MULTIPLEX CAPITAL

Multiplex Capital Management Limited
ACN: 094 936 866

20 September 2007

<name>
<address>
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<address>

Dear Investor

RE: MULTIPLEX PRIME PROPERTY FUND – TAXATION STATEMENT AND ANNUAL REPORT

I am pleased to enclose your personalised taxation statement and the 2007 Annual Report for the Multiplex Prime Property Fund (Fund).

Please ensure you retain your taxation statement to assist with the preparation of your 2007 income tax return, and if necessary, please consult your professional taxation adviser to assist in relation to any issues on this matter.

As outlined in the Annual Report, the Fund has delivered a strong financial result including:

- 64% uplift in NTA per unit
- $82.4 million total valuation uplift
- 16.7% (annualised) total return
- 99.9% portfolio occupancy

Annual Report – electronic default

In line with recent Corporations Act changes, the default for future Multiplex Capital reports will be electronic. This means that future annual and interim reports will be made available at www.multiplexcapital.biz. If you would like to continue receiving hard copy annual reports, please complete and return the enclosed reply paid card.

For more information

If you have a question in respect of your holdings, please do not hesitate to contact Multiplex Capital Customer Service or Link Market Services via the contact details over leaf.

Contact Us

Multiplex Capital has a dedicated Customer Service Officer to assist with all investor and financial adviser enquiries. There are several ways of accessing information about the fund and providing feedback to Customer Service:

By post
GPO Box 172
Sydney NSW 2001

By phone
1800 570 000 (within Australia)
+61 2 9256 5700 (outside Australia)

By fax
+61 2 9256 5188

By email
enquiries@multiplexcapital.biz

By internet
www.multiplexcapital.biz where you will find:

- access to your holding information (via a link to the unit registry's website)
- unit price and performance information
- reports, media releases, newsletters and presentations

Contact the Registry

Contact Link Market Services Limited for enquiries relating to individual unit holdings, change of name/address (issuer sponsored holdings only), update method of payment for receiving distributions, tax file number notification and annual report election.

By post
Level 12
680 George Street
SYDNEY NSW 2000

By phone
1800 685 455 (within Australia)
+61 2 8280 7141 (outside Australia)

By fax
+61 2 9287 0303

By email
registrars@linkmarketservices.com.au

Yours sincerely

Rob Rayner
Divisional Director - Funds Management
Multiplex Capital Management Limited

Annual Report 2007
Multiplex Prime Property Fund

ARSN 110 096 663

MULTIPLEX CAPITAL

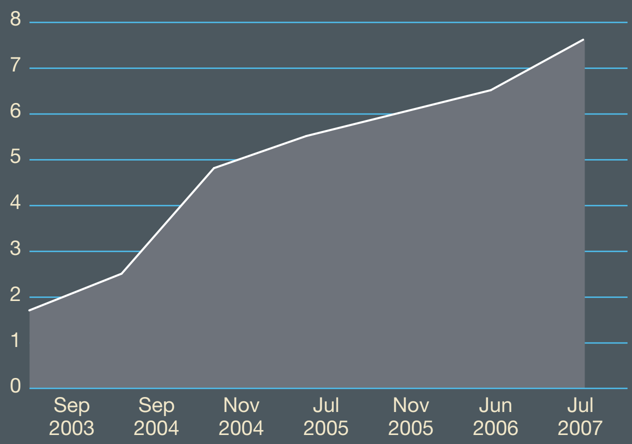
Responsible Entity
Multiplex Capital Management Limited
(ACN 094 936 866, AFSL 223809)

Annual Report

Multiplex Capital

Multiplex Capital is the property funds management division of Multiplex Group. Multiplex Capital manages $7.6 billion of property assets on behalf of more than 31,000 investors across a diversified range of listed and unlisted property funds.

Funds Under Management ($ billion)



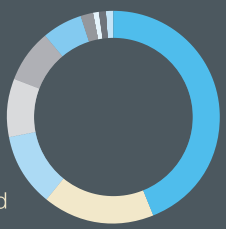
Multiplex Capital is responsible for the creation and strategic direction of all investment products of Multiplex Group. Our proven investment processes ensure investors' returns are optimised and where possible, leveraged off the complementary skills within other divisions of Multiplex Group.

Our aim is to build investors' wealth, delivering consistent earnings and capital growth potential, whilst expanding our operations in the markets in which we operate.

Multiplex Capital is one of four major business divisions within Multiplex Group, a fully integrated and diversified property business with operations throughout Australia, the United Kingdom, the Middle East and New Zealand.

Fund by value

- 44% Multiplex Property Trust
- 17% AMP NZ Office Trust
- 12% Multiplex New Zealand Property Fund
- 9% Multiplex Prime Property Fund
- 8% Multiplex European Property Fund
- 5% Multiplex Acumen Property Fund
- 2% Multiplex Development and Opportunity Fund
- 1% Multiplex Property Income Fund
- 1% Multiplex Diversified Property Fund
- 1% Multiplex Acumen Vale Syndicate



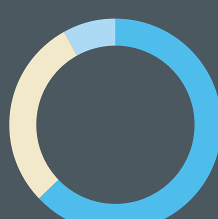
Multiplex Capital Funds Under Management (FUM)

	Listed Unlisted	Open Closed	Multiplex Investment %	Interest in Manager %	Multiplex FUM A$m (30 Jun 2007)
Listed Funds					
Multiplex Property Trust (MPT)	Listed	Open[1]	–	100	3,384.8
AMP NZ Office Trust (ANZO)	Listed	Open[1]	15	50	1,273.9
Multiplex Prime Property Fund (MAFCA)	Listed	Open[1]	32	100	705.0
Multiplex European Property Fund (MUE)	Listed	Open[1]	25	100	625.6
Multiplex Acumen Property Fund (MPF)	Listed	Open[1]	21	100	401.9
					6,391.2
Unlisted Funds					
Multiplex New Zealand Property Fund (MNZPF)	Unlisted	Closed	48	100	900.0
Multiplex Development and Opportunity Fund (MDOF)	Unlisted	Open	6	100	158.8
Multiplex Acumen Vale Syndicate (Vale)	Unlisted	Closed	–	100	68.3
Multiplex Diversified Property Fund (MDPF)	Unlisted	Open	99	100	60.1
Multiplex Property Income Fund (MPIF)	Unlisted	Open	–	100	42.8
Total Funds Under Management					**7,621.2**
Less: Cross Investments in Multiplex Funds					**518.2**
					7,103.0

Note:
1 As these funds are listed they are effectively continually open for investments.

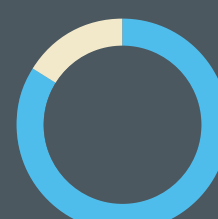
Geographic spread by value

63% Australia
29% New Zealand
8% Europe



Fund type by value

84% Listed Funds
16% Unlisted Funds



$61.2m

Net profit for the year

64%

Increase in NTA per unit

$82.4m

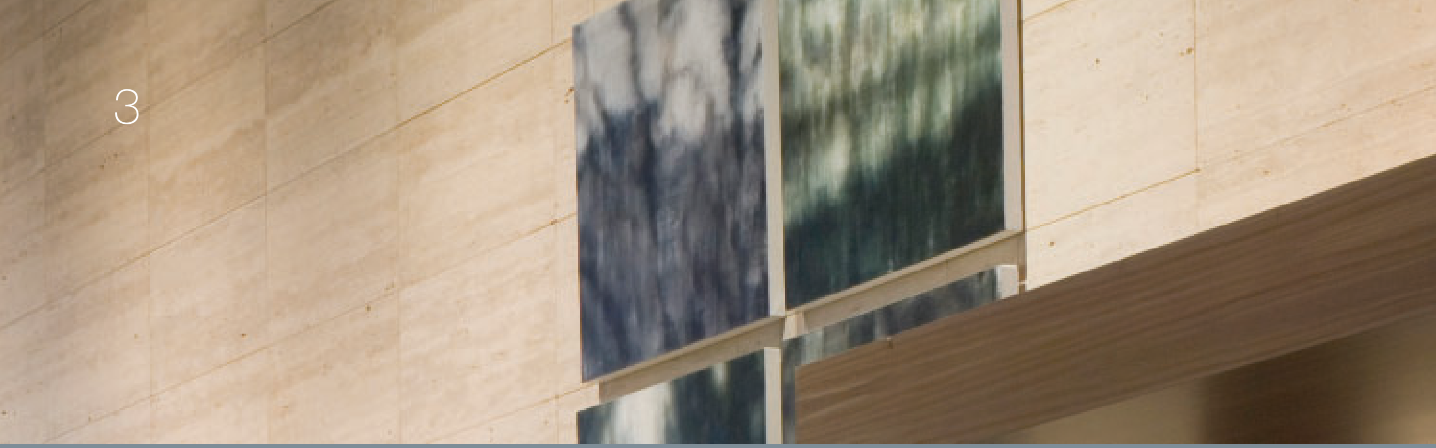
Revaluation gains over the year

Contents

99.9%	9.1 yrs	4.2%
Occupancy	Weighted Average Lease Expiry	Average rent review increase

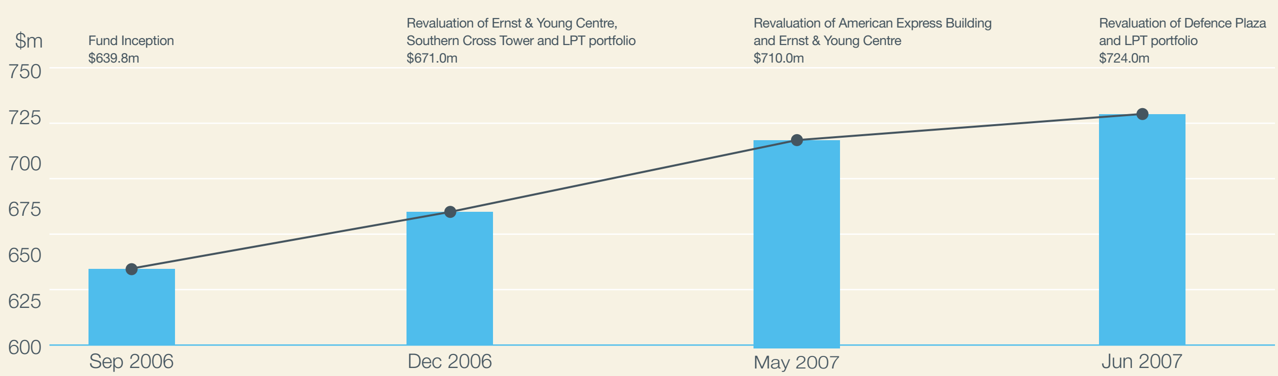
Multiplex Prime Property Fund (ASX code MAFCA) is a listed property trust that owns a portfolio of four CBD property assets valued at $655 million, including a 50% share in the Ernst & Young Centre, Sydney; a 25% share in the Southern Cross Tower, Melbourne; Defence Plaza, Melbourne; and the American Express Building currently being developed in Sydney (forecast completion date of October 2007). MAFCA also owns a diversified portfolio of listed property trust investments valued at circa $69 million.

Total valuation uplift of $82.4 million recorded from fund inception to 30 June 2007. $76.5 million in gains on property portfolio and $5.9 million on the LPT portfolio.

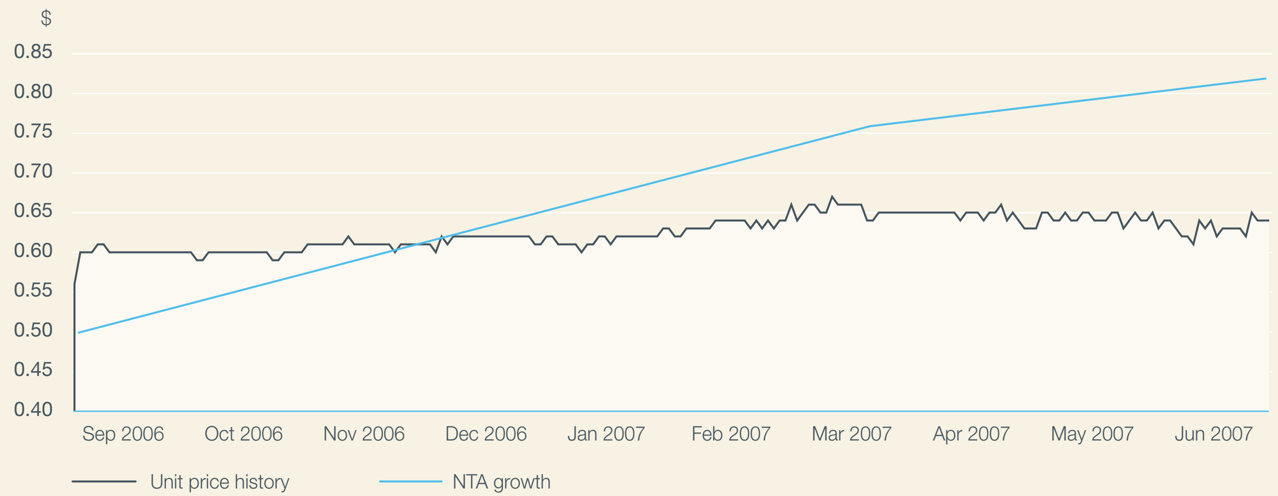


Performance Highlights

Funds under management



Unit price history and NTA growth



Fund snapshot as at 30 June 2007

Market capitalisation	$180.3 million
Funds under management[1]	$724.0 million
Listing date	15 September 2006
NTA per unit[2]	$0.76
Portfolio occupancy	99.9%
Portfolio weighted average lease term	9.1 years
Portfolio weighted average capitalisation rate	5.91%
FY07 yield on $0.64 closing price at 4.65cpu distribution	7.3%
S&P/ASX 200 Listed property trust accumulation index yield	5.6%
ASX daily trading volumes	100,000 units per day
Distributions paid	Quarterly
Tax advantaged status	100%
Fund gearing (total debt/total assets)	68.0%
Management fee	0.4% pa (excluding GST) of gross asset value
Performance fee	Tier 1 – 5%, Tier 2 – 15% (excluding GST) of benchmark[3] outperformance

Notes:

1 Upon completion of American Express Building

2 NTA per unit would be $0.82 if American Express Building was complete as at 30 June 2007

3 UBS Commercial Property Accumulation (200) Index

Message from the Chairman and Managing Director

On behalf of the board, we are pleased to report 2007 has been a successful year for the Multiplex Prime Property Fund which, since listing on the ASX in September 2006, has delivered a strong inaugural result.

Over the year, the fund generated a total return of 16.7% and produced a net adjusted profit of $7.5 million which was higher than the original $4.0 million forecast in the fund's Product Disclosure Statement (PDS).

Since inception, the fund has recorded total evaluation gains of $82.4 million, which resulted in a strong 52% increase in NTA per unit of the fund to $0.76 at 30 June 2007. The NTA per unit would have increased by an additional 6 cents to $0.82 per unit (total NTA growth of 64%), if the American Express Building and been complete at 30 June 2007.

Based upon the current annualised distribution of 4.65 cents per unit and a closing market price for fund units of $0.64 as at 30 June 2007, this provides unitholders with an income yield of 7.27% per annum.

The fund's focus on prime property office markets, namely the Sydney and Melbourne CBDs has generated total valuation gains of $76.5 million across the property portfolio representing a 13.5% increase from the original valuations contained in the PDS of $577 million.

During the year, a total of 4,500sqm was leased taking portfolio occupancy to 99.9% with a weighted average lease expiry of approximately 9.1 years at 30 June 2007.

SG Hiscock & Co, a highly regarded boutique listed property funds manager, was selected in May to manage the fund's listed property securities portfolio. This enables management to concentrate on its core competitive advantage in unlisted property investment and secures SG Hiscock's skills and experience for no extra cost for unitholders.

Corporate Governance Focussed

The board and management continue to place great emphasis on their responsibilities for good corporate governance and are committed to maintaining this framework.

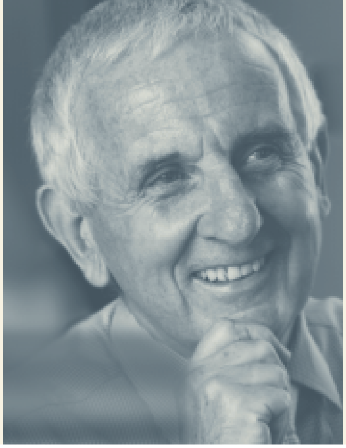
During the year the Multiplex Capital Management Limited board was restructured to improve the corporate governance structure of the Multiplex Capital division by appointing an independent chairman and increasing the number of independent directors.

Brookfield Asset Management

On 5 July 2007, Brookfield Asset Management Inc (Brookfield) made a takeover offer to acquire all of the stapled securities of Multiplex Group for cash consideration of $5.05 per security by means of an off-market takeover offer.

The offer is subject to a number of conditions, including obtaining foreign investment and regulatory approvals, as well as a minimum acceptance condition that Brookfield has a relevant interest in more than 50% of Multiplex Securities. The detailed terms and conditions governing the offer are contained in Brookfield's Bidder's Statement, a copy of which is available at www.multiplex.biz.

Brookfield is one of the largest owners of commercial properties in the world. It is focused on property, power and infrastructure assets and has over US$75 billion of assets under management. Brookfield is co-listed on the New York and Toronto Stock Exchanges under the symbol BAM.



The directors of Multiplex Group have previously indicated they support Brookfield's offer, subject to:

– receiving an independent expert's report that concludes the offer is both fair and reasonable; and
– there being no superior offer.

The directors of Multiplex Group have since received the independent expert's report concluding the Brookfield offer is both fair and reasonable and on this basis, they have therefore recommended Multiplex Security holders accept the offer.

Brookfield have advised that they view Multiplex as an integral part of their international growth strategy and intend to use Multiplex and its local management team to grow in the regions in which Multiplex operates.

For Multiplex Capital, the funds management division of Multiplex Group, we believe the Brookfield offer supports our business strategy and that any change in ownership of Multiplex Group by virtue of the Brookfield offer should have no adverse impact on your investment in the fund.

If the takeover is successful, the following points should be noted:

– the responsible entity of the fund will be ultimately owned by Brookfield; and
– all existing rights owned by the fund will remain.

Furthermore, it should be made clear Brookfield's offer is to purchase Multiplex Group stapled securities only, and not units in the fund. Therefore, the Brookfield offer will mean that you will not be required to sell your existing investment(s) in the fund.

Please be assured Multiplex Capital is committed to keeping investors informed throughout this process and will communicate further once the takeover is completed.

Fund Strategy and Outlook

The investment fundamentals for the fund remain positive, with a portfolio of quality property assets, secure cash flows with fixed rental increases and strong forecast property and economic environments in which to operate.

The fund will continue to focus upon maximising the performance of its portfolio of direct property assets and LPT investments together with implementing capital manangement strategies to lower the cost of the fund's capital.

By exploring new investment opportunities through the Multiplex Group development pipeline, the fund will also seek to diversify its property portfolio to establish itself as a prime Australian office fund.

Peter Morris
Independent Chairman

Ian O'Toole
Managing Director

Fund Manager's Year in Review

16.7%

Total annualised investment return from inception to 30 June 2007

On behalf of the Multiplex Prime Property Fund and the responsible entity of the fund, Multiplex Capital Management Limited, I am pleased to present the inaugural Fund Manager's Year in Review for the financial year ended 30 June 2007.

The Year in Summary
Since listing in September 2006, the fund has continued to deliver strong performance to its investors. It has done so by sharing in the improving fundamentals of the Sydney and Melbourne CBD office markets, as well as maximising income potential by actively managing the property portfolio.

Over the course of the year, the fund recorded total revaluation gains of $82.4 million, which comprise $76.5 million in valuation uplifts from the property portfolio and $5.9 million in unrealised gains on the LPT portfolio.

As a result of these strong valuation gains, the net tangible asset (NTA) per unit of the fund has increased by 52% since inception, from $0.50 to $0.76 as at 30 June 2007. Assuming the completion of the American Express Building at 30 June 2007, the NTA has grown by a total of 64% during the same period to $0.82 per unit.

Financial Results
The fund reported a net profit of $61.2 million for the year, which was largely driven by revaluation gains on the property assets. Post adjustments for non-cash items such as fair value gains of $59.8 million on the investment portfolio and the write-off of one off fund establishment costs of $6.1 million, the normalised result for June 2007 is a net profit of $7.5 million.

The normalised profit is higher than forecast of $4.0 million contained in the PDS for the fund.

Distributable cash income for the period was $9.7 million, $2.3 million (31%) above the PDS forecast. The fund paid an annual distribution of $13.1 million for the 2007 financial year, which is equivalent to 4.65 cents per unit or an annualised return of 7.75% on the first instalment of equity ($0.60). The distribution comprised $9.7 million in distributable income and $3.4 million in transfer from reserves.

The annualised income return of 7.75% for the period from listing to June 2007 is in line with original forecasts. Over this same period, the fund generated an annualised total return, including the uplift in the ASX price of fund units, of circa 16.7%. Distributions for the financial year commencing 1 July 2007 are estimated to increase by 3.2% from 4.65 to 4.80 cents per unit.

Independent property valuation

Property Name	Location	Fund interest %	Current valuation date	Current valuation $m	Increase from previous valuation %	Current capitalisation rate %	% of portfolio
Ernst & Young Centre and 50 Goulburn Street	Sydney	50	May 2007	300.5	7.3	5.75	45.9
Southern Cross Tower	Melbourne	25	Dec 2006	132.5	1.9	5.75	20.2
Defence Plaza	Melbourne	100	Jun 2007	80.0	19.4	7.25	12.2
American Express Building	Sydney	100	May 2007	142.0	13.3	5.63	21.7
Total direct property assets				**655.0**		**5.91**	**100.0**

Property Revaluations

The fund revalued all four properties during the year, combining to achieve total valuation gains of $76.5 million across the portfolio. The uplift represents a 13.5% increase from the previous valuations contained in the PDS of $577 million to $655 million.

Details of the most recent independent valuation for each property are set out in the table above.

The resulting gains at the Ernst & Young Centre (50% fund share) were particularly pleasing for the fund, as the property recorded a further valuation uplift in May 2007 of $20.5 million, on the back of $23.75 million in gains already achieved following the December 2006 independent valuation completed by Savills.

The strong result realised at this property demonstrates further yield compression experienced by the Sydney CBD office market over the six months to June 2007. Recent sales activity has reflected the continuing demand for quality assets in the CBD, with premium A-grade yields falling to a range within 5.25% to 6.50%.

The $13 million valuation uplift at Defence Plaza was another highlight for the fund. The June 2007 valuation of $80 million was the first time this asset had been revalued since the establishment of the fund. The valuation uplift was a result of an increase in market rents of circa 10% during the past 12 months, combined with firming capitalisation rates in the Melbourne CBD.

The total revaluation gains of $59.8 million (excluding American Express Building) recorded across the property portfolio during the year has translated into a 21 cent growth in the NTA per unit to $0.76 as at 30 June 2007. The NTA per unit would be $0.82 if the American Express Building was complete as at 30 June 2007.

As the American Express Building is still currently under development, the 6 cents NTA uplift from the May 2007 revaluation of this asset has not been recorded for accounting purposes in the financial statements. This increase will be taken up upon the commencement of the American Express lease in January 2008.

Ernst & Young Centre and 50 Goulburn Street
Sydney

Fund Manager's Year in Review

Portfolio Update

Leasing

During the year, a total of 4,500sqm was leased across the portfolio, taking portfolio occupancy to 99.9% (by area), up from 97% at fund inception.

Leases were executed over the remaining vacant floors at the Ernst & Young Centre (3,571sqm), as well as the entire retail area at the Southern Cross Tower (approximately 600sqm) and a portion of the ground floor retail at the newly constructed American Express Building (approximately 300sqm).

Overall, leases negotiated during the period were completed at rentals above original PDS forecasts. The weighted average lease expiry of the portfolio is 9.1 years as at 30 June 2007.

Rent reviews

Rent reviews were completed over 130,000sqm or 72% of the portfolio for the financial year, resulting in an average increase of 4.2%. Of the reviews completed, 86% were fixed reviews and 14% were CPI increases.

In June this year, the fund achieved a successful resolution to the outstanding 1 July 2005 market rent review at Defence Plaza. The independent valuer determined a gross market rent of $325 per sqm, $15 per sqm above the passing rental paid at the time. As a result, the fund received an additional $300,000 income for FY06 and FY07. A market rent review is again due for 1 July 2007.

A fixed review of 3.9% was completed over the Victorian State Government (Department of Infrastructure) lease at the Southern Cross Tower on 1 July 2007. This lease covers 25,910sqm and represents approximately 14% of the portfolio.

Major reviews completed during the period include:

Property	Tenant	Area sqm	Increase %	Review type
Southern Cross Tower	Victorian State Government	51,584	4.00	Fixed
Ernst & Young Centre	Ernst & Young	37,057	4.75	Fixed
Defence Plaza	Commonwealth of Australia	18,792	3.88	CPI
Ernst & Young Centre	AAPT	9,909	4.00	Fixed
Ernst & Young Centre	Austereo	4,155	4.00	Fixed

American Express Building
Sydney

Fund Manager's Year in Review

American Express Building update

Development of the American Express Building at Sydney's King Street Wharf is drawing to a close. Practical completion is forecast to occur during October 2007 (original date was December 2007), upon which time acquisition of this asset will be finalised.

Base building works is 95% complete as at 30 June 2007, with fitout works continuing throughout the next few months. American Express are due to commence their tenancy on 1 January 2008.

Building occupancy is currently at 98.7%. All vacancies are subject to an income support arrangement with Multiplex Developments (as the vendor) for a period of two years post practical completion.

LPT Portfolio update

The management of the LPT portfolio was outsourced to SG Hiscock & Co in May this year. SG Hiscock & Co is a boutique investment manager who manages over $1.5 billion in listed property securities and has $3.3 billion in total funds under management. The appointment of SG Hiscock & Co allows the fund's management to focus on the portfolio management of the direct property assets within the fund. As the LPT portfolio management fee is being paid from the fund's current MER, no extra costs are attributable to the fund's unitholders.

Practical completion of the American Express Building is forecast to occur during October 2007, two months ahead of schedule.

The LPT portfolio closed at the end of the year with a market value of $68.9 million, delivering a $5.9 million or 9.4% unrealised gain on cost.

The fund maintained the composition of the LPT portfolio during the course of the year. Subsequent to year end, the fund disposed of its investment in Macquarie ProLogis (MPR) as a result of the cash offer made by its responsible entity, realising a gain of $1.2 million (19.2% gain on cost). These proceeds have since been reinvested into a number of the portfolio's existing stocks.

The fund received an annualised blended yield of 8.71% on the LPT portfolio during June 2007, slightly less than the budgeted amount of 8.75% in the PDS.

Fund Manager's Year in Review

Future outlook
2007 has been an exciting year for the fund, with the successful completion of the capital raising and the listing of the fund on the ASX in September 2006. Both the property and LPT portfolios have performed strongly, enabling the fund to capture both income and capital growth over the period.

Looking ahead for the year, the responsible entity will seek to focus on the fund's capital management strategy to maximise unitholder value.

The responsible entity will also endeavour to make further acquisitions in assets which provide the property portfolio with greater income and geographic diversification. These new investment opportunities may be sourced through the Multiplex development pipeline or alternatively through other market offerings.

Once again, I would like to thank you for your support during the year, and I look forward to sharing further success with you in 2008.

Noella Choi

Noella Choi
Fund Manager
Multiplex Prime Property Fund

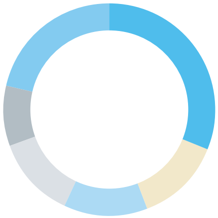
The responsible entity will also endeavour to make further acquisitions in assets which provide the property portfolio with greater income and geographic diversification.

Southern Cross Tower
Melbourne

LPT Analysis

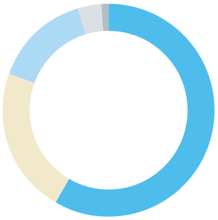
Top 5 managers by funds invested

- 31.2% Macquarie
- 13.1% APN
- 12.7% Rubicon
- 12.6% Centro
- 9.2% Mirvac
- 21.2% Other



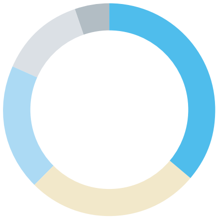
Geographic diversification

- 58.4% USA
- 22.3% Europe
- 14.8% Australia
- 3.5% Japan
- 1.0% New Zealand



Sector diversification

- 36.3% Retail
- 26.2% Office
- 19.2% Industrial
- 13.2% Diversified
- 5.1% Other



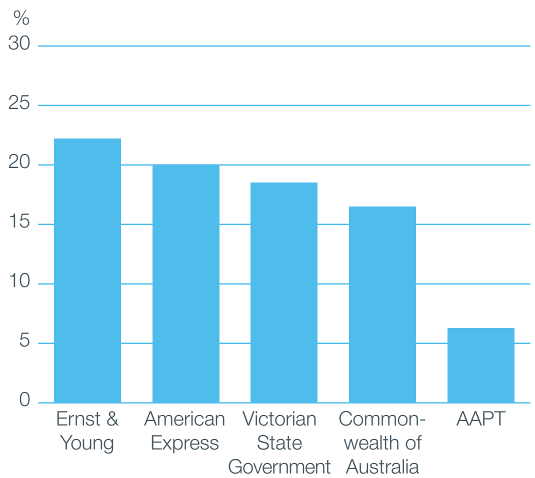
LPT portfolio summary

Listed Investments	Location	Sector	Investment allocation %	Value at Market $m	Purchase Price $m	Increase/ (Decrease) %
Abacus Property Group	Australia	Diversified	6.7	4.6	3.7	25.5
APN/UKA European Retail Trust	Europe	Retail	13.1	9.0	8.4	7.6
Challenger Diversified Property Group	Australia	Diversified	2.3	1.6	1.5	6.7
Centro Shopping America Trust	USA	Retail	12.6	8.7	8.3	4.3
ING Real Estate Community Living Fund	Australia/NZ/USA	Other	5.2	3.6	3.1	16.1
Macquarie Countrywide Trust	Australia/USA	Retail	3.5	2.4	2.3	2.8
Macquarie DDR Trust	USA	Retail	6.0	4.1	3.9	6.3
Macquarie Office Trust	Australia/USA	Office	10.6	7.3	6.2	17.8
Macquarie ProLogis Trust	USA	Industrial	11.0	7.6	6.4	18.7
Mirvac Industrial Trust	USA	Industrial	9.1	6.3	6.3	–
Reckson New York Property Trust	USA	Office	6.4	4.4	3.8	14.3
Rubicon Europe Trust Group	Europe	Office	9.3	6.4	6.2	2.9
Rubicon Japan Trust	Japan	Diversified	3.5	2.4	2.5	(4.0)
Valad Property Group	Australia	Diversified	0.7	0.5	0.4	37.9
			100.0	**68.9**	**63.0**	**9.4**

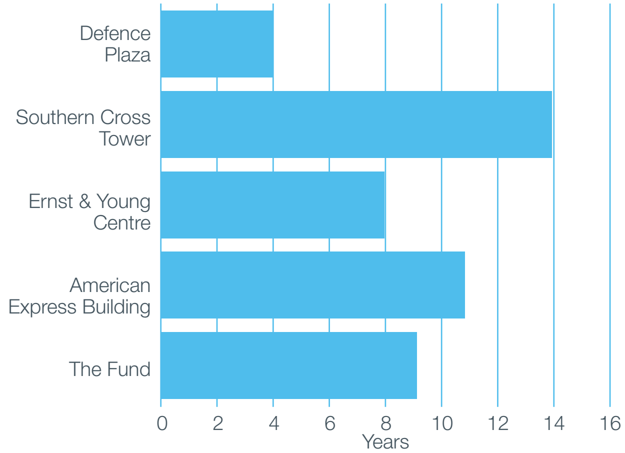
Ascot Plaza
Macquarie Countrywide Trust

Property Analysis

Top 5 tenant exposure by income

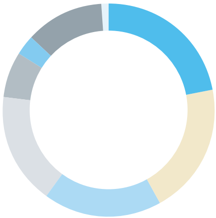


Weighted average lease term by income



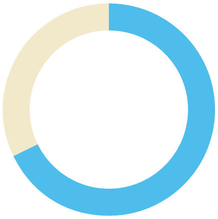
Tenancy mix by income

- 22% Ernst & Young
- 20% American Express
- 18% Victorian State Government
- 17% Commonwealth of Australia
- 7% AAPT
- 3% Austereo
- 12% Other
- 1% Vacant



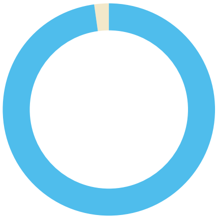
Geographic diversification by value

- 68% Sydney
- 32% Melbourne

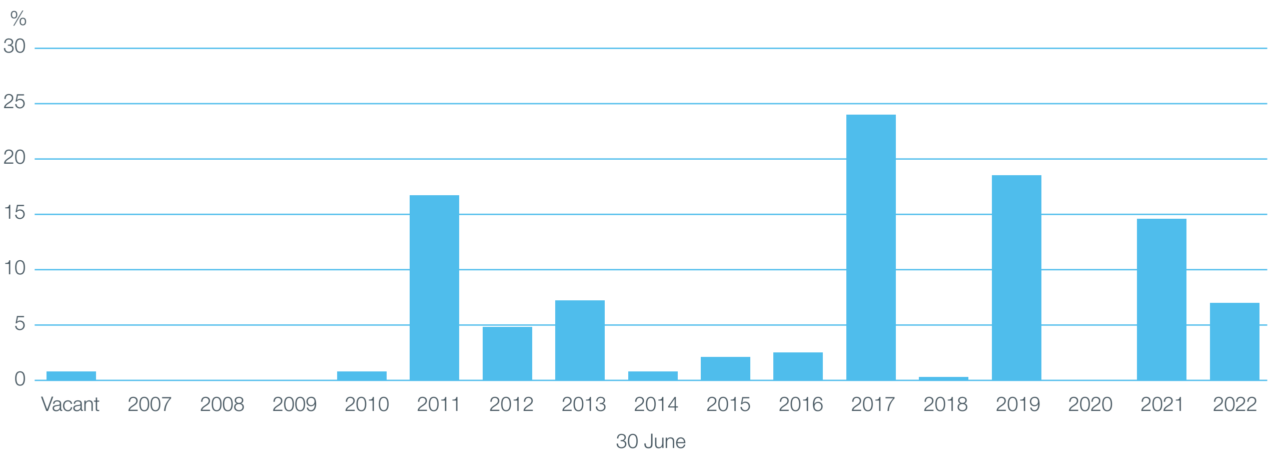


Sector diversification by area

- 98% Commercial
- 2% Retail



Lease expiry profile by income

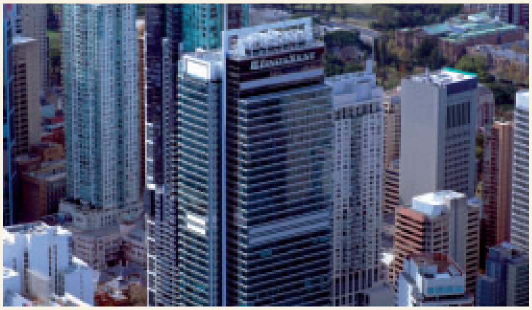


Property summary

Property Name	Location	Fund interest %	Current valuation date	Current valuation $m (fund share)	Capitalisation rate %	Previous valuation date	Previous valuation $m (fund share)	Increase/ (decrease) %	% of Portfolio
Ernst & Young Centre and 50 Goulburn Street	Sydney	50	May 07	300.5	5.75	Dec 06	280.0	7.3	45.9
Southern Cross Tower	Melbourne	25	Dec 06	132.5	5.75	Mar 06	130.0	1.9	20.2
Defence Plaza	Melbourne	100	Jun 07	80.0	7.25	Mar 06	67.0	19.4	12.2
American Express Building	Sydney	100	May 07	142.0	5.63	Mar 06	125.3	13.3	21.7
Total direct property assets				**655.00**	**5.91**		**602.3**	**8.7**	**100.0**

Ernst & Young Centre and 50 Goulburn Street, Sydney

Ernst & Young Centre comprises 35 levels of office space with average floor plates of approximately 1,800sqm. The Tower sits atop a two-storey lobby containing a café and concierge facilities. 50 Goulburn Street is located alongside and comprises five podium style office levels. Both buildings are set above extensive basement parking and storage facilities as well as the World Square shopping centre and public parking.



Property details

Ownership (%)	50
Net lettable area (whole building) (sqm)	67,998
Occupancy (%)	100
Weighted average lease expiry (years)	8.0

Major tenant

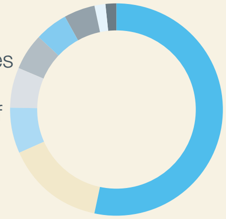
Tenant	Ernst & Young
Net lettable area (sqm)	37,057
Lease expiry	December 2016

Valuation details

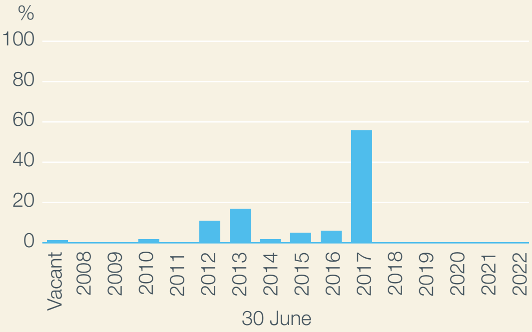
Valuation (50%)	$300.5 million
Valuation date	31 May 2007

Tenancy mix by income

53.4%	Ernst & Young
15.1%	AAPT
6.8%	Link Market Services
6.1%	Austereo
5.8%	Parsons Brinkerhoff
5.0%	Galileo
4.5%	Other
1.7%	NAB
1.6%	Vacant

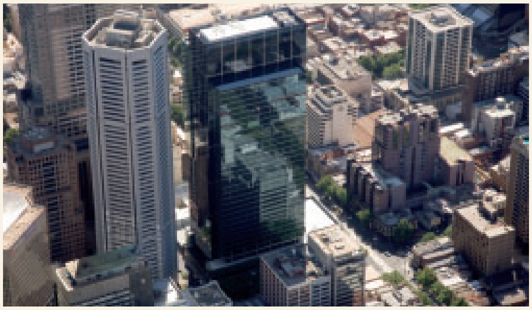


Lease expiry by income



Southern Cross Tower, Melbourne

Southern Cross Tower is an A-grade, 37 level office tower situated at 121 Exhibition Street. The building is designed around a central core, having good natural light at all levels and excellent views of Melbourne from the mid and high rise floors.



Property details

Ownership (%)	25
Net lettable area (whole building) (sqm)	79,326
Occupancy (%)	100
Weighted average lease expiry (years)	13.9

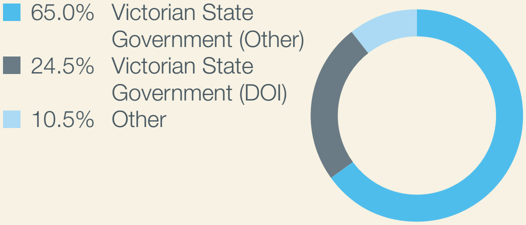
Major tenants

Tenant	Victorian State Government – Foundation lease
Net lettable area (sqm)	51,584
Lease expiry	April 2021
Tenant	Victorian State Government – Department of Infrastructure lease
Net lettable area (sqm)	25,910
Lease expiry	June 2022

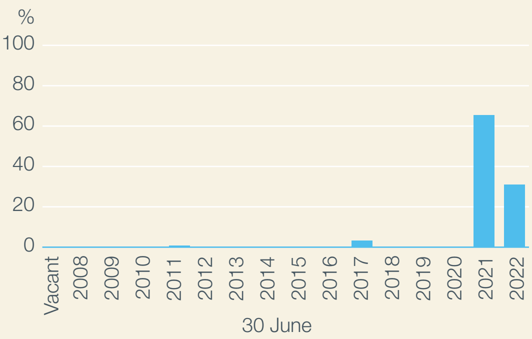
Valuation details

Valuation (25%)	$132.5 million
Valuation date	31 December 2006

Tenancy mix by income



Lease expiry by income



Defence Plaza, Melbourne

The property comprises a modern A-grade commercial office building which was completed in 1990. The building is situated on the western fringe of the Melbourne CBD within the "Spencer" precinct, with the main entrance being from Bourke Street. It offers a ground level café, amenities and office accommodation with a further nine upper levels of office accommodation.

Property details

Ownership (%)	100
Net lettable area (whole building) (sqm)	19,087
Occupancy (%)	100
Weighted average lease expiry (years)	4.0

Major tenant

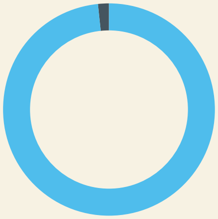
Tenant	Commonwealth Government of Australia
Net lettable area (sqm)	18,792
Lease expiry	June 2011

Valuation details

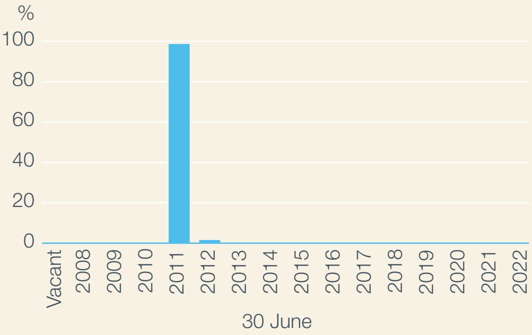
Valuation (100%)	$80.0 million
Valuation date	30 June 2007

Tenancy mix by income

98.6% Commonwealth Government of Australia
1.4% Other

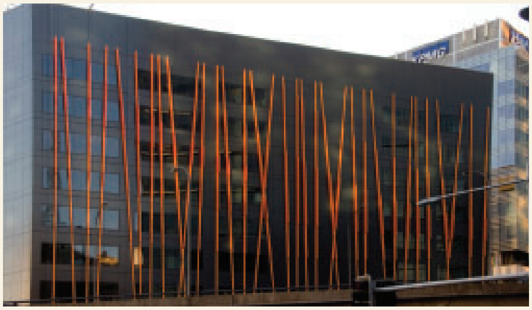


Lease expiry by income



American Express Building, Sydney

The property upon practical completion in October 2007, will comprise an 11 storey A-grade commercial office tower with ground floor retail accommodation. The building is located within the western corridor precinct of Sydney's CBD in an area commonly known as King Street Wharf. The property has been designed to incorporate sustainable development features and is set to achieve a 4.5 star ABGR rating and a 4 star Greenstar rating upon completion in October 2007.



Property details

Ownership (%)	100
Net lettable area (whole building) (sqm)	14,954
Occupancy (%)	98.7
Weighted average lease expiry (years)	10.8

Major tenants

Tenant	American Express
Net lettable area (sqm)	14,492
Lease expiry	December 2018

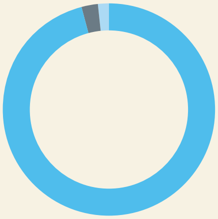
Valuation details

Valuation (100%)*	$142.0 million
Valuation date	31 May 2007

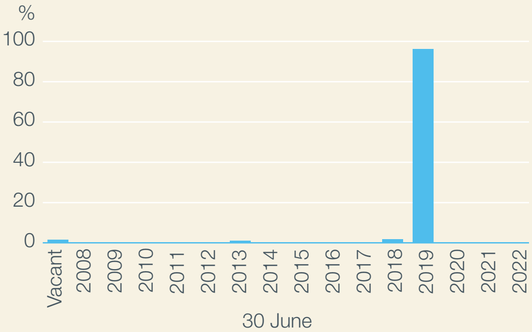
* Upon completion.

Tenancy mix by income

96.0% American Express
2.6% Other
1.4% Vacant



Lease expiry by income



Board of Directors

Peter Morris
Independent Chairman

Peter has over 35 years' experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects. Peter acts as Independent Chairman of Multiplex Capital Management Limited, Multiplex Capital Investments Limited and Multiplex Capital Securities Limited.

Rex Bevan
Independent Director

Rex has many years' business experience in the areas of financial management, investment banking and the provision of economic and investment advice. From 1988 to 2005 he filled a number of roles within Western Pacific Portfolio Planning Pty Ltd (now Western Pacific Finance Ltd), including the position of Research Manager, and later, Managing Director. From 1994 to 1998 Rex was a director of the master trust operator, Flexiplan Australia Ltd, prior to its acquisition by MLC.

Brian Motteram
Independent Director

Brian has in excess of 30 years' experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 18 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a private Perth-based property group in positions of Chief Financial Officer and later, Finance Director.

Robert McCuaig
Independent Director

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. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia.

Ian O'Toole
Managing Director

Ian has responsibility for the overall direction and strategy of the Multiplex Capital funds management business, including both Multiplex Property Trust (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.

Robert Rayner
Executive Director

Robert has responsibility for the day-to-day operation and development of Multiplex Capital's funds management activities. Robert has been involved in property and property funds management for more than 17 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. Robert was a founding shareholder and director of the Acumen Capital funds management business, since renamed Multiplex Capital.

Rob Rayner
Executive Director

Robert McCuaig
Independent Director

Brian Motteram
Independent Director

Peter Morris
Independent Chairman

Rex Bevan
Independent Director

Ian O'Toole
Managing Director

Corporate Governance Statement

Further information on Multiplex Prime Property Fund's (the fund) corporate governance is included in section 6 of the Product Disclosure Statement (PDS) lodged with the Australian Securities and Investments Commission on 22 June 2006. This corporate governance statement will be updated on Multiplex Capital's website.

ASX CGC Best Practice Recommendations and the compliance comments following each recommendation are as follows:

a. Lay solid foundations for management and oversight

Recognise and publish the respective roles and responsibilities of the board and management.

Multiplex Capital Management Limited (MCML) is the responsible entity of the fund, the holder of Australian Financial Services Licence (AFSL) No. 223809 and is a wholly-owned subsidiary of the Multiplex Group. MCML is subject to duties imposed by its AFSL, the fund's constitution, the Corporations Act, the ASX Listing Rules, the fund's compliance plan and the general law.

MCML is an experienced responsible entity. It is aware of its statutory and fiduciary duties and has established processes in place to make sure that it is compliant with them.

The fund is managed by Multiplex Capital Pty Ltd (formerly Multiplex Investment Funds Pty Ltd) (Fund Manager) (a wholly-owned subsidiary of Multiplex Limited) pursuant to a Management Services Agreement with MCML. Both the Management Services Agreement and the PDS set out the Fund Manager's responsibilities and the services to be performed (see sections 6.5 and 10.1.4 of the PDS).

The fund's property management and facilities services will be provided by Multiplex Facilities Management Pty Ltd (Facilities Manager) and Multiplex Property Services Pty Limited (Property Manager) (wholly-owned subsidiaries of Multiplex Limited) (see section 6.6 of the PDS).

The board of MCML has established a Charter and a summary of this is available on the Multiplex Capital website at www.multiplexcapital.biz. The board's terms of reference include, for example, directing the strategic position of the company.

b. Structure the board to add value

Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

The majority of the directors of MCML are independent. For details of the board of MCML please refer to page 24 or the Multiplex Capital website at www.multiplexcapital.biz.

The Chairman, Peter Morris, is an independent director. The roles of the Chair and CEO/Managing Director are not exercised by the same person. Details about the Audit Committee are provided in the description of Principle (d).

MCML has established an Audit Committee comprised of three independent directors, with Mr Brian Motteram as its Chairman. The Committee has a Charter and a summary of this is available on the Multiplex Capital website at www.multiplexcapital.biz.

MCML has established a Risk and Compliance Committee comprised of two independent members and a Multiplex Group executive. The Committee's members are not MCML directors. The Committee considers compliance, governance, risk management and internal control matters and reports to the board on its deliberations. It has a Charter and a summary of this is available at www.multiplexcapital.biz.

MCML has established a Management Committee to exercise the power and authority delegated to it by MCML and the Multiplex Group board on fiduciary and non-fiduciary matters respectively. The Management Committee has respective Charters on both fiduciary and non-fiduciary matters, summaries of which are available on the Multiplex Capital website at www.multiplexcapital.biz.

MCML has established a Mandate Conflict Committee to consider conflicts of interest, related party transactions and allocation matters which may arise in the course of managing the business of the responsible entity and the fund. The Mandate Conflict Committee has a charter and a summary of this is available at www.multiplexcapital.biz.

Pursuant to Part 5C of the Corporations Act, MCML has lodged with ASIC a Compliance Plan for the fund. The Compliance Plan for the fund describes the procedures that MCML will apply in operating the fund to ensure compliance with the Corporations Act, the fund's constitution, MCML's AFSL and the PDS.

The MCML board has not established a nomination committee as it believes that the consideration of director appointments is a matter to be considered by the full board in conjunction with the nomination committee of the Multiplex Group.

The MCML board has not established a remuneration committee as it believes that the consideration of remuneration matters is for the full board in conjunction with the remuneration committee of the Multiplex Group.

c. Promote ethical and responsible decision-making

Actively promote ethical and responsible decision-making.

MCML as a wholly-owned subsidiary of the Multiplex Group is subject to the Multiplex Group Securities Trading Policy. This policy applies to all directors and staff and places restrictions and reporting requirements, including limiting trading in units in the fund to specific trading windows and in a specific manner.

The independent directors of MCML receive fees for serving as directors of MCML. These fees are not linked to the performance of the Fund. The executive directors of MCML do not receive payment for their role as a director of MCML. They receive remuneration in their capacity as employees of the Multiplex Group.

MCML as a wholly-owned subsidiary of the Multiplex Group is also subject to the Multiplex Group Code of Conduct, which articulates standards of honesty and ethical behaviour to be carried out by all relevant staff in undertaking their duties. Employees are encouraged to report any breaches of the Code of Conduct in accordance with the Multiplex Group Whistleblower Policy.

Corporate Governance Statement

A copy of the Multiplex Group Code of Conduct and Whistleblower Policy is available on the Multiplex Group website at www.multiplex.biz.

d. Safeguard integrity in financial reporting
Have a structure to independently verify and safeguard the integrity of the fund's financial reporting.
As noted eariler, the board of MCML has established an Audit Committee. The duties and responsibilities of the Audit Committee are set out in the committee charter, a summary of which is available at www.multiplexcapital.biz. The Audit Committee comprises three independent directors. The Chairman of the Committee, Mr Brian Motteram, is an independent director.

The Audit Committee reports to the MCML board in relation to the financial statements and notes, and the external audit report. An external auditor, KPMG, has been appointed to audit the fund and the fund's compliance plan.

e. Make timely and balanced disclosure
Promote timely and balanced disclosure of all material matters concerning the fund.
MCML as a wholly-owned subsidiary of the Multiplex Group is subject to the Multiplex Group Continuous Disclosure Policy, which is designed to ensure compliance with the ASX Listing Rules and its continuous disclosure obligations. All price sensitive information will be disclosed to ASX. A copy of the Multiplex Group Continuous Disclosure Policy is available at www.multiplex.biz.

f. Respect the rights of unitholders
Respect the rights of unitholders and facilitate the effective exercise of those rights.
All price sensitive information concerning the fund will be disclosed to unitholders as discussed earlier. MCML will provide regular communications to unitholders, including publication of:

- the fund's half-yearly update which contains an update on the investments held, operation of the fund and the performance for the period;
- the fund's annual report including audited financial statements for each year ending 30 June;
- quarterly distribution statements;
- annual taxation statements; and
- any continuous disclosure notices given by the fund. The fund has its own section on the Multiplex Capital website (www.multiplexcapital.biz) that provides up to date information on the fund including current share price and access to half year and annual reports and distribution information.

g. Recognise and manage risk
Establish a sound system of risk oversight and management and internal control.
The board, through the Audit Committee, Management Committee and the Risk and Compliance Committee and in conjunction with the Multiplex Group Audit Committee and Investment and Risk Committee, is responsible for ensuring that there are adequate policies in relation to risk

management, compliance and internal control systems. These policies are designed to ensure relevant risks are identified, assessed, effectively and efficiently managed and monitored to enable the achievement of MCML's and the fund's business objectives. Management is responsible for developing and implementing policies and procedures to identify, manage and mitigate risks across the fund's operations.

The board of MCML has established a Management Committee. MCML's Management Committee is responsible for overseeing the maintenance of an effective compliance and internal control environment, the maintenance of an effective risk management and control environment, review and approve the fund's investments and divestments where necessary, and to monitor investment policies and limits. It reports to the board as to the effectiveness of the fund's management of its material business risks.

h. Encourage enhanced performance
Fairly review and actively encourage enhanced Board and Management effectiveness.
The performance fees payable to MCML, the fund Manager and other entities involved in the fund's investment structure are set out in section 8 of the PDS. All staff have performance agreements with the Multiplex Group and these are reviewed and updated at least on an annual basis.

i. Remunerate fairly and responsibly
Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.
MCML and the Fund Manager receives fees and costs for acting as responsible entity and Fund Manager of the fund respectively, set out in the Constitution and Management Services Agreement and have also been disclosed in the PDS (see section 8).

The independent directors of MCML receive fees for serving as directors. These fees are not linked to the performance of the Fund. The executive directors of MCML do not receive payment for their role as a director. They receive remuneration in their capacity as employees of the Multiplex Group. Please refer to Principle (b) as to the remuneration committee of the Multiplex Group.

j. Recognise the legitimate interests of stakeholders
Recognise the legal and other obligations to all legitimate stakeholders.
The fund's investment policy is set out in section 1.1 of the PDS.

The Audit Committee, Management Committee and Risk and Compliance Committee are responsible for monitoring the Responsible Entity, the fund and the Fund Manager. The Management Committee has a role in monitoring the fund's investments.

Investor Relations

ASX Listing
Multiplex Prime Property Fund is listed on the ASX under the code MAFCA. Daily unit prices can be found in all major Australian newspapers, on the ASX website and at www.multiplexcapital.biz

Distributions
Distribution payments are payable quarterly to investors approximately four to five weeks after record date for March, June, September and December.

Annual Taxation Statements
An annual taxation statement is sent to unitholders in early September each year. The statement summarises the distribution/s paid for the previous financial year. Unitholders should retain this statement for their taxation records.

Online Services
Accessing investments online is one of the many ways that Multiplex Capital is ensuring convenience and accessibility to unitholder investment holdings. Links to the registry providers are available via the Multiplex Capital website. Unitholders can access their account balance, transaction history and distribution details.

E-communications
In line with recent Corporations Act changes, the default for future Multiplex Capital reports will be electronic. This means that future annual reports and interim reports will be made available at www.multiplexcapital.biz. If you would like to continue receiving hard copy annual reports, please contact Multiplex Capital Customer Service on 1800 570 000.

Contact Us
Multiplex Capital has a dedicated Customer Service Officer to assist with all investor and financial adviser enquiries.

There are several ways of accessing information about the fund and providing feedback to Customer Service:

By post
GPO Box 172
Sydney NSW 2001

By phone
1800 570 000 (within Australia)
+61 2 9256 5700 (outside Australia)

By fax
+61 2 9256 5188

By email
enquiries@multiplexcapital.biz

By internet
The Multiplex Capital website provides investors with up-to-date information on all funds as well as reports, media releases, fund performance, unit price information and corporate governance guidelines.

www.multiplexcapital.biz

Contact the Registry
Queries relating to individual unit holding or requests to change investment record details such as:

- change of address (issuer sponsored holdings only)
- update method of payment for receiving distributions
- tax file number notification
- annual report election

should be addressed to:
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Freecall: 1800 685 455
Email: registrars@linkmarketservices.com.au

Investor Complaints
Multiplex Capital is a member of an independent dispute scheme, the Financial Industry Complaints Service (FICS). Investors wishing to register a complaint should direct it to:

The Complaints Manager
Multiplex Capital
GPO Box 172
Sydney NSW 2001

Financial Report

Directors' Report

For the year ended 30 June 2007

Introduction

The Directors of Multiplex Capital Management Limited (formerly Multiplex Capital Limited) (ABN 32 094 936 866), the responsible entity of the Multiplex Prime Property Fund (formerly Multiplex Acumen Prime Property Fund) (ARSN 110 096 663) (the fund), present their financial report together with the financial report of the fund and the consolidated entity, being the fund and its subsidiaries and the consolidated entity's interest in associates, for the year ended 30 June 2007 and the Auditors' Report thereon.

On 21 February 2007 the fund changed its name from Multiplex Acumen Prime Property Fund to Multiplex Prime Property Fund.

Responsible entity

The responsible entity of the fund is Multiplex Capital Management Limited, which has been the responsible entity since the inception of the fund. The registered office and principle place of business of the responsible entity and the fund is 1 Kent Street, Sydney.

On 21 February 2007 the responsible entity changed its name from Multiplex Capital Limited to Multiplex Capital Management Limited.

Directors

The following persons were Directors of the responsible entity at any time during or since the end of the year:

Name	
Peter Morris	
Rex Bevan	(Appointed 21 February 2007)
Brian Motteram	(Appointed 21 February 2007)
Robert McCuaig	
Michael Hodgetts	(Resigned 31 January 2007)
Ian O'Toole	
Robert Rayner	

Information on Directors

Peter Morris

Independent Chairman

Peter has over 35 years' experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects.

Peter acts as Independent Chairman of Multiplex Capital Management Limited, Multiplex Capital Investments Limited and Multiplex Capital Securities Limited.

Directors' Report

For the year ended 30 June 2007

Rex Bevan
Independent Director
Rex has many years' business experience in the areas of financial management, investment banking and the provision of economic and investment advice.

From 1988 to 2005 he filled a number of roles within Western Pacific Portfolio Planning Pty Ltd (now Western Pacific Finance Ltd), including the position of Research Manager and later, Managing Director. From 1994 to 1998 Rex was a director of the master trust operator Flexiplan Australia Ltd, prior to its acquisition by MLC.

Brian Motteram
Independent Director
Brian has in excess of 30 years' experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 18 years in private enterprise in both the mining and property industries.

He spent eight years (from 1996 to 2004) as an executive of the Hawaiian group of companies in the position of Chief Financial Officer and later, Financial Director.

Robert McCuaig
Independent Director
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 service groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of NSW, the State of New South Wales and the Commonwealth of Australia.

Ian O'Toole
Managing Director
Ian has responsibility for the overall direction and strategy of the Multiplex Capital funds management business, including both Multiplex Property Trust (ARSN 106 643 387) ("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.

Robert Rayner
Executive Director
Robert has responsibility for the day-to-day operation and development of Multiplex Capital's funds management activities. He has been involved in property and property funds management for more than 17 years and has extensive property and financial experience in both the listed and unlisted sectors of the funds management industry. Robert was a founding shareholder and director of the Acumen Capital funds management business, since renamed Multiplex Capital.

Company Secretary

Alex Carrodus was appointed to the position of company secretary on 25 January 2005.

Information on Company Secretary

Alex Carrodus

Alex has over 12 years' experience in the areas of company secretarial practice and compliance in the funds management industry having worked for the ASX listed Ronin Property Group prior to its acquisition by the Multiplex Group, AMP and ASX Limited. Prior to this period Alex worked for eight years in the insolvency and audit divisions of a number of local and international accounting firms in both Sydney and London. Alex is a Chartered Accountant and Chartered Secretary.

Directorships of other listed entities

No Director has held directorships in other listed entities in the three years immediately preceding the end of the financial year.

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, rights or options over such instruments, interests in registered schemes and rights or options over such instruments issued by the entities within the consolidated entity and other related bodies corporate as at the date of this report.

Director		Multiplex Prime Property Fund units held
Peter Morris		–
Rex Bevan	(Appointed 21 February 2007)	–
Brian Motteram	(Appointed 21 February 2007)	–
Robert McCuaig		20,000
Ian O'Toole		–
Robert Rayner		–

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

Directors' meetings

	Board meetings	
Director	A	B
Peter Morris	16	16
Rex Bevan	6	6
Brian Motteram	5	6
Robert McCuaig	13	16
Michael Hodgetts (Resigned 31 January 2007)	8	9
Ian O'Toole	12	16
Robert Rayner	15	16

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

Directors' Report

For the year ended 30 June 2007

Committee meetings

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

Principal activities

The principal activity of the consolidated entity is the investment in a portfolio of CBD office assets and Listed Property Trusts.

The consolidated entity did not have any employees during the year or subsequent to balance date.

Review of operations

Key highlights over the year include:

- net profit for the year ended 30 June 2007 was $61,193,000 (period ended June 2006: $251,000).
- distributions for the year ended 30 June 2007 was $13,102,800 (period ended June 2006: $1,435,843).
- the fund officially listed on the Australian Stock Exchange on 15 September 2006.
- the acquisition of the LPT portfolio was completed during October 2006 at a total cost of $63 million. The portfolio has been valued at 30 June 2007 at $68.9 million, representing a 9.4% unrealised gain on cost.
- total valuation uplift of $59.8 million recorded on the property assets during the financial year resulted in a 21 cent uplift in the net tangible asset per unit to $0.76 at 30 June 2007.
- the American Express Building was also independently revalued during the period, resulting in a $16.7 million increase to $142 million as at 31 May 2007. The $0.06 NTA uplift in relation to this valuation gain will be recorded in the financial statement upon acquisition, being full practical completion of the building.
- during the period to 30 June 2007, the fund executed various leases at the Ernst & Young Centre, Southern Cross Tower and a portion of the retail space at the American Express Building, increasing portfolio occupancy to 99.9%.
- the fund's sole asset under development, the American Express Building at Sydney's King Street Wharf, is nearing practical completion, with the base building approximately 95% complete as at 30 June 2007 and fit-out works due to finish in October 2007.

The movement in units on issue of the fund for the year was as follows:

	2007 units	2006 units
Units issued during the year	193,010,125	281,764,877
Units redeemed during the year	(193,010,125)	–
Units on issue as at 30 June	281,764,877	281,764,877

	$'000	$'000
Value of total consolidated assets as at 30 June	789,512	520,679

The basis for valuation of the fund's assets is disclosed in Note 3 to the financial statements.

Interests of the responsible entity

The following fees were paid to Multiplex Capital Management Limited out of the fund's assets during the financial year:

Responsible entity fees paid directly by the fund during the year were $2,640,217 (2006: $nil).

The responsible entity and its associates have not held any units in the fund during the financial year.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the fund that occurred during the financial year not otherwise disclosed in this report or in the financial report.

Events subsequent to reporting date

There are no matters or circumstances which have arisen since the reporting date which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

Likely developments

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

Environmental regulation

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

Distributions

Distributions paid/payable to unitholders were as follows:

Ordinary units	Cents per unit	Total amount $'000	Date of payment
June 2007 distribution	1.153	3,249	31 July 2007
March 2007 distribution	1.153	3,249	30 April 2007
December 2006 distribution	1.427	4,021	31 January 2007
September 2006 distribution	0.917	2,584	15 November 2006
Total distribution for the year ended 30 June 2007	**4.65**	**13,103**	
June 2006 distribution	0.51	1,436	30 August 2006
Total distribution for the year ended 30 June 2006	**0.51**	**1,436**	

Indemnification and insurance premiums

Under the fund's Constitution the responsible entity's officers and employees, are indemnified out of the fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the fund.

The fund has not indemnified any auditor of the consolidated entity.

No insurance premiums are paid out of the fund's assets in relation to cover for the responsible entity, its officers and employees, the Compliance Committee or auditors of the fund.

Non-audit services

There were no payments made out of scheme assets to the consolidated entity's auditor, KPMG, for non-audit services during the year. All amounts paid to KPMG for audit, review and regulatory services are disclosed in note 5.

Remuneration report – audited

(a) Remuneration of directors and key management personnel of the responsible entity

The 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 fund and this is considered the key management personnel (KMP).

The directors and executives of the responsible entity are key management personnel of that entity and their names are:

Peter Morris – Independent Chairman

Rex Bevan – Independent Director

Brian Motteram – Independent Director

Robert McCuaig – Independent Director

Ian O'Toole – Managing Director

Robert Rayner – Executive Director

The responsible entity is entitled to a management fee which is calculated as a proportion of gross asset value. See section (b) page 39.

No compensation is paid directly by the fund to directors or to any of the key management personnel of the responsible entity.

Since the end of the financial year, no director or Key Management Personnel (KMP) of the responsible entity has received or become entitled to receive any benefit because of a contract made by the responsible entity with a director or KMP, or with a firm of which the director or KMP is a member, or with an entity in which the director or KMP has a substantial interest, except at terms set out in the fund Constitution.

Loans to directors and key management personnel of the responsible entity

The fund has not made, guaranteed or secured, directly or indirectly, any loans to the directors and KMP or their personally-related entities at any time during the reporting period.

Other transactions with directors and specified executives of the responsible entity

From time to time directors and KMP or their personally-related entities may buy or sell units in the fund. These transactions are subject to the same terms and conditions as those entered into by other fund investors.

Apart from those details disclosed in this note, no director or KMP has entered into a contract for services with the responsible entity since the end of the previous financial year and there were no contracts involving directors or KMP subsisting at year end.

(b) Responsible entity fees and other transactions

The management fee paid by the consolidated entity for 30 June 2007 was $2,640,217 (2006: $nil).

Rounding of amounts

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

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 40 and forms part of the directors' report for the financial year ended 30 June 2007.

Dated at Sydney this 24th day of August 2007.

Signed in accordance with a resolution the directors made pursuant to Section 306(3) of the *Corporations Act 2001.*

On behalf of the directors

Ian O'Toole
Managing Director
Multiplex Capital Management Limited

Lead Auditor's Independence Declaration

Under Section 307C of the *Corporations Act 2001*

To: the directors of Multiplex Capital Management Limited as the Responsible Entity of Multiplex Prime 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 2007 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.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney, NSW
24 August 2007

KPMG, an Australian partnership, is part of the KPMG International network.
KPMG International is a Swiss cooperative.

Income Statements

For the year ended 30 June 2007

		Consolidated		Fund	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue					
Share of net profit of investments accounted for using the equity method	10	72,517	2,433	–	–
Property rental income		6,972	1,049	–	–
Net gain from fair value adjustment of investment property	7	13,000	–	–	–
Distribution income from listed property trusts		5,359	–	–	–
Distribution income from controlled entities		–	–	33,839	–
Interest income		4,366	279	914	2,888
Other income		279	100	–	–
Total revenues and other income		**102,493**	**3,861**	**34,753**	**2,888**
Expenses					
Property expenses		1,056	60	–	–
Finance costs to external parties		28,680	2,070	28,680	2,070
Responsible entity fees		2,640	–	2,640	–
Establishment fees-related party		6,093	–	600	–
Other expenses		2,831	1,480	2,893	610
Total expenses		**41,300**	**3,610**	**34,813**	**2,680**
Profit/(loss) for the year		**61,193**	**251**	**(60)**	**208**
Earnings per unit					
Basic and diluted earnings per ordinary unit (cents)		21.72	0.81		

The above income statements should be read in conjunction with the accompanying notes to the financial report set out on pages 46 to 67.

Distribution Statements

For the year ended 30 June 2007

	Note	Consolidated 2007 $'000	2006 $'000
Net profit		61,193	251
Adjusted for:			
Amortisation of debt establishment costs		716	54
Net gain from property revaluations including investments accounted for using the equity method		(60,200)	–
Adjust for write-off of acquisition costs		6,093	865
Amortisation of swap premium		1,852	198
Total income available for distribution		**9,654**	**1,368**
Capital top-up		3,449	68
Distribution paid and payable	4	**13,103**	**1,436**
Distribution per unit (cents)		**4.65**	**0.51**

The above distribution statements should be read in conjunction with the accompanying notes to the financial report set out on pages 46 to 67.

Balance Sheets

For the year ended 30 June 2007

		Consolidated		Fund	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Assets					
Current assets					
Cash and cash equivalents		3,705	3,668	3,548	2,768
Trade and other receivables	6	93,690	52,058	34,773	357,800
Total current assets		**97,395**	**55,726**	**38,321**	**360,568**
Non-current assets					
Investment property	7	80,000	67,000	–	–
Investments – available for sale	9	68,883	–	–	–
Investments accounted for using the equity method	10	433,714	386,247	–	–
Investments in controlled entities	11	–	–	613,958	136,206
Trade and other receivables	6	88,711	–	88,711	–
Fair value of financial derivatives		20,809	11,706	20,809	11,706
Total non-current assets		**692,117**	**464,953**	**723,478**	**147,912**
Total assets		**789,512**	**520,679**	**761,799**	**508,480**
Liabilities					
Current liabilities					
Trade and other payables	8	6,538	16,343	45,906	4,187
Interest bearing liabilities	12	–	46,932	–	46,932
Distributions payable	8	3,249	1,436	3,249	1,436
Total current liabilities		**9,787**	**64,711**	**49,155**	**52,555**
Non-current liabilities					
Interest bearing liabilities	12	476,374	287,402	476,374	287,402
Total non-current liabilities		**476,374**	**287,402**	**476,374**	**287,402**
Total liabilities		**486,161**	**352,113**	**525,529**	**339,957**
Net assets		**303,351**	**168,566**	**236,270**	**168,523**
Equity					
Units on issue	13(1)	237,395	167,638	237,395	167,638
Reserves	13(2)	19,051	2,113	13,266	2,113
Retained earnings	13(2)	46,905	(1,185)	(14,391)	(1,228)
Total equity		**303,351**	**168,566**	**236,270**	**168,523**

The above balance sheets should be read in conjunction with the accompanying notes to the financial report as set out on pages 46 to 67.

Statements of Changes in Equity

For the year ended 30 June 2007

		Consolidated		Fund	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Opening equity		168,566	–	168,523	–
Units on issue					
May 2006 capital raising		–	169,059	–	169,059
Redemption of units		(115,806)	–	–	–
Issue of units		115,806	–	–	–
Capital raising costs of issue	13(1)	(18,954)	(1,421)	(18,954)	(1,421)
Equity receivable		88,711	–	88,711	–
Hedge reserve					
Fair value movement in financial derivatives		11,153	2,113	11,153	2,113
Available for sale reserve					
Fair value movement in listed investments		5,785	–	–	–
Retained earnings					
Net profit		61,193	251	(60)	208
Distributions		(13,103)	(1,436)	(13,103)	(1,436)
Closing equity		**303,351**	**168,566**	**236,270**	**168,523**

The above statements of changes in equity should be read in conjunction with the accompanying notes to the financial report as set out on pages 46 to 67.

Statement of Cash Flows

For the year ended 30 June 2007

		Consolidated		Fund	
	Note	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		19,770	900	6	–
Cash payments in the course of operations		(20,881)	–	(2,033)	–
Interest received		4,349	4	447	4
Financing costs paid		(28,437)	(1,634)	(28,437)	(1,634)
Net cash flows (used in)/from operating activities	15	**(25,199)**	**(730)**	**(30,017)**	**(1,630)**
Cash flows from investing activities					
Payments for purchase of Investment properties		–	(66,920)	–	–
Investment in controlled entities		–	–	(477,752)	(136,206)
Investment in associates		–	(386,247)	–	–
Loan to controlled entities		–	–	(33,838)	(354,802)
Repayment by controlled entities		–	–	358,136	–
Loan from controlled entities		–	–	39,131	–
Distributions received from investments in listed property trusts		3,249	–	–	–
Distributions received from investments accounted for using the equity method		23,575	1,630	–	1,630
Distribution from controlled entities		–	–	33,839	–
Loan to related party		(49,771)	(37,841)	–	–
Payments for listed property trust investments		(63,098)	–	–	–
Net cash flows used in investing activities		**(86,045)**	**(489,378)**	**(80,484)**	**(489,378)**
Cash flows from financing activities					
Proceeds from issue of shares		115,806	169,059	115,806	169,059
Payments for redemption of units		(115,806)	–	(115,806)	–
Issue costs paid		(18,954)	(1,421)	(18,954)	(1,421)
Debt establishment costs paid		(1,373)	(5,781)	(1,373)	(5,781)
Repayment of interest bearing liabilities		(46,932)	–	(46,932)	–
Proceeds from interest bearing liabilities		189,827	331,919	189,827	331,919
Distributions paid to unitholders		(11,287)	–	(11,287)	–
Net cash flows from financing activities		**111,281**	**493,776**	**111,281**	**493,776**
Net increase in cash and cash equivalents		**37**	**3,668**	**780**	**2,768**
Cash and cash equivalents at 1 July		3,668	–	2,768	–
Cash and cash equivalents at 30 June		**3,705**	**3,668**	**3,548**	**2,768**

The above statement of cash flows should be read in conjunction with the accompanying notes to the financial report as set out on pages 46 to 67.

Notes to Financial Report

For the year ended 30 June 2007

1 Reporting entity

Multiplex Prime Property Fund is an Australian registered managed investment scheme under the *Corporations Act 2001*. Multiplex Capital Management Limited, the responsible entity of the fund, is incorporated and domiciled in Australia. The consolidated financial statements of the fund as at and for the year ended 30 June 2007 comprise the fund, its subsidiaries (together referred to as the consolidated entity) and the consolidated entity's interest in associates.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on 24 August 2007.

(b) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the following:

– derivative financial instruments which are measured at fair value;

– investment property which is measured at fair value; and/or

– available for sale financial assets which are measured at fair value.

The methods used to measure fair value are discussed further in note 3.

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

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the fund and entities controlled by the fund (its subsidiaries) (referred to as the consolidated entity in these financials statements). Control is achieved where the fund has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

In the fund's financial statements investments in controlled entities are carried at cost.

(b) Segment reporting

A segment is a distinguishable component of the consolidated entity that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The fund is organised into one main segment which operates in the business of investment management within Australia.

(c) Revenue recognition

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax (GST), rebates and discounts.

Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

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

Property rental revenue

Rental income from investment property leased out under an operating lease is recognised in the income statement on a straight-line basis over the term of the lease.

Lease incentives granted are recognised by the consolidated entity as an integral part of the total rental income on a straight-line basis.

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

Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the consolidated entity to receive payment is established. In the case of distributions and dividends from listed property equity investments, the revenue is recognised when they are declared.

Dividends and distributions received from associates reduce the carrying amount of the investment of the consolidated entity in that associate and are not recognised as revenue.

Interest revenue

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

3 Significant accounting policies continued

(c) Revenue recognition

Realised profits on available for sale financial assets

Listed investments are classified as being available for sale and are stated at fair value, with any resulting gain or loss recognised directly in equity in the balance sheet, except for impairment losses, which are recognised directly in the income statement. Where these investments are derecognised, the cumulative gain or loss previously recognised directly in equity in the balance sheet is recognised in the income statement.

The fair value of listed investments is the quoted bid price at the balance sheet date.

(d) Expense recognition

Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset.

Finance costs include:

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

Other expenditure

Expenditure including rates, taxes, other outgoings, performance fees and responsible entity fees are brought to account on an accrual basis.

Performance fee

A performance fee of 5.125% to 15.375% (including GST less any reduced input tax credits) of the outperformance of the consolidated entity against the benchmark returns paid in cash half yearly. The benchmark return is the annualised compound return of the UBS Commercial Property Accumulation (200 Index). Where the consolidated entity exceeds the benchmark return, the performance fee will be calculated in two tiers as follows:

- a Tier 1 performance fee equal to 5.125% (including GST less any reduced input tax credits) of the amount by which the total return of the fund exceeds the benchmark; and
- a Tier 2 performance fee which is applicable only where the fund produces a total return outperformance in excess of 1% per six month period above benchmark. This tier of the fee is calculated as 15.375% (including GST less any reduced input tax credits) of the amount by which the total return of the fund is in excess of 1% above the benchmark for the six month period (for a year, roughly equivalent to returns over the benchmark plus 2% per annum).

Any previous underperformance must be recovered before a performance fee becomes payable. The benchmark return for June 2007 has not been met, hence no performance fee has been paid or is payable.

(e) Goods and Services Tax (GST)

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

Receivables and payables are stated with the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

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

(f) Income tax

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

The consolidated entity fully distributes its taxable income each year, calculated in accordance with the Trust Constitution and applicable legislation, to unitholders who are presently entitled to income under the Constitution.

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

(g) Cash and cash equivalents

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

(h) Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Impairment charges are brought to account as described in Note 3(q). Non-current receivables are measured at amortised cost using the effective interest rate method.

Notes to Financial Report

For the year ended 30 June 2007

3 Significant accounting policies continued

(i) Investment property

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

An Investment property acquired is initially recorded at its cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. An Investment property is subsequently carried at fair value based on the principles outlined in the paragraph below.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, finance costs (see Note 3(d)) and other incidental costs.

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

Valuations

Investment property is stated at fair value at the reporting date.

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

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

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

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

Rental income from investment property is accounted for in accordance with Note 3(c).

(j) Available for sale financial assets

Listed investments are classified as being available for sale. Subsequent to initial recognition they are measured at fair value, with any resulting gain or loss recognised directly in equity. Where there is evidence of impairment in the value of the investment, usually through adverse market conditions, the impairment loss will be recognised directly in profit and loss. Where unlisted investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the profit and loss.

(k) Associates

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

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. After application of the equity method, the consolidated entity determines whether it is necessary to recognise any additional impairment loss with respect to the consolidated entity's net investment in the associates. The consolidated income statement reflects the consolidated entity's share of the results of operations of the associates.

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

Where there has been a change recognised directly in the associate's equity, the consolidated entity recognises its share of changes and discloses this in the consolidated statement of changes in equity.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees.

Notes to Financial Report

For the year ended 30 June 2007

3 Significant accounting policies continued

(l) Derivative financial instruments

The consolidated entity uses derivative financial instruments to hedge its exposure to interest rate risk arising from operational, financing and investment activities. The consolidated entity does not hold or issue derivative financial instruments for trading purposes.

Hedging activities

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

The consolidated entity only enters into hedges of actual and highly probable forecast transactions (cash flow hedges). It does not enter into, nor does it have any, hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or hedges of net investments in foreign operations (net investment hedges).

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

The effective portion of changes in the fair value of cash flow hedges is recognised directly in equity. Movements on the hedging reserve are shown in the statement of changes in equity. The gain or loss relating to any ineffective portion is recognised immediately in the income statement.

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

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

(m) Trade and other payables

Trade and other payables are stated at amortised cost using the effective interest rate method and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Interest bearing liabilities

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

Interest bearing liabilities are classified as current liabilities unless the fund has an unconditional right to defer settlement of the liability for at least 12 months of the balance date.

(o) Distributions

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

Distributions paid and payable on units are recognised in equity as a reduction of retained earnings for the year. Distributions paid are included in cash flows from investing activities in the cash flow statement.

(p) Equity

Issued and paid up units are recognised at the fair value of the consideration received by the consolidated entity. Incremental costs directly attributable to the issue of new units is shown in equity under unit issue costs.

(q) Impairment

Financial assets

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

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

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

All impairment losses are recognised in profit and loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit and loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in profit and loss. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non financial assets

The carrying amount of the consolidated entity's non financial assets, other than investment property and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated.

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

Notes to Financial Report

For the year ended 30 June 2007

3 Significant accounting policies continued

(r) Earnings per unit (EPU)

The fund presents basic and diluted earnings per unit data for all its unitholders. Basic EPU is calculated by dividing the profit or loss attributable to unitholders of the fund by the weighted average number of units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss attributable to unitholders and the weighted average number of units outstanding for the effects of all dilutive potential units.

(s) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the fund in the period of initial application. They are available for early adoption at 30 June 2007, but have not been applied in preparing these financial statements:

– AASB 101 *Presentation of Financial Statements* (October 2006) has deleted the Australian specific Illustrative Financial Report Structure and reinstated the current IASB 1 guidance on Illustrative Financial Statement Structure. The revised AASB 101 is applicable for annual reporting periods beginning on or after 1 January 2007.

– AASB 7 *Financial Instruments: Disclosures* (August 2005) replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007, and will require extensive additional disclosures with respect to the fund's financial instruments.

– AASB 2005–10 *Amendments to Australian Accounting Standards* (September 2005) makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*. AASB 2005–10 is applicable for annual reporting periods on or after 1 January 2007 and is expected to only impact disclosures contained within the consolidated financial report.

4 Distributions

Distributions paid to unitholders or declared by the consolidated entity were as follows:

Ordinary units	Cents per unit	Total amount $'000	Date of payment
June 2007 distribution	1.153	3,249	31 July 2007
March 2007 distribution	1.153	3,249	30 April 2007
December 2006 distribution	1.427	4,021	31 January 2007
September 2006 distribution	0.917	2,584	15 November 2006
Total distribution for the year ended 30 June 2007	**4.65**	**13,103**	
June 2006 distribution	0.51	1,436	30 August 2006
Total distribution for the year ended 30 June 2006	**0.51**	**1,436**	

The June 2007 distribution of $3.249 million was payable on 31 July 2007. The June 2006 distribution of $1.436 million was paid on 30 August 2006.

5 Auditors' remuneration

	Consolidated 2007	Consolidated 2006	Fund 2007	Fund 2006
Audit services				
Auditors of the fund – KPMG:				
Audit and review of the financial reports	88,000	15,000	15,000	5,000

6 Trade and other receivables

	Consolidated 2007	Consolidated 2006	Fund 2007	Fund 2006
Current				
Distributions receivable – external	2,110	–	–	–
Receivable from related party*	87,887	38,115	–	–
Amount owed by controlled entities	–	–	33,839	357,686
Other receivables	3,693	13,943	934	114
	93,690	**52,058**	**34,773**	**357,800**
Non-current				
Equity receivable (see note 13)	88,711	–	88,711	–
	88,711	**–**	**88,711**	**–**

* This relates to a deposit paid in advance in relation the American Express Building, King Street Wharf, Sydney.

Included in other receivables of $3.7 million is amounts due from associates of $2 million.

For details of related party transactions refer to note 17.

7 Investment properties

	Consolidated 2007 $'000	Consolidated 2006 $'000	Fund 2007 $'000	Fund 2006 $'000
Opening balance	67,000	–	–	–
Cost of property – Defence Plaza, Melbourne	–	67,000	–	–
Fair value adjustment – Defence Plaza, Melbourne	13,000	–	–	–
	80,000	**67,000**	**–**	**–**

Valuation was performed by Colliers International on 30 June 2007.

8 Trade and other payables

	Consolidated 2007 $'000	Consolidated 2006 $'000	Fund 2007 $'000	Fund 2006 $'000
Trade payables	6,538	16,343	5,146	2,556
Amount owed to controlled entities	–	–	40,760	1,631
Distributions payable	3,249	1,436	3,249	1,436
	9,787	**17,779**	**49,155**	**5,623**

For details of related party transactions refer to note 17.

Notes to Financial Report

For the year ended 30 June 2007

9 Investments – available for sale

	Consolidated		Fund	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cost of investments – listed property trusts	63,098	–	–	–
Fair value adjustment	5,785	–	–	–
	68,883	**–**	**–**	**–**

The fund does not hold more than 5% of equity in any listed property trust. The fair value adjustment is unrealised.

10 Investments accounted for using the equity method

	Consolidated		Fund	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Multiplex Developments No. 6A Unit Trust	133,241	129,997	–	–
Latitude Landowning Trust	300,473	256,250	–	–
	433,714	**386,247**	**–**	**–**

Share of profit in the year from investments accounted for using the equity method is as follows:

Multiplex Developments No. 6A Unit Trust	10,864	524	–	–
Latitude Landowning Trust	61,653	1,909	–	–
	72,517	**2,433**	**–**	**–**

Fair value adjustments from the revaluation of investment property included in the share of profit above is as follows:

Multiplex Developments No. 6A Unit Trust	2,952	–	–	–
Latitude Landowning Trust	44,248	–	–	–
	47,200	**–**	**–**	**–**

Share of associates assets and liabilities:

Total assets	450,673	404,944	–	–
Total liabilities	16,959	18,697	–	–

The fund owns 50% of Latitude Landowning Trust and 25% of Multiplex Development No. 6A Unit Trust.

11 Investment in controlled entities

	Ownership %	Fund 2007 $'000	Fund 2006 $'000
Investment in Multiplex Southern Cross East Investment Trust	100	132,104	38,857
Investment in Multiplex Acumen Latitude Investment Trust	100	260,513	25,571
Investment in Multiplex Defence Plaza Investment Trust	100	69,003	33,937
Investment in Multiplex King Street Wharf Site 3B Landowning Trust	100	89,234	37,841
Investment in Multiplex Acumen LPS Investment Trust	100	63,104	–
Investments in controlled entities	**100**	**613,958**	**136,206**

12 Interest bearing liabilities

	Consolidated 2007 $'000	Consolidated 2006 $'000	Fund 2007 $'000	Fund 2006 $'000
Current				
Amount owing to Multiplex Property Trust	–	46,932	–	46,932
Non-current				
Interest bearing liabilities – bank debt	476,374	287,402	476,374	287,402

Amount to owing to Multiplex Property Trust was repaid prior to the listing of the fund on 15 September 2006.

The interest bearing liabilities relate to secured bank debt in the form of a term facility, a partly paid facility and the American Express Facility in Australian dollars. The term facility has a limit of $420 million, the partly paid facility has a limit of $112.8 million and the American Express Facility has a limit of $78.5 million.

The term facility and partly paid facility expire in December 2011. The American Express Facility expires in March 2009.

The draw down from the term facility at 30 June 2007 is $323.7 million, partly paid facility draw down is $112.8 million and the draw down on the American Express Facility is $43.4 million. The aggregate limit of the facilities is $611.3 million; a total of $479.9 million has been drawn down over all three facilities. Included in the debt is the amortised value of capitalised borrowing cost amounting to $3.5 million.

The fund has given various representations, warranties, covenants and undertakings to the banks, including in relation to its corporate status and a charge over the interest in the properties. All the above debt is hedged at a fixed base rate of 5.68% via interest rate swap instruments. This debt is secured over all the fund's investment properties. The interest rate in respect of the term facility is 6.38% and partly paid facility is 6.93% and American Express Facility is 6.68%.

Notes to Financial Report

For the year ended 30 June 2007

13 Capital and reserves

(1) Units

	2007 $'000	2006 units	2007 $'000	2006 units
Units on issue				
Opening balance	169,059	281,764,877	–	–
Units redeemed	(115,806)	(193,010,125)	–	–
Units issued	115,806	193,010,125	169,059	281,764,877
Equity receivable	88,711	–	–	–
Closing balance	**257,770**	**281,764,877**	**169,059**	**281,764,877**
Unit issue costs				
Opening balance	1,421	–	–	–
Expenses of the offer during the period	18,954	–	1,421	–
Closing balance	**20,375**	**–**	**1,421**	**–**
Total units on issue	**237,395**	**281,764,877**	**167,638**	**281,764,877**

193,010,125 units held at 30 June 2006 were redeemed and reissued as $1 units that were $0.60 partly paid. The units were allotted on 11 September 2006.

Ordinary units

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

The units on issue are $1 units partly paid, $0.60 was received on allotment, $0.40 is due to be received from unitholders on 15 June 2011. The unpaid portion has been discounted at a rate of 6% which amounts to $88,711,000. This is shown within non-current assets.

(2) Reserves

	Consolidated		Fund	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Reserves				
Opening balance	2,113	–	2,113	–
Fair value increases in relation to listed property trust investments	5,785	–	–	–
Fair value increases in relation to interest rate swap hedges	11,153	2,113	11,153	2,113
Closing balance	**19,051**	**2,113**	**13,266**	**2,113**
Undistributed income				
Opening balance	(1,185)	–	(1,228)	–
Net profit	61,193	251	(60)	208
Distributions provided for or paid	(13,103)	(1,436)	(13,103)	(1,436)
Closing balance	**46,905**	**(1,185)**	**(14,391)**	**(1,228)**

14 Financial instruments

The consolidated entity maintains positions in financial instruments and various other financial assets and liabilities which arise directly from its operations. The consolidated entity's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The main types of financial risk to which the consolidated entity is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the balance sheet date and the risk management policies employed by the consolidated entity are discussed below:

(a) Market risk

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and price risk.

The fund's strategy on the management of such risk is driven by the fund's investment objectives. The fund's market risk is managed in accordance with the investment guidelines as outlined in the fund's product disclosure statement.

(1) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The fund's exposure to interest rate risk and the effective weighted average interest rate for classes of interest bearing financial assets and interest bearing financial liabilities is set on the table overleaf.

(2) Currency risk

The fund does not invest in financial instruments and enter into transactions denominated in currencies other than its functional currency. Consequently the fund is not exposed to any currency risks arising from any foreign exchange movements.

(3) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of change in market prices whether caused by factors specific to an individual instrument, its issuer or all factors affecting all instruments traded in the market. The majority of the consolidated entity's financial instruments are carried at fair value.

Notes to Financial Report

For the year ended 30 June 2007

14 Financial instruments continued

(a) Market risk continued

	Average effective interest rate %	Floating interest rate maturing in one year or less $'000	Floating interest rate maturing more than one year $'000	Non-interest bearing $'000	Total $'000
2007					
Fixed rate instruments					
Assets					
Cash	5.55	3,705	–	–	3,705
Investments		–	–	582,597	582,597
Receivables	6.8	87,887	–	94,514	182,401
Fair value of financial derivatives		–	–	20,809	20,809
		91,592	**–**	**697,920**	**789,512**
Liabilities					
Payables		–	–	6,538	6,538
Interest bearing liabilities	5.68	–	476,374	–	476,374
Distributions payable		–	–	3,249	3,249
		–	**476,374**	**9,787**	**486,161**
2006					
Assets					
Cash	5.13	3,668	–	–	3,668
Investments		–	–	453,247	453,247
Receivables		–	–	52,058	52,058
Fair value of financial derivatives		–	–	11,706	11,706
		3,668	**–**	**517,011**	**520,679**
Liabilities					
Payables		–	–	16,343	16,343
Interest bearing liabilities	5.68	46,932	287,402		334,334
Distributions payable		–	–	1,436	1,436
		46,932	**287,402**	**17,779**	**352,113**

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of on-balance sheet financial assets and liabilities as they are marked to market. The total credit risk for on-balance sheet items including securities is therefore limited to the amount carried on the balance sheet.

The fund minimises concentrations of credit risk by ensuring that counterparties are either recognised and reputable or are recognised financial intermediaries with acceptable credit ratings determined by a recognised rating agency. The consolidated entity had no significant concentration of credit risk with any single counterparty or group of counterparties at 30 June 2007 or 30 June 2006.

(c) Liquidity risk

The consolidated entity's liquidity objective is to deliver working capital, fund the equity portion of consolidated entity assets and invest surplus assets. The consolidated entity maintains sufficient cash resources to maintain operations, meet its financial obligations and liabilities and provide funds for capital expenditure and investment opportunities as they arise. The fund's listed investment securities are considered to be readily realisable as they are all listed on the Australian Stock Exchanges.

(d) Specific instruments

Derivatives

Hedging

The fund entered into interest rate swaps during the current and previous financial years. The expiration date of the interest rate swaps is 2011. As these derivatives are deemed effective hedges for accounting purposes, fair value changes are recognised in the reserves. The fund's holdings in derivatives are specified in the table below.

Type of contract	Expiration	Underlying	Fixed % rate	Notional amount of contracts outstanding $'000	Fair value (assets) $'000	Fair value (liabilities) $'000
As at 30 June 2007						
Interest rate swap	July 2011	Floating to fixed	5.68	469,076	**20,809**	–
As at 30 June 2006	July 2011	Floating to fixed	5.68	290,080	**11,706**	–

The notional amount is based on the original forecasted loan drawdown amounts. At the date of each loan drawdown, the notional amount of the hedge is increased to keep the fund in an effective hedged position.

14 Financial instruments continued

(e) Estimation of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The net fair value of assets and liabilities approximate their company value. Fair values have been determined for measurement and/or disclosure purposes based on the methods outlined in note (2).

(i) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at least once in every three years. However internal valuations are performed every six months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the fund and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(ii) Investments in equity and debt securities

The fair value of listed available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

(iii) Derivatives

The fair value of interest rate swaps is determined by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

15 Reconciliation of cash flows from operating activities

	Consolidated		Fund	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit/(Loss) for the year	61,193	251	(60)	208
Adjustments for				
– Share of profit of equity accounted investment	(72,517)	–	–	–
– Amortisation of swap premium	1,852	198	1,852	198
– Net gain from property revaluations	(13,000)	–	–	–
Operating profit before changes in working capital	**(22,472)**	**449**	**1,792**	**406**
Changes in assets and liabilities during the period				
Decrease in receivables	(5,680)	(1,314)	(34,773)	(2,171)
Increase in payables	2,953	135	2,964	135
Net cash provided by operating activities	**(25,199)**	**(730)**	**(30,017)**	**(1,630)**

16 Segment reporting

The fund is organised into one main segment which operates solely in the business of investment management within Australia.

17 Related parties

Responsible entity

The responsible entity of the Multiplex Prime Property Fund is Multiplex Capital Management Limited (ABN 32 094 936 866) whose immediate and ultimate holding company is Multiplex Limited (ABN 96 008 687 063) which is incorporated and domiciled in Australia.

Key management personnel

The consolidated entity 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 entity 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 Mr Peter Morris, Mr Rex Bevan, Mr Brian Motteram, Mr Robert McCuaig, Mr Robert Rayner and Mr Ian O'Toole.

The responsible entity is entitled to a management fee which is calculated as a proportion of gross assets.

During the year, the consolidated entity expensed an amount of $2,640,217 (2006: $nil) in relation to responsible entity fees and at balance date an amount of $638,696 (2006: $nil) owing to the responsible entity was included in trade payables.

No compensation is paid to directors or directly by the consolidated entity to any of the key management personnel of the responsible entity.

Notes to Financial Report

For the year ended 30 June 2007

17 Related parties continued

Directors' interests

The following table sets out each director's relevant interest in the units of the registered schemes within the consolidated entity and other related bodies corporate as at the date of this report:

Director	2007 Multiplex Prime Property Fund units held	2006 Multiplex Prime Property Fund units held
Mr Peter Morris	–	–
Mr Rex Bevan (Appointed 21 February 2007)	–	–
Mr Brian Motteram (Appointed 21 February 2007)	–	–
Mr Robert McCuaig	20,000	–
Ian O'Toole	–	–
Robert Rayner	–	–

Responsible entity's fees and other transactions

Performance fee

A performance fee of 5.125% to 15.375% (including GST less any reduced input tax credits) of the outperformance of the consolidated entity against the benchmark return paid in cash half yearly. The benchmark return is the annualised compound return of the UBS Commercial Property Accumulation (200 Index). Where the consolidated entity exceeds the benchmark return, the performance fee will be calculated in two tiers as follows:

- a Tier 1 performance fee equal to 5.125% (including GST less any reduced input tax credits) of the amount by which the total return of the fund exceeds the benchmark; and
- a Tier 2 performance fee which is applicable only where the fund produces a total return outperformance in excess of 1% per six-month period above benchmark.

This tier of the fee is calculated as 15.375% (including GST less any reduced input tax credits) of the amount by which the total return of the fund is in excess of 1% above the benchmark for the six-month period (for a year, roughly equivalent to returns over the benchmark plus 2% per annum).

Any previous underperformance must be recovered before a performance fee becomes payable. The benchmark return for June 2007 has not been met, hence no performance fee has been paid or is payable.

Management fee

A base management fee up to 0.41% (including GST less any reduced input tax credits) per annum of the gross value of assets is payable to the responsible entity. The fee is payable by the fund quarterly in arrears. The responsible entity may waive or defer all or part of the management fee in any particular period. There has been no deferral of management fees during the year.

Related party unitholders

Multiplex Funds Management Limited as custodian for Multiplex Colt Investments Pty Ltd as trustee for Multiplex Colt Investment Trust holds 60,860,029 units or 21.59% of the fund at year end (2006: 253,870,154 units or 90.1% of the fund).

ANZ Nominees Limited as custodian for Acumen Capital Securities Limited as responsible entity for Multiplex Acumen Property Fund holds 27,894,723 units or 9.9% of the fund.

Total quarterly distributions paid or payable in respect of the year were $13,102,800 (2006: $1,435,843). Distributions paid to the related parties in respect of the year were $5,897,732 (2006: $1,435,843).

Transactions with related parties

(i) Transactions within the (consolidated entity)

	2007 $'000	2006 $'000
Interest income		
Interest income received/receivable from controlled entities	450	2,884
Distributions	33,839	–
Inter-company loans		
Amounts owed by controlled entities	33,839	357,686
Amounts owed to controlled entities	40,760	1,631

(ii) Transactions with Multiplex Limited and its controlled entities (excluding the consolidated entity)

	2007 $'000	2006 $'000
Amounts receivable – Multiplex Stage 3B Landowning Trust	87,887	38,115
Interest receivable at 30 June 2006 – Multiplex Stage 3B Landowning Trust	–	274
Interest bearing liabilities – Multiplex Property Trust	–	46,932
Interest payable at 30 June 2006 – Multiplex Property Trust	–	385
Establishment fees – Multiplex Capital Management Limited	6,093	–

Irrevocable offers

The subsidiaries that own the fund assets (excluding the LPT Portfolio) have each granted an irrevocable offer in favour of Multiplex giving it the right to acquire those assets upon a change in the responsible entity of the fund to an entity that is not a Multiplex Group member or a transaction that results in the trustee of the sub trust being controlled by an entity which is not a Multiplex Group member (each referred to as an Acceptance Event).

In certain circumstances, these rights are subject to any pre-existing prior options or rights of pre-emption in favour of third parties. The price will be the market price as determined by an independent valuer or accountant in accordance with generally accepted valuation standards, practices and principles, unless the parties agree on a market price without awaiting the valuation. The independent valuer or accountant must take into account certain factors such as the current market value of assets of comparable quality, composition and asset holding, the current and potential tenants likely to be obtainable in the marketplace for the underlying real property assets given their nature and quality and that the parties are willing but not anxious. Multiplex may accept the offer within four months of an acceptance event occurring.

Notes to Financial Report

For the year ended 30 June 2007

17 Related parties continued

Right of first and last refusal

The owners of the subsidiaries that own the fund assets (excluding the LPT portfolio) have each agreed with Multiplex they must not sell or otherwise deal with those assets unless they offer the asset to Multiplex on a first and last basis.

In certain circumstances, these rights are subject to any pre-existing prior options or rights of pre-emption in favour of third parties. If the fund wishes to transact with any of these assets, it must give Multiplex a notice of its desire to do so, enclosing a terms sheet.

If Multiplex wishes to accept the offer, it has 30 business days to notify the fund of its acceptance. If Multiplex does not wish to accept the first offer, the fund may, subject to the right of last refusal, negotiate in relation to the same transaction with third parties. If, following those negotiations, the fund wishes to enter into a legally enforceable agreement with a third party, the fund must again give Multiplex notice of its desire to sell, disclosing the terms of the final offer (including price and identity of the third party) together with formal transaction documents. If Multiplex wishes to accept the offer, it has 20 business days to notify the fund of its acceptance.

If Multiplex does not wish to accept the final offer, the fund may transact with the third party on the terms set out in the terms sheet and the formal transaction documents. If the transaction does not proceed with the third party within six months after the end of the 20 business day period, the first and last right of refusal process must recommence.

If the fund wishes to transact with Multiplex directly in relation to any of the fund assets (excluding the LPT portfolio), including any future assets that the fund may purchase, or if the fund receives an unsolicited offer from Multiplex, it must at all times comply with the Multiplex conflicts policy. That is, it will require the unanimous approval of the independent directors on the Board of the responsible entity to any such transaction. In addition, the responsible entity will not transact with Multiplex in relation to any of the fund assets (excluding the LPT portfolio), including any future assets that the fund may purchase, at a price less than the price determined at that time by an independent valuer in accordance with generally accepted valuation standards, practices and principles.

Set out below are the fees paid or payable by the consolidated entity to the responsible entity during the year:

	Consolidated		Fund	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Management fees	2,640	–	2,640	–
Performance fee	–	–	–	–
Fees payable to the responsible entity as at balance date	639			639

18 Earnings per unit

Classification of securities as ordinary units

All securities have been classified as ordinary units and included in basic earnings per unit, as they have the same entitlement to distributions.

There are no dilutive potential ordinary units, therefore diluted EPU has not been calculated or disclosed.

	Consolidated	
	2007	2006
Net profit attributable to unit holders ($'000)	61,193	251
Weighted average number of ordinary units used in the calculation of basic earnings per unit (thousands)	281,765	30,878
Basic earnings per unit (cents)	21.72	0.81

19 Contingent liabilities and assets

No contingent liabilities or assets existed at 30 June 2007 and 30 June 2006.

20 Capital and other commitments

The fund has no capital or other commitments at 30 June 2007 and 30 June 2006.

21 Events subsequent to 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 fund, the results of those operations, or the state of affairs of the fund in subsequent financial years.

Directors’ Declaration

Multiplex Prime Property Fund
Directors’ Declaration

1 In the opinion of the Directors of Multiplex Capital Management Limited as responsible entity for Multiplex Prime Property Fund:

(a) The consolidated financial statements and notes set out in pages 41 to 67 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position of the fund and the consolidated entity as at 30 June 2007 and of their performance, for the financial year ended on that date; and

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

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

2 The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial office for the financial year ended 30 June 2007.

This declaration is made in accordance with a resolution of the directors pursuant to Section 303 (5) of the *Corporations Act 2001*, and signed in accordance with a resolution of the directors of Multiplex Capital Limited.

Dated at Sydney, this 24th day of August 2007.

On behalf of the directors

Ian O’Toole
Managing Director
Multiplex Capital Management Limited

Independent Auditor's Report

KPMG

Independent auditor's report to the unitholders of Multiplex Prime Property Fund

Report on the financial report

WWe have audited the accompanying financial report of Multiplex Prime Property Fund (the fund), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of changes in equity and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 21 and the directors' declaration set out on page 68, of the Consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australia Accounting Interpretations) a view which is consistent with our understanding of the fund and the Consolidated Entity's financial position, and of their performance.

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

Independent Auditor's Report

Auditor's opinion

In our opinion the financial report of Multiplex Prime Property Fund is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Fund and the Consolidated Entity as at 30 June 2007 and of their performance for the financial year ended on the date; and

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

KPMG

Tanya Gilerman
Partner

Sydney, NSW
24 August 2007

KPMG, an Australian partnership, is part of the KPMG International network.
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ASX Additional Information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The equity holder information set out below was applicable as at 31 July 2007.

1. Substantial holders

Company name	No of units	% of units on issue
Multiplex Funds Management Ltd ACF Multiplex Colt Investments Pty Ltd	60,860,029	21.6
ANZ Nominees ACF Acumen Capital Securities Ltd as RE of Multiplex Acumen Property Fund	27,894,723	9.90
RBC Dexia Investor Services Australia Nominees Pty Ltd	22,995,937	8.16

2. Distribution of ordinary units

Analysis of numbers of unitholders by size of holding:

	Units	Unitholders
1–1,000	3,800	4
1,001–5,000	76,824	19
5,001–10,000	3,748,577	380
10,001–100,000	69,215,077	1,684
100,001 and over	208,720,599	269
	281,764,877	**2,356**

There were no holders of less than a marketable parcel of units.

3. Unitholders

Twenty largest quoted unitholders

The names of the twenty largest holders of Ordinary units are listed below:

	Ordinary units	
Name	Number held	% of ordinary units
Multiplex Funds Management Ltd ACF Multiplex Colt Investments Pty Ltd	60,860,029	21.6
ANZ Nominees ACF Acumen Capital Securities Ltd as RE of Multiplex Acumen Property Fund	27,894,723	9.90
RBC Dexia Investor Services Australia Nominees Pty Ltd	22,995,937	8.16
Cogent Nominees Pty Ltd	3,699,657	1.31
RBC Dexia Investor Services Australia Nominees Pty Ltd	3,648,128	1.29
ANZ Executors & Trustee Company Ltd	2,468,495	0.88

ASX Additional Information

3. Unitholders continued

Twenty largest quoted unitholders continued

Name	Ordinary units Number held	% of ordinary units
ANZ Nominees Ltd	2,287,000	0.81
Geoffrey Gardiner Dairy Foundation Ltd	1,975,251	0.70
Tree Pot Pty Ltd	1,972,000	0.70
ANZ Executors & Trustee Company Ltd	1,768,920	0.63
Mr Danny Wallis	1,666,000	0.59
Mr Ronald Allen	1,650,000	0.59
Mr Michael Mak	1,500,000	0.53
ANZ Executors & Trustee Company Ltd	1,499,471	0.53
ANZ Executors & Trustee Company Ltd	1,301,000	0.46
ANZ Executors & Trustee Company Ltd	1,110,217	0.39
Goldman Sachs JBWere Capital Markets Pty Ltd	1,004,246	0.36
Equitas Nominees Pty Ltd	1,000,000	0.35
Fadmoor Pty Ltd	1,000,000	0.35
Paradise Resources Pty Ltd	1,000,000	0.35
Telica Nominees Pty Ltd	1,000,000	0.35
G Brothers Holdings Pty Ltd	866,000	0.31
SINO International Pty Ltd	850,000	0.30

4. On-market buy-back

There is no current on-market buy-back.

5. Class of units

The only class of units on issue are $1.00 ordinary units partly paid to $0.60.

6. Voting rights

Entitlement to vote

The following is an extract from Section 16.23 of the Multiplex Prime Property Fund Constitution:

(a) Subject to any rights or restrictions for the time being attached to any class or classes of units and to this Constitution:

- (i) on a show of hands, each Member present in person and each other person present as a proxy, attorney or representative of a Member has one vote; and
- (ii) on a poll, each Member present in person has one vote for each one dollar of the value of the Units held by the Member and each person present as proxy, attorney or representative of a Member has one vote for each one dollar of the value of the Units held by the Member that the person represents.

(b) A Member is not entitled to vote at a General Meeting in respect of Units which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists.

Corporate Directory

Responsible entity
Multiplex Capital Management Limited
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5188

Directors
Peter Morris
Rex Bevan
Brian Motteram
Robert McCuaig
Michael Hodgetts
Ian O'Toole
Robert Rayner

Company Secretary
Alex Carrodus

Registered Office
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

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

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

Stock Exchange
The fund is listed on the Australian Stock Exchange
(ASX code: MAFCA).
The Home Exchange is Sydney.

precinct.com.au

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Annual Report 2007
Multiplex Prime
Property Fund

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