

# ASX Announcement

30 March 2010

## **MULTIPLEX PRIME PROPERTY FUND (ASX: MAFCB) UNITHOLDER CORRESPONDENCE – INTERIM REPORT 2010**

In accordance with ASX Listing Rule 3.17 please find attached a copy of the Interim Report 2010 which is being sent to all unitholders.

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For more information please contact:

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Fund Manager  
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Interim Report 2010  
Multiplex Prime  
Property Fund

ARSN 110 096 663

Brookfield

**Responsible Entity**

Brookfield Multiplex Capital Management Limited  
ACN 094 936 866, AFSL 223809

Interim  
Report

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# Message from the Chairman



On behalf of the Board of Brookfield Multiplex Capital Management Limited (BMCML), enclosed are the interim financial results for the six month period to 31 December 2009 for Multiplex Prime Property Fund (Fund).

Despite a difficult year in the global markets, the Australian economy showed signs of improvement during the period, driven by government spending and private consumption.

The value of the Funds properties remained stable and the value of the A-REIT portfolio increased.

## **Financial summary**

The Fund reported a net profit of \$16.1 million for the period, which includes a net valuation gain of \$10.7 million recorded from the direct property portfolio. Key financial results as at 31 December 2009 include:

- The Fund raised \$50.2 million via entitlement offer to stabilise the capital structure of the Fund
- Value of direct property portfolio increased to \$578.1 million
- NTA of 0.2 cents per unit

## **Board and management changes**

During the period, Peter Morris (Chairman) and Robert McCuaig, both independent directors retired from the Board of BMCML after overseeing the restoration of a number of Brookfield Multiplex's retail funds to a more stable financial position following the global financial crisis. In addition, Mark Wilson, who was an executive director of the Board resigned.

Joining Brian Kingston and Brian Motteram on the BMCML Board is two new independent directors, Allan McDonald and Barbara Ward, and one executive director, Russell Proutt. The various Board changes took effect on 1 January 2010.

Please visit [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com) for the Fund's half year financial report. On behalf of the Board, thank you for your ongoing support.

A handwritten signature in dark ink, appearing to read 'Allan'.

**Allan McDonald**  
Chairman

Fund snapshot as at 31 December 2009

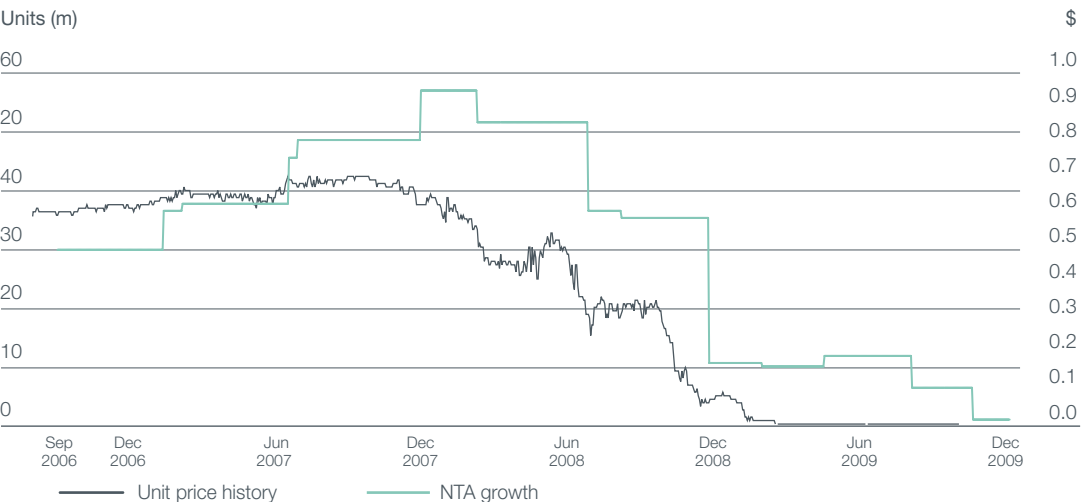
Listing date	15 September 2006
Market capitalisation	\$50.4 million
Funds under management	\$592.5 million
NTA per unit (cpu)	0.2
Portfolio occupancy	99.9%
Portfolio weighted average lease term	6.7 years
Portfolio weighted average capitalisation rate	7.16%
ASX daily trading volumes <sup>1</sup>	0.6m/2.9m units per day
Management fee	0.666% pa (excluding GST) of gross asset value
Performance fee <sup>2</sup>	Tier 1 – 5%, Tier 2 – 15% (excluding GST) of benchmark <sup>1</sup> outperformance

Notes:

1 (12 months average) pre/post Entitlement Offer.

2 UBS Commercial Property Accumulation (2008) Index.

Unit price and NTA history



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Ernst & Young Centre  
Sydney

# Fund Manager's Half Year Review

On behalf of Multiplex Prime Property Fund (Fund) and the Responsible Entity, Brookfield Multiplex Capital Management Limited (BMCML), I present the half year review for the six months to 31 December 2009.

The impact of the global financial crisis triggered a significant decline in the value of the direct property assets and A-REIT portfolio, which resulted in the Fund's gearing spiking to 90.4% at 30 June 2009. A direct consequence of this was the Fund breaching its Loan to Value Ratio (LVR) covenants under the terms of its debt facility.

To remedy the covenant breaches, an Entitlement Offer to raise \$50.2 million was launched in October 2009 following approval of unitholders at a meeting held on 7 October 2009. The completion of the Entitlement Offer had the following effects on the Fund:

- immediate reduction in the gearing of the Fund from 90.4% to 80.3%;
- the 30 June 2009 covenant breaches are permanently waived; and
- the LVR covenants were relaxed for 31 December 2009 covenant testing.

The Entitlement Offer was essential to strengthen the capital structure of the Fund and allow it to weather the economic downturn.

## Financial performance

The Fund reported a net profit of \$16.1 million for the period compared to a net loss of \$38.0 million for the prior corresponding period (pcp). This includes a net valuation gain of \$10.7 million recorded from the direct property portfolio compared to a net valuation loss of \$25.3 million recorded for the prior corresponding period. The results for the period also include a \$12.0 million gain from a change in the accounting treatment of financial derivatives. Other key financial results include:

- value of the A-REIT portfolio as at 31 December 2009 increased to \$6.3 million (June 2009: \$4.6 million);
- reduction in gearing to 80.3% as at 31 December 2009 from 90.4% as at 30 June 2009; and
- Net Tangible Asset per unit of 0.2 cents as at 31 December 2009

## Property portfolio update

The direct property portfolio is performing well with occupancy of 99.9%, a diversified tenant profile with 86.0% of leases to large corporations or government tenants, and a weighted average lease expiry of 6.7 years.

The direct property portfolio was valued at \$578.1 million as at 31 December 2009, resulting in an increase of \$10.6 million or 1.9% on the valuations as at 30 June 2009.





### **A-REIT portfolio update**

The A-REIT portfolio closed with a market value of \$6.3 million as at 31 December 2009. This represents an increase of 22.9% from 30 June 2009 and is in line with the performance of the broader S&P/ASX 300 A-REIT index of 20.2% for the same period.

There were no significant transactions in the A-REIT portfolio during the period.

### **Debt**

The Fund has two financial covenants in the two tranches of its debt facility, an Interest Cover Ratio (ICR) and an LVR. As at 31 December 2009, the Fund is in compliance with these financial covenants.

The LVR covenants were relaxed for the 31 December 2009 covenant testing following successful completion of the Entitlement Offer. The LVR percentage rates were relaxed from 85.0% to 95.0% for the total debt Facility and 67.5% to 75.0% for the total applying to the Term Facility. The LVR percentage rates revert to 85.0% and 67.5% levels on and from 30 June 2010.

### **Distributions**

No distributions were declared for the period and BMCML will give consideration to restoring the Fund's distributions in the quarter ending 30 June 2010. However, any decision to recommence payment of distributions will be subject to a number of factors, including but not limited to:

- a review of the value of the direct properties and the position of the Fund's debt covenants;
- a review of the significant capital expenditure requirements of the Fund, including the progress of negotiations in relation to the renewal of the lease at the Defence Plaza;
- any requirements of the Fund's Constitution;
- tax requirements of the Fund; and
- prevailing market conditions.

### **Management fees**

The Fund incurs a base management fee of 0.666% per annum of the gross value of the Fund's assets (including GST). BMCML has agreed to defer payment of this period's management fee, as well as previously incurred fees, totalling \$6.0 million to support the capital position of the Fund. This represents the last 18 months of management fees payable to BMCML.



## Fund Manager's Half Year Review

### **Future direction**

The successful completion of the Entitlement Offer stabilised the Fund's capital structure and improved the outlook for the Fund. It is positioned for capital growth given the income streams and quality tenants that underpin the direct property portfolio.

Thank you for your continued support during the period and I will keep you updated on the progress of the Fund during the course of the year.

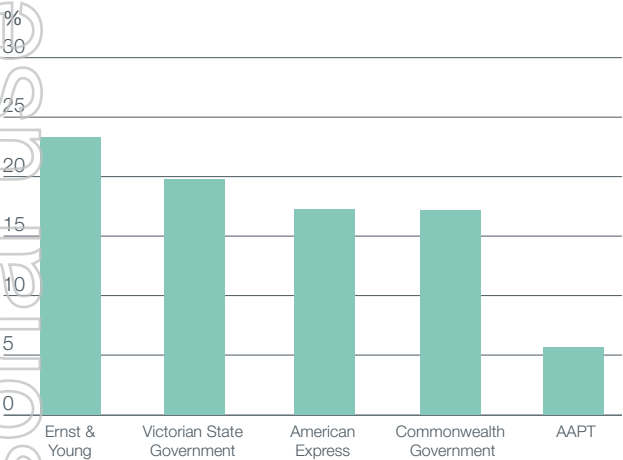
A handwritten signature in black ink, appearing to read 'L Boyatzis', with a stylized flourish at the end.

**Leon Boyatzis**  
Fund Manager

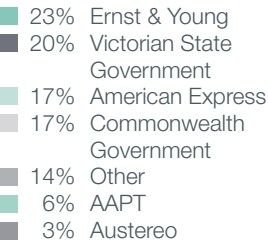
**Southern Cross Tower**  
Melbourne



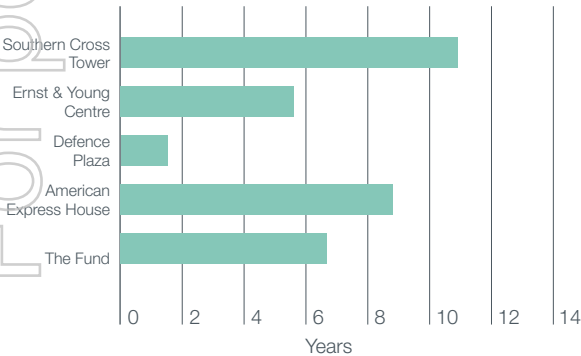
Top 5 tenant exposure by income



Tenancy mix by income



Weighted average lease term by income



Geographic allocation by value

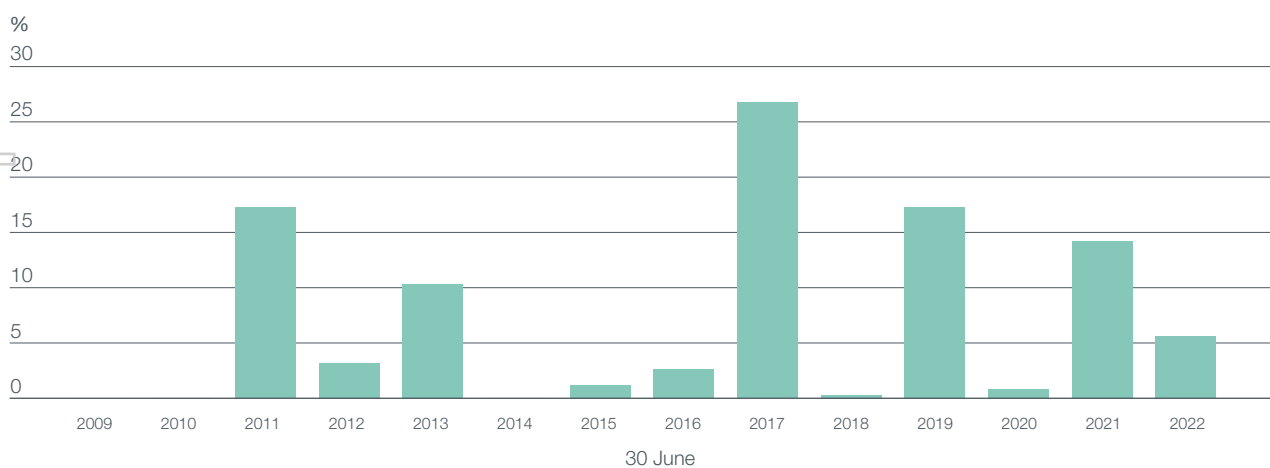


## Property summary

Property Name	Location	Fund interest %	Current valuation date	Current valuation* \$m	Capitalisation rate %	Previous valuation date	Previous valuation* \$m	Increase/ (decrease) %	% of portfolio
Ernst & Young Centre and 50 Goulburn Street	Sydney	50	Dec 09	259.2	7.13	Jun 09	259.2	0.0	44.8
Southern Cross Tower	Melbourne	25	Dec 09	134.4	6.88	Jun 09	127.1	5.7	23.2
Defence Plaza	Melbourne	100	Dec 09	59.5	8.25	Jun 09	56.7	4.9	10.3
American Express House	Sydney	100	Dec 09	125.0	7.00	Jun 09	124.4	0.5	21.7
<b>Total direct property assets</b>				<b>578.1</b>	<b>7.16</b>		<b>567.4</b>	<b>1.9</b>	<b>100.0</b>

\* Fund share.

## Lease expiry profile by income



## A-REIT portfolio by market value

22%	Macquarie Office Trust
17%	Abacus Property Group
12%	Centro Retail Group
11%	Macquarie Countrywide Trust
11%	Challenger Diversified Property Trust
9%	ING Real Estate Community Living Fund
8%	APN/UKA European Retail Trust
5%	Macquarie DDR Trust
4%	Mirvac Industrial Trust
1%	Valad Property Group



## A-REIT portfolio summary

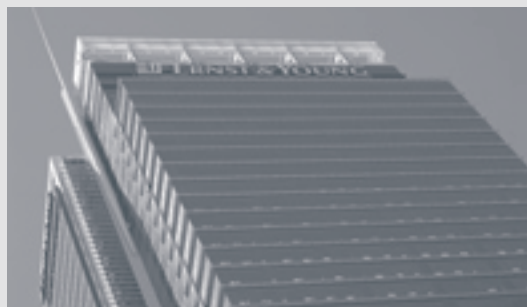
Listed investments	Location	Sector	Value at market \$m	Purchase price \$m	Unrealised gain/(loss) %	Investment allocation %
Abacus Property Group	Australia	Diversified	1.1	3.7	(71.4)	16.6
APN/UKA European Retail Trust	Europe	Retail	0.5	8.7	(94.0)	8.4
Centro Shopping America Trust	US	Retail	0.8	8.3	(90.6)	12.4
Challenger Diversified Property Trust	Australia	Diversified	0.7	1.5	(54.0)	10.9
ING Real Estate Community Living Fund	Australia/NZ/US	Other	0.6	7.1	(91.9)	9.1
Macquarie Countrywide Trust	Australia/NZ/US	Retail	0.7	2.3	(69.7)	11.2
Macquarie DDR Trust	US	Retail	0.3	3.9	(91.3)	5.3
Macquarie Office Trust	Australia/US	Office	1.4	6.2	(78.2)	21.4
Mirvac Industrial Trust	US	Industrial	0.2	4.5	(89.8)	3.6
Valad Property Group	Australia	Diversified	0.1	0.7	(90.9)	1.1
			<b>6.3</b>	<b>46.9</b>	<b>(86.5)</b>	<b>100.0</b>

**Defence Plaza**  
Melbourne



# Ernst & Young Centre and 50 Goulburn Street, Sydney

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



## Property details

Ownership (%)	50
Net lettable area – whole building (sqm)	67,998
Occupancy (%)	100
Weighted average lease expiry (years)	6.2

## Major tenant

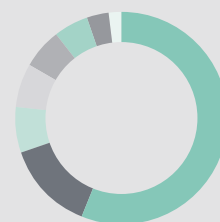
Tenant	Ernst & Young
Net lettable area (sqm)	37,057
Lease expiry	December 2016

## Valuation details

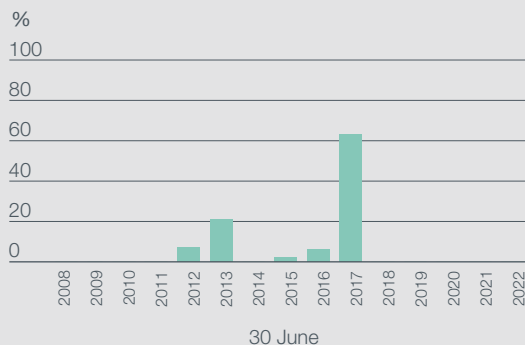
Valuation (50%)	\$259.2 million
Valuer	Directors Valuation
Valuation date	31 December 2009

## Tenancy mix by income

56%	Ernst & Young
14%	AAPT
7%	Link Market Services
7%	Parsons Brinkerhoff
6%	Austereo
5%	Galileo
3%	Other
2%	NAB



## Lease expiry by income





# Southern Cross Tower, Melbourne

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



## Property details

Ownership (%)	25
Net lettable area – whole building (sqm)	79,326
Occupancy (%)	100
Weighted average lease expiry (years)	11.1

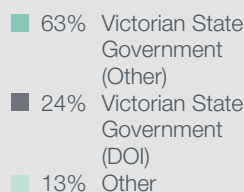
## Major tenants

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

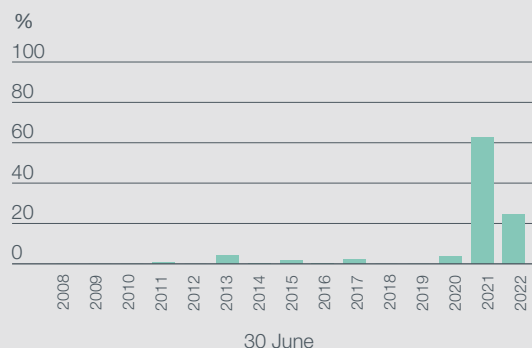
## Valuation details

Valuation (25%)	\$134.4 million
Valuer	Colliers International
Valuation date	31 December 2009

## Tenancy mix by income



## Lease expiry by income



# Defence Plaza, Melbourne

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



## Property details

Ownership (%)	100
Net lettable area – whole building (sqm)	19,089
Occupancy (%)	100
Weighted average lease expiry (years)	1.5

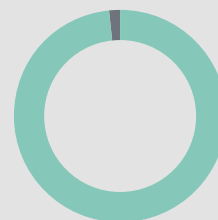
## Major tenant

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

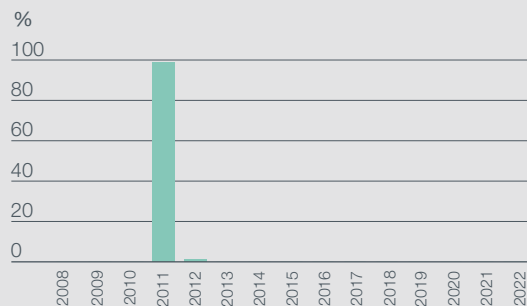
## Valuation details

Valuation (100%)	\$59.5 million
Valuer	Directors Valuation
Valuation date	31 December 2009

## Tenancy mix by income



## Lease expiry by income



30 June

# American Express House, Sydney

American Express House reached practical completion in December 2007, achieving a 4.5 Star ABGR rating and a 4 Star Greenstar rating.

The building is located within the western corridor precinct of Sydney's CBD in an area commonly known as King Street Wharf and comprises an 11 storey A-grade commercial office tower with ground floor retail accommodation.



## Property details

Ownership (%)	100
Net lettable area – whole building (sqm)	14,976
Occupancy (%)	100
Weighted average lease expiry (years)	9.3

## Major tenants

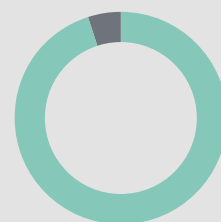
Tenant	American Express
Net lettable area (sqm)	14,506
Lease expiry	December 2018

## Valuation details

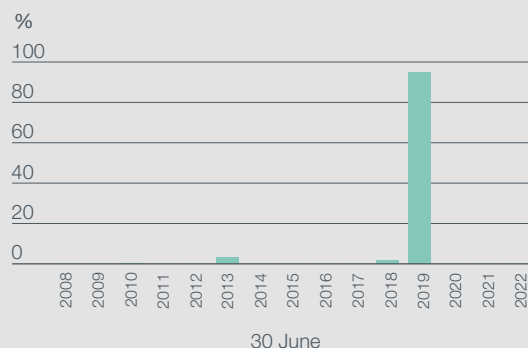
Valuation (100%)	\$125.0 million
Valuer	Directors Valuation
Valuation date	31 December 2009

## Tenancy mix by income

- 95% American Express
- 5% Other



## Lease expiry by income



# Condensed Consolidated Interim Statement of Comprehensive Income

For the half year ended 31 December 2009

	Consolidated six months ended 31 December 2009 \$'000	Consolidated six months ended 31 December 2008 \$'000
<b>Revenue</b>		
Share of net profit of investments accounted for using the equity method	20,561	3,152
Property rental income	8,888	8,395
Distribution income from listed property trusts	256	520
Interest income	58	113
Net gain on financial derivatives	11,995	–
Net gain on revaluation of investment property	3,370	–
<b>Total revenue and other income</b>	<b>45,128</b>	<b>12,180</b>
<b>Expenses</b>		
Property expenses	1,370	1,107
Impairment expense	–	8,965
Finance costs to external parties	18,293	18,738
Finance costs – amortisation of cash flow hedge reserve	6,549	–
Net loss on disposal of listed property trusts	–	4,643
Net loss on revaluation of investment property	–	15,000
Management fees	1,928	1,368
Other expenses	851	366
<b>Total expenses</b>	<b>28,991</b>	<b>50,187</b>
<b>Net profit/(loss) for the period</b>	<b>16,137</b>	<b>(38,007)</b>
<b>Other comprehensive income</b>		
Change in cash flow hedge reserve	6,549	(77,707)
Changes in fair value of available for sale financial assets	1,177	–
<b>Other comprehensive income/(loss) for the period</b>	<b>7,726</b>	<b>(77,707)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>23,863</b>	<b>(115,714)</b>
<b>Net income/(loss) attributable to ordinary unitholders</b>	<b>16,137</b>	<b>(38,007)</b>
<b>Total comprehensive income/(loss) attributable to ordinary unitholders</b>	<b>23,863</b>	<b>(115,714)</b>
<b>Earnings per unit</b>		
Basic and diluted earnings per ordinary unit (cents)	0.03	(13.50)

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed consolidated interim financial statements, available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

# Condensed Consolidated Interim Statement of Financial Position

As at 31 December 2009

	Consolidated 31 December 2009 \$'000	Consolidated 30 June 2009 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,672	1,259
Trade and other receivables	576	1,016
<b>Total current assets</b>	<b>7,248</b>	<b>2,275</b>
<b>Non-current assets</b>		
Investments – available for sale	6,324	5,136
Investment properties	184,500	181,100
Investments accounted for using the equity method	394,473	387,256
Trade and other receivables	106,249	104,034
<b>Total non-current assets</b>	<b>691,546</b>	<b>677,526</b>
<b>Total assets</b>	<b>698,794</b>	<b>679,801</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	7,294	4,932
Interest bearing liabilities	–	518,550
<b>Total current liabilities</b>	<b>7,294</b>	<b>523,482</b>
<b>Non-current liabilities</b>		
Interest bearing liabilities	474,111	–
Fair value of financial derivatives	11,507	22,569
<b>Total non-current liabilities</b>	<b>485,618</b>	<b>22,569</b>
<b>Total liabilities</b>	<b>492,912</b>	<b>546,051</b>
<b>Net assets</b>	<b>205,882</b>	<b>133,750</b>
<b>Equity</b>		
Units on issue	300,986	252,717
Reserves	(18,469)	(26,195)
Undistributed losses	(76,635)	(92,772)
<b>Total equity</b>	<b>205,882</b>	<b>133,750</b>

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements, available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com).

# Interim Report 2010

## Multiplex Prime Property Fund

### Corporate Directory

#### Responsible Entity

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

#### Directors

Allan McDonald  
Brian Motteram  
Barbara Ward  
Brian Kingston  
Russell Proutt

#### 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: MAFCB)  
The Home Exchange is Sydney.

#### Auditor

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
Sydney NSW 2000  
Telephone: (02) 9322 7000  
Facsimile: (02) 9322 7001

