

# ASX Announcement

30 September 2010

**BROOKFIELD AUSTRALIAN OPPORTUNITIES FUND (ASX CODE: BAO)  
DESPATCH OF 2010 ANNUAL REPORT**

In accordance with ASX Listing Rule 3.17 please find attached a copy of the 2010 Annual Report which is being sent to unitholders who have elected to receive the report.

-- ends --

**Brookfield Multiplex Customer Service**  
Phone: 1800 570 000  
Email: [clientservices@brookfieldmultiplex.com](mailto:clientservices@brookfieldmultiplex.com)



## **BROOKFIELD AUSTRALIAN OPPORTUNITIES FUND**

(formerly known as Multiplex Acumen Property Fund)

ARSN 104 341 988

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## **Annual Report 2010**

Responsible Entity  
Brookfield Capital  
Management Limited  
ACN 094 936 866  
AFSL 223809



On a consolidated basis, Brookfield Australian Opportunities Fund has an investment in 34 unlisted securities and 16 A-REIT's. By value, 72% of the underlying properties are located in Australia, 24% in New Zealand, 3% in Europe and 1% in the United States. They are predominantly weighted, by value, to the retail, commercial and industrial sectors, with minor weightings to the more specialised childcare, healthcare and development sectors.

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# Message from the Chairman

On behalf of the Board, I present investors with the 2010 Annual Report for Brookfield Australian Opportunities Fund (BAO or the Fund) for the year ended 30 June 2010.

## FUND RECAPITALISATION AND NAME CHANGE

In August 2010, the Fund completed a recapitalisation, comprising of a \$30.4 million Rights Issue, \$20.0 million Investment Facility and \$37.1 million Debt Facility. It is expected that the Fund will utilise its strengthened financial position to pursue additional investment opportunities for its existing portfolio of listed and unlisted securities or acquire additional securities or direct property.

The Brookfield Group supported the Fund by underwriting the Rights Issue, providing the Investment Facility and deferring management fees. To reflect this support, the Fund has been renamed Brookfield Australian Opportunities Fund.

## FINANCIAL RESULTS

The Fund recorded a consolidated net loss of \$15.9 million for the year which can be attributed to an impairment loss and a reduction in distribution income from the Fund's investments.

The Fund sold some of its unlisted investments during the period and as a result generated \$16.0 million of cash proceeds which was primarily used to repay debt.

## BROOKFIELD ASSET MANAGEMENT INC.

Following the Fund's recapitalisation, approximately 61.9% of the Fund is owned by Brookfield related entities.

Brookfield Asset Management (BAM) is a global asset manager focused on property, renewable power and infrastructure assets with approximately US\$100 billion of assets under management. It has 100 offices, 400 investment professionals and 15,000 staff worldwide in operations in Australia, New Zealand, Europe, North America, South America and the Middle East. BAM's portfolio comprises:

- US\$31 billion of property assets
- US\$15 billion of renewable power assets
- US\$15 billion of timberlands and electricity transmission assets
- US\$37 billion of specialty funds and advisory services
- Development and construction projects on five continents.

BAM is listed on the New York, Toronto and Amsterdam stock exchanges and is focused on owning and managing high-quality assets that produce sustainable cash flows and generate attractive long-term returns. The combination of Brookfield and Multiplex has created a company with an extraordinary history of success in Australasia, global financial strength and world-leading expertise.

## BOARD AND MANAGEMENT

The Responsible Entity of the Fund recently changed its name from Brookfield Multiplex Capital Management Limited to Brookfield Capital Management Limited (BCML).

During the year, there were some changes to the BCML Board. Peter Morris (Chairman) and Robert McCuaig, both independent directors, announced their retirement after overseeing the restoration of a number of Brookfield Multiplex's retail funds to a more stable financial position during the global financial crisis. During their eight years of service on the Board, Peter and Robert made significant contributions on behalf of the various funds' unitholders.

In addition, Mark Wilson, executive director, announced his resignation as Brookfield Multiplex's CEO Funds Management and Infrastructure. Mark played an instrumental role in restructuring the funds' business. Brian Kingston also resigned from the Board following his appointment as CEO of Prime Infrastructure. Appointments to the BCML Board during the period included independent directors Barbara Ward and myself (Chairman); as well as Tim Harris and Russell Proutt as executive directors.

Details of the directors of BCML are included in the financial report.

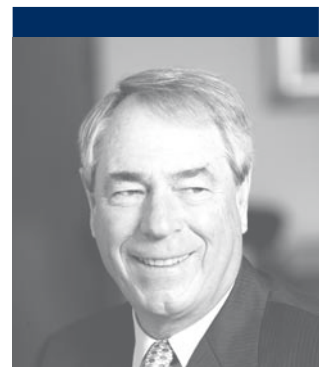
## OUTLOOK

With the completion of the Rights Issue, refinanced debt and access to an Investment Facility, the Fund will pursue new investment opportunities in the listed, unlisted and direct property markets.

On behalf of the Board, I would like to thank you for your support throughout the year.



F. Allan McDonald,  
Independent Chairman



# Year in Review

Brookfield Capital Management Limited (BCML) the Responsible Entity of Brookfield Australian Opportunities Fund (the Fund) provides a review of the year ended 30 June 2010.

## FINANCIAL RESULTS

The Fund recorded a consolidated net loss of \$15.9 million for the year to 30 June 2010 compared to a consolidated net loss of \$103.4 million for the previous corresponding period (pcp). The consolidated loss for the period includes an impairment loss of \$12.4 million (June 2009: \$78.4 million) from revaluation of the Fund's unlisted and A-REIT portfolio.

There was a 42.1% reduction in distribution income from investments of BAO's standalone portfolio and a 35% reduction in distribution income from the prior year as listed and unlisted investments cut distributions to fund higher financing charges and/or repair capital structures. The outlook for distribution income improved in the second half of the period as a number of underlying investments resumed distributions after resolving issues surrounding their capital structures.

The net tangible asset (NTA) per unit was \$0.39 as at 30 June 2010. Taking into account the additional units issued under the Rights Issue completed in August 2010 the adjusted NTA as at 30 June 2010 is 13 cents per unit.

The distribution stopper arising from the Fund's investment in Multiplex Property Income Fund (Income Fund) remains in effect and the Fund did not declare a distribution for the period.

## RECAPITALISATION OF THE FUND

The Fund completed a recapitalisation in August 2010, which involved three elements:

### A rights issue

- Representing a 3 for 1 rights issue to existing unitholders to raise \$30.4 million.
- Fully underwritten by Brookfield Capital Securities Limited as trustee for Brookfield Multiplex PPF Investment No. 2 Trust, a wholly owned member of the Brookfield Group.
- Proceeds predominantly repaid tranche B debt of the Fund's debt facility, paid costs associated with the rights issue and provides working capital for the Fund.

### An investment facility

- \$20.0 million Investment Facility provided by a Brookfield Group entity which will allow the Fund to capitalise on investment opportunities in the current market.

### A debt facility

- \$37.1 million refinancing of the residual debt owing under the debt facility with the existing financier of the Fund, National Australia Bank (NAB).

The recapitalisation of the Fund provides a more sustainable capital structure and allows unitholders to benefit from a potential property market recovery without the need for the forced sale of assets.

## Portfolio Analysis

### FUND SNAPSHOT (as at 30 June 2010)

Market capitalisation	\$10.1 million
Consolidated property investment portfolio	\$190.4 million
Closing price	\$0.05
NTA per unit	\$0.39 <sup>1</sup>
ASX daily trading volumes (12 month average)	circa 159,000 units/day
LVR (net debt/BAO standalone investment portfolio)	42.9%
Management fee	0.5% (including GST) of gross asset value
Performance fee	20% of benchmark <sup>2</sup> outperformance

<sup>1</sup> Taking into account the additional units issued under the Rights Issue completed in August 2010 the adjusted NTA as at 30 June 2010 is 13 cents per unit.

<sup>2</sup> S&P/ASX 200 A-REIT Accumulation Index.

**INVESTMENT PORTFOLIO UPDATE**

The consolidated investment portfolio of the Fund was valued at \$190.4 million as at 30 June 2010, compared to \$205.0 million as at 30 June 2009.

Key portfolio results include:

- consolidated unlisted portfolio valued at \$162.5 million as at 30 June 2010;
- gross A-REIT portfolio valued at \$28.0 million as at 30 June 2010;
- impairment charge of \$12.4 million for the period compared to an impairment charge of \$78.4 million for the pcp. Improved conditions in the unlisted sector reduced impairment charges for this period compared to the pcp;
- consolidated distribution income fell 35% to \$6.5 million, compared to \$10.0 million from the pcp;
- gross consolidated divestments in the unlisted portfolio raised \$16.0 million – which was predominantly used to repay debt; and
- the Fund participated in an entitlement offer in Brookfield Prime Property Fund (BPACB). The value of the investment was \$5.0 million and was funded by a limited recourse loan from Brookfield Multiplex Group for 12 months. Security for the loan is limited to the additional units acquired in BPACB and interest payable under the loan is capitalised.

**MULTIPLEX PROPERTY INCOME FUND (INCOME FUND)**

For reporting purposes, the Income Fund is consolidated into the Fund's accounts due to its 100% ownership of the Ordinary Units in the Income Fund.

The Income Fund has experienced a decline in income and value of its underlying portfolio. The carrying value of the Ordinary Units held in the Income Fund is nil.

Since December 2008, distributions made to Income Unitholders in the Income Fund have been below their target returns and the distribution stopper has been in effect. The distribution stopper means that the Fund cannot pay distributions to its unitholders until Income Unitholders receive their target returns from the Income Fund. The distribution stopper is lifted when an amount equivalent to the priority distribution payment (PDP) for the preceding 12 months was, or has been, paid in full to Income Unitholders. The PDP shortfall from July 2009 to June 2010 is approximately \$2.8 million.

**MANAGEMENT FEES**

The Fund was charged a base management fee by BCML of 0.5% per annum of gross asset value (including GST). BCML deferred payment of management fees charged during the period to support the capital position of the Fund. Total management fees deferred by BCML amount to approximately \$1.3 million. This is equivalent to the management fees payable to BCML for the last two and a half years.

**NET TANGIBLE ASSET (NTA)**

	30 JUN 2010 \$M	30 JUN 2009 \$M
Reported consolidated net assets	119.0	125.3
Income Fund net assets	(39.2)	(45.2)
BAO standalone net assets	79.8	80.1
Units on issue (millions)	202.9	202.9
NTA per unit (cents)	39.3*	39.5

\*Taking into account the additional units issued under the Rights Issue completed in August 2010 the adjusted NTA as at 30 June 2010 is 13 cents per unit.

# Year in Review

## DISTRIBUTIONS

The Fund is not expected to make a distribution to unitholders while the Income Fund distribution stopper remains in effect.

While it is possible that the distribution stopper may be lifted through an increase in investment returns to the Income Fund, and therefore without a cost to the Fund, this may take considerable time. BCML will continue to review alternative strategies to allow distributions to be restored to unitholders. BCML will assess the costs and benefits of implementing any strategy prior to restoring distributions.

The distribution policy will be dictated by the circumstances at the relevant time with specific regard to factors such as the income returns from the underlying investments, debt servicing requirements and the Fund's constitution.


## OUTLOOK

Completion of the rights issue when combined with refinancing of the debt facility and availability of the investment facility, will allow the Fund to pursue new investments and grow by maximising opportunities that may arise in the unlisted property sector which continues to suffer from limited access to capital.

The Fund will continue to invest in accordance with the Fund's investment policies. While it is not intended that the Fund will exit from investing in the A-REIT sector, the Fund will focus on unlisted and direct property sectors and utilise its strengthened financial position and enhanced resources to pursue opportunities created by reduced liquidity in debt and equity markets.

To reflect the ongoing support of Brookfield, the Fund was renamed Brookfield Australian Opportunities Fund on completion of the rights issue.

Further updates on the Fund will be communicated throughout the year.

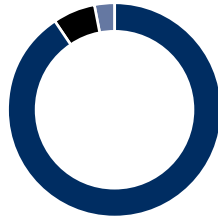


**BCML deferred payment of management fees charged during the period to support the capital position of the Fund. Total management fees deferred by BCML amount to approximately \$1.3 million.**

# Investment Portfolio

## ASSET CLASS ALLOCATION (by income)

- 90% Unlisted
- 7% Listed
- 3% Cash



## SECTOR ALLOCATION (by income)

- 50% Commercial
- 23% Retail
- 16% Industrial
- 11% Other



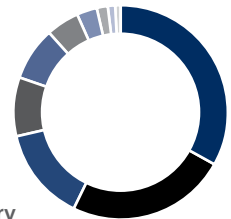
## MANAGER ALLOCATION (by income)

- 30% Brookfield
- 24% Investa
- 10% Centro
- 8% Westpac
- 7% Orchard
- 4% APGR
- 3% Dexus
- 3% APN
- 3% MAB
- 8% Other



## GEOGRAPHIC ALLOCATION (by income)

- 33% New South Wales
- 24% New Zealand
- 14% Victoria
- 9% Queensland
- 8% Western Australia
- 5% South Australia
- 3% Europe
- 2% Australian Capital Territory
- 1% United States
- 1% Tasmania





# Investment Portfolio

FUND INVESTMENTS (BAO standalone) <sup>1</sup>	MANAGER	ASSET LOCATION
APN Champion Retail Fund	APN	Europe
APN National Storage Property Trust	APN	Australia
APN Regional Property Fund	APN	Australia
APN UKA Poland Retail Fund	APN	Europe
APN UKA Vienna Retail Fund	APN	Europe
Austock Childcare Fund	Austock	Australia
Centro MCS 21	Centro	Australia
Centro MCS 22	Centro	Australia
Centro MCS 28	Centro	Australia
FKP Core Plus Fund	FKP	Australia
Gordon Property Trust	Dexus	Australia
Investa Diversified Office Fund	Investa	Australia
Investa Fifth Commercial Trust	Investa	Australia
Investa Second Industrial Trust	Investa	Australia
MAB Diversified Property Trust	MAB	Australia/ New Zealand
PFA Diversified Property Trust	AGPF	Australia
Multiplex Development and Opportunity Fund	Brookfield	Australia
Multiplex New Zealand Property Fund	Brookfield	New Zealand
Multiplex Property Income Fund	Brookfield	Australia
Pengana Credo European Property Trust	Pengana Credo	Europe
Rimcorp Property Trust No. 3	Wellington	Australia
St Hilliers Enhanced Property Fund No. 2	St Hilliers	Australia
The Child Care Property Fund	Orchard	Australia
The Essential Health Care Trust	Orchard	Australia
Westpac Diversified Property Fund	Westpac	Australia
<b>Unlisted Total/Weighted Average</b>		
<b>A-REIT Total/Weighted Average</b>		
<b>Cash</b>		
<b>Total Portfolio/Weighted Average</b>		

#### Notes:

- 1 Excludes Rubicon Europe Trust, Rubicon America Trust and Rubicon Japan Trust which were previously listed but are carried at nil value.
- 2 Last stated or manager estimate
- 3 Equity accounted value is \$31.4 million.
- 4 Additional properties held by Multiplex Property Income Fund (Income Fund) not already held by BAO.
- 5 Balance sheet value excludes deferred settlement of \$10.7 million as the present value of the final instalment due June 2011 on the Brookfield Prime Property Fund.
- 6 Balance sheet value of property investments of \$190.4 million includes the impact of the Income Fund.

SECTOR	INVESTMENT ALLOCATION (BY VALUE) %	VALUE AT MARKET \$M	NUMBER OF PROPERTIES <sup>2</sup>	WEIGHTED AVERAGE LEASE EXPIRY (YEARS) <sup>2</sup>
Retail	0.9	1.4	16	7.9
Other	0.8	1.2	37	9.7
Diversified	1.4	2.1	4	6.1
Retail	0.0	–	1	4.9
Retail	0.0	–	1	3.6
Other	0.8	1.2	24	11.0
Retail	6.5	9.7	1	4.9
Industrial	1.7	2.5	1	5.8
Retail	1.1	1.6	2	5.1
Diversified	1.1	1.7	9	2.2
Retail	2.3	3.5	1	7.4
Office	13.9	20.8	9	5.4
Office	7.2	10.7	4	5.8
Industrial	1.0	1.6	3	3.3
Diversified	2.8	4.2	11	4.7
Diversified	3.9	5.8	17	4.9
Development	5.4	8.1	7	0.0
Diversified	21.4	31.9 <sup>3</sup>	16	5.1
Diversified	0.0	–	120 <sup>4</sup>	6.5
Retail	0.0	–	29	7.0
Industrial	0.4	0.5	2	7.9
Development	0.5	0.7	2	2.3
Other	1.8	2.7	206	10.9
Other	4.9	7.3	12	15.1
Diversified	7.0	10.5	15	7.8
	<b>86.8</b>	<b>129.5</b>	<b>550</b>	<b>5.7</b>
	<b>10.4</b>	<b>15.4<sup>5</sup></b>		
	<b>2.8</b>	<b>4.2</b>		
	<b>100.0</b>	<b>149.1<sup>6</sup></b>		

# Investment Analysis

Top Eight Investments  
(Fund standalone)

## DESCRIPTION

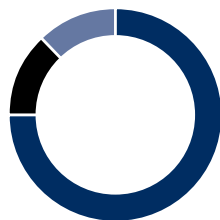
Multiplex New Zealand Property Fund is an Australian unlisted property fund. The Fund comprises 16 properties – 12 commercial assets, three retail assets and one industrial asset. The portfolio is well leased and diversified throughout New Zealand.

## SUMMARY

BAO book value (\$)	31.9
% ownership of investment	21.5
Number of properties	16
Portfolio value (\$m)	486.1
WACR	8.73
WALE	4.92
Occupancy	99.0
Major tenants	General Distributors Ltd, Telecom NZ, ASB Bank

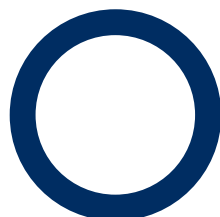
## SECTOR ALLOCATION

- 75% Office
- 13% Retail
- 12% Industrial



## GEOGRAPHIC ALLOCATION

- 100% New Zealand



AIA House, Auckland

## Multiplex New Zealand Property Fund

**DESCRIPTION**

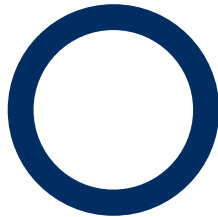
Investa Diversified Office Fund is an open-ended real estate fund which holds interests in nine office buildings located in most of Australia’s major centres.

**SUMMARY**

BAO book value (\$)	20.8
% ownership of investment	14.6
Number of properties	9
Portfolio value (\$m)	361.7
WACR	8.56
WALE	5.35
Occupancy	96.6
Major tenants	Telstra, State Government, Commonwealth Government

**SECTOR ALLOCATION**

100% Office



**GEOGRAPHIC ALLOCATION**

- 59% New South Wales
- 11% Queensland
- 9% Victoria
- 8% South Australia
- 7% Western Australia
- 6% Australian Capital Territory



64 Northbourne Avenue, Canberra

**Investa Diversified Office Fund**

# Investment Analysis

Top Eight Investments  
(Fund standalone)

## DESCRIPTION

Investa Fifth Commercial Trust is a real estate fund which holds interests in four commercial buildings located in Australia. The fund is closed to further investment.

## SUMMARY

BAO book value (\$)	10.7
% ownership of investment	15.3
Number of properties	4
Portfolio value (\$m)	146.4
WACR	8.81
WALE	5.82
Occupancy	99.9
Major tenants	Telstra, Commonwealth Government

## SECTOR ALLOCATION

- 100% Office



## GEOGRAPHIC ALLOCATION

- 40% Victoria
- 24% New South Wales
- 20% South Australia
- 16% Western Australia



595 Collins Street, Melbourne

## Investa Fifth Commercial Trust

**DESCRIPTION**

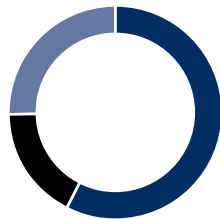
Westpac Diversified Property Fund is an open-ended property fund which invests directly in retail, office and industrial properties in Australia.

**SUMMARY**

BAO book value (\$)	10.5
% ownership of investment	6.1
Number of properties	13
Portfolio value (\$m)	353.63
WACR	8.52
WALE	7.4
Occupancy	98.7
Major tenants	Metcash, Australian Taxation Office

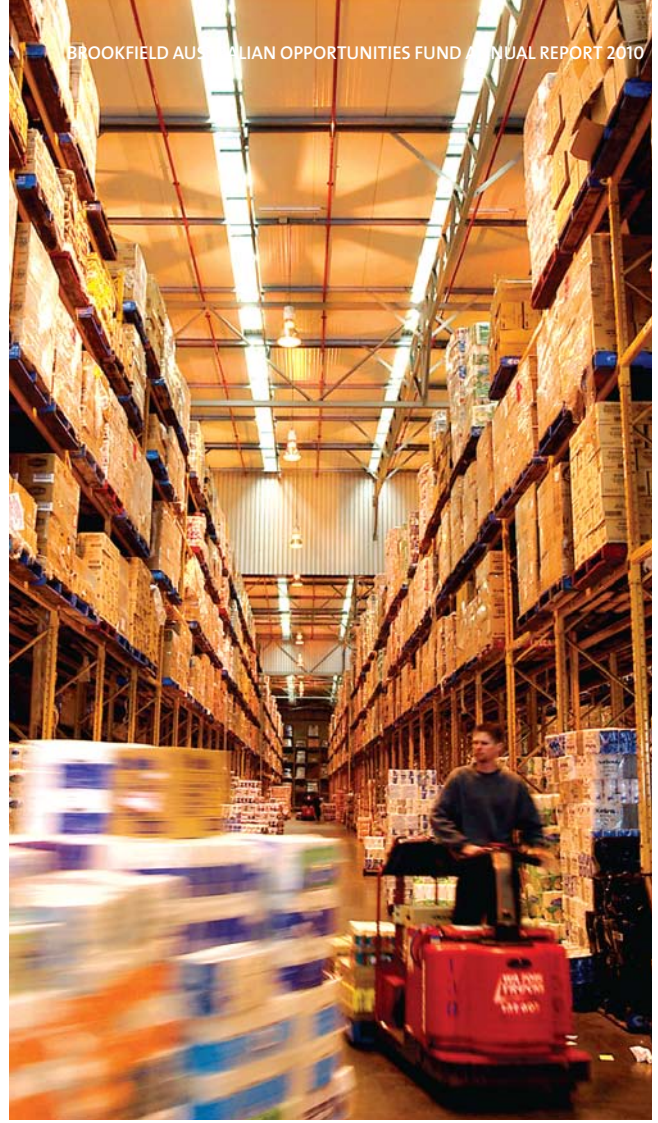
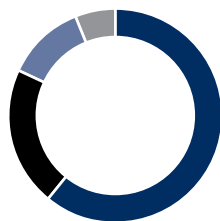
**SECTOR ALLOCATION**

- 58% Industrial
- 17% Office
- 25% Retail



**GEOGRAPHIC ALLOCATION**

- 61% Western Australia
- 21% New South Wales
- 12% Queensland
- 6% Victoria



218 Bannister Road, Canning Vale

**Westpac Diversified Property Fund**

# Investment Analysis

Top Eight Investments  
(Fund standalone)

## DESCRIPTION

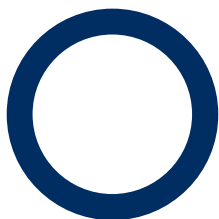
Centro MCS 21 is a close-ended property fund which owns a 50% interest in the Roselands Shopping Centre, a regional shopping hub with 170 specialty stores located in Canterbury, a south western metropolitan district of Sydney.

## SUMMARY

BAO book value (\$)	9.7
% ownership of investment	12.5
Number of properties	1
Portfolio value (\$m)	152.5
WACR	7.00
WALE	4.86
Occupancy	100.0
Major tenants	Anchored by Myer, Target, Coles and Food for Less

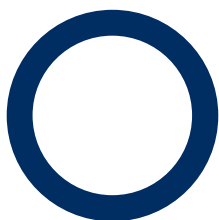
## SECTOR ALLOCATION

100% Retail



## GEOGRAPHIC ALLOCATION

100% New South Wales



Centro Shopping Centre, Bankstown

## Centro MCS 21

**DESCRIPTION**

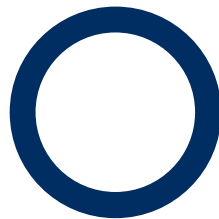
Multiplex Development and Opportunity Fund is a property development and opportunity unit trust that provides investors with exposure to a range of property projects at various stages of the development cycle, as well as other forms of direct and indirect property investments.

**SUMMARY**

BAO book value (\$)	8.1
% ownership of investment	5.7
Number of investments	5
Portfolio value (\$m)	227.9
WACR	n/a
WALE	n/a
Occupancy	n/a
Major tenants	n/a

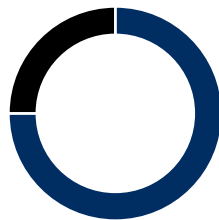
**SECTOR ALLOCATION**

- 100% Developments



**GEOGRAPHIC ALLOCATION**

- 75% Western Australia
- 25% New South Wales



Vale Masterplanned Community, Perth

**Multiplex Development and Opportunity Fund**



# Investment Analysis

Top Eight Investments  
(Fund standalone)

## DESCRIPTION

The Essential Healthcare Trust is a close-ended property trust that was established specifically to invest in medical facilities.

## SUMMARY

BAO book value (\$)	7.3
% ownership of investment	10.4
Number of properties	12
Portfolio value (\$m)	159.29
WACR	9.82
WALE	15.1
Occupancy	100
Major tenants	Healthscope and Healthe Care Australia

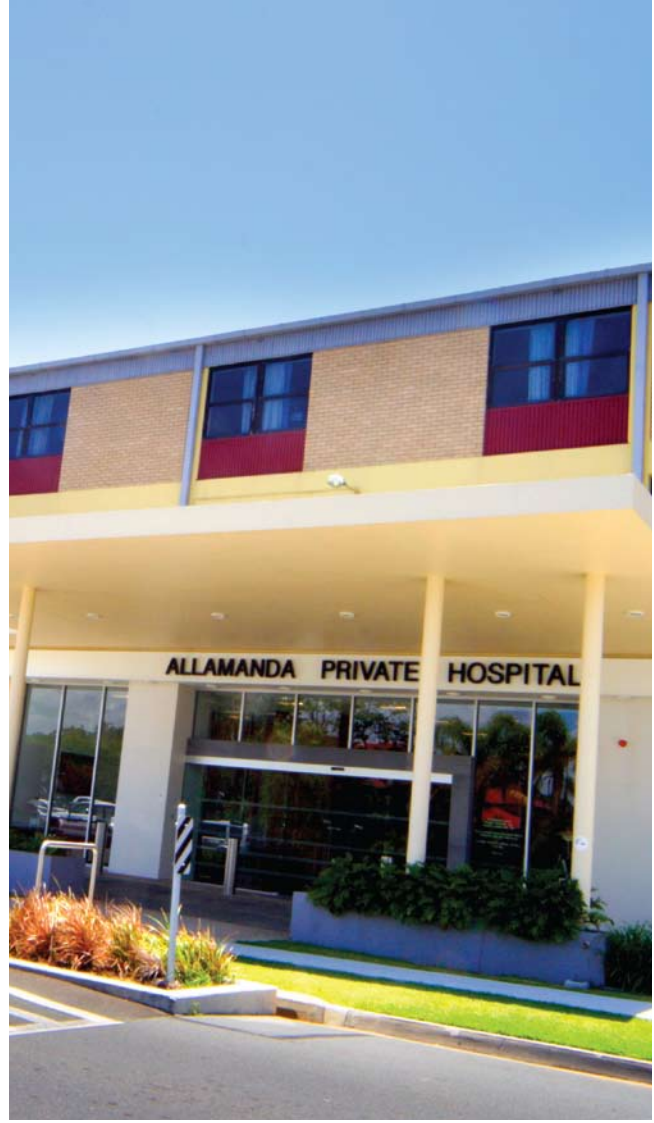
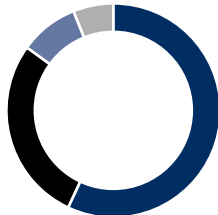
## SECTOR ALLOCATION

- 100% Other



## GEOGRAPHIC ALLOCATION

- 57% Queensland
- 28% New South Wales
- 9% Victoria
- 6% Tasmania



Allamanda Private Hospital, Gold Coast

# The Essential Healthcare Trust

**DESCRIPTION**

PFA Diversified Property Trust is an unlisted property fund which invests directly in office, retail, industrial and hotel and leisure properties located in Australia.

**SUMMARY**

BAO book value (\$)	5.8
% ownership of investment	2.5
Number of properties	17
Portfolio value (\$m)	547.2
WACR	8.87
WALE	4.91
Occupancy	91.3
Major tenants	Australian Government, PBL

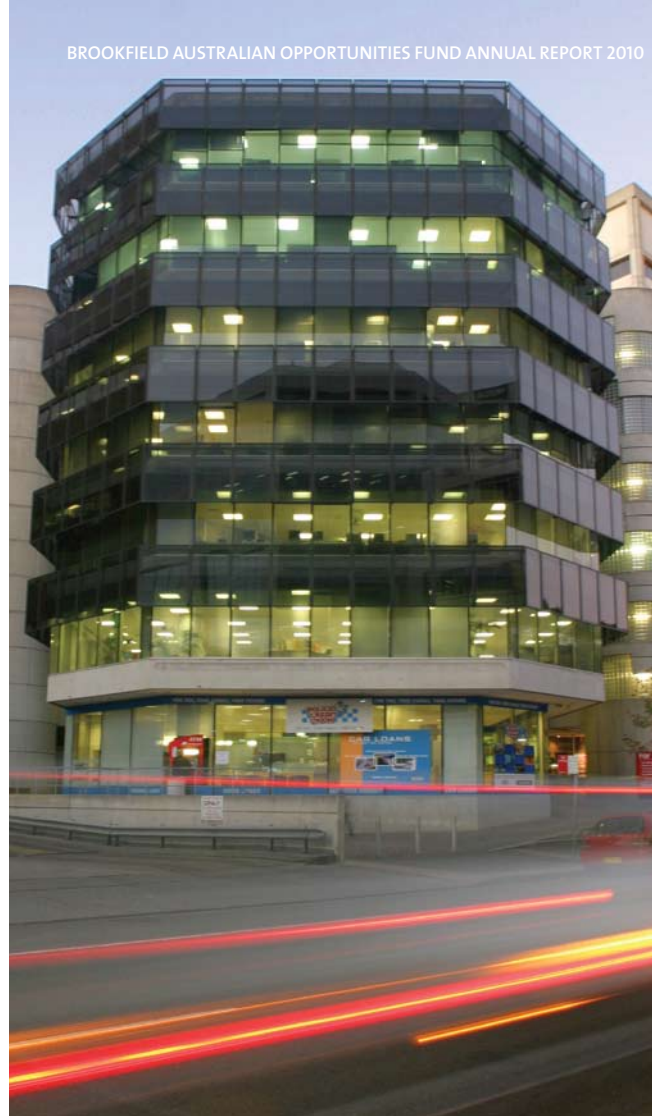
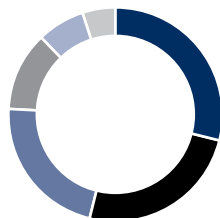
**SECTOR ALLOCATION**

- 67% Office
- 14% Retail
- 2% Industrial
- 17% Other



**GEOGRAPHIC ALLOCATION**

- 29% New South Wales
- 25% Victoria
- 22% Western Australia
- 12% Queensland
- 7% Tasmania
- 5% Australian Capital Territory



The Octagon, Parramatta

**PFA Diversified  
Property Trust**

Centro Shopping Centre, Bankstown



Vale Masterplanned Community, Perth



Claremont Quarter, Perth



# Investor Relations

## ASX LISTING

Brookfield Australian Opportunities Fund is listed on the ASX under the code BAO (formerly MPF). Daily unit prices can be found in all major Australian newspapers, on the ASX website and at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

## ONLINE SERVICES

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

## E-COMMUNICATIONS

The default for Brookfield Multiplex annual and interim reports is now electronic. Online versions of the annual and interim reports are available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

Investors who have elected to receive hard copy reports will continue to receive them. Should you wish to change your preference, please contact the share registry on 1800 766 011.

## CONTACT THE REGISTRY

Queries relating to individual unit holdings 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:

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
Freecall: 1800 766 011  
Email: [brookfieldmultiplex@registries.com.au](mailto:brookfieldmultiplex@registries.com.au)

## INVESTOR SERVICES

Investors wishing to register a complaint should direct it to:

The Manager  
Brookfield Multiplex  
GPO Box 172  
Sydney NSW 2001

## CONTACT US

Brookfield Multiplex has personnel 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 9322 2000 (outside Australia)

### By fax

+61 2 9322 2001

### By email

[clientenquiries@au.brookfield.com](mailto:clientenquiries@au.brookfield.com)

### By internet

The Brookfield Multiplex 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.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com)





## Financial Report 2010

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# Directors' Report

For the year ended 30 June 2010

## Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex Acumen Property Fund (ARSN 104 341 988) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries (together referred to as the Consolidated Entity), for the year ended 30 June 2010 and the Independent Auditor's Report thereon.

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007.

## Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML) became the Responsible Entity on 26 October 2007. The registered office and principal place of business of the Responsible Entity and the Fund is Level 22, 135 King Street, Sydney NSW 2000.

## Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Tim Harris (appointed 17 March 2010)	Executive Director
Russell Proutt (appointed 1 January 2010)	Executive Director
Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)	Non-Executive Independent Chairman
Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)	Non-Executive Independent Director
Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)	Executive Director
Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)	Executive Director

## Information on Directors

### F. Allan McDonald (BEcon, FCPA, FAIM, FCIS), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited (BMFML). Allan has had extensive experience in the role of chairman and is presently associated with a number of companies as a consultant and company director. BMCML is also the Responsible Entity for listed funds Multiplex Prime Property Fund (MAFCB) and Multiplex European Property Fund (MUE). BMFML is the Responsible Entity for the listed Multiplex SITES Trust. Allan's other directorships of listed entities are Astro Japan Property Management Limited (responsible entity of Astro Japan Property Trust) (appointed November 2004), Billabong International Limited (appointed July 2000), and Ross Human Directions Limited (appointed April 2000). During the past three years, Allan has also served as a director of the following listed company: Multiplex Limited (December 2003 to October 2007 – delisted December 2007). Age 70.

### Brian Motteram (BBus, CA), Non-Executive Independent Director

Brian has in excess of 40 years of experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 19 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. BMCML is also the Responsible Entity for listed funds MAFCB and MUE. Brian is a fully qualified Chartered Accountant, having trained with KPMG and Deloitte. Age 57.

### Barbara Ward (BEcon, MPolEcon, MAICD), Non-Executive Independent Director

Barbara was appointed as a Non-Executive Independent Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for Brookfield Multiplex Funds Management Limited. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. BMCML is also the Responsible Entity for listed funds MAFCB and MUE. BMFML is the Responsible Entity for the listed Multiplex SITES Trust. Barbara is Chairman of Country Energy and a Director of Qantas Airways Limited (appointed June 2008). During the past three years Ms Ward has also served as a Director of Multiplex Limited (December 2003 to October 2007 – delisted December 2007), Lion Nathan Limited (February 2003 to October 2009) and Allco Finance Group Limited (April 2005 to January 2008). Age 56.

**Information on Directors** continued**Tim Harris (BA (Hons), ACA), Executive Director**

Tim Harris is the Chief Financial Officer of Brookfield Multiplex Group and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 17 March 2010 and also performs that role for debt listed companies Brookfield Secured Bonds Series A Limited (BSBSA) and Brookfield Secured Bonds Series B Limited (BSBSB) (both appointed March 2010). BMCML is also the Responsible Entity for MAFCB and MUE. Tim joined the organisation in February 2009, prior to which he held various senior finance positions with the Westfield Group. Tim has also worked for Lion Nathan Australia, Southcorp Wines and The Walt Disney Company in London. Tim is a fully qualified Chartered Accountant, having trained with Ernst & Young in London. Age 39.

**Russell Proutt (BComm, CA, CBV), Executive Director**

Russell Proutt is the Chief Financial Officer of Brookfield Australia and was appointed as an Executive Director of Brookfield Multiplex Capital Management Limited on 1 January 2010 and also performs that role for BMFML (appointed 17 March 2010) and for debt listed companies BSBSA Issuer Limited (appointed 30 April 2009) and BSBSB Issuer Limited (appointed 2 September 2009). BMCML is also the Responsible Entity for the following listed funds: MAFCB and MUE. Russell joined Brookfield Asset Management Inc., the parent company of Brookfield Multiplex Capital Management Limited, in 2006 and has held various senior management positions within Brookfield, including managing the Bridge Lending Fund, mergers and acquisitions involving subsidiaries, and transactions involving Brookfield's restructuring fund, Tricap Partners. Age 42.

**Information on Company Secretary****Neil Olofsson**

Neil has over 14 years' international company secretarial experience, including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

**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 Acumen Property Fund units held
F. Allan McDonald	–
Brian Motteram	411,379
Barbara Ward	–
Tim Harris	–
Russell Proutt	–

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

**Directors' meetings**

Director	Board Meetings		Audit Committee Meetings		Board Risk and Compliance Committee Meetings <sup>1</sup>	
	A	B	A	B	A	B
F. Allan McDonald	9	9	1	1	1	1
Brian Motteram	13	13	2	2	1	1
Barbara Ward	7	7	1	1	1	1
Tim Harris	6	7	n/a	n/a	n/a	n/a
Russell Proutt	7	7	n/a	n/a	n/a	n/a
Peter Morris	4	4	1	1	n/a	n/a
Robert McCuaig	4	4	1	1	n/a	n/a
Mark Wilson	4	4	n/a	n/a	n/a	n/a
Brian Kingston	5	6	n/a	n/a	n/a	n/a

A – Number of meetings attended.

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

1 – Board Risk and Compliance Committee Meetings were established from January 2010. Compliance and Risk Committee Meetings were held prior to January 2010 as a committee comprising a majority of external members, when it was disbanded.

**Committee meetings**

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

**Principal activities**

The principal activity of the Consolidated Entity is the investment in A-REITs and unlisted property securities in Australia.



# Directors' Report

For the year ended 30 June 2010

## Review of operations

The Consolidated Entity has recorded a net loss of \$15,944,000 for the year ended 30 June 2010 (2009: \$103,357,000). The reported net loss includes \$12,374,000 (2009: \$78,443,000) in impairment losses on the A-REIT and unlisted property securities portfolios and investments accounted for using the equity method.

Some of the significant events during the year are as follows:

- total revenue and other income of \$8,819,000 (2009: \$10,818,000);
- earnings per unit (EPU) attributable to ordinary unitholders of (4.79) cents (2009: (48.93) cents);
- net assets of \$118,954,000 (2009: \$125,254,000);
- net assets attributable to ordinary unitholders of \$79,708,000 (2009: \$80,063,000) and net tangible assets (NTA) per unit attributable to ordinary unitholders of \$0.39 (2009: \$0.39);
- A-REIT portfolio value of \$27,980,000 (2009: \$20,879,000), including a revaluation increment on a number of A-REIT investments of \$1,176,000 and an impairment charge of \$335,000; and
- unlisted security portfolio value of \$130,413,000 (2009: \$152,113,000), including a revaluation increment on a number of unlisted investments of \$8,703,000 and an impairment charge of \$17,705,000.

The Consolidated entity received \$10,431,873 as a return of capital from its investment in the Northgate Property Trust as a part of the wind up process. As noted below, the Fund participated in the entitlement offer of Multiplex Prime Property Fund.

A portion of the existing debt facility is classified as current in the Statement of Financial Position. \$27,608,000 of total debt has a maturity date within the next 12 months and, at the date of this report, this debt has not been refinanced beyond this date. Due to this classification, the Consolidated Entity's current liabilities exceed current assets by \$30,579,000. Listed investment property securities valued at \$27,980,000 are classified as non-current assets in accordance with accounting standards.

In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Fund or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current investments in the Statement of Financial Position and the rights issue which was announced subsequent to the reporting date.

## Debt renewal

During the year, the Fund refinanced its existing borrowing with a maturity date of 1 December 2011.

The key terms of the facility are:

- net proceeds from the natural wind up of unlisted property securities and sales of investments must be used to reduce debt, in line with agreed step down targets of total debt plus capitalised coupon interest outstanding of \$64,200,000 at 31 March 2010, \$55,000,000 at 31 December 2010 and \$40,000,000 at 30 June 2011. If the Fund forecasts that it cannot meet a step down target, there will be a 30 day review period within which to agree a plan to meet the step down target or agree an alternative strategy;
- distributions to investors can resume when the amount owing under the facility has been reduced to \$37,100,000 or less and only 50% of management fees can be paid until this time;
- an interest cover ratio covenant requiring earnings before interest and tax, including cash at hand and excluding one off costs, must be greater than 1.0 times interest charged (but not capitalised) on a six month forward rolling basis; and
- at 1 December 2011 (or earlier if an event of default occurs), the financier will have the option (subject to Australian Securities Exchange (ASX) or unitholder approval if required) to convert any amounts greater than \$37,100,000 owing under the facility to a debt instrument which will carry rights of up to 40% of distributions or capital in certain circumstances.

During the year, the Fund has repaid \$12,000,000 to its financier. As a result, the Fund has exceeded the March 2010 repayment requirement of \$10,000,000, which therefore reduces ongoing interest costs. The repayment has been funded from \$9,200,000 of capital returned from the wind up of Northgate Property Trust, as well as proceeds of a partial redemption of the Fund's investment in Multiplex New Zealand Property Fund as a part of that fund's limited liquidity facility.

In addition to the above, the Fund entered into a rights issue subsequent to the reporting date for \$30.4 million, further details of which are detailed in Note 25 to the financial report.

### **Deferred settlement and investment in Multiplex Prime Property Fund**

During the year, the Consolidated Entity participated in the entitlement offer made by Multiplex Prime Property Fund (ASX: MAFCB). Under the offer, the Consolidated Entity was entitled to invest up to \$4,970,000 to acquire units in MAFCB, in which it has a 9.9% stake. The investment was made via funding provided by a related entity that is ultimately owned by BML. The funding was provided for a period of 12 months on commercial terms and conditions. Recourse for the loan is limited to the security of the additional units subscribed for under the entitlement offer and interest capitalises during the term of the loan.

The Consolidated Entity's original 27,894,723 units in MAFCB and the new units issued under the entitlement offer of 4,965,260,694 brought the Consolidated Entity's investment in MAFCB units to 4,993,155,417. On 21 June 2010, MAFCB undertook a 1,000 for 1 consolidation of units. Accordingly, the Consolidated Entity's investment in MAFCB units reduced from 4,993,155,417 to 4,993,155. Under the revised terms of the entitlement offer, and taking into account the consolidation of units, the Consolidated Entity's investment in MAFCB has a final instalment of \$2.237 per unit payable in June 2011. The discounted value of this liability to the Consolidated Entity at year end is \$10,731,000.

### **Investment in unlisted property securities**

The Consolidated Entity invests directly in 34 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, six have suspended redemptions, 22 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, three investments were listed on the Australian Securities Exchange but are now deemed insolvent and three have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures. Unit prices have continued to be provided by the respective managers on either a monthly or a quarterly basis.

Consistent with 30 June 2009, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2010 or, where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Fund is not seeking to sell its assets in the near term, an additional discount would not normally be applied. However, further consideration was then given to each net asset value in the current environment to determine whether an additional discount should be applied by assessing other prevailing market evidence, including transactional evidence and an assessment of the ability of the underlying investments to continue as a going concern. This analysis included application of discounts to unaudited net asset values where the funds' underlying property investments were all located in Europe.

Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

### **Controlled entity and priority distribution payment**

The Fund owns 100% of the ordinary units of Multiplex Property Income Fund (MPIF). The results of MPIF are consolidated into the results of the Multiplex Acumen Property Fund financial report. MPIF, on a stand-alone basis, holds \$3,590,000 in cash at 30 June 2010 and has an investment portfolio of listed and unlisted property securities of \$35,459,000 at the balance date.

MPIF has 52,791,450 income units on issue at the reporting date. Under the terms of the MPIF Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where MPIF does not meet the PDP to its income unitholders, the Fund will be prevented from making distributions to its unitholders unless the shortfall has been met within two months of the end of the month in which the shortfall occurred.

As MPIF distributed less than the PDP for the months July 2009 through June 2010, the Fund will be prevented from making a distribution to its unitholders until the shortfall has been met. This distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months is, or has been, paid to income unitholders of MPIF. The PDP shortfall at 30 June 2010 was \$2,822,000 (2009: \$1,702,000).

# Directors' Report

For the year ended 30 June 2010

## Investment accounted for using the equity method

The Consolidated Entity owns 22.04% of the ordinary units of Multiplex New Zealand Property Fund (MNZPF). In accordance with accounting standards, the Consolidated Entity therefore has significant influence over MNZPF and accounts for its investment under the equity accounting method whereby the Fund records its share of profit or loss of MNZPF's operations. Any changes to the results and operations of the underlying investment are presented in the Consolidated Entity's financial report through the share of net loss/profit of equity accounted investments line item in the Statement of Comprehensive Income and the carrying value of the equity accounted investment in the Statement of Financial Position. During the year, the Fund took part in the liquidity facility offered to unitholders of MNZPF. The Fund realised 9.35% of its investment for consideration of \$3,561,000.

In accordance with AASB 136 *Impairment of Assets*, an assessment must be made at each reporting date to determine whether there is any indication that an asset is impaired. A review of the equity accounted investment was performed at the reporting date and, due to the refinancing of MNZPF's debt facility during the year, the previous impairment of the equity accounted investment in MNZPF was deemed to be partially reversed. This conclusion was reached upon assessment of the fair value less cost to sell of the equity accounted investment, to ensure the current carrying value does not exceed the recoverable amount (being the higher of fair value less cost to sell or value in use). The fair value less cost to sell was determined based on the NTA of MNZPF, less estimated costs of disposal. The impairment analysis performed on the equity accounted investment at 30 June 2010 determined that an impairment reversal of \$5,666,000 was required.

## Corporate governance

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

The Fund was listed on the Australian Securities Exchange on 8 July 2003. The Company, as the Fund's Responsible Entity, has operated within a corporate governance system that the Board and management have developed over time. Corporate governance is a dynamic force that keeps evolving and, for that reason, our systems, policies and procedures are regularly reviewed and tailored to changing circumstances.

The Company is a wholly owned Brookfield Asset Management Inc. (BAM) subsidiary. BAM is listed on the New York, Toronto and Euronext Stock Exchanges.

## Best practice principles

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

The Principles, as set out by the Corporate Governance Council, are intended only as guidelines. The ASX Listing Rules require listed companies (or in the case of a listed fund, the Responsible Entity of that fund) to include in their annual report a statement disclosing the extent to which they have followed the Principles during the financial period.

The Principles have been adopted, where appropriate, to ensure that the Company, as Responsible Entity of the Fund, continues to protect stakeholder interests. This Corporate Governance Statement sets out each Principle and provides details of how the Principle has been addressed by the Company as Responsible Entity of the Fund.

### **Principle 1: Lay solid foundations for management and oversight**

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

#### **Role of the Board**

The Board has adopted a Board Charter that details its functions and responsibilities, a summary of which is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

The Fund has a Fund Manager who is responsible for the day-to-day management of the Fund's operations and who reports to the executive director, Russell Proutt.

The Company holds Australian Financial Services Licence (AFSL) No. 223809 and is an experienced Responsible Entity. It 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 law. The Company has appointed Key Persons and Responsible Managers and they are named on its AFSL. Their duties are to assist with, and ensure the Company's ongoing compliance with, the conditions of the AFSL and the law.

Management responsible for the operation of the Fund are employees of Brookfield Multiplex Limited (BML), and are therefore subject to BML's performance evaluation.

### **Principle 2: Structure the Board to add value**

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

The Board believes that sound corporate governance is crucial to protecting the interests of investors. The Board has a broad range of relevant financial and other skills, experience and expertise necessary to meet its objectives and is subject to a continuous review of its composition. The Board meets formally at least four times per year and whenever necessary to deal with specific matters needing attention between scheduled meetings. As at 30 June 2010, the Board consists of five Directors.

Profiles of each of the Directors, including age and length of service, may be found on pages 20 and 21.

#### **Independence**

The Chairman of the Board is an independent Director. The roles of Chairman and Executive Directors are not exercised by the same individual. This is in line with the ASX best practice principle. Dr Peter Morris resigned as Chairman of the Board in January 2010 and was replaced by Mr Allan McDonald. The Board also identified Non-executive Directors Mr Robert McCuaig and Mr Brian Motteram as being independent in accordance with the relationships affecting independent status listed by the ASX Corporate Governance Principles. Mr McCuaig also resigned in January 2010 and was replaced by another independent Director, Ms Barbara Ward.

As a wholly owned subsidiary of BAM, the Board has not established a nomination committee as it believes the consideration of Director appointments is a matter for BAM in conjunction with the views of the Board.

The Board conducted a self evaluation of its performance and that of individual Directors for the year ended 30 June 2010 by way of a survey of each Director, followed by an analysis and discussion of responses by the Board. As part of the review, consideration was given to the skills and competency of Board members as well as the appropriate mix of skills required for managing the Company and the Fund. An assessment of Board, committee and individual Director performance is intended to occur on an annual basis and may in the future include an external mediator.

#### **Access to information and advice**

All Directors have unrestricted access to records of the Company and the Fund and receive regular detailed financial and operational reports from management to enable them to carry out their duties. Non-executive Directors may obtain independent professional advice at the expense of the Company or the Fund with the prior approval of the Chairman.

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

# Directors' Report

For the year ended 30 June 2010

## Principle 3: Promote ethical and responsible decision making

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

### Code of Business Conduct and Ethics

All Directors and management involved in the operation of the Fund are employees of BML. In accordance with the Code of Business Conduct and Ethics and statutory obligations, all employees of BML are required to act honestly and with integrity and, in relation to financial products, to give priority to the investors' interests over the Company's interests when there is a conflict. The Board is committed to recognising the interests of investors and other stakeholders, as well as all employees involved in the management and operation of the Company and the Fund. The Board acknowledges that all BML employees are subject to a Code of Business Conduct and Ethics that governs workplace and human resource practices, risk management and legal compliance. The Code is aligned to BML's core values of teamwork, integrity and performance and is fully supported by the Board. A summary of the Code is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

Employees are encouraged to report any breaches of the Code. Access to an Ethics Hotline, which is managed independently of BAM is provided to facilitate reporting in situations where the person making the report does not feel comfortable doing so through normal channels. A summary of the Code is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

### Security Trading Policy

All Directors of the Company and BML employees are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company, if they are in possession of inside information. The BML Security Trading Policy has been formally adopted by the Board and specifically lists securities issued by the Fund as restricted securities for the purposes of the Policy. A summary of the Security Trading Policy is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

BMCML also has a Conflicts of Interest Management Policy and a Related Party Dealings Policy to minimise potential conflicts of interest in accordance with ASIC Regulatory Guide 181 – "Licensing: Managing conflicts of interest".

## Principle 4: Safeguard integrity in financial reporting

The approach adopted by the Board is consistent with Principle 4. The Board requires the Executive Directors to provide a written statement that the financial statements of the Fund present a true and fair view, in all material aspects, of the financial position and operational results.

Name	Position	Number of meetings in year	Attendance
Brian Motteram	Chairperson	2	2
F. Allan McDonald	Member	1	1
Barbara Ward	Member	1	1
Peter Morris	Member	1	1
Robert McCuaig	Member	1	1

The duties and responsibilities of the Audit Committee are set out in the Committee Charter, a summary of which appears at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com). The Audit Committee has rights of access to management, including the right to seek any explanations or additional information, and access to auditors (internal and external), without management present.

The audit committee reports to the Board in relation to the financial statements and notes, as well as the external audit report. An external auditor, Deloitte, has been appointed to audit the Fund and the Fund's compliance plan.

A procedure for the selection and appointment of external auditors, and for the rotation of external audit engagement partners, has been approved by the Board.

## Principle 5: Make timely and balanced disclosure

The Company is committed to the promotion of investor confidence by providing full and timely information to all investors about the Fund's activities and by complying with the continuous disclosure obligations contained in the *Corporations Act 2001* and the ASX Listing Rules. The Board has adopted a Continuous Disclosure Policy which governs how the Company as Responsible Entity communicates with investors and the market. All price-sensitive information is to be disclosed to the ASX. A summary of the policy is available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

### **Principle 6: Respect the rights of the Fund unitholders**

In addition to its statutory reporting obligations, the Fund and the Company are committed to timely and ongoing communication with the Fund's investors.

The Company provides ongoing communication to investors through the annual and half yearly reports. Updates are also provided to investors whenever significant developments occur.

Fund investors are able to contact either the Fund Registry or the Fund Manager during business hours to discuss any queries in relation to their investment or the operation of the Fund.

The Fund has a section on the Brookfield Multiplex website that provides up to date Fund information, including any continuous disclosures notices given by the Fund, financial reports and distribution information.

As the Fund is a listed managed investment scheme, there is no mandatory requirement to hold annual general meetings (AGMs). In the future, the Company may decide to hold AGMs if the Company forms the view that there is sufficient demand from the Fund investors to incur that cost.

The Company has an internal dispute resolution mechanism in place which is designed to meet the requirements of the *Corporations Act 2001* and its Australian Financial Services License (AFSL). The process complies with the key principles of Australian Standard AS ISO 10002:2006 "Customer satisfaction – Guidelines for complaints handling in organizations" and the requirements of the ASIC Regulatory Guide 165 – "Licensing: Internal and external dispute resolution". If a dispute cannot be resolved through the internal dispute resolution mechanism, it can be referred to the Financial Ombudsman Service, an independent complaint resolution service of which the Company is a member.

The Company encourages Fund investors to visit its website regularly and communicate with the company electronically as a first preference.

### **Principle 7: Recognise and manage risk**

Management is responsible for developing and implementing policies and procedures to identify, manage and mitigate the risks across the Company and the Fund's operations. These policies are designed to ensure relevant risks are effectively and efficiently managed and monitored to enable the achievement of the Company's and the Fund's objectives.

The Board has elected to delegate responsibility for the oversight of the Company's compliance program to a Risk and Compliance Committee. The Committee comprises three independent Company Directors. The Committee discharges Part 5C.5 obligations under the *Corporations Act 2001* in relation to managed investment schemes. It has a charter, a summary of which appears at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

BML has an internal audit function which may review aspects of the Company business and the Fund as part of its annual program. The internal audit function communicates with the Audit Committee.

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

### **Principle 8: Remunerate fairly and responsibly**

Principle 8 suggests that the Company should establish a dedicated Remuneration Committee. As neither the Fund nor the Company directly employ staff, no Remuneration Committee has been established.

Independent and non-executive Directors receive fees for serving as Directors. Director fees are not linked to the performance of the Company or the Fund. Executive Directors do not receive payment for undertaking the role of Director. Executive Directors receive remuneration in their capacity as employees of BML.

The Company, as Responsible Entity of the Fund, believes that it has followed the best practice recommendations set by the ASX.

# Directors' Report

For the year ended 30 June 2010

## Interests of the Responsible Entity

### Management fees

For the year ended 30 June 2010, the Fund incurred \$643,000 in management fees to the Responsible Entity (2009: \$1,030,000). \$1,341,000 of management fees remain payable as at year end (2009: \$697,000).

### Related party unitholders

The following interests were held in the Consolidated Entity during the year:

- Multiplex APF Pty Ltd, as trustee for Multiplex APF Trust, holds 40,937,906 units or 20.18% of the Fund (2009: nil).
- Brookfield Multiplex Capital Pty Ltd holds 2,434,410 units or 1.2% of the Fund (2009: nil).
- JPMorgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Diversified Property Fund, holds nil units of the Fund (2009: 43,430,615 units or 21.41%).

## Significant changes in the state of affairs

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

## Events subsequent to the reporting date

### Rights issue

On 28 July 2010, the Responsible Entity of the Fund announced an underwritten 3 for 1 renounceable pro-rata rights issue of 608,582,790 fully paid new units in the Fund (New Units) at an issue price of \$0.05 per New Unit to eligible unitholders to raise approximately \$30.4 million (Rights Issue). The Rights Issue closed at 5.00pm (AEST) on 23 August 2010 and the allotment of new units is expected to be made on 31 August 2010.

The Consolidated Entity will use the proceeds of the Rights Issue to repay the balance owing under Tranche B of the Consolidated Entity's existing debt facility, to meet costs associated with the Rights Issue and to provide working capital to the Consolidated Entity. In addition, completion of the Rights Issue will also allow the Consolidated Entity (subject to satisfaction of certain conditions precedent, including revised financial ratios on 1 December 2011) to refinance the existing debt facility with a new debt facility with an expiry date of 1 December 2012.

Brookfield Multiplex Capital Securities Limited (ABN 13 103 736 081), in its capacity as trustee for Brookfield Multiplex PPF Investment No 2 Trust (Underwriter), has agreed to underwrite the Rights Issue. The Underwriter's obligations in relation to the underwriting of the Rights Issue are guaranteed by Brookfield Multiplex Funds Management Limited (ABN 15 105 371 917) as responsible entity of Brookfield Multiplex Property Trust (ARSN 106 643 387).

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

## Likely developments

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

## Environmental regulation

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

## Distributions

Distributions paid/payable to ordinary unitholders and minority interests are detailed below.

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
<b>Total distribution to ordinary unitholders for the year ended 30 June 2010</b>	-	-	
<b>MPIF income units – minority interest</b>			
<b>Income units</b>			
June 2010 distribution	0.53152	281	19 July 2010
May 2010 distribution	0.31336	165	18 June 2010
April 2010 distribution	0.22378	118	20 May 2010
March 2010 distribution	0.41046	217	20 April 2010
February 2010 distribution	0.38648	204	19 March 2010
January 2010 distribution	0.57667	304	19 February 2010
November 2009 distribution	0.34522	182	21 December 2009
September 2009 distribution	0.35521	188	22 October 2009
<b>Total distribution to income unitholders for the year ended 30 June 2010</b>	<b>3.14270</b>	<b>1,659</b>	
<b>Ordinary units</b>			
September 2008 distribution	2.25000	4,564	3 November 2008
<b>Total distribution to ordinary unitholders for the year ended 30 June 2009</b>	<b>2.25000</b>	<b>4,564</b>	
<b>MPIF income units – minority interest</b>			
May 2009 distribution	0.39366	250	22 June 2009
April 2009 distribution	0.13648	87	21 May 2009
March 2009 distribution	0.17831	113	23 April 2009
February 2009 distribution	0.38976	247	20 March 2009
January 2009 distribution	0.45464	289	20 February 2009
December 2008 distribution	0.52423	333	22 January 2009
November 2008 distribution	0.69672	450	17 December 2008
October 2008 distribution	0.71995	473	19 November 2008
September 2008 distribution	0.69672	465	20 October 2008
August 2008 distribution	0.71995	488	18 September 2008
July 2008 distribution	0.71995	469	19 August 2008
<b>Total distribution to income unitholders for the year ended 30 June 2009</b>	<b>5.63037</b>	<b>3,664</b>	

Distributions paid to ordinary unitholders for the year ended 30 June 2009 were paid out of the Consolidated Entity's realised revenues and expenses.

## Indemnification and insurance premiums

Under the Fund's Constitution, the Responsible Entity's officers 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.

Neither the Fund nor any controlled entity has 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 or its officers, the Risk and Compliance Committee, or auditors of the Fund. The insurance premiums are paid by the Responsible Entity.



# Directors' Report

For the year ended 30 June 2010

## Non-audit services

During the year, the auditor of the Consolidated Entity and Fund was changed from KPMG to Deloitte Touche Tohmatsu (Deloitte).

All amounts paid to Deloitte during the current year, and to KPMG during the prior year, for audit, review and regulatory services are disclosed in Note 8.

Details of non-audit services fees incurred by the Consolidated Entity to Deloitte during the current year are set out below. These amounts were paid out of the assets of the Consolidated Entity.

	Consolidated	
	Year ended 30 June 2010	Year ended 30 June 2009
	\$	\$
<b>Services other than statutory audit</b>		
Non-audit services relating to the Consolidated Entity	–	8,300
Non-audit services relating to the Fund's subsidiary MPIF	–	5,200
<b>Total fees related to non-audit services</b>	<b>–</b>	<b>13,500</b>

## Remuneration Report

### 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 of the Responsible Entity are KMP of that entity and their names are:

F. Allan McDonald (appointed 1 January 2010)  
 Brian Motteram (appointed 21 February 2007)  
 Barbara Ward (appointed 1 January 2010)  
 Tim Harris (appointed 17 March 2010)  
 Russell Proutt (appointed 1 January 2010)  
 Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)  
 Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)  
 Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)  
 Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)

The Responsible Entity is entitled to a management fee, which is calculated as a proportion of gross asset value. Details of the fees are shown below.

No compensation is paid directly by the Consolidated Entity to Directors or to any of the KMP of the Responsible Entity. Since the end of the financial year, no Director or 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 Consolidated Entity 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 year.

### 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.

No Director or KMP has entered into a contract for services with the Responsible Entity since inception, and there were no contracts involving Directors or KMP subsisting at year end.

### b Management fees

The management fees incurred by the Consolidated Entity to the Responsible Entity for the year ended 30 June 2010 were \$643,000 (2009: \$1,030,000).

**Rounding of amounts**

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

**Auditor's independence declaration under Section 307C of the *Corporations Act 2001***

The lead auditor's independence declaration is set out on page 32 and forms part of the Directors' Report for the year ended 30 June 2010.

Dated at Sydney this 25th day of August 2010.

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

**Russell Proutt**

Director

Brookfield Multiplex Capital Management Limited

# Auditor's Independence Declaration

For the year ended 30 June 2010

## Deloitte.

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060

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The Board of Directors  
Brookfield Multiplex Capital Management Limited  
(as Responsible Entity for Multiplex Acumen Property Fund)  
135 King Street  
SYDNEY NSW 2000

25 August 2010

Dear Directors

### MULTIPLEX ACUMEN PROPERTY FUND

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Brookfield Multiplex Capital Management Limited as the Responsible Entity for Multiplex Acumen Property Fund.

As lead audit partner for the audit of the financial statements of Multiplex Acumen Property Fund for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants

# Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	Consolidated Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Revenue and other income</b>			
Distribution income from listed and unlisted property trusts		6,462	10,015
Gain on disposal of listed and unlisted property trusts		2,086	–
Interest income		257	803
Other income		14	–
<b>Total revenue and other income</b>		<b>8,819</b>	<b>10,818</b>
<b>Expenses</b>			
Share of net loss of investments accounted for using the equity method	6	3,908	22,420
Impairment expense		12,374	78,443
Finance costs to external parties		7,088	4,995
Loss on disposal of listed and unlisted property trusts		–	2,468
Net loss on settlement of financial derivatives	7	–	3,623
Management fees		643	1,030
Other expenses		750	1,196
<b>Total expenses</b>		<b>24,763</b>	<b>114,175</b>
<b>Net loss for the year</b>		<b>(15,944)</b>	<b>(103,357)</b>
<b>Other comprehensive income</b>			
Change in reserves of investment accounted for using the equity method		1,424	1,017
Effective portion of changes in fair value of cash flow hedges		–	(3,198)
Change in fair value of available for sale financial assets		9,879	(37,286)
<b>Other comprehensive income/(loss) for the year</b>		<b>11,303</b>	<b>(39,467)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,641)</b>	<b>(142,824)</b>
Net loss attributable to:			
Ordinary unitholders		(9,725)	(99,252)
Minority interest – MPIF income unitholders		(6,219)	(4,105)
<b>Net loss for the year</b>		<b>(15,944)</b>	<b>(103,357)</b>
Total comprehensive income/(loss) attributable to:			
Ordinary unitholders		(355)	(138,719)
Minority interest – MPIF income unitholders		(4,286)	(4,105)
<b>Total comprehensive loss for the year</b>		<b>(4,641)</b>	<b>(142,824)</b>
<b>Earnings per unit</b>			
Basic and diluted earnings per ordinary unit (cents)		(4.79)	(48.93)

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

# Statement of Financial Position

As at 30 June 2010

	Note	Consolidated 2010 \$'000	2009 \$'000
<b>Assets</b>			
Current assets			
Cash and cash equivalents	10	7,822	2,439
Trade and other receivables	11	2,582	3,551
<b>Total current assets</b>		<b>10,404</b>	<b>5,990</b>
Non-current assets			
Investments – available for sale	12	158,393	172,992
Investments accounted for using the equity method	6	32,042	32,036
<b>Total non-current assets</b>		<b>190,435</b>	<b>205,028</b>
<b>Total assets</b>		<b>200,839</b>	<b>211,018</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	14	2,363	1,265
Distribution payable		281	–
Interest bearing liabilities	16	27,608	74,200
Deferred settlement	15	10,731	–
<b>Total current liabilities</b>		<b>40,983</b>	<b>75,465</b>
Non-current liabilities			
Interest bearing liabilities	16	40,902	–
Deferred settlement	15	–	10,299
<b>Total non-current liabilities</b>		<b>40,902</b>	<b>10,299</b>
<b>Total liabilities</b>		<b>81,885</b>	<b>85,764</b>
<b>Net assets</b>		<b>118,954</b>	<b>125,254</b>
<b>Equity</b>			
Attributable to ordinary unitholders			
Units on issue – ordinary units		203,381	203,381
Reserves		(1,133)	(10,503)
Undistributed losses		(122,540)	(112,815)
Attributable to MPIF income unitholders			
Minority interest – MPIF income units		52,960	52,960
Reserves		1,933	–
Undistributed losses		(15,647)	(7,769)
<b>Total equity</b>		<b>118,954</b>	<b>125,254</b>

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

# Statement of Changes in Equity

For the year ended 30 June 2010

	Attributable to unitholders of the Fund				Attributable to minority interest				Total equity \$'000
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	Income units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000	
<b>Consolidated Entity</b>									
<b>Opening equity – 1 July 2009</b>	<b>203,381</b>	<b>(112,815)</b>	<b>(10,503)</b>	<b>80,063</b>	<b>52,960</b>	<b>(7,769)</b>	<b>-</b>	<b>45,191</b>	<b>125,254</b>
Change in reserves of investment accounted for using the equity method	-	-	1,424	1,424	-	-	-	-	1,424
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	-	-	-	-
Change in fair value of available for sale financial assets	-	-	7,946	7,946	-	-	1,933	1,933	9,879
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>9,370</b>	<b>9,370</b>	<b>-</b>	<b>-</b>	<b>1,933</b>	<b>1,933</b>	<b>11,303</b>
Net loss for the year	-	(9,725)	-	(9,725)	-	(6,219)	-	(6,219)	(15,944)
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>(9,725)</b>	<b>9,370</b>	<b>(355)</b>	<b>-</b>	<b>(6,219)</b>	<b>1,933</b>	<b>(4,286)</b>	<b>(4,641)</b>
Transactions with unitholders in their capacity as unitholders									
Units issued	-	-	-	-	-	-	-	-	-
Units redeemed	-	-	-	-	-	-	-	-	-
Distributions declared	-	-	-	-	-	(1,659)	-	(1,659)	(1,659)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,659)</b>	<b>-</b>	<b>(1,659)</b>	<b>(1,659)</b>
<b>Closing equity – 30 June 2010</b>	<b>203,381</b>	<b>(122,540)</b>	<b>(1,133)</b>	<b>79,708</b>	<b>52,960</b>	<b>(15,647)</b>	<b>1,933</b>	<b>39,246</b>	<b>118,954</b>



# Statement of Cash Flows

For the year ended 30 June 2010

	Note	Consolidated	
		Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		7,479	16,917
Cash payments in the course of operations		(292)	(1,543)
Interest received		255	850
Financing costs paid		(5,710)	(5,231)
<b>Net cash flows from operating activities</b>	21	<b>1,732</b>	<b>10,993</b>
<b>Cash flows from investing activities</b>			
Payments for available for sale assets		(11,627)	(470)
Proceeds from sale of available for sale assets		23,691	11,947
<b>Net cash flows from investing activities</b>		<b>12,064</b>	<b>11,477</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of income units		–	8,771
Payments for redemption of income units		–	(18,233)
Proceed from settlement of derivatives		–	(838)
Proceeds from interest bearing liabilities		4,965	–
Repayments of interest bearing liabilities		(12,000)	(6,000)
Distributions paid		(1,378)	(14,249)
<b>Net cash flows used in financing activities</b>		<b>(8,413)</b>	<b>(30,549)</b>
Net increase/(decrease) in cash and cash equivalents		5,383	(8,079)
Cash and cash equivalents at beginning of year		2,439	10,518
<b>Cash and cash equivalents at 30 June</b>		<b>7,822</b>	<b>2,439</b>

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



# Notes to the Financial Statements

For the year ended 30 June 2010

## 1 Reporting entity

Multiplex Acumen Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited (BMCML), 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 2010 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

## 2 Basis of preparation

### a Statement of compliance

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

The financial statements were authorised for issue by the Directors on this 25th day of August 2010.

### 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;
- equity accounted investments, which are measured using the equity method; and
- available for sale financial assets, which are measured at fair value.

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

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

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

It should be noted that the Consolidated Entity has a debt facility which is currently classified as a current liability and therefore current liabilities exceed current assets by \$30,579,000 (2009: \$69,475,000). Available for sale assets totalling \$158,393,000 (2009: \$172,992,000) are classified as non-current assets.

In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Fund or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. These realistic alternatives include the realisation of assets currently classified as non-current investments in the Statement of Financial Position, as outlined in the Directors' Report and Note 25. As such, the financial statements have been prepared on a going concern basis.

### c Use of estimates and judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are provided in investments – available for sale (Note 12) and financial instruments (Note 20).

## 2 Basis of preparation continued

### d Financial statement presentation

The Consolidated Entity and the Fund have applied the revised AASB 101 *Presentation of Financial Statements*, which became effective on 1 January 2009. The revised standard requires the separate presentation of a Statement of Comprehensive Income and a Statement of Changes in Equity. All non-owner changes in equity must now be presented in the Statement of Comprehensive Income. As a consequence, the Consolidated Entity had to change the presentation of its financial statements. Comparative information has been re-presented so that it conforms with the revised standard.

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

## 3 Significant accounting policies

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

### a Principles of consolidation

#### Subsidiaries

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

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Consolidated Entity's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

#### Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 3 Significant accounting policies continued

### b Revenue recognition

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

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

#### Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the Consolidated Entity or the Fund to receive payment is established, which is generally when they have been declared.

#### Interest revenue

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

#### Gains or losses on available for sale financial assets

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

The fair value of listed investments is the quoted bid price at the Statement of Financial Position date.

### c 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.

#### Management fees

A base management fee calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Consolidated Entity quarterly in arrears.

#### Performance fee

A performance fee of 20% (including GST less any reduced input tax credits) of the outperformance of the Consolidated Entity against the benchmark return (S&P/ASX A-REIT Accumulation Index) is recognised on an accruals basis. Any previous underperformance must be recovered before a performance fee becomes payable.

#### Other expenditure

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

### d Goods and Services Tax (GST)

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

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

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

### 3 Significant accounting policies *continued*

#### e Income tax – funds

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

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

#### f Cash and cash equivalents

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

#### g Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Non-current receivables are measured at amortised cost using the effective interest rate method.

#### h Available for sale financial assets

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

#### i 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 which the Consolidated Entity has significant influence, but not control, over their financial and operating policies.

Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets 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 Statement of Comprehensive Income 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.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Consolidated Entity's interest in the associate. 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 associate.

#### j Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at a fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchase and sales of financial assets are accounted for at trade date, i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 3 Significant accounting policies continued

### j Non-derivative financial instruments continued

Accounting policies for cash and cash equivalents, trade and other receivables, available for sale financial assets, trade and other payables, and interest bearing liabilities are discussed elsewhere within the financial statements.

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

### k Impairment

#### Financial assets

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

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

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

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

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

#### Non financial assets

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

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

### l Earnings per unit

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

### m Trade and other payables

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

### n Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Comprehensive Income over the period of the borrowings on an effective interest rate basis. Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability to at least 12 months after the year end.

### o Distributions

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

### p Units on issue

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

### 3 Significant accounting policies continued

#### q Segment reporting

##### Change in accounting policy

The Consolidated Entity has adopted AASB 8 *Operating Segments* with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to segments and to assess their performance. Management has identified this function is performed by the Board of Directors of the Responsible Entity. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments using a risks and returns approach. As a result, following adoption of AASB 8, the identification of the Consolidated Entity's reportable segments has changed.

#### r New standards and interpretations not yet adopted

The following standards, amendments to standards, and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010 but have not been applied preparing this financial report.

AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available for sale debt investments, for example, will therefore have to be recognised directly in the profit or loss of the Statement of Comprehensive Income. The Consolidated Entity and the Fund have not yet decided when to adopt AASB 9 or the consequential impact of the amendment.

AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]*

In May 2009 the AASB issued a number of improvements to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 117 *Leases*, AASB 118 *Revenue*, AASB 136 *Impairment of Assets* and AASB 139 *Financial Instruments: Recognition and Measurement*. The Consolidated Entity and the Fund will apply the revised Standards from 1 July 2010. The Consolidated Entity and the Fund do not expect that any adjustments will be necessary as a result of applying the revised rules.

### 4 Parent entity disclosures

	2010 \$'000	Fund	2009 \$'000
<b>Assets</b>			
Current assets	6,376		4,109
Non-current assets	139,795		161,685
<b>Total assets</b>	<b>146,171</b>		<b>165,794</b>
<b>Liabilities</b>			
Current liabilities	9,604		75,491
Non-current liabilities	55,962		10,299
<b>Total liabilities</b>	<b>65,566</b>		<b>85,790</b>
<b>Equity</b>			
Units on issue	203,381		203,381
Reserves	11,153		-
Undistributed losses	(133,929)		(123,377)
<b>Total equity</b>	<b>80,605</b>		<b>80,004</b>
	Year ended 30 June 2010 \$'000	Fund	Year ended 30 June 2009 \$'000
Net loss for the year	(10,552)		(104,673)
Other comprehensive income/(loss) for the year	11,153		(42,550)
<b>Total comprehensive income/(loss) for the year</b>	<b>601</b>		<b>(147,223)</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 5 Segment reporting

Management has identified the Chief Operating Decision Maker function is performed by the Board of Directors of the Responsible Entity (Board). The following segments are identified as reporting segments which are reviewed by the Board to make decisions and assess performance.

### Listed property securities

This segment represents the Consolidated Entity's investment in a portfolio of A-REIT securities, including impairment expenses and any gain or loss recognised on listed property securities.

### Unlisted property securities

This segment represents the Consolidated Entity's investments in unlisted property securities, including the share of results of operations of the investment in the associate (as the associate is an unlisted property security), impairment expenses and any gain or loss recognised on unlisted property securities.

### Other

Other represents costs associated with the management of the Consolidated Entity and finance costs associated with the Consolidated Entity's debt, cash and interest bearing liabilities.

Information regarding these segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the Consolidated Entity's accounting policies.

The following is an analysis of the Consolidated Entity's revenue and results by reportable operating segment for the year:

For the year ended 30 June 2010	Listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
Revenue				
<b>Total revenue and other income</b>	<b>3,617</b>	<b>4,932</b>	<b>270</b>	<b>8,819</b>
Share of net loss of investments accounted for using the equity method	–	(3,908)	–	<b>(3,908)</b>
Impairment expense	(335)	(12,039)	–	<b>(12,374)</b>
Finance costs to external parties	–	–	(7,088)	<b>(7,088)</b>
Other	–	–	(1,393)	<b>(1,393)</b>
<b>Net profit/(loss) for the year</b>	<b>3,282</b>	<b>(11,015)</b>	<b>(8,211)</b>	<b>(15,944)</b>

The revenue reported above represents revenue generated from external customers. There was no intersegment profit or loss during the year.

For the year ended 30 June 2009	Listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
Revenue				
<b>Total revenue and other income</b>	<b>2,749</b>	<b>7,266</b>	<b>803</b>	<b>10,818</b>
Share of net loss of investments accounted for using the equity method	–	(22,420)	–	<b>(22,420)</b>
Impairment expense	(34,858)	(48,039)	4,454	<b>(78,443)</b>
Finance costs to external parties	–	–	(4,995)	<b>(4,995)</b>
Other	(2,476)	8	(5,849)	<b>(8,317)</b>
<b>Net loss for the year</b>	<b>(34,585)</b>	<b>(63,185)</b>	<b>(5,587)</b>	<b>(103,357)</b>

The revenue reported above represents revenue generated from external customers. There was no intersegment profit or loss during the year.

## 5 Segment reporting *continued*

The following is an analysis of the Consolidated Entity's assets by reportable operating segment.

30 June 2010	Listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
Total assets	28,603	163,691	8,545	200,839
Total liabilities	10,731	–	71,154	81,885
<b>Net assets</b>	<b>17,872</b>	<b>163,691</b>	<b>(62,609)</b>	<b>118,954</b>

30 June 2009	Listed property securities \$'000	Unlisted property securities \$'000	Other \$'000	Total \$'000
Total assets	20,879	184,149	5,990	211,018
Total liabilities	10,299	–	75,465	85,764
<b>Net assets</b>	<b>10,580</b>	<b>184,149</b>	<b>(69,475)</b>	<b>125,254</b>

The Consolidated Entity operates in one geographic area.

## 6 Investment accounted for using the equity method

	Consolidated 2010 \$'000	2009 \$'000
Multiplex New Zealand Property Fund Impairment	34,561 (2,519)	41,066 (9,030)
	<b>32,042</b>	<b>32,036</b>
Share of net loss from investments accounted for using the equity method: <b>Multiplex New Zealand Property Fund</b>	<b>(3,908)</b>	<b>(22,420)</b>

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Consolidated Entity is detailed below.

	2010 \$'000	2009 \$'000
Current assets	49,879	13,906
Non-current assets	453,862	564,733
<b>Total assets</b>	<b>503,741</b>	<b>578,639</b>
Current liabilities	52,869	375,065
Non-current liabilities	302,558	39,569
<b>Total liabilities</b>	<b>355,427</b>	<b>414,634</b>

	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Revenues	66,675	78,310
Expenses	(98,159)	(166,079)
Income tax benefit/(expense)	13,757	(6,545)
<b>Net loss after income tax for the year</b>	<b>(17,727)</b>	<b>(94,314)</b>

The Consolidated Entity owns 22.04% of the ordinary units of Multiplex New Zealand Property Fund (MNZPF) (2009: 24.32%). In accordance with accounting standards, the Consolidated Entity therefore has significant influence over MNZPF and accounts for its investment under the equity accounting method whereby the Consolidated Entity records its share of profit or loss of MNZPF's operations. Any changes to the results and operations of the underlying investment are presented in the Consolidated Entity's financial report through the share of net loss/profit of equity accounted investments line item in the Statement of Comprehensive Income and the carrying value of the equity accounted investment in the Statement of Financial Position. The investment in MNZPF is accounted for as an available for sale investment in the stand-alone Fund.



# Notes to the Financial Statements

For the year ended 30 June 2010

## 6 Investments accounted for using the equity method *continued*

In accordance with AASB 136 *Impairment of assets*, an assessment must be made at each reporting date whether there is any indication that an asset is impaired. A review of the equity accounted investment was performed at the reporting date and, due to the refinancing of MNZPF's debt facility during the year, the previous impairment of the equity accounted investment in MNZPF was deemed to be partially reversed. This conclusion was reached upon assessment of the fair value less cost to sell of the equity accounted investment, to ensure the current carrying value does not exceed the recoverable amount (being the higher of fair value less cost to sell or value in use). The fair value less cost to sell was determined based on the NTA of MNZPF, less estimated costs of disposal. The impairment analysis performed on the equity accounted investment at 30 June 2010 determined that an impairment reversal of \$5,666,000 was required. The carrying amount of impairment on equity accounted investments in the Consolidated Entity is detailed below.

	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Impairment of investments in associates		
Carrying amount at the beginning of the year	(9,030)	–
Impairment recognised	–	(9,030)
Reversal of impairment	5,666	–
Reduction of impairment balance due to disposal of investments	845	–
<b>Carrying amount at the end of the year</b>	<b>(2,519)</b>	<b>(9,030)</b>

## 7 Net gains and losses on revaluation of financial derivatives

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Interest rate swaps	–	(4,363)
Exchange rate swaps	–	740
<b>Net realised loss on settlement of financial derivatives</b>	<b>–</b>	<b>(3,623)</b>

## 8 Auditor's remuneration

	Consolidated	
	Year ended 30 June 2010 \$	Year ended 30 June 2009 \$
<b>Auditors of the Fund</b>		
Audit and review of the financial report	80,000	155,800
Non-audit services relating to the Fund	–	8,300
Non-audit services relating to the Fund's subsidiary	–	5,200
<b>Total auditor's remuneration</b>	<b>80,000</b>	<b>169,300</b>

All costs incurred in relation to the Fund's subsidiary, Multiplex Property Income Fund (MPIF), are borne by the Fund. Fees paid to the auditors of the Fund and MPIF in relation to compliance plan audits are borne by the Responsible Entity.

During the year, the auditor of the Consolidated Entity and the Fund was changed from KPMG to Deloitte Touche Tohmatsu (Deloitte).

## Earnings per unit

### Classification of securities as ordinary units

All securities have been classified as ordinary units and included in basic earnings per unit (EPU), as they have the same entitlement to distributions. There are no dilutive potential ordinary units, therefore diluted EPU is the same as basic EPU.

### Earnings per unit

Earnings per unit have been calculated in accordance with the accounting policy per Note 3I.

		Consolidated	
		Year ended 30 June 2010	Year ended 30 June 2009
Net loss attributable to ordinary unitholders	\$'000	(9,725)	(99,252)
Weighted average number of ordinary units used in the calculation of basic and diluted EPU	'000	202,861	202,861
Basic and diluted weighted earnings per ordinary unit	cents	(4.79)	(48.93)

## 9 Distributions

Distributions paid/payable by the Consolidated Entity to ordinary unitholders are detailed below. During the current year there were no distributions paid/payable by the Consolidated Entity to ordinary unitholders.

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
<b>Total distribution for the year ended 30 June 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ordinary units</b>			
September 2008 distribution	2.25000	4,564	3 November 2008
<b>Total distribution for the year ended 30 June 2009</b>	<b>2.25000</b>	<b>4,564</b>	

Distributions paid for the year ended 30 June 2009 were paid out of the Consolidated Entity's realised revenues and expenses.

Distributions paid/payable to income unitholders of MPIF were as follows:

	Cents per unit	Total amount \$'000	Date of payment
<b>MPIF income units – minority interest</b>			
June 2010 distribution	0.53152	281	19 July 2010
May 2010 distribution	0.31336	165	18 June 2010
April 2010 distribution	0.22378	118	20 May 2010
March 2010 distribution	0.41046	217	20 April 2010
February 2010 distribution	0.38648	204	19 March 2010
January 2010 distribution	0.57667	304	19 February 2010
November 2009 distribution	0.34522	182	21 December 2009
September 2009 distribution	0.35521	188	22 October 2009
<b>Total distribution to income unitholders for the year ended 30 June 2010</b>	<b>3.14270</b>	<b>1,659</b>	
<b>MPIF income units – minority interest</b>			
May 2009 distribution	0.39366	250	22 June 2009
April 2009 distribution	0.13648	87	21 May 2009
March 2009 distribution	0.17831	113	23 April 2009
February 2009 distribution	0.38976	247	20 March 2009
January 2009 distribution	0.45464	289	20 February 2009
December 2008 distribution	0.52423	333	22 January 2009
November 2008 distribution	0.69672	450	17 December 2008
October 2008 distribution	0.71995	473	19 November 2008
September 2008 distribution	0.69672	465	20 October 2008
August 2008 distribution	0.71995	488	18 September 2008
July 2008 distribution	0.71995	469	19 August 2008
<b>Total distribution to income unitholders for the year ended 30 June 2009</b>	<b>5.63037</b>	<b>3,664</b>	

MPIF has 52,791,450 income units on issue at the reporting date. Under the terms of the MPIF Product Disclosure Statement, income unitholders have a targeted monthly priority distribution payment (PDP) which is calculated with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum).

In circumstances where MPIF does not meet the PDP to its income unitholders, the Fund will be prevented from making distributions to its unitholders unless the shortfall has been met within two months of the end of the month in which the shortfall occurred.

As MPIF distributed less than the PDP for the months December 2008 through June 2010, the Fund will be prevented from making a distribution to its unitholders until the shortfall has been met. This distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months is, or has been, paid to income unitholders of MPIF. The PDP shortfall at 30 June 2010 was \$2,822,000 (2009: \$1,702,000).

# Notes to the Financial Statements

For the year ended 30 June 2010

## 10 Cash and cash equivalents

	Consolidated	
	2010 \$'000	2009 \$'000
Cash at bank	5,522	2,439
Cash not available for use	2,300	–
<b>Total cash and cash equivalents</b>	<b>7,822</b>	<b>2,439</b>

## 11 Trade and other receivables

	Consolidated	
	2010 \$'000	2009 \$'000
Distributions receivable – unlisted and listed investments	1,859	2,543
Other receivables	73	355
Prepayments	650	653
<b>Total trade and other receivables</b>	<b>2,582</b>	<b>3,551</b>

## 12 Investments – available for sale

	Consolidated	
	2010 \$'000	2009 \$'000
<b>Listed investments</b>		
Listed investments at cost	65,570	65,745
Fair value adjustments	1,176	–
Impairment	(38,766)	(44,866)
<b>Total listed investments</b>	<b>27,980</b>	<b>20,879</b>
<b>Unlisted investments</b>		
Unlisted investments at cost	176,822	191,105
Fair value adjustments	8,703	–
Impairment	(55,112)	(38,992)
<b>Total unlisted investments</b>	<b>130,413</b>	<b>152,113</b>
<b>Total investments – available for sale</b>	<b>158,393</b>	<b>172,992</b>

Reconciliation of the carrying amount of impairment is set out below:

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Investments – available for sale (listed property trusts)		
Carrying amount as at beginning of the year	(44,866)	(51,723)
Reduction of impairment balance due to disposal of investments	6,435	41,715
Impairment recognised in the current year	(335)	(34,858)
<b>Carrying amount at year end</b>	<b>(38,766)</b>	<b>(44,866)</b>
Investments – available for sale (unlisted property trusts)		
Carrying amount as at beginning of the year	(38,992)	–
Reduction of impairment balance due to disposal of investments	1,585	17
Impairment recognised in the current year	(17,705)	(39,009)
<b>Carrying amount at year end</b>	<b>(55,112)</b>	<b>(38,992)</b>

## 12 Investments – available for sale *continued*

Reconciliation of the impairment expense is set out below:

	Consolidated	
	Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
Investments – available for sale		
Reduction of impairment balance due to prior year gains recognised in reserves	–	4,454
Impairment recognised – listed property trusts	(335)	(34,858)
Impairment recognised – unlisted property trusts	(17,705)	(39,009)
Investments – associates		
Reduction of impairment – investments accounted for using the equity method	5,666	–
Impairment recognised – investments accounted for using the equity method	–	(9,030)
<b>Net impairment expense recognised in the Statement of Comprehensive Income</b>	<b>(12,374)</b>	<b>(78,443)</b>

### Impairment

During the year, the Consolidated Entity recognised an impairment loss in accordance with accounting standards of \$18,040,000 in relation to its available for sale investments (listed and unlisted property trusts) (2009: \$73,867,000).

The impairment loss recognised in relation to available for sale investments represents the difference between the cost of the portfolio and the market value as at 30 June 2010, less any previously recorded impairment losses.

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

### Investments in unlisted property securities

The Consolidated Entity invests directly in 34 unlisted property securities funds. Due to a lack of liquidity in the underlying investment portfolios, or due to the initial structure of the Fund as detailed in their original product disclosure statements and constitutions, six have suspended redemptions, 22 have always been closed to redemptions due to the investment structure as outlined in their original constitutions, three investments were listed on the Australian Securities Exchange but now are deemed insolvent and three have limited liquidity features, meaning that the Consolidated Entity, should it want to, has limited ability to realise these investments due to limited or no redemption options available through these structures. Unit prices have continued to be provided by the respective managers on either a monthly or quarterly basis.

Consistent with 30 June 2009, the Consolidated Entity has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 30 June 2010 or, where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios. As the Fund is not seeking to sell its assets in the near term, an additional discount would not normally be applied. However, further consideration was then given to each net asset value in the current environment to determine whether an additional discount should be applied by assessing other prevailing market evidence, including transactional evidence and an assessment of the ability of the underlying investments to continue as a going concern. This analysis included application of discounts to unaudited net asset values where the funds' underlying property investments were all located in Europe.

Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 12 Investments – available for sale continued

### Material investments

Investments by the Consolidated Entity which constitute 5% or more by value of that investment are disclosed below.

	2010 Units	2010 % ownership	2009 Units	2009 % ownership
<b>Unlisted property securities</b>				
APN Champion Retail Fund	13,900,000	25.0	13,900,000	25.0
APN Regional Property Fund	3,571,429	10.9	3,571,428	10.9
APN UKA Poland Retail Fund	7,542,100	19.9	7,542,100	19.9
APN UKA Vienna Retail Fund	6,000,000	13.1	6,000,000	13.1
Austock Childcare Fund	1,000,000	7.4	1,000,000	7.4
Centro MCS 21 – Roseland Holding Trust	4,915,000	33.5	4,915,000	33.5
Centro MCS 22 – Kidman Park Property Trust	1,126,105	15.7	1,126,105	15.7
Centro MCS 22 – Kidman Park Investment Trust	692,192	9.6	692,192	9.6
Charter Hall Diversified Property Fund	4,783,316	6.3	4,783,316	6.3
Gordon Property Investment Trust	1,363,000	9.3	1,363,000	9.3
Investa Diversified Office Fund	27,231,302	16.3	27,231,302	16.3
Investa Fifth Commercial Trust	9,550,000	19.1	9,550,000	19.1
Investa Second Industrial Trust	1,479,154	5.5	1,479,154	5.5
MAB Diversified Property Trust	7,000,000	10.6	7,000,000	10.6
Multiplex Development and Opportunity Fund	9,320,388	5.7	9,320,388	5.7
Northgate Property Trust	–	–	5,136,191	25.7
Pengana Credo European Property Trust	10,400,000	19.9	10,400,000	19.9
Reed Property Trust	5,515,213	7.0	5,515,213	8.2
Rimcorp Property Trust No. 3	1,500,000	18.5	1,500,000	18.5
St Hilliers Enhanced Property Fund No. 2	2,000,000	10.0	2,000,000	10.0
The Essential Health Care Trust	8,713,838	12.2	8,713,838	12.2
Westpac Diversified Property Fund	13,905,979	6.6	13,905,979	6.6
<b>Listed property securities</b>				
Multiplex Prime Property Fund	4,993,155	9.9	27,894,723	9.9
Multiplex European Property Fund	12,750,050	5.2	12,750,050	5.2

## 13 Investment in controlled entities

	2010 Ownership %	2010 Fund \$'000	2009 Ownership %	2009 Fund \$'000
Multiplex Property Income Fund – ordinary units	100	30,076	100	30,076
Provision for impairment	–	(30,076)	–	(30,076)
<b>Carrying amount – Multiplex Property Income Fund</b>		–		–
MPF Investment No.1 Trust	100	–	100	–
<b>Carrying amount – MPF Investment No.1 Trust</b>		–		–
MPF Investment No.2 Trust	100	–	100	–
<b>Carrying amount – MPF Investment No.2 Trust</b>		–		–
<b>Total</b>		–		–

The Fund owns 30,075,871, or 100%, of the ordinary units in MPIF, which are consolidated into the results of the Fund's consolidated financial statements. Income unitholders are not entitled to any profits from MPIF other than income unit distributions and have no right to influence or control MPIF. MPIF owns 100% of Multiplex Income UPT International Investments Trust (2009: 100%) and owns 100% of Multiplex Income UPT Domestic Investments Trust (2009: 100%).

A review of the carrying value of the investment in the controlled entity at 30 June 2010 indicated that the investment in the ordinary units of MPIF was still impaired. A provision of \$30,075,861 was recorded in the prior year to reflect the value of net assets of the underlying subsidiary attributable to MPF as the ordinary unitholder, or nil. The provision remains in the current year.

**13 Investment in controlled entities** continued

The headline items of the MPIF financial position are detailed below:

	Consolidated 2010 \$'000	2009 \$'000
<b>Assets</b>		
Total current assets	4,068	1,917
Total non-current assets	35,459	43,288
<b>Total assets</b>	<b>39,527</b>	<b>45,205</b>
<b>Liabilities</b>		
Total current liabilities	281	14
<b>Total liabilities</b>	<b>281</b>	<b>14</b>
<b>Net assets</b>	<b>39,246</b>	<b>45,191</b>

The Fund recognised an impairment of nil (2009: \$354,000) in relation to its receivable from its controlled entities during the year.

**14 Trade and other payables**

	Consolidated 2010 \$'000	2009 \$'000
Management fee payable	1,341	697
Accruals and other payables	1,022	568
<b>Total trade and other payables</b>	<b>2,363</b>	<b>1,265</b>

**15 Deferred settlement**

The Consolidated Entity's 30 June 2010 investment in Multiplex Prime Property Fund of 4,993,155 units is valued at \$15,924,000 (2009: \$10,327,000). This value is comprised of the fair value of the Consolidated Entity's units of \$5,193,000 (2009: \$28,000), which relates to the initial capital call paid to \$0.60 per \$1.00 unit and, following a consolidation of units in June 2010, the present value of the final call of \$2.237 per unit payable in June 2011 of \$10,731,000 (2009: \$10,299,000). The final call of \$10,731,000 (2009: \$10,299,000) is recorded as a deferred settlement liability and is shown as current liabilities in the Statement of Financial Position. The discount rate used to determine the present value is 4.01% (2009: 4.01%).

**16 Interest bearing liabilities**

	Consolidated 2010 \$'000	2009 \$'000
<b>Current</b>		
Secured bank debt	27,608	74,200
<b>Non-current</b>		
Secured bank debt	41,587	-
Debt Establishment Fees	(685)	-
<b>Total interest bearing liabilities – non-current</b>	<b>40,902</b>	<b>-</b>
<b>Total interest bearing liabilities</b>	<b>68,510</b>	<b>74,200</b>

	Consolidated 2010 \$'000	2009 \$'000
<b>Finance arrangements</b>		
Facilities available		
Bank debt facility	63,787	-
Bank debt facility	-	49,357
Non bank debt	5,408	-
Less: Facilities utilised	(69,195)	(74,200)
<b>Facilities not utilised/over utilised</b>	<b>-</b>	<b>(24,843)</b>

# Notes to the Financial Statements

For the year ended 30 June 2010

## 16 Interest bearing liabilities *continued*

During the year, the Consolidated Entity refinanced its existing borrowing with a maturity date of 1 December 2011.

The key terms of the facility are:

- net proceeds from the natural wind up of unlisted property securities and sales of investments must be used to reduce debt in line with agreed step down targets of total debt plus capitalised coupon interest outstanding of \$64,200,000 at 31 March 2010, \$55,000,000 at 31 December 2010 and \$40,000,000 at 30 June 2011. If the Consolidated Entity forecasts that it cannot meet a step down target, there will be a 30 day review period within which to agree a plan to meet the step down target or agree an alternative strategy;
- distributions to investors can resume when the amount owing under the facility has been reduced to \$37,100,000 or less and only 50% of management fees can be paid until this time;
- an interest cover ratio covenant requiring earnings before interest and tax, including cash at hand and excluding one off costs, must be greater than 1.0 times interest charged (but not capitalised) on a six month forward rolling basis; and
- at 1 December 2011 (or earlier if an event of default occurs), the financier will have the option (subject to ASX or unitholder approval if required) to convert any amounts greater than \$37,100,000 owing under the facility to a debt instrument which will carry rights of up to 40% of distributions or capital in certain circumstances.

During the year, the Consolidated Entity has repaid \$12,000,000 to its financier. As a result, the Consolidated Entity has exceeded the March 2010 repayment requirement of \$10,000,000, which therefore reduces ongoing interest costs. The repayment has been funded from \$9,200,000 of capital returned from the wind up of Northgate Property Trust, as well as proceeds of a partial redemption of the Fund's investment in Multiplex New Zealand Property Fund as a part of that fund's limited liquidity facility.

A rights issue was announced post year end. The Consolidated Entity will use the proceeds from the rights issue to repay the balance owing under Tranche B of the Consolidated Entity's existing debt facility, to meet costs associated with the rights issue and to provide working capital to the Consolidated Entity. In addition, completion of the rights issue will also allow the Consolidated Entity (subject to satisfaction of certain conditions precedent including revised financial ratios on 1 December 2011) to refinance the existing debt facility with a new debt facility with an expiry date of 1 December 2012. See Note 25 for further details.

During the year, the Consolidated Entity entered into a related party borrowing with the Brookfield Multiplex Group. The Consolidated Entity entered into a funding arrangement for \$4,965,000 for a period of up to 12 months. The lender has the ability to satisfy the facility by securing the 4,965,260,694 Multiplex Prime Property Fund units purchased through the Multiplex Prime Property Fund entitlement offer by the Consolidated Entity via the loan. On 21 June 2010, Multiplex Prime Property Fund undertook a 1,000 for 1 consolidation of units, which reduced the number of units secured to 4,965,261. Interest is charged on the loan at a margin of 9% p.a. over BBSY. Interest is capitalised to the value of the loan. The Consolidated Entity has the ability to put the entitlement units purchased to the lender in satisfaction of all amounts owing under the facility, including capitalised interest.

## 17 Units on issue

	Year ended 30 June 2010 \$'000	Year ended 30 June 2010 Units	Year ended 30 June 2009 \$'000	Year ended 30 June 2009 Units
Ordinary units				
<b>Opening balance</b>	203,381	202,860,930	203,381	202,860,930
<b>Closing balance – ordinary units</b>	<b>203,381</b>	<b>202,860,930</b>	<b>203,381</b>	<b>202,860,930</b>
Minority interest – income units				
<b>Opening balance</b>	52,960	52,791,450	62,260	62,331,445
Issue of income units	–	–	8,934	8,687,012
Redemption of units	–	–	(18,234)	(18,227,007)
<b>Closing balance – minority interest – income units</b>	<b>52,960</b>	<b>52,791,450</b>	<b>52,960</b>	<b>52,791,450</b>

The above ordinary units represent the ordinary units of the Consolidated Entity and the Fund. The minority interest above represents income units issued by MPIF and is only shown in the consolidated financial statements.

In accordance with the Fund's Constitution, each unitholder is entitled to receive distributions as declared from time to time and is entitled to one vote per unit at unitholder meetings. In accordance with the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund.

**18 Reserves**

	Consolidated	
	2010	2009
	\$'000	\$'000
Available for sale reserve	9,879	–
Foreign currency translation reserve	(9,079)	(10,503)
<b>Total reserves</b>	<b>800</b>	<b>(10,503)</b>

**Available for sale reserve**

	Consolidated	
	Year ended	Year ended
	30 June 2010	30 June 2009
	\$'000	\$'000
Opening balance	–	37,286
Fair value movement in relation to unlisted investments	8,703	(71,840)
Fair value movement in relation to listed investments	1,176	(34,858)
Impairment recognised on available for sale assets	–	69,412
<b>Closing balance</b>	<b>9,879</b>	<b>–</b>

**Hedge reserve**

	Consolidated	
	Year ended	Year ended
	30 June 2010	30 June 2009
	\$'000	\$'000
Opening balance	–	3,198
Fair value movement in relation to interest rate swaps	–	(3,198)
<b>Closing balance</b>	<b>–</b>	<b>–</b>

**Foreign currency translation reserve**

	Consolidated	
	Year ended	Year ended
	30 June 2010	30 June 2009
	\$'000	\$'000
Opening balance	(10,503)	(11,520)
Share of associate's reserves	1,424	1,017
<b>Closing balance</b>	<b>(9,079)</b>	<b>(10,503)</b>

**19 Undistributed Income**

	Consolidated	
	Year ended	Year ended
	30 June 2010	30 June 2009
	\$'000	\$'000
Opening balance	(120,584)	(8,999)
Net loss	(15,944)	(107,021)
Distributions to unitholders	(1,659)	(4,564)
<b>Closing balance</b>	<b>(138,187)</b>	<b>(120,584)</b>

**20 Financial instruments****Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 3 to the financial statements.

Throughout the year, in assessing the size and frequency of any distributions, the capacity of the Fund to accept redemption requests or to accept new applications for units, the Responsible Entity considers all of the risk factors disclosed below. This includes considering the liquid/illiquid nature of any assets or investments made by the Fund.



# Notes to the Financial Statements

For the year ended 30 June 2010

## 20 Financial instruments continued

### Significant accounting policies continued

#### a Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor and market confidence and the sustainable future growth of the Consolidated Entity. The Responsible Entity monitors the market unit price of the Consolidated Entity against the Consolidated Entity's net tangible assets (attributable to ordinary unitholders), along with earnings per unit invested and distributions paid per unit.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position. As per the Consolidated Entity's Product Disclosure Statement, the Responsible Entity seeks to restrict the level of short-term borrowings (up to 12 months in maturity) to 30% of the total tangible assets of the Fund.

On 17 December 2008, the Responsible Entity of the Fund's subsidiary MPIF resolved to temporarily close MPIF to applications and redemptions. On 28 April 2009, the Responsible Entity of MPIF resolved to redeem units to a maximum value of the cash reserves at that time, or \$10,700,000. MPIF remains temporarily closed to applications and redemptions at 30 June 2010. There were no other changes in the Fund's or the Consolidated Entity's approach to capital management during the year.

#### b Financial risk management

##### Overview

The Consolidated Entity is exposed to financial risks in the course of its operations. These exposures arise at two levels, direct exposures, which arise from the Consolidated Entity's use of financial instruments and indirect exposures, which arise from the Consolidated Entity's equity investments in other funds (Underlying Funds), and can be summarised as follows:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

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

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

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

##### Investment mandate

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

##### Derivative financial instruments

Whilst the Consolidated Entity may utilise derivative financial instruments, it will not enter into or trade derivative financial instruments for speculative purposes. The use of derivatives is governed by the Consolidated Entity's investment policies, which provide written principles on the use of financial derivatives. These principles permit the use of derivatives to mitigate financial risks associated with financial instruments utilised by the Consolidated Entity. At 30 June 2010, the Consolidated Entity is not party to any derivative agreements (2009: nil).

#### c Credit risk

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

##### Sources of credit risk and risk management strategies

The Consolidated Entity is exposed to both direct and indirect credit risk in the normal course of its operations. Direct credit risk arises principally from the Consolidated Entity's investment securities (in terms of distributions receivable and capital invested). Other credit risk also arises for the Consolidated Entity from cash and cash equivalents.

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

## 20 Financial instruments continued

### c Credit risk continued

#### Trade and other receivables

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

#### Investments – available for sale – listed property trusts

Credit risk arising from investments is mitigated by investing in securities in accordance with the Consolidated Entity's Constitution and Product Disclosure Statement. The Consolidated Entity's investments can be made in the following asset classes within specified ranges:

- unlisted property securities – up to a maximum of 100% of total assets;
- listed property securities – up to a maximum of 50% of total assets;
- direct property – up to a maximum of 20% of total assets and spread across the main property sectors of commercial, retail, industrial and diversified property securities; and
- cash and cash equivalents – up to a maximum of 20% of total assets.

The Consolidated Entity must limit its exposures in the portfolio to the following property sectors and geographic locations:

- individual asset manager – 30% of portfolio;
- individual property security – 20% of direct property portfolio; and
- individual tenants – 30% of direct property portfolio.

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

#### Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions that meet the Consolidated Entity's minimum credit rating criteria.

The Consolidated Entity's overall strategy of credit risk management remains unchanged from 2009.

#### Exposure to credit risk

The table below shows the maximum exposure to credit risk at the reporting date. The carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

	2010 \$'000	Consolidated 2009 \$'000
Cash and cash equivalents	7,822	2,439
Trade and other receivables	2,582	3,551
Investments – available for sale	158,393	172,992
<b>Total exposure to credit risk</b>	<b>168,797</b>	<b>178,982</b>

#### Concentrations of credit risk exposure

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

#### Collateral obtained/held

Where applicable, the Consolidated Entity obtains collateral from counterparties to minimise the risk of default on their contractual obligations. At the reporting date, the Consolidated Entity did not hold any collateral in respect of its financial assets (2009: nil). During the year ended 30 June 2010, the Consolidated Entity did not call on any collaterals provided (2009: nil).

# Notes to the Financial Statements

For the year ended 30 June 2010

## 20 Financial instruments continued

### c Credit risk continued

Financial assets past due but not impaired.

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

	Consolidated	
	2010 \$'000	2009 \$'000
Current	2,505	680
Past due 0–30 days	–	2,501
Past due 31–120 days	69	43
Past due 121 days to one year	–	–
More than one year	8	–
<b>Total trade and other receivables</b>	<b>2,582</b>	<b>3,244</b>

For the Consolidated Entity, amounts recognised above are not deemed to be impaired. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired (2009: nil). During the year ended 30 June 2010, receivables totalling nil were written off by the Consolidated Entity (2009: \$126,675).

### d Liquidity risk

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

#### Sources of liquidity risk and risk management strategies

The Consolidated Entity is exposed to direct and indirect liquidity risk in the normal course of its operations.

The main source of liquidity risk for the Consolidated Entity is refinancing of interest bearing liabilities and unlisted investment securities. The Consolidated Entity's approach to managing liquidity risk is to work to ensure that it has sufficient cash available to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity also manages liquidity risk by maintaining adequate banking facilities, through continuous monitoring of forecast and actual cash flows, and matching maturity profiles of financial assets and liabilities.

The main source of indirect liquidity risk for the Consolidated Entity is the refinancing of interest bearing liabilities held by the Underlying Funds, as this can directly impact the amount of distributions the Underlying Funds remit to the Consolidated Entity. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitoring the performance of those funds.

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

#### Interest bearing liabilities

The Consolidated Entity is exposed to liquidity risk (refinancing risk) on its interest bearing loans. The Consolidated Entity manages this risk by ensuring debt maturity dates and loan covenants are regularly monitored and negotiations with counterparties are commenced well in advance of the debt's maturity date.

#### Unitholders

The Fund is not exposed to liquidity risk associated with unitholder redemptions as its units are traded on the Australian Securities Exchange. The Consolidated Entity is exposed to liquidity risk on the income units issued by MPIF, as these can be redeemed by unitholders. MPIF has been closed to applications and redemptions during the whole of the financial year, therefore no liquidity risk existed for the year.

#### Investments – available for sale

The Consolidated Entity's listed investments are considered readily realisable as they are listed on the Australian Securities Exchange. The Consolidated Entity's unlisted investments are not considered as liquid as listed investments. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and by monitoring the performance of those funds.

The Consolidated Entity's liquidity risk is also managed in accordance with its investment strategy, as disclosed in the Product Disclosure Statement.

The Consolidated Entity's overall strategy to liquidity risk management remains unchanged from 2009.

**20 Financial instruments** continued**d Liquidity risk** continued

## Defaults and breaches

During the financial year ended 30 June 2010, the Consolidated Entity did not default or breach any terms of its loan amounts or covenants. At 30 June 2009, the Consolidated Entity's ICR covenant had been met; however, the gearing and ERL covenants had not been met. This was remedied by the refinancing during the year.

## Maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flows	Consolidated \$'000			
			0 to 12 months	1 to 2 years	2 to 5 years	Greater than 5 years
<b>2010</b>						
Trade and other payables	2,363	2,363	2,363	–	–	–
Interest bearing liabilities	68,510	71,626	30,777	40,849	–	–
Deferred settlement	10,731	11,170	11,170	–	–	–
<b>Total financial liabilities</b>	<b>81,604</b>	<b>85,159</b>	<b>44,310</b>	<b>40,849</b>	<b>–</b>	<b>–</b>
<b>2009</b>						
Trade and other payables	1,265	1,265	1,265	–	–	–
Interest bearing liabilities	74,200	75,510	75,510	–	–	–
Deferred settlement	10,299	11,158	–	11,158	–	–
<b>Total financial liabilities</b>	<b>85,764</b>	<b>87,933</b>	<b>76,775</b>	<b>11,158</b>	<b>–</b>	<b>–</b>

**e Market risk**

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

## Sources of market risk and risk management strategies

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

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

## Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Consolidated Entity is derived from interest bearing liabilities and cash balances.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 20 Financial instruments continued

### e Market risk continued

The table below shows the Fund's and the Consolidated Entity's direct exposure to interest rate risk at year end.

	Floating rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Consolidated 2010</b>			
Financial assets			
Cash and cash equivalents	7,822	–	7,822
Trade and other receivables	–	2,582	2,582
Investments – available for sale	–	158,393	158,393
<b>Total financial assets</b>	<b>7,822</b>	<b>160,975</b>	<b>168,797</b>
Financial liabilities			
Trade and other payables	–	2,363	2,363
Interest bearing liabilities	69,195	–	69,195
Deferred settlement	–	10,731	10,731
<b>Total financial liabilities</b>	<b>69,195</b>	<b>13,094</b>	<b>82,289</b>
<b>Consolidated 2009</b>			
Financial assets			
Cash and cash equivalents	2,439	–	2,439
Trade and other receivables	–	3,551	3,551
Investments – available for sale	–	172,992	172,992
<b>Total financial assets</b>	<b>2,439</b>	<b>176,543</b>	<b>178,982</b>
Financial liabilities			
Trade and other payables	–	1,265	1,265
Interest bearing liabilities	74,200	–	74,200
Deferred settlement	–	10,299	10,299
<b>Total financial liabilities</b>	<b>74,200</b>	<b>11,564</b>	<b>85,764</b>

### Sensitivity analysis

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

	2010		2010		2009		2009	
	+ 1% Profit and loss \$'000	+ 1% Equity \$'000	- 1% Profit and loss \$'000	- 1% Equity \$'000	+ 1% Profit and loss \$'000	+ 1% Equity \$'000	- 1% Profit and loss \$'000	- 1% Equity \$'000
<b>Consolidated Entity</b>								
Interest on cash	78	78	(78)	(78)	157	157	(157)	(157)
Interest bearing liabilities	(685)	(685)	685	685	(767)	(767)	767	767
Swap proceeds	–	–	–	–	365	365	(365)	(365)
Deferred settlement	–	(106)	–	108	–	203	–	(207)
<b>Total increase/(decrease)</b>	<b>(607)</b>	<b>(713)</b>	<b>607</b>	<b>715</b>	<b>(245)</b>	<b>(42)</b>	<b>245</b>	<b>38</b>

### Foreign currency risk

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

During the current year, the Consolidated Entity has not been exposed to direct foreign currency risk (2009: nil). The Consolidated Entity is exposed to indirect foreign currency risk due to its investment in entities that are exposed to foreign currency risk related to their overseas operations. The Consolidated Entity manages this risk by ensuring the Consolidated Entity only invests in funds with investment strategies consistent with the investment objectives of the Consolidated Entity and monitoring the performance of those funds.

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

## 20 Financial instruments continued

### f Other market risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices. The primary source of other market risk for the Consolidated Entity is associated with its listed and unlisted investment portfolio. The Responsible Entity manages the Consolidated Entity's market risk on a daily basis in accordance with the Consolidated Entity's investment objectives and policies. These are detailed in the Consolidated Entity's Constitution and Product Disclosure Statement.

#### Sensitivity analysis

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

	2010		2010		2009		2009	
	+ 10% Profit and loss \$'000	+ 10% Equity \$'000	- 10% Profit and loss \$'000	- 10% Equity \$'000	+ 10% Profit and loss \$'000	+ 10% Equity \$'000	- 10% Profit and loss \$'000	- 10% Equity \$'000
<b>Consolidated Entity</b>								
Listed investments	2,798	2,798	(2,798)	(2,798)	2,088	2,088	(2,088)	(2,088)
Unlisted investments	13,041	13,041	(13,041)	(13,041)	15,211	15,211	(15,211)	(15,211)
<b>Total increase/(decrease)</b>	<b>15,839</b>	<b>15,839</b>	<b>(15,839)</b>	<b>(15,839)</b>	<b>17,299</b>	<b>17,299</b>	<b>(17,299)</b>	<b>(17,299)</b>

### g Fair values

#### Methods for determining fair values

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

#### Cash and cash equivalents and trade and other receivables

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

#### Investments – available for sale

Fair value for listed investments is calculated based on the closing bid price of the security at the reporting date. Fair value for unlisted investments is calculated based on the latest available net asset values. Refer to Note 12 for further details.

#### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

As of 1 July 2009, the Consolidated Entity has adopted the amendments to AASB 7 *Financial Instruments: Disclosures* (Revised AASB 7), which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Entity's assets and liabilities measured and recognised at fair value at 30 June 2010. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

# Notes to the Financial Statements

For the year ended 30 June 2010

## 20 Financial instruments continued

### g Fair values continued

Consolidated Entity – at 30 June 2010	Level 1 \$'000	Level 3 \$'000	Total \$'000
<b>Assets</b>			
Investments – available for sale			
– Listed investments	27,980	–	27,980
– Unlisted investments	–	130,413	130,413
<b>Total assets</b>	<b>27,980</b>	<b>130,413</b>	<b>158,393</b>

Reconciliation of level 3 fair value measurements:

Consolidated Entity – for the year ended 30 June 2010	Investments available for sale \$'000	Total \$'000
Adoption of Revised AASB 7	152,113	152,113
Losses recognised in the income statement	(17,705)	(17,705)
Gains recognised in other comprehensive income	8,703	8,703
Sales	(14,283)	(14,283)
Issues/(settlements)	–	–
Other	1,585	1,585
<b>Closing balance</b>	<b>130,413</b>	<b>130,413</b>
<b>Total losses for the year included in the income statement attributable to losses relating to assets held at the end of year</b>	<b>(17,705)</b>	<b>(17,705)</b>

As at 30 June 2010, there were no financial assets or liabilities in level 2. During the year, there were no financial assets or liabilities which transferred between levels 1, 2 or 3.

## 21 Reconciliation of cash flows from operating activities

	Consolidated Year ended 30 June 2010 \$'000	Year ended 30 June 2009 \$'000
<b>Net loss for the year</b>	<b>(15,944)</b>	<b>(103,357)</b>
Adjustments for:		
<i>Items classified as investing activities</i>		
(Gain)/loss on sale of investments	(2,086)	2,468
Distributions from associates	–	1,060
Other	35	–
<i>Other</i>		
Capitalised borrowing costs	(952)	–
<i>Non cash items</i>		
Impairment expense	12,374	78,443
Change in fair value of derivatives	–	3,623
Share of net loss of investments accounted for using the equity method	3,908	22,420
Capitalised interest	2,029	–
Amortisation of capitalised borrowing costs	301	–
<b>Operating (loss)/profit before changes in working capital</b>	<b>(335)</b>	<b>4,657</b>
<b>Changes in assets and liabilities during the year:</b>		
Decrease in trade and other receivables	969	6,173
Increase in trade and other payables	1,098	163
<b>Net cash flows from operating activities</b>	<b>1,732</b>	<b>10,993</b>

## 22 Related parties

### Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity.

F. Allan McDonald (appointed 1 January 2010)  
 Brian Motteram (appointed 21 February 2007)  
 Barbara Ward (appointed 1 January 2010)  
 Tim Harris (appointed 17 March 2010)  
 Russell Proutt (appointed 1 January 2010)  
 Peter Morris (appointed 14 April 2004 – resigned 1 January 2010)  
 Robert McCuaig (appointed 31 March 2004 – resigned 1 January 2010)  
 Brian Kingston (appointed 27 August 2008 – resigned 17 March 2010)  
 Mark Wilson (appointed 27 August 2008 – resigned 1 January 2010)

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross assets attributable to unitholders. Refer below for further details related to the management fee and other fees the Responsible Entity is entitled to.

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

### Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, rights or options over such instruments, issued interests in registered schemes, and rights or options over such instruments issued by the companies within the Consolidated Entity and other related bodies corporate as at the reporting date:

Director	Multiplex Acumen Property Fund units held
F. Allan McDonald	–
Brian Motteram	411,379
Barbara Ward	–
Tim Harris	–
Russell Proutt	–

### Responsible Entity's fees and other transactions

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

#### Management fee

A management fee based on the gross value of assets is payable to the Responsible Entity. The management fee expense for the year ended 30 June 2010 was \$643,000 (2009: \$1,030,000). As at 30 June 2010, the management fee payable to the Responsible Entity was \$1,341,000 (2009: \$697,000).

A performance fee is payable if the benchmark is met. No performance fee has been paid this year.

### Related party unitholders

The following interests were held in the Consolidated Entity during the year:

- Multiplex APF Pty Ltd, as trustee for Multiplex APF Trust, holds 40,937,906 units or 20.18% of the Fund (2009: nil);
- Brookfield Multiplex Capital Pty Ltd holds 2,434,410 units or 1.2% of the Fund (2009: nil); and
- JPMorgan Nominees Australia Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Diversified Property Fund, holds nil units of the Fund (2009: 43,430,615 units or 21.41%).

ANZ Nominees Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Acumen Property Fund, holds the following investments in related party entities:

- Multiplex European Property Fund – 12,750,050 units or 5.2% (2009: 12,750,050 or 5.2%);
- Multiplex New Zealand Property Fund – 48,067,823 units or 22.0% (2009: 53,025,391 units or 24.3%);
- Multiplex Prime Property Fund – 4,993,155 units or 9.9% (2009: 27,894,723 units or 9.9%); and
- Multiplex Development and Opportunity Fund – 9,320,388 units or 5.7% (2009: 9,320,388 units or 5.7%).



# Notes to the Financial Statements

For the year ended 30 June 2010

## 22 Related parties continued

	Consolidated	
	2010 \$'000	2009 \$'000
<b>Transactions with associates</b>		
Distribution income	–	1,060
<b>Transactions with the Responsible Entity</b>		
Management fees	643	1,030
Cost reimbursements	613	445
Management fee payable	1,341	697
Cost reimbursements payable	1,009	118
<b>Transactions with related parties of the Responsible Entity</b>		
Distribution income		
– Multiplex Development and Opportunity Fund	142	–
– Multiplex Prime Property Fund	–	279
– Multiplex European Property Fund	574	638
Investments held (at fair value)		
– Multiplex Development and Opportunity Fund	8,072	10,252
– Multiplex Prime Property Fund	15,924	10,327
– Multiplex European Property Fund	1,721	1,403
Distributions receivable		
– Multiplex European Property Fund	335	80
Consideration from disposal of units in Multiplex New Zealand Property Fund	3,561	–

Transactions with related parties are conducted on normal commercial terms and conditions. Distributions paid by the Consolidated Entity to related party unitholders are made on the same terms and conditions applicable to all unitholders.

During the year, the Consolidated Entity sold units in Multiplex New Zealand Property Fund (MNZPF) on an arm's length transaction through the liquidity facility offered by Brookfield Multiplex Capital Management Limited, a related party. The Consolidated Entity sold 9.35% of its investment for total consideration of \$3,561,000.

The Consolidated Entity participated in the entitlement offer of Multiplex Prime Property Fund using funding borrowed from a related party. Refer to Note 16 for further details.

## 23 Contingent liabilities and assets

No contingent liabilities or assets existed at 30 June 2010 or 30 June 2009.

## 24 Capital and other commitments

The Consolidated Entity had no capital or other commitments at 30 June 2010 or 30 June 2009.

## 25 Events subsequent to the reporting date

### Rights issue

On 28 July 2010, the Responsible Entity of the Fund announced an underwritten 3 for 1 renounceable pro-rata rights issue of 608,582,790 fully paid new units in the Fund (New Units) at an issue price of \$0.05 per New Unit to eligible unitholders to raise approximately \$30.4 million (Rights Issue). The Rights Issue closed at 5.00pm (AEST) on 23 August 2010 and the allotment of new units is expected to be made on 31 August 2010.

The Consolidated Entity will use the proceeds of the Rights Issue to repay the balance owing under Tranche B of the Consolidated Entity's existing debt facility, to meet costs associated with the Rights Issue and to provide working capital to the Consolidated Entity. In addition, completion of the Rights Issue will also allow the Consolidated Entity (subject to satisfaction of certain conditions precedent including revised financial ratios on 1 December 2011) to refinance the existing debt facility with a new debt facility with an expiry date of 1 December 2012.

Brookfield Multiplex Capital Securities Limited (ABN 13 103 736 081), in its capacity as trustee for Brookfield Multiplex PPF Investment No 2 Trust (Underwriter), has agreed to underwrite the Rights Issue. The Underwriter's obligations in relation to the underwriting of the Rights Issue are guaranteed by Brookfield Multiplex Funds Management Limited (ABN 15 105 371 917) as responsible entity of Brookfield Multiplex Property Trust (ARSN 106 643 387).

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

# Directors' Declaration

For the year ended 30 June 2010

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

- a The consolidated financial statements and notes, set out in pages 33 to 62, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of the Consolidated Entity as at 30 June 2010 and of its performance for the financial year ended on that date;
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - iii complying with International Financial Reporting Standards, as stated in Note 2 to the financial statements.
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2010.

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

Dated at Sydney this 25th day of August 2010.



**Russell Proutt**

Director

Brookfield Multiplex Capital Management Limited

# Independent Audit Report



Deloitte Touche Tohmatsu  
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## Independent Auditor's Report to the Unitholders of Multiplex Acumen Property Fund

We have audited the accompanying financial report of Multiplex Acumen Property Fund ("the Fund"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 33 to 63.

### *Directors' Responsibility for the Financial Report*

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

### *Auditor's Responsibility*

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

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

# Deloitte.

policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's Opinion*

In our opinion:

- (a) the financial report of Multiplex Acumen Property Fund is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants  
Sydney, 25 August 2010

# ASX Additional Information

Additional information required by the Australian Securities 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 25 August 2010.

## 1. SUBSTANTIAL HOLDERS

COMPANY NAME	NO OF UNITS	% OF ISSUED ORDINARY UNITS
Multiplex APF Pty Limited	40,937,906	20.180
Avanteos Investments Limited	19,038,604	9.385
RBC Dexia Investor Services Australia Nominees Pty Limited	12,026,966	5.929

## 2. DISTRIBUTION OF ORDINARY UNITS

Analysis of numbers of unitholders by size of holding:

	UNITS	UNITHOLDERS
1-1,000	31,384	95
1,001-5,000	706,049	217
5,001-10,000	3,105,509	375
10,001-100,000	49,711,678	1,536
100,001 and over	149,306,310	187
	<b>202,860,930</b>	<b>2,410</b>

There were 694 holders with less than a marketable parcel of units.

## 3. UNITHOLDERS

*Twenty largest quoted unitholders.*

The twenty largest holders of ordinary units are listed below:

NAME	ORDINARY UNITS	
	NUMBER HELD*	% OF ORDINARY UNITS
Multiplex APF Pty Limited	40,937,906	20.180
Avanteos Investments Limited	19,038,604	9.385
RBC Dexia Investor Services Australia Nominees Pty Limited	12,026,966	5.929
Mr Claudio Paul Marcolongo & Mrs Diane Marcolongo	5,928,260	2.922
Avanteos Investments Limited	4,862,516	2.397
UBS Wealth Management Australia Nominees Pty Ltd	3,953,404	1.949
Citicorp Nominees Pty Limited	3,917,573	1.931
Invesco Pty Ltd	3,000,000	1.479
Pullington Investments Pty Ltd	2,852,546	1.406
Brookfield Multiplex Capital Pty Limited	2,434,410	1.200
M F Custodians Ltd	2,215,376	1.092
Netshare Nominees Pty Ltd	1,206,500	0.595
Jas #5 Pty Ltd	1,181,120	0.582
Vector Nominees Pty Limited	1,000,000	0.493
Collier Charitable Fund Custodian Corporation	1,000,000	0.493
Mr Robert Otto Albert	1,000,000	0.493
Sonara Holdings Pty Ltd	978,590	0.482
Favermead Pty Ltd	958,000	0.472
Bond Street Custodians Limited	905,427	0.446
Manatee Pty Ltd	900,000	0.444
<b>Total</b>	<b>110,297,198</b>	<b>54.371</b>
<b>Issued Capital</b>	<b>202,860,930</b>	

\*Amounts are pre-consolidated units.

#### 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 ordinary units.

#### 6. TRANSACTIONS DURING THE PERIOD

On a consolidated basis, there was one unlisted property security transaction and 34 A-REIT transactions during the period, with total brokerage cost of approximately \$8,000.

#### 7. SUMMARY OF INVESTMENTS

At 23 September 2010, the Consolidated Entity held investments in the following entities:

UNLISTED	UNLISTED
APN Champion Fund	MAB Diversified Property Trust
APN National Storage Property Trust	PFA Diversified Property Trust
APN Regional Property Fund	Multiplex Development and Opportunity Fund
APN UKA Poland Retail Fund	Multiplex New Zealand Property Fund
APN UKA Vienna Retail Fund	Pelorus Telstra House Trust
Austock Childcare Fund	Pengana Credo European Property Trust
BCP Holdings	RP Trust
Centro MCS 21	Rimcorp Property Trust No 3
Centro MCS 22	Rubicon America Trust
Centro MCS 28	Rubicon Europe Trust Group
Charter Hall Diversified Property Fund	Rubicon Japan Trust
Charter Hall Umbrella Fund	St Hilliers Enhanced Property Fund No 2
FKP Core Plus Fund	Stockland Direct Office Trust No 3
Gordon Property Trust	The Child Care Property Fund
Investa Diversified Office Fund	The Essential Health Care Trust
Investa Fifth Commercial Trust	Westpac Diversified Property Fund
Investa Second Industrial Trust	
A-REIT	A-REIT
Abacus Property Group	Charter Hall Office REIT
Aspen Property Group	Cromwell Group
Australand Property Group	Dexus Property Group
Challenger Diversified Property Group	GPT Group
Commonwealth Property Office Fund	Mirvac Group
ING Industrial Fund	Multiplex Prime Property Fund
ING Office Fund	Multiplex European Property Fund
Charter Hall Retail REIT	Stockland

#### 8. VOTING RIGHTS

Refer to Note 16 of the financial statements for details of voting rights.

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# Corporate Directory

## RESPONSIBLE ENTITY

Brookfield Capital Management Limited  
Level 22  
135 King Street  
Sydney NSW 2000  
Telephone: (02) 9322 2000  
Facsimile: (02) 9322 2001

## DIRECTORS

F. Allan McDonald  
Barbara Ward  
Brian Motteram  
Russell Proutt  
Tim Harris

## COMPANY SECRETARY

Neil Olofsson

## REGISTERED OFFICE

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

## CUSTODIAN

ANZ Nominees Limited  
Level 25  
530 Collins Street  
Melbourne VIC 3000  
Telephone: 1800 177 254

## STOCK EXCHANGE

The Fund is listed on the Australian Securities Exchange (ASX Code: BAO). The Home Exchange is Sydney.

## AUDITOR

Deloitte Touche Tohmatsu  
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[www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com)