (continued)

(a) Details of property investments (continued)

Description	Title	Cost including additions* $'000	Valuation date	Valuation(1) $'000	June 2006 Book value $'000	June 2005 Book value $'000
Retail						
South City Shopping Centre	Freehold	33,946	June 2006	38,572	38,572	39,424
Countdown Botany	Freehold	12,374	June 2006	15,215	15,215	13,753
Countdown Lynfield	Freehold	10,117	June 2006	14,310	14,310	11,690
Woolworths Grey Lynn	Freehold	7,274	June 2006	9,129	9,129	8,343
Countdown Porirua	Freehold	5,435	June 2006	6,415	6,415	6,143
Woolworths Papakura	Freehold	3,261	June 2006	4,318	4,318	3,759
Foodtown Hamilton	Leasehold	2,358	June 2006	3,084	3,084	2,659
Howick Shopping Centre	Freehold	8,884	June 2006	11,103	11,103	10,315
Woolworths Dargaville	Freehold	4,348	June 2006	4,359	4,359	4,814
Foodtown Pukekohe	Freehold	6,869	June 2006	6,991	6,991	7,702
Woolworths Paeroa	Freehold	2,446	June 2006	2,447	2,447	2,705
Woolworths Putaruru	Freehold	2,136	June 2006	2,097	2,097	2,320
Woolworths Te Awamutu	Freehold	4,582	June 2006	4,639	4,639	5,134
Woolworths New Plymouth	Freehold	6,266	June 2006	6,415	6,415	7,014
Woolworths Wanganui	Leasehold	3,552	June 2006	3,454	3,454	3,759
Woolworths Marton	Freehold	1,156	June 2006	1,357	1,357	1,430
Countdown Oamaru	Freehold	3,141	June 2006	3,166	3,166	3,484
Woolworths Invercargill	Freehold	2,991	June 2006	3,125	3,125	3,346
The Hub – Whakatane(3)**	Freehold	35,083	–	35,776	35,083	–
Valley Mega Centre(4)**	Freehold	19,445	–	19,985	19,445	–
		175,664		195,957	194,724	137,794
Office						
ASB Bank Centre	Freehold	95,603	June 2006	112,139	111,814	106,528
Gen-i Tower	Freehold	53,862	June 2006	61,683	61,683	61,245
Telecom House	Freehold	46,701	June 2006	50,580	50,580	54,185
AIA Building	Freehold	20,767	June 2006	24,262	24,262	23,196
SAP Centre	Freehold	16,302	June 2006	17,888	17,888	19,987
Uniservices House	Freehold	14,702	June 2006	16,449	16,449	16,503
The Telco Building	Freehold	12,681	June 2006	15,051	15,051	15,220
The Plaza	Freehold	8,822	June 2006	10,075	10,075	10,360
University Building	Freehold	8,042	June 2006	9,951	9,951	9,994
12 Whitaker Place	Freehold	605	June 2006	781	781	642
Farmer's Carpark	Freehold	1,189	June 2006	1,398	1,398	1,421
ANZ Business Centre(5)	Freehold	23,098	June 2006	22,370	22,370	–
EDS House(6)	Freehold	22,604	June 2006	22,041	22,041	–
180 Molesworth(6)	Freehold	30,744	June 2006	31,869	31,869	–
		355,722		396,537	396,212	319,281

9. INVESTMENT PROPERTIES (continued)

(a) Details of property investments (continued)

Description	Title	Cost including additions* $'000	Valuation date	Valuation(1) $'000	June 2006 Book value $'000	June 2005 Book value $'000
Industrial						
Mangere Distribution Centre	Freehold	46,403	June 2006	61,025	61,025	55,927
Wiri Distribution Centre	Leasehold	17,140	June 2006	20,972	20,972	19,941
Christchurch Distribution Centre	Freehold	12,876	June 2006	14,804	14,804	14,394
IRD Building(6)	Freehold	4,185	June 2006	4,359	4,359	–
		80,604		101,160	101,160	90,262
Property sold						
76 Symonds St(2)	Freehold	–	Apr 2005	–	–	5,088
		611,990		693,654	692,096	552,425

* Included in the cost of investment properties is $16,047,589 of acquisition costs.
** Valuation on completion.

(1) The portfolio was revalued as at 30 November 2005 and 30 June 2006 resulting in a net revaluation increment of NZ$56.7 million and NZ$23.1 million, respectively.

(2) On 23 September 2005, exchange for the sale of 76 Symonds Street, Auckland was completed. Consideration was NZ$6.7 million resulting in a net profit to book value after costs of NZ$916,000. Settlement occurred on 15 December 2005.

(3) The Hub was exchanged on 4 November 2005 and settled on 21 December 2005. The Hub was purchased for NZ$42.5 million including acquisition costs of NZ$2.0 million. Monthly progress payments totalling NZ$27.1 million are forecast to be made until August 2006. Additional debt of NZ$14.2 million was drawn down in order to fund the purchase of the Hub.

(4) The Valley Mega Centre exchanged on 21 December 2005 and settled on 27 January 2006. The Valley Mega Centre was purchased for NZ$23.6 million including acquisition costs of NZ$1.2 million.

(5) The ANZ Business Centre was settled on 16 March 2006 for NZ$28.1 million including acquisition costs of NZ$1.5 million.

(6) The Wellington properties were acquired with exchange on 15 December 2005. The first stage, including 180 Molesworth, IRD Building, and EDS House settled on 3 April 2006. EDS House was purchased for NZ$27.5 million including acquisition costs of NZ$1.4 million. 180 Molesworth Street was purchased for NZ$37.4 million including acquisition costs of NZ$1.9 million. The IRD Building was purchased for NZ$5.1 million including acquisition costs of NZ$0.3 million.
The second stage, including the Kaitiaki Building and Telecom Tower, are expected to be settled in February 2007.

(b) Reconciliation of carrying amounts

Reconciliation

Reconciliation of the carrying amount of investment properties is set out below:

	30 June 2006 $'000	30 June 2005 $'000
Investment properties		
Carrying amount at beginning of period	552,425	–
Acquisition of investment property	128,282	524,865
Sale of investment property	(5,184)	–
Other costs	1,144	150
Acquisition costs	6,569	10,686
Net gains from fair value adjustments to investment properties	71,725	17,162
Rent support	–	(284)
Foreign currency translation exchange adjustment	(62,865)	(154)
Carrying amount at end of period	692,096	552,425

9. INVESTMENT PROPERTIES (continued)

(b) Reconciliation of carrying amounts (continued)

Leasing arrangements

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

	Fund 2006 $'000	 2005 $'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	51,092	44,539
Later than one year but not later than five years	169,276	152,030
Later than five years	177,724	183,891
	398,092	380,460

Annual rent receivable by the Consolidated Fund under current leases from tenants is from commercial, industrial, retail and car park assets held. The average lease term is 7.6 years and rent reviews are generally performed on a three yearly basis and are based on market rent.

10. INVESTMENT IN CONTROLLED ENTITIES

	Ownership %	Fund 2006 $'000	 2005 $'000
Investment in Albert Street Investment Trust	99	207,993	174,390
Investment in Albert Street Landowning Trust	1	259	259
Investment in controlled entity	100	208,252	174,649

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

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

	2006 $'000	2005 $'000
Consideration		
Cash	–	77,700
Units	–	25,642
	–	103,342
Change in the fair value of net assets as a result of the above acquisition		
Assets		
Receivables	–	1,054
Prepayments	–	213
Investment properties	–	104,797
Liabilities		
Payables	–	(1,761)
Deferred tax liability	–	(961)
	–	103,342
Net cash (outflow)	–	(77,700)

11. PAYABLES

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade payables	2,088	1,741	–	–
Other payables	265	456	88	50
Goods and Services Tax	–	606	–	–
Interest payable	2,734	3,402	–	–
Monies held in trust – unallocated units	–	5,148	–	5,148
	5,087	11,353	88	5,198
Payables to related parties:				
Distributions received in advance	–	–	1,265	–
Lease incentive	–	213	–	213
Management fee	2,935	651	2,935	651
Syndication fee	–	13,614	–	13,614
Other payables	97	6	276	9,332
	3,032	14,484	4,476	23,810
	8,119	25,837	4,564	29,008

12. INTEREST BEARING LIABILITIES

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current				
Secured bank debt	–	18,658	–	–
Non-current				
Secured bank debt	423,217	346,566	–	–
Debt establishment fees	(1,779)	(1,535)	–	
	421,438	345,031	–	–
	421,438	363,689	–	–

Financing Arrangements	**Expiry Date**				
Facilities available					
Bank debt facility(1)	30 June 2006	–	18,658	–	–
Bank debt facility(2)	31 August 2009	492,639	352,984	–	–
		492,639	371,642	–	–
Less: facilities utilised		(423,217)	(365,224)	–	–
Facilities not utilised		69,422	6,418	–	–

(1) This debt was a bridging facility consisting of NZ$10.2 million financed by Commonwealth Bank of Australia and NZ$10.2 million financed by ANZ National Bank Limited. Payment was made in full in September 2005.

(2) This facility consists of NZ$338.4 million financed by Commonwealth Bank of Australia and NZ$260.6 million financed by ANZ National Bank Limited. NZ$423.2 million has been drawn down on the facility.

As at 30 June 2006 the weighted average interest rate in respect of the amounts drawn under the facilities, including margin was 7.73% (2005: 7.16%). 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 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 Multiplex New Zealand Property Fund, Albert Street Investment Trust and Albert Street Landowning Trust) in favour of the Security Trustee.

13. UNITS ON ISSUE

Date	Details	Units	Issue price	$
28 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
	May 2005 capital raising	38,824,704	1.07	41,542,221
	May 2005 capital raising costs on issue			(533,881)
	Distribution reinvestment plan	106,241	1.33	141,319
30 June 2006	Closing balance	216,955,636		201,915,159

The May 2005 capital raising, as detailed in the Product Disclosure Statement dated May 2005 and supplementary Product Disclosure Statement dated August 2005, closed in November 2005. As at 30 June 2006, 102,464,148 units were issued at a price of $1.07. The funds from the capital raising were used to finance the acquisition of the second stage assets consisting of 11 office properties (acquired in May 2005), and the third stage assets consisting of 11 retail properties (acquired in May and June 2005). Refer to note 9 for details of acquisitions.

Ordinary units

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Consolidated 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.

14. RESERVES

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Foreign currency translation reserve	(32,934)	(2,874)	–	–
	(32,934)	(2,874)	–	–

The exchange rate applicable at balance date was A$1.00 = NZ$1.2159 as at 30 June 2006 and A$1.00 = NZ$1.0907 as at 30 June 2005.

15. UNDISTRIBUTED INCOME

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Opening balance	13,709	–	278	–
Net loss on revaluation of financial derivatives	(2,569)	–	–	–
Change in net assets attributable to unitholders/net profit	76,817	22,375	7,459	8,944
Distributions provided for or paid	–	(8,666)	–	(8,666)
Closing balance	87,957	13,709	7,737	278

16. DISTRIBUTIONS

Distributions paid to unitholders or declared were as follows:

Ordinary units	Cents per unit	Total amount $'000	Date of payment
September 2005 distribution	2.3945	4,263	2 November 2005
December 2005 distribution	2.3945	4,955	27 January 2006
March 2006 distribution	2.3425	5,079	4 May 2006
June 2006 distribution	2.3685	5,138	1 August 2006
Total distribution 30 June 2006	9.5000	19,435	
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 30 June 2005	7.6438	8,666	

* The December 2004 distribution payment was for the period 7 September 2004 to 31 December 2004.

17. RECONCILIATION OF NET PROFIT AFTER INCOME TAX TO NET CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated		Fund	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Net profit	76,817	22,375	7,459	8,944
Adjustments for:				
Gain from investment property valuations	(71,725)	(17,162)	–	–
Gain on sale of property	(856)	–	–	–
Gain from revaluation of financial derivatives	(14,797)	–	(9,804)	–
Distributions reinvested	141	–	141	–
Amortisation	–	24	–	–
Change in operating assets and liabilities, net of effects from purchase and disposal of controlled entities	(10,420)	5,237	(2,204)	8,944
Increase/(decrease) in trade debtors	587	(5,259)	(20,481)	(12,616)
Increase in trade and other creditors and accruals	10,926	10,652	636	885
Net cash inflow/(outflow) from operating activities	1,093	10,630	(22,049)	(2,787)

18. FINANCIAL INSTRUMENTS

Derivative financial instruments

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

Interest rate risk

Interest rate risk exposures

The Consolidated Fund's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table:

2006	Weighted average interest rate %	Floating interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and deposits	5.3	9,859	–	9,859
Receivables		–	2,391	2,391
Other		–	435	435
		9,859	2,826	12,685
Financial liabilities				
Trade and other creditors		–	8,119	8,119
Loans	7.7	421,438	–	421,438
		421,438	8,119	429,557
2005				
Financial assets				
Cash and deposits	5.4	12,439	–	12,439
Receivables		–	3,387	3,387
Other		–	454	454
		12,439	3,841	16,280
Financial liabilities				
Trade and other creditors		–	25,837	25,837
Loans	7.2	363,689	–	363,689
		363,689	25,837	389,526

18. FINANCIAL INSTRUMENTS (continued)

Interest rate risk (continued)

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 Consolidated 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.

Currency risk

The Consolidated Fund may invest in financial assets and enter into transactions denominated in currencies other than its functional currency. Consequently, the Consolidated Fund is exposed to risks that the exchange rate of its currency to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Consolidated Fund's assets or liabilities denominated in currencies other than the Australian dollar.

The Consolidated Fund's total net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

	Fair value 2006	Fair value 2005
New Zealand dollars		
Assets	15,405,859	8,582,987
Liabilities	442,572,185	369,849,899

Net fair values of financial assets and liabilities

The net fair values of assets and liabilities approximate their carrying value.

Market risk

Market risk is the risk that the value of the Consolidated 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.

Specific instruments

At 30 June 2006, the Consolidated Fund's holdings in derivatives translated into Australian dollars were as specified in the table below:

Type of contract	Expiration	Underlying	Notional amount of contracts outstanding $'000	Fair value (assets) $'000
As at 30 June 2006				
Interest rate swap	August 2009–August 2011	Interest rates	406,306	1,057
Foreign currency swap	July 2006–August 2011	Foreign currency (NZ$)	117,242	9,804
			523,548	10,861

The Consolidated Fund has elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the fair value of financial hedges was recorded on 1 July 2005.

19. RELATED PARTIES

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).

Key management personnel

The Consolidated Fund does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Fund and this is considered the key management personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are R Rayner, M Hodgetts, R McCuaig, P Morris, I O'Toole and A Roberts (resigned 14 September 2005).

The manager is entitled to a management fee which is calculated as a proportion of net assets attributed to unitholders.

No compensation is paid to directors or directly by the Consolidated Fund to any of the key management personnel of the Responsible Entity.

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 fees for the period ended 30 June 2006 were $189,925 (2005: $290,518). As at 30 June 2006, the leasing fees payable to the Responsible Entity are $91,417 (2005: $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, less a fee of NZ$1,500 per week payable to Multiplex Tasman Management New Zealand Limited. The fee is payable by the Fund monthly in arrears. The Responsible Entity's management fee for the period ended 30 June 2006 was 4,514,362 (2005: $1,827,650). As at 30 June 2006, the management fee payable to the Responsible Entity was $2,934,558 (2005: $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 2006 was $7,135,425 (2005: $27,284,685). All establishment fees during 2006 relate to the acquisition of the properties. As at 30 June 2006, the establishment fee payable to the Responsible Entity was nil (2005: $13,614,284).

Reimbursement of expenses

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

19. RELATED PARTIES (continued)

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 Consolidated Fund. The custodian fee for the period ended 30 June 2006 was $27,191 (2005: $14,315). As at 30 June 2006, the custodian fee payable to the Multiplex Funds Management Limited was $5,400 (2005: $4,200).

Multiplex Tasman Management Limited is the property agent for the Consolidated Fund. The agent fee for the period ended 30 June 2006 was $69,684 (2005: $61,219). As at 30 June 2006, the agent fee payable to Multiplex Tasman Management Limited was $6,168 (2005: $6,189).

The vendor of the second stage assets acquired during 2005 was Multiplex Constructions (NZ) Limited, a New Zealand domiciled company, the ultimate parent entity being the Multiplex Group. The Consolidated 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 $100,743 (2005: $12,371).

Related party unitholders

Multiplex Funds Management Limited as custodian for Multiplex Property Trust holds 47,461,298 units or 21.88% of the Fund as at 30 June 2006.

ANZ Nominees as custodian for Multiplex Acumen Property Fund holds 53,025,390 units or 24.44% of the Fund as at 30 June 2006.

Perpetual Trust Limited as custodian for Multiplex Tasman Property Fund holds 5,085,168 units or 2.34% of the Fund as at 30 June 2006.

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 Consolidated Fund of any of the properties, or of a beneficial interest in them.

20. EARNINGS PER UNIT

	Consolidated		Fund	
	2006	2005	2006	2005
Earnings per unit (cents)	37.5	19.8	3.6	7.9
Weighted average number of ordinary units used as the denominator (number)	204,575,926	113,165,719	204,575,926	113,165,719
Net profit ($'000)	76,817	22,375	7,459	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 Consolidated 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.

Due to the requirements of AIFRS, distributions paid to unitholders during the period totalling $19.435 million have been classified as a finance cost and are therefore included in the earnings per unit calculation. When these distributions are added back to the period result, the Consolidated Fund earnings per unit is 47.0 cents.

21. NET ASSET BACKING PER UNIT

	Consolidated		Fund	
	2006	**2005**	**2006**	**2005**
Net assets attributable to unitholders ($'000)	256,938	171,601	209,652	161,044
Net asset backing per unit ($)	1.18	0.96	0.97	0.90

Net asset backing is calculated by dividing the net assets attributable to unitholders of the Consolidated Fund by the number of ordinary units on issue. The number of units to be used in the calculation can be found in note 13.

22. COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

The Valley Mega Centre exchanged on 21 December 2005 and settled on 27 January 2006 with monthly progress payments forecast to be made until September 2006.

The Hub was acquired with exchange on 4 November 2005 and settled on 21 December 2005. Monthly progress payments are forecasted to be made until August 2006.

The Wellington properties were acquired with exchange on 15 December 2005. The first stage, including 180 Molesworth, IRD Building, and EDS House settled on 3 April 2006. The second stage, including the Kaitiaki Building and Telecom Tower, are expected to be settled in February 2007.

As of 30 June 2006, the commitments related to the purchase of these properties are as follows:

Property	**Commitment ($'000)**
Telecom Tower	14,845
Kaitiaki Building	28,205
	43,050

The Consolidated Fund has no contingent assets or liabilities.

23. EVENTS OCCURRING AFTER REPORTING DATE

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

DIRECTORS' DECLARATION

Multiplex New Zealand Property Fund

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 38 to 61 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 Fund as at 30 June 2006 and of their performance, as represented by the results of its operations and its 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 Consolidated Fund has operated during the financial year in accordance with the provisions of the Trust Constitution dated 28 July 2004.

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

Ian O'Toole
Managing Director
Multiplex Capital Limited

Sydney
29 August 2006

INDEPENDENT AUDIT REPORT

To the unitholders of Multiplex New Zealand Property Fund

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, statement of changes in net assets attributable to unitholders, balance sheet, statement of cash flows, accompanying notes 1 to 23 to the financial statements, and the directors' declaration set out on pages 38 to 62 for the Multiplex New Zealand Property for the year ended 30 June 2006.

The directors of the Responsible Entity, Multiplex Capital Limited, are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under Australian Accounting Standard AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

Audit approach

We conducted an independent audit in order to express an opinion to the unitholders of the Fund. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001,* Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Fund's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion

In our opinion, the financial report of the Multiplex New Zealand Property Fund for the year ended 30 June 2006 is in accordance with:

(a) the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the Fund's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and

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

(b) other mandatory financial reporting requirements in Australia.

T. Gilerman

T Gilerman
Partner
KPMG

Sydney
29 August 2006

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Andrew Roberts (resigned 14 September 2005)

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