

Multiplex Diversified Property Fund  
Interim Financial Report  
For the half year ended  
31 December 2008

# Multiplex Diversified Property Fund

ARSN 123 879 630

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# Directory

## Multiplex Diversified Property Fund

For the half year ended 31 December 2008

### **Responsible Entity**

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

### **Directors of Brookfield Multiplex Capital Management Limited**

Peter Morris  
Brian Motteram  
Robert McCuaig  
Brian Kingston  
Mark Wilson

### **Company Secretary of Brookfield Multiplex Capital Management Limited**

Neil Olofsson

### **Principal Registered Office**

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

### **Custodian**

JPMorgan Nominees Australia Limited  
Level 35, Suncorp Building  
259 George Street  
Sydney NSW 2000  
Telephone: (02) 9256 5000  
Facsimile: (02) 9256 5001

### **Location of Share Registry**

Registries (Victoria) Pty Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000  
Telephone: (02) 9290 9600  
Facsimile: (02) 9279 0664

### **Auditor**

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

# Directors' Report

## Multiplex Diversified Property Fund

For the half year ended 31 December 2008

### Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex Diversified Property Fund (ARSN 123 879 630) (Fund), present their report together with the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2008 and the review report thereon.

### Responsible Entity

The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML). BMCML was appointed responsible entity on 11 October 2007. Prior to this date, Brookfield Multiplex Capital Securities Limited (BMCSL) served as responsible entity of the Fund. Both BMCML and BMCSL are wholly owned subsidiaries of Brookfield Multiplex Limited.

The registered office and principal place of business of the Responsible Entity and the Fund is 1 Kent Street, Sydney.

### Directors

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

Name	Capacity
Peter Morris (Director since 14 April 2004)	Non-Executive Independent Chairman
Brian Motteram (Director since 21 February 2007)	Non-Executive Independent Director
Robert McCuaig (Director since 31 March 2004)	Non-Executive Independent Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Mark Wilson (Director since 27 August 2008)	Executive Director
Bob McKinnon (Director since 7 December 2007 – resigned 18 July 2008)	Non-Executive Director
Robert Rayner (Director since 31 October 2000 – resigned 22 August 2008)	Executive Director

### Information on Company Secretary

#### Neil Olofsson

Neil has over 13 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

### Principal activities

The principal activity of the Consolidated Entity is the investment in listed and unlisted property securities.

### Review of operations

The Fund currently has investments in 1 listed and 2 unlisted property trusts which provide indirect exposure to 59 listed and unlisted property funds across 31 managers and 5 property sectors throughout the world.

Following a review of the Fund's investments and as a result of the Fund's underlying investments reducing their distributions, BMCML communicated to investors on 17 December 2008 the temporary resolution to close the Fund to new applications and redemptions to serve the best interests of the unitholders.

Multiplex Diversified Property Fund has recorded a net loss of \$13,085,000 for the six month period ended 31 December 2008 (2007: profit of \$5,376,000). The reported net loss of \$13,085,000 includes \$11,642,000 share of net loss from equity accounted investments (2007: share of net profit of \$4,963,000) and \$1,938,000 impairment expense (2007: nil).

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

- total revenue and other income of \$634,000 (2007: \$5,488,000);
- distributions to unitholders of \$2,492,000 and distributions per unit (DPU) of 3.1056; (2007: \$4,122,000 and 6.5989 respectively);
- net assets of \$43,520,000 and NTA of \$0.5337 (determined on a post equity accounted basis) (2007: \$61,543,000 and \$0.9302 respectively); and
- no debt at the Fund level.

The Fund made no acquisitions or disposals during the period.

# Directors' Report

## Multiplex Diversified Property Fund

For the half year ended 31 December 2008

### Investment accounted for using the equity method

The Consolidated Entity owns 21.41% of the ordinary units of Multiplex Acumen Property Fund (MPF). In accordance with accounting standards, the Consolidated Entity therefore has significant influence over MPF and accounts for its investment under the equity accounting method whereby the Fund records its share of profit or loss of MPF'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 income statement and the carrying value of the equity accounted investment in the balance sheet.

MPF has an existing debt facility of \$100,000,000 that is scheduled to mature on 31 December 2009, of which \$76,200,000 was drawn at 31 December 2008. It is understood that MPF has been in discussions with the existing financier regarding the refinancing or extension of the existing facility.

MPF has reported that the existing debt facility has three financial loan covenants: the interest coverage ratio (ICR), a gearing covenant and an extension ratio limit (ERL), specifying a limit of the amount of debt that can be drawn at any time. At the date of this report, being 24th February 2009, it has been reported to the Consolidated Entity that the management of MPF hold the opinion that MPF was in compliance with the ICR and gearing covenants however the ERL will not be met.

MPF has reported to the Consolidated Entity as a significant investor the existing debt facility is scheduled to mature on 31 December 2009 based on the original terms of the debt facility. However at the date of this report, being 24th February 2009, the MPF debt facility has not been renegotiated. If MPF is unable to renegotiate its existing debt facility on favourable terms, the Consolidated Entity may be unable to realise the full value of its underlying investment as currently reflected in the financial report.

Further information can be found in note 9 to the financial report.

### Rounding of amounts

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

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

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2008.

Dated at Sydney this 24th day of February 2009.

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



**Mark Wilson**

Director

Brookfield Multiplex Capital Management Limited



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Brookfield Multiplex Capital Management Limited, as the responsible entity of Multiplex Diversified Property Fund

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in purple ink that appears to read 'KPMG'.

KPMG

A handwritten signature in purple ink that appears to read 'T. Gilerman'.

Tanya Gilerman  
*Partner*

Sydney  
24 February 2009

# Consolidated Interim Income Statement

## Multiplex Diversified Property Fund

For the half year ended 31 December 2008

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	Note	Consolidated Six months ended 31 December 2008 \$'000	Period from 8 February to 31 December 2007 \$'000
<b>Revenue</b>			
Share of net profit of investments accounted for using the equity method		–	4,963
Distribution income from unlisted property trusts		189	246
Interest income		445	126
Other income		–	153
<b>Total revenue and other income</b>		<b>634</b>	<b>5,488</b>
<b>Expenses</b>			
Share of net loss of investments accounted for using the equity method		11,642	–
Impairment expense	7	1,938	–
Management fees		64	21
Other expenses		75	91
<b>Total expenses</b>		<b>13,719</b>	<b>112</b>
<b>Net (loss)/profit</b>		<b>(13,085)</b>	<b>5,376</b>

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

# Consolidated Interim Balance Sheet

## Multiplex Diversified Property Fund

As at 31 December 2008

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	Note	Consolidated 31 December 2008 \$'000	30 June 2008 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		16,567	11,216
Trade and other receivables		158	1,511
<b>Total current assets</b>		<b>16,725</b>	<b>12,727</b>
<b>Non-current assets</b>			
Investments – available for sale	7	6,164	8,149
Investments accounted for using the equity method		21,773	42,215
<b>Total non-current assets</b>		<b>27,937</b>	<b>50,364</b>
<b>Total assets</b>		<b>44,662</b>	<b>63,091</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		45	49
Distribution payable	6	1,097	1,499
<b>Total current liabilities</b>		<b>1,142</b>	<b>1,548</b>
<b>Total liabilities</b>		<b>1,142</b>	<b>1,548</b>
<b>Net assets</b>		<b>43,520</b>	<b>61,543</b>
<b>Equity</b>			
Units on issue	8	78,090	72,667
Reserves		(10,723)	(2,854)
Undistributed losses		(23,847)	(8,270)
<b>Total equity</b>		<b>43,520</b>	<b>61,543</b>

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.



# Consolidated Interim Statement of Changes in Equity

## Multiplex Diversified Property Fund

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For the half year ended 31 December 2008

		Consolidated Six months ended 31 December 2008 \$'000	Period from 8 February to 31 December 2007 \$'000
	Note		
<b>Opening equity</b>		61,543	–
<b>Movement in units on issue</b>			
Issue of units	8	6,438	64,725
Redemption of units	8	(1,221)	(112)
Reinvested distributions	8	206	2,544
<b>Movement in hedge reserve</b>			
Share of movement of reserve for investments accounted for using the equity method		(1,424)	380
<b>Movement in available for sale reserve</b>			
Fair value movement in unlisted investments		(1,985)	1,025
Share of movement in reserves of investments accounted for using the equity method		(7,183)	764
Net change in fair value of available for sale investments recognised as impairment expense	7	1,938	764
<b>Movement in foreign currency translation reserve</b>			
Share of movement of reserve for investments accounted for using the equity method		785	(40)
<b>Movement in undistributed (losses)/income</b>			
Net (loss)/profit		(13,085)	5,376
Distributions paid or payable	6	(2,492)	(4,122)
<b>Closing equity</b>		<b>43,520</b>	<b>70,540</b>

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

# Consolidated Interim Cash Flow Statement

## Multiplex Diversified Property Fund

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For the half year ended 31 December 2008

		Consolidated Six months ended 31 December 2008 \$'000	Period from 8 February to 31 December 2007 \$'000
	Note		
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1,544	379
Cash payments in the course of operations		(147)	(69)
Interest received		447	76
<b>Net cash flows from operating activities</b>		<b>1,844</b>	<b>386</b>
<b>Cash flows from investing activities</b>			
Payments for purchase of investments in unlisted property trusts		–	(2,000)
Distributions received from investments accounted for using the equity method		978	1,194
<b>Net cash flows from/(used in) investing activities</b>		<b>978</b>	<b>(806)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units	8	6,438	11,927
Payments for redemption of units		(1,221)	(112)
Distributions paid		(2,688)	(2,746)
<b>Net cash flows from financing activities</b>		<b>2,529</b>	<b>9,069</b>
Net increase in cash and cash equivalents		5,351	8,649
Cash and cash equivalents at beginning of period		11,216	–
<b>Cash and cash equivalents at 31 December</b>		<b>16,567</b>	<b>8,649</b>

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

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Diversified Property Fund

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For the half year ended 31 December 2008

### 1 Reporting entity

Multiplex Diversified Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the six months ended 31 December 2008 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity) and the Consolidated Entity's interest in associates.

### 2 Basis of preparation

#### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial report does not include all the information required for a full year report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at 30 June 2008 and for the period from 8 February 2007 to 30 June 2008.

The Fund was constituted on 8 February 2007 and was registered as a Managed Investment Scheme on 22 February 2007. The Fund issued units pursuant to the PDS on 19 March 2007. The comparative period is therefore comprised of the period 8 February 2007 to 31 December 2007.

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

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

It should be noted that the Fund holds a material investment in an associate that currently has a debt facility classified as a current liability. Due to the financial position of this associate, the Fund's investment may or may not be realised at its full value. Further details related to the Fund's associate can be found in note 9 to the financial report.

### 3 Significant accounting policies

The accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the period ended 30 June 2008.

### 4 Segment reporting

The Consolidated Entity operates in a single, primary business and geographical segment, being investment in listed and unlisted property securities in Australia.

### 5 Estimates

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

Refer to note 7, Investments – available for sale, for further detail on the use of judgements, estimates and assumptions in valuing the Consolidated Entity's investment property portfolio.

### 6 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
September 2008 distribution	1.7596	1,395	24 October 2008
December 2008 distribution	1.3460	1,097	30 January 2009
<b>Total distribution for the six months ended 31 December 2008</b>	<b>3.1056</b>	<b>2,492</b>	
<b>Ordinary units</b>			
March 2007 distribution <sup>1</sup>	–	153	–
June 2007 distribution	2.4409	1,353	25 July 2007
September 2007 distribution	2.0790	1,240	26 October 2007
December 2007 distribution	2.0790	1,376	28 January 2008
<b>Total distribution for the six months ended 31 December 2007</b>	<b>6.5989</b>	<b>4,122</b>	

<sup>1</sup> The distribution paid in the quarter ended 31 March 2007 of \$152,935 was paid prior to the issue of the PDS and was payable to Brookfield Multiplex Property Trust (formerly Multiplex Property Trust).

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Diversified Property Fund

For the half year ended 31 December 2008

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	Consolidated 31 December 2008 \$'000	30 June 2008 \$'000
<b>7 Investments – available for sale</b>		
Cost of investments – unlisted property trusts	8,102	8,102
Fair value increase – unlisted property trusts	–	47
Impairment – unlisted property trusts	(1,938)	–
<b>Total</b>	<b>6,164</b>	<b>8,149</b>

	Consolidated 31 December 2008 \$'000
Reconciliation of the carrying amount of impairment is set out below:	
Carrying amount as at 1 July 2008	–
Impairment recognised in the current period	(1,938)
<b>Net impairment expense recognised in the income statement</b>	<b>(1,938)</b>

### Impairment

The Responsible Entity has determined there is objective evidence at the date of this report that the value of the Consolidated Entity's unlisted property trust portfolio is impaired. This determination has arisen due to the significant and prolonged decline in value of unlisted property trusts during the period. As such, any declines in value recognised in the available for sale reserve have been recognised directly in the income statement. The net impairment expense recorded in the income statement is \$1,938,000. No impairment loss was recognised during the period ended 31 December 2007.

### Investment in unlisted property securities

The Fund invests in two unlisted property securities funds, one of which is closed-ended and one of which offers only limited liquidity on a yearly basis. This means that the Fund 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. Although the Directors of the Responsible Entity consider this value to represent fair value as at 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.

Consistent with 30 June 2008, the Fund has valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2008, or where this has not been provided the latest available net asset value.

	Six months ended 31 December 2008 \$'000	Six months ended 31 December 2008 Units	Six months ended 31 December 2007 \$'000	Six months ended 31 December 2007 Units
<b>8 Units on issue</b>				
<b>Units on issue</b>				
<b>Opening balance</b>	<b>72,667</b>	<b>72,963,140</b>	<b>–</b>	<b>–</b>
Units issued	6,438	10,627,881	64,725	63,933,276
Units redeemed	(1,221)	(2,380,785)	(112)	(103,325)
Reinvested distributions	206	331,759	2,544	2,332,338
<b>Closing balance</b>	<b>78,090</b>	<b>81,541,995</b>	<b>67,157</b>	<b>66,162,289</b>

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex Diversified Property Fund

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For the half year ended 31 December 2008

### 9 Investment accounted for using the equity method

#### Multiplex Acumen Property Fund

The Consolidated Entity owns 21.41% of the ordinary units of Multiplex Acumen Property Fund (MPF) and represents approximately 45% of the Consolidated Entity's total assets. The Consolidated Entity therefore has significant influence over MPF and accounts for its investment under the equity accounting method whereby the Consolidated Entity records its share of profit or loss of MPF's operations. Any changes to the results and operations of the underlying investment are presented in the Fund's financial report through the share of net loss/profit of equity accounted investments line item in the income statement and the carrying value of the equity accounted investment in the balance sheet.

MPF has an existing debt facility of \$100,000,000 that is scheduled to mature on 31 December 2009, of which \$76,200,000 was drawn at 31 December 2008. It is understood that MPF has been in discussions with the existing financier regarding the refinancing or extension of the existing facility.

MPF's facility has three financial covenants: the interest coverage ratio (ICR), a gearing covenant and an extension ratio limit (ERL). At the date of this report, being 24th February 2009, it has been reported that MPF is in compliance with its ICR and gearing covenants however is in breach of the ERL covenant. The management of MPF have reported that they have held initial discussions with the financiers in relation to the breach of the ERL and at the date of this report, MPF's financier has yet to confirm the breach and no event of default has been called. However MPF believes additional interest charges and penalties may be levied upon the Fund as a consequence of this breach.

The ERL provides that the amount drawn under the Facility must not be greater than the sum of 60% of the value of its A-REIT portfolio and 20% of the value of its unlisted property securities portfolio. Based on the financial report dated 24th February 2009, the amount drawn under the ERL would be \$63,583,011 compared to \$76,200,000 which has been drawn.

Based on current expectations of future asset values and forecasted income of MPF, it is expected that MPF will remain in breach of the ERL at 30 June 2009 and that the gearing and ICR covenants may be breached at 30 June 2009. However MPF's current intention is to obtain refinancing or extension of its existing debt facility prior to this date.

MPF has reported to the Consolidated Entity as a significant investor the existing debt facility is scheduled to mature on 31 December 2009 based on the original terms of the debt facility, however MPF's current intention is to obtain refinancing or extension of the existing debt facility prior to this date. At the date of this report, being 24th February 2009, the MPF debt facility has not been renegotiated.

Should MPF be unable to renew its debt on favourable terms or repay its existing debt facility, the Consolidated Entity may be unable to realise the full value of its investment in MPF. Additionally, approximately 66% of MPF's total assets are comprised of investments in unlisted property trusts. These trusts have limited liquidity features due to suspension of redemptions or because they are closed-ended in structure, meaning there are limited or no rights of redemption from the trusts. There is uncertainty as to the likely unit price of each of these securities once these underlying investments recommence acceptance of redemptions. Furthermore, a significant investment of MPF's is an investment in the unlisted Multiplex New Zealand Property Fund (MNZPF). At 31 December 2008 MNZPF has a NZ\$599,000,000 debt facility due to mature on 31 August 2009. Should MNZPF be unable to repay or refinance this debt the value of this investment in MPF's financial results will be adversely impacted.

At 31 December 2008, the Consolidated Entity's investment in MPF is recorded in the balance sheet as an investment accounted for using the equity method and is valued at \$21,773,000. If this full value cannot be realised, impairment and/or realised losses will be recorded in the Fund's future income statements.

### 10 Related parties

There have been no significant changes to the related party transactions disclosed in the annual report for the period ended 30 June 2008.

### 11 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2008 (30 June 2008: nil).

### 12 Capital and other commitments

The Consolidated Entity had no capital or other commitments at 31 December 2008 (30 June 2008: nil).

### 13 Events subsequent to the reporting date

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

## Directors' Declaration

### Multiplex Diversified Property Fund

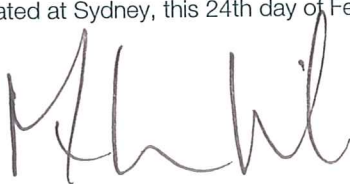
For the half year ended 31 December 2008

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

- a The consolidated interim financial statements and notes, set out in pages 7 to 13, are in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and
  - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Capital Management Limited.

Dated at Sydney, this 24th day of February 2009.



**Mark Wilson**

Director

Brookfield Multiplex Capital Management Limited





## **Independent auditor's review report to the unitholders of Multiplex Diversified Property Fund**

### **Report on the financial report**

We have reviewed the accompanying interim financial report of Multiplex Diversified Property Fund (the "Fund"), which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the interim period ended on that date, a statement of accounting policies, other explanatory notes 1 to 13 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the interim period's end or from time to time during the interim period.

#### *Directors' responsibility for the financial report*

The directors of Brookfield Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Multiplex Diversified Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



### *Conclusion*

Whilst we draw attention to the significant uncertainty as described below, based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Multiplex Diversified Property Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### *Carrying value of equity accounted investment in Multiplex Acumen Property Fund*

Without qualification to the opinion expressed above attention is drawn to note 9 of the financial statements. The Consolidated Entity holds a material investment in an associate, Multiplex Acumen Property Fund ("MPF"). MPF is currently in discussions with its bankers in relation to the renewal of its debt facility. The outcome of these negotiations is uncertain however the directors of the Responsible Entity of MPF anticipate a successful outcome from these negotiations and accordingly the financial statements of MPF have been prepared on a going concern basis. MPF holds material investments in unlisted property security funds, which as a result of a lack of liquidity have suspended redemptions or only have limited liquidity facilities. The directors of the Responsible Entity of MPF have adopted the net tangible asset backing ("NTA") as the fair value of each of the underlying property security funds at 31 December 2008, however significant uncertainty exists as to whether the underlying property security funds will be able to be realised at the NTA value when redemption facilities re-open. MPF also holds a material investment in an associate Multiplex New Zealand Property Fund ("MNZPF"). MNZPF is currently in discussions with its bankers in relation to the renewal of its debt facility. The outcome of these negotiations is uncertain however the directors of the Responsible Entity of MNZPF anticipate a successful outcome from these negotiations and accordingly the financial statements of MNZPF have been prepared on a going concern basis.

The issues outlined above may ultimately impact on the ability of the Consolidated Entity to realise its investment in MPF at the amount stated in the financial statements at 31 December 2008.

KPMG

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Sydney  
24 February 2009