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MULTIPLEX EUROPEAN PROPERTY FUND
ARSN 124 527 206

**INTERIM FINANCIAL REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2007**

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Responsible Entity

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

Directors of Multiplex Capital Management Limited

Peter Morris
Robert McCuaig
Brian Motteram
Robert Rayner
Bob McKinnon

Company secretary of Multiplex Capital Management Limited

Alex Carrodus

Principal Registered Office

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

Location of Unit Registry

Link Market Services
680 George Street
World Square
Sydney NSW 2000
Telephone: (02) 8280 7519
Facsimile: (02) 9287 0303

Custodian

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

Stock Exchange

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

Auditor

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

Introduction

The Directors of Multiplex Capital Management Limited (ABN: 32 094 936 866), the Responsible Entity of Multiplex European Property Fund ("the Fund"), present their report together with the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the period from 2 April 2007 to 31 December 2007 (the Fund was constituted on 16 November 2006 and commenced operations on 2 April 2007) and the review report thereon.

Responsible Entity

The Responsible Entity of Multiplex European Property Fund, Multiplex Capital Management Limited, has been the Responsible Entity since the inception of the Fund. 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 inception:

Name

Peter Morris	(Director since 14 April 2004)
Robert McCuaig	(Director since 31 March 2004)
Rex Bevan	(Director since 21 February 2007 – Resigned 31 January 2008)
Brian Motteram	(Director since 21 February 2007)
Ian O'Toole	(Director since 31 March 2004 - Resigned 31 October 2007)
Robert Rayner	(Director since 31 October 2000)
Bob McKinnon	(Appointed 7 December 2007)

Company Secretary

Alex Carrodus was appointed to the position of company secretary of the Responsible Entity on 21 January 2005.

Principal activities

The principal activity of the Consolidated Entity is the investment in properties in Europe.

The Fund was constituted on 16 November 2006. It was registered as a Managed Investment Scheme on 3 April 2007. The Fund acquired its interest in a portfolio comprising of 67 properties located throughout Germany on 2 April 2007 for €355m. They are currently valued at €364.3m. The Fund was previously ultimately owned by Multiplex Limited (71.91% ownership), Multiplex Property Trust (22.36% ownership) and Multiplex Acumen Property Fund (5.73% ownership) from inception to 27 June 2007.

Review of operations

Key highlights over the period include:

- Net Profit attributable to unitholders of the Fund before distributions for the period ended 31 December 2007 was \$15.79m (period ended 31 December 2006: \$nil).
- Distribution of 6.380 cents per unit were paid to unitholders of the Fund during the period, representing an annualised return of 8.5% p.a.
- The Fund's initial public offering of \$184.45m closed oversubscribed in June 2007 with the Fund welcoming more than 4,400 unitholders. The Multiplex Property Trust and the Multiplex Acumen Property Fund have retained a 20.15% and 5.16% interest in the Fund respectively.
- The Fund officially listed on the Australian Stock Exchange on 3 July 2007.
- As at 31 December 2007, the Fund held an interest in 67 German properties valued at €364.3m diversified across the retail, office, logistics and nursing home sectors. The Fund purchased its interest in these properties for €355m.

DIRECTORS' REPORT
MULTIPLY EUROPEAN PROPERTY FUND
FOR THE PERIOD ENDED 31 DECEMBER 2007

Distributions

Distributions paid/payable to unitholders since inception were as follows:

	Cents per unit	\$'000	Date of payment
Distribution for the period ended 26 June 2007 ¹	2.003	4,456	27 July 2007
Distribution for the quarter ended 30 September 2007 ²	2.235	5,519	31 October 2007
Distribution for the quarter ended 31 December 2007	2.142	5,290	31 January 2008
Total distribution for the period ended 31 December 2007	6.380	15,265	

¹ Distributions paid to related party unitholders prior to the allotment of units under the PDS (see note 14).

² The distribution paid is for the period from 27 June 2007 to 30 September 2007

Lead Auditors independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' report for the financial period ended 31 December 2007.

Rounding of amounts

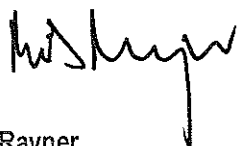
The Fund is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006), and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand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

Comparatives

The Fund was constituted with nominal capital on 16 November 2006 and was dormant until 2 April 2007 at which time it became a Registered Managed Investment Scheme on 3 April 2007 in accordance with the Corporations Act. In accordance with s340(1) of the Corporations Act 2001, the Australian Securities and Investments Commission ("ASIC") granted relief to the Fund and the Consolidated Entity from preparing annual Consolidated financial statements for the year ended 30 June 2007. Further, ASIC has allowed the Fund and the Consolidated Entity to substitute the period from registration on 3 April 2007 to 31st December 2007 as the Fund's and the Consolidated Entity's first half year. As the Fund commenced operations on 2 April 2007 (through the issue of 222,500,000 units and the acquisition of 67 properties), the interim financial statements have been prepared for the period from 2 April 2007 to 31 December 2007. No comparative information is disclosed in this interim financial report as the Fund was not operating in the comparative period.

Dated at Sydney this 26 day of February 2008

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



Robert Rayner
Director
Multiplex Capital Management Limited



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

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

I declare that, to the best of my knowledge and belief, in relation to the review for the period 2
April 2007 to 31 December 2007 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.

KPMG

Tanya Gilerman
Partner

Sydney
26 February 2008

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CONSOLIDATED INTERIM INCOME STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
 FOR THE PERIOD ENDED 31 DECEMBER 2007

Period from 2 April 2007 to
 31 December 2007
 Consolidated

	Note	\$'000
Revenue		
Property rental income		29,767
Interest income		5,063
Other income		216
Net unrealised gain on revaluation of financial derivatives	5	7,907
Total revenue and other income		42,953
Expenses		
Property expenses		4,711
Net fair value adjustment in investment property	7	1,094
Finance costs to external parties		12,998
Responsible entity fees	14	2,021
Other expenses		540
Total expenses		21,364
Net profit before income tax		21,589
Income tax expense		5,804
Net profit after tax		15,785
Earnings per unit		
Basic and diluted weighted earnings per ordinary unit (cents)		8.79

The condensed notes on pages 10 to 23 are an integral part of these Consolidated interim financial statements.

CONSOLIDATED INTERIM BALANCE SHEET
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

	Note	31 December 2007 Consolidated \$'000
Assets		
Current assets		
Cash and cash equivalents		16,702
Trade and other receivables		1,404
Total current assets		18,106
Non-current assets		
Investments properties	7	609,164
Fair value of financial derivatives	8 (i), (iii)	14,301
Total non-current assets		623,465
Total assets		641,571
Liabilities		
Current liabilities		
Trade and other payables	9	8,192
Distributions payable	6	5,290
Total current liabilities		13,482
Non-current liabilities		
Interest bearing loans and borrowings	10	384,752
Fair value of financial derivatives	8 (ii)	5,748
Minority interest payable	12	3,344
Other payables		1,491
Deferred income tax liability	11	5,819
Total non-current liabilities		401,154
Total liabilities		414,636
Net assets		226,935
Equity		
Units on issue	13	227,228
Foreign currency translation reserve		(813)
Retained earnings		520
Total equity		226,935

The condensed notes on pages 10 to 23 are an integral part of these Consolidated interim financial statements.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
MULTIPLEX EUROPEAN PROPERTY FUND
 FOR THE PERIOD ENDED 31 DECEMBER 2007

Period from 2 April 2007 to
 31 December 2007
 Consolidated
 \$'000

	Note	
Opening equity – 2 April 2007		-
Movement in units on issue		
Units issued to related parties during the period	13	222,500
Units redeemed during the period	13	(160,000)
Capital raising costs on issue	13	(19,722)
Units issued during the period under the PDS	13	184,450
Movement in foreign currency translation reserve		
Movements in foreign currency translation reserve		(813)
Movement in retained earnings		
Net profit attributable to unitholders of the Fund		15,785
Distributions paid or payable to unitholders of the Fund		(15,265)
Closing equity – 31 December 2007		226,935

The condensed notes on pages 10 to 23 are an integral part of these Consolidated interim financial statements

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

Period from 2 April 2007 to
31 December 2007
Consolidated
\$'000

Cash flows from operating activities

Cash receipts in the course of operations	29,762
Cash payments in the course of operations	(1,546)
Interest received	4,095
Financing costs paid	(8,986)

Net cash flows from operating activities **23,325**

Cash flows from investing activities

Payments for purchase of, and additions to investment properties	(612,521)
--	-----------

Net cash flows used in investing activities **(612,521)**

Cash flows from financing activities

Proceeds from the issue of units	406,950
Payments for redemptions of units	(160,000)
Issue costs paid	(19,722)
Proceeds from interest bearing liabilities	390,746
Distributions paid to unitholders	(9,975)
Debt establishment costs paid	(2,460)

Net cash flows from financing activities **605,539**

Net (decrease)/increase in cash and cash equivalents **16,343**

Impact of foreign exchange 359

Cash and cash equivalents at 2 April 2007 -

Cash and cash equivalents at 31 December 2007 **16,702**

The condensed notes on pages 10 to 23 are an integral part of these Consolidated interim financial statements.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLY EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

1 REPORTING ENTITY

Multiplex European Property Fund (the "Fund") is an Australian Registered Management Investment Scheme under the Corporations Act 2001 and was registered on 3 April 2007. Multiplex Capital Management Limited, the Responsible Entity of the Fund since inception, is incorporated and domiciled in Australia.

The Consolidated interim financial statements of the Consolidated Entity as at and for the period ended 31 December 2007 comprises the Fund and its subsidiaries (together referred to as the "Consolidated Entity"). This Consolidated interim financial report is the first financial report and is for the period 2 April 2007 to 31 December 2007.

2 BASIS OF PREPARATION

(a) Statement of Compliance

The Consolidated interim financial report is a general purpose financial report, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The Consolidated interim financial report does not include all the information required for a full annual financial report. The first available full annual financial report will be published for the year ended 30 June 2008.

The Consolidated interim financial report for the period ended 31 December 2007 was authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 26 February 2008.

(b) Basis of measurement

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

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.

(c) Comparatives

The Fund was constituted with nominal capital on 16 November 2006 and was dormant until 2 April 2007 at which time it became a Registered Managed Investment Scheme on 3 April 2007 in accordance with the Corporations Act. In accordance with s340(1) of the Corporations Act 2001, the Australian Securities and Investments Commission ("ASIC") granted relief to the Fund and the Consolidated Entity from preparing annual Consolidated financial statements for the year ended 30 June 2007. Further ASIC has allowed the Fund and the Consolidated Entity to substitute the period from registration on 3 April 2007 to 31st December 2007 as the Fund's and the Consolidated Entity's first half year. As the Fund commenced operations on 2 April 2007 (through the issue of 222,500,000 units and the acquisition of 67 properties), the interim financial statements have been prepared for the period from 2 April 2007 to 31 December 2007. No comparative information is disclosed in this interim financial report as the Fund was not operating in the comparative period.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Fund and applied in preparation of these interim financial statements are set out below.

(a) Principles of consolidation

The Consolidated interim financial statements incorporate the financial statements of the Fund and entities controlled by the Fund (its subsidiaries) (referred to as 'the Consolidated Entity' in these financial statements). Control is achieved where the Fund has the power to govern the financial and operation policies of an entity so as to obtain benefits from its activities.

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

(a) Principles of consolidation (continued)

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 statement. Where the transaction value of common control transactions differ from their carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

(b) Foreign and cross currency transactions

Foreign and cross currency transactions of the Fund are converted to Australian dollars at the rate of exchange prevailing at the date of transaction or at hedge rates where applicable. Amounts receivable or payable by entities within the Fund that are outstanding as at the balance date and are denominated in foreign currencies are converted to Australian dollars using rates of exchange at the end of the period. All resulting exchange differences arising on settlement are brought to account in the Consolidated income statement.

(c) Foreign controlled entities

The assets and liabilities of foreign controlled entities are translated into Australian dollars at rates of exchange current at balance date, while their income and expenditure are translated at the average rate. Exchange differences arising on translation are taken to the foreign currency translation reserve.

(d) Segment Reporting

The Consolidated Entity operates in single, primary business and geographical segments, being direct investment in income producing property assets in Germany.

(e) Revenue recognition

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

Exchange of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific criteria for the major business activities must also be met before revenue is recognised. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

(i) Property Rental Revenue

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

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

Contingent rents are recorded as income by the Consolidated Entity in the periods in which they are earned.

(ii) Interest revenue

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

(f) Expense recognition

(i) Leasing fees

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

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

(ii) 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.

(iii) Other expenses

Expenditure including rates, taxes, other outgoings and Responsible Entity fees are brought to account on an accrual basis.

(g) Goods and Services Tax (GST)

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

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

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

(h) Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) (where applicable), except where the amount of VAT incurred is not recoverable from the relevant tax authorities. In these circumstances, the VAT 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 VAT. The net amount of VAT recoverable from, or payable to, the relevant tax authorities is included as a current asset or liability in the balance sheet.

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

(i) Income tax - Funds

Under current income tax legislation the Fund is not subject to income tax in Australia, as its taxable income (including assessable realised capital gains) is distributed in full to unitholders. Tax allowances for buildings, plant and equipment are distributed to unitholders in the form of a tax deferred component of the distributions.

The wholly-owned entities of the Fund that own properties in Germany are liable to pay tax under German tax legislation at the current corporate rate of 25% plus a solitary surcharge of 5.5% of this. From 1 January 2008, the tax rate will change to 15% plus a solitary surcharge of 5.5% of this. Tax effect accounting principles are followed whereby the income tax expense of the subsidiary includes both current tax expense and deferred tax expense/benefit. The future tax benefit relating to tax losses will be carried forward as an asset only when the benefit is probable of realisation. Income tax on differences between asset and liability carrying amounts and their tax base is set aside to the deferred tax asset or deferred tax liability accounts at the rates which are expected to apply when those timing differences reverse.

(j) Cash and cash equivalents

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

(k) Trade and Other Receivables

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

(l) Investment property

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

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

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

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

Valuations

Investment property is stated at fair value at the Reporting Date.

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

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

- Without any deduction for transaction costs the entity may incur on sale or other disposal;
- Reflecting market conditions at the reporting date;
- Reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;
- Assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;

(m) Investment property (continued)

Valuations (continued)

- Ensuring that there is no double-counting of assets or liabilities that are recognised as separate assets or liabilities; and
- Without inclusion of future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

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

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

(n) Derivative financial instruments

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, with the changes in fair value during the period recognised in the Consolidated income statement.

(i) Interest rate swaps

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

(ii) Cross currency interest rate swaps

The Fund has hedged its exposure to foreign currency risk on Invested Equity from Settlement Date until 15 April 2014 by entering into a cross currency swap. The net receipts or payables under the cross currency swap will be brought to account in the income statement over the life of the contract.

(iii) Forward foreign exchange contracts

The Fund has hedged a percentage of its initial forecast net income from the Initial Portfolio through forward foreign exchange contracts. Forward foreign exchange contracts which have not expired at balance dates will be carried at fair value on the Consolidated balance sheet. Changes in fair value will be recorded in the Consolidated income statement. The fair value of forward exchange contracts is their quoted market price at the reporting date, being the present value of the quoted forward price.

(o) 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.

(p) 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 Income Statement 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 balance sheet date.

(q) Distributions

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date. Distributions paid and payable on units are recognised in the Income Statement. Distributions paid are included in cash flows from operating activities in the cash flow statement.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

(r) Impairment

(i) 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

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

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

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

(ii) Non financial assets

The carrying amount of the Consolidated Entity's non-financial assets, other than investment property, and deferred tax assets, are 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. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, 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.

(s) Units on issue

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

4 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.

5 NET UNREALISED GAIN ON REVALUATION OF FINANCIAL DERIVATIVES

The net unrealised gain on revaluation of financial derivatives consisted of the following:

	Period ended 31 December 2007 Consolidated \$'000
Interest rate swaps	13,638
Cross currency interest rate swaps	(5,748)
Forward foreign exchange contracts	17
Net unrealised gain on revaluation of financial derivatives	7,907

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

6 DISTRIBUTIONS TO UNITHOLDERS

Distributions paid to unitholders or declared since inception were as follows:

Ordinary units	Cents per unit	Total amount \$'000	Date of payment
Period ended 26 June 2007 distribution ¹	2.003	4,456	27 July 2007
Quarter ended September 2007 distribution ²	2.235	5,519	31 October 2007
Quarter ended December 2007 distribution	2.142	5,290	31 January 2008
Total distribution for the period ended 31 December 2007	6.380	15,265	

¹ Distributions paid to related party unitholders prior to the allotment of units under the PDS (see note 14).

² The distribution paid is for the period from 27 June 2007 to 30 September 2007

7 INVESTMENT PROPERTIES

Description	Cost including additions (i) \$'000	Latest external Valuation date	Latest external valuation (ii) \$'000	31 December 2007 Carrying value \$'000
Retail				
Netto Marken-Discount, Dresden	3,827	Dec 2007	3,637	3,637
Netto Marken-Discount, Artern	3,168	Dec 2007	3,002	3,002
Netto Marken-Discount, Dresden	3,704	Dec 2007	3,612	3,612
Netto Marken-Discount, Eisleben	3,042	Dec 2007	2,868	2,868
Netto Marken-Discount, Gemrode	2,766	Dec 2007	2,692	2,692
Netto Marken-Discount, Geyer	2,769	Dec 2007	2,684	2,684
Netto Marken-Discount, Schlema	2,724	Dec 2007	2,559	2,559
Netto Marken-Discount, Jena-Lobeda	2,977	Dec 2007	2,843	2,843
Netto Marken-Discount, Delitzsch	2,444	Dec 2007	2,333	2,333
Netto Marken-Discount, Stockheim	2,902	Dec 2007	2,751	2,751
Netto Marken-Discount, Burgstadt	2,694	Dec 2007	2,559	2,559
Netto Marken-Discount, Buckeburg	2,842	Dec 2007	2,692	2,692
Netto Marken-Discount, Muhlhausen	2,764	Dec 2007	2,617	2,617
ALDI, Halle	5,316	Dec 2007	5,234	5,234
ALDI, Stollberg	2,703	Dec 2007	2,584	2,584
PLUS, Oberhausen	3,057	Dec 2007	2,926	2,926
PLUS, Clenze	2,871	Dec 2007	2,751	2,751
Netto Marken-Discount,, Merseburg	3,110	Dec 2007	2,952	2,952
Lidl Dienstleistung, Boizenburg	2,937	Dec 2007	2,834	2,834
Lidl Dienstleistung, Bad Marienberg	4,926	Dec 2007	4,866	4,866
Lidl Dienstleistung, Delitzsch	3,659	Dec 2007	3,503	3,503
Lidl Dienstleistung, Hage	2,993	Dec 2007	2,868	2,868
Lidl Dienstleistung, Schoppenstedt	2,826	Dec 2007	2,709	2,709
NORMA-Markt, Woldegk	3,202	Dec 2007	3,010	3,010
Edeka, Pampow	2,480	Dec 2007	2,433	2,433
Edeka, Blankenfelde	7,111	Dec 2007	7,441	7,441
Edeka, Prum	6,815	Dec 2007	6,915	6,915
Edeka, Peine-Dungelbeck	1,937	Dec 2007	1,881	1,881
REWE Deutsche Supermarkt, SchloBvippach	3,953	Dec 2007	4,013	4,013
REWE Deutsche Supermarkt, Gotha	11,819	Dec 2007	11,764	11,764
REWE Deutsche Supermarkt, Kothen	3,763	Dec 2007	3,721	3,721
	114,101		111,254	111,254

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT

MULTIPLEX EUROPEAN PROPERTY FUND

AS AT 31 DECEMBER 2007

7 INVESTMENT PROPERTIES (CONTINUED)

Description	Cost including additions (i) \$'000	Latest external valuation date	Latest external valuation (ii) \$'000	31 December 2007 Carrying value \$'000
Retail (continued)	114,101		111,254	111,254
REWE Deutsche Supermarkt, Offenburg	2,585	Dec 2007	2,575	2,575
REWE Deutsche Supermarkt, Rabenau	4,850	Dec 2007	4,766	4,766
REWE Deutsche Supermarkt, Rheinau	3,221	Dec 2007	3,177	3,177
CO OP, Malchin	6,507	Dec 2007	6,522	6,522
Coop-Markt, Bopfingen	3,481	Dec 2007	3,386	3,386
CO OP, Burladingen	5,254	Dec 2007	5,017	5,017
Coma Verbrauchermarkt, Cloppenburg	7,400	Dec 2007	7,308	7,308
Edeka, Tespe	3,114	Dec 2007	3,069	3,069
Tegut Gutberlet Stiftung & Co, Feldatal	2,703	Dec 2007	2,742	2,742
Distributa Accord, Saarlouis	3,912	Dec 2007	3,863	3,863
AWG, Zimmern ob Röttweil	3,151	Dec 2007	3,219	3,219
Hornbach Baumarkt, Chemnitz	35,965	Dec 2007	36,086	36,086
AVA, Hannover	28,020	Dec 2007	27,926	27,926
EDEKA, Wittmund	18,932	Dec 2007	18,763	18,763
EDEKA, Marienhaf	8,288	Dec 2007	8,127	8,127
Fresnapf, Halle	2,966	Dec 2007	2,742	2,742
Markant Ostwestfalen, Bünde	3,227	Dec 2007	3,253	3,253
RHEIKA-Delta, Frankenburg	3,505	Dec 2007	3,353	3,353
EDEKA, Bochum	46,433	Dec 2007	45,083	45,083
Bugsy Burger GmbH, Osnabruck	4,307	Dec 2007	4,264	4,264
Kentucky Fried Chicken, Kassel	3,841	Dec 2007	3,696	3,696
McDonalds, Lorrach	3,287	Dec 2007	3,244	3,244
EDEKA, Lorrach	37,648	Dec 2007	36,054	36,054
Car Glass GmbH, Frankfurt/Oder	2,358	Dec 2007	2,324	2,324
	359,056		351,813	351,813
Logistics				
SPICERS Deutschland, Winkelhaid	25,788	Dec 2007	27,191	27,191
TNT Express, Hallbergmoos	28,443	Dec 2007	28,495	28,495
Hermes Versand Service, Gera	5,545	Dec 2007	5,435	5,435
	59,776		61,121	61,121
Office				
Landesamt für Besoldung und Versorgung, Dusseldorf	25,836	Dec 2007	25,301	25,301
ABB Utilities, Minden	11,556	Dec 2007	11,689	11,689
Telecity, Frankfurt/Main	31,145	Dec 2007	32,391	32,391
	68,537		69,381	69,381
Nursing Home				
Kursana Care, Eisenhutenstadt	15,374	Dec 2007	15,201	15,201
Kursana Care, Schwedt/Oder	14,922	Dec 2007	14,958	14,958
Phonix Verwaltungs, Erfurt	20,769	Dec 2007	20,502	20,502
Alloheim Senioren Residenzen AG, Wetzlar	24,485	Dec 2007	24,649	24,649
Phonix Verwaltungs, Gottingen	29,887	Dec 2007	28,763	28,763
Maternus Altenhiem, Wiesbaden	23,059	Dec 2007	22,776	22,776
	128,496		126,849	126,849
Total Investment properties	615,865		609,164	609,164

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

7 INVESTMENT PROPERTIES (CONTINUED)

31 December 2007
Consolidated
\$'000

Value of cost of purchase including additions	615,865
Net loss on revaluation of investment property (iii)	(1,094)
Changes in foreign currency	(5,607)
Closing carrying value of investment properties as at 31 December 2007	609,164

- i. Included in the cost of investment properties is \$16,409,090 of acquisition costs.
- ii. DTZ valuation as at 31 December 2007– converted at 31 December 2007 exchange rate \$1AUD = €0.598
- iii. The net loss on the revaluation of the investment property represents the revaluation increases over the base cost of the portfolio less the initial costs of acquisition.

8 FINANCIAL DERIVATIVES

The Fund has entered into the following financial derivatives:

(i) Interest rate swaps

The interest rate hedging strategy has been designed to reduce the risk of increased interest costs on debt due to movements in interest rates, by entering into an Interest Rate Swap thereby swapping the floating interest obligation for a fixed rate obligation. The floating interest rate on the term facility is Euribor + 0.69% per annum. The fair value of the interest rate swaps as at balance date is set out as below;

Type of contract	Expiration	Underlying exposure	Fixed Rate	Notional amount of contracts outstanding as at 31 December 2007 Consolidated €'000	Fair value as at 31 December 2007 Consolidated (assets) \$'000	Fair value as at 31 December 2007 Consolidated (liabilities) \$'000
Interest rate swap	April 2014	Interest Rates	3.79%	231,400	14,284	-

(ii) Cross currency interest rate swaps

The cross currency hedging strategy has been designed to reduce the risk of foreign exchange movements on the equity contributed by investors. This is implemented by entering into a 7 year AUD/EUR Cross Currency Swap with physical exchange of principal at the commencement of 2 April 2007 and at the expiration of 15 April 2014. The fair value of the cross currency interest rate swap is set out as below;

Type of contract	Expiration	Underlying exposure	Fixed Rate	Notional amount of contracts outstanding as at 31 December 2007 Consolidated €'000	Fair value as at 31 December 2007 Consolidated (assets) \$'000	Fair value as at 31 December 2007 Consolidated (liabilities) \$'000
Principal Investment	April 2014	AUD	5.98%	AUD 249,729	-	233,049
Principal Borrow	April 2014	EUR	3.83%	EUR 147,900	-	(238,797)
					-	(5,748)

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

8 FINANCIAL DERIVATIVES (CONTINUED)

(iii) Forward foreign exchange contracts

A series of forward foreign exchange contracts at a fixed forward exchange rate has been entered into to hedge a percentage of the distributable income. This strategy has been designed to minimise the risk of foreign exchange movements on repatriating a Euro-denominated income into Australian Dollars.

Type of contract	Expiration	Underlying exposure	Fixed Rate	Notional amount	Fair value as at	Fair value as at
				of contracts outstanding as at 31 December 2007 Consolidated €'000	31 December 2007 Consolidated (assets) \$'000	31 December 2007 Consolidated (liabilities) \$'000
Forward exchange	April 2014	Euro	0.5476	27,957	17	-

¹ Forward foreign exchange contracts expire quarterly where €1,075,277 is sold at a fixed forward exchange rate.

9 TRADE AND OTHER PAYABLES

	Period ended 31 December 2007 Consolidated \$'000
Trade payables	1,738
Interest payable	3,756
VAT	537
Management fees	999
Retentions	100
Sundry payables	1,062
Total trade and other payables	8,192

10 INTEREST BEARING LOANS AND BORROWINGS

	Period ended 31 December 2007 Consolidated \$'000
Non current	
Secured bank debt ¹	386,956
Debt establishment fees ²	(2,204)
Total interest bearing liabilities	384,752

¹ Only interest is paid on this facility and no repayments within 12 months have been forecast, hence all the debt due is non-current.

² The debt establishment fees are amortised using the effective interest rate method.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

10 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Period ended
31 December 2007
Consolidated
\$'000

Financing Arrangements	Expiry Date	
Facilities available		
Bank debt facility ¹	April 2014	386,956
Less: facilities utilised		386,956
Facilities not utilised		-

¹ This facility consists of € 231.4 million financed by Eurohypo AG. € 231.4 million has been drawn down on the facility. This facility was used to settle the properties on 2 April 2007.

As at 31 December 2007 the interest rate in respect of the amounts drawn under the facilities including all margins was 4.48%. This amount includes the effect of interest rate swaps. (The fair value of the swaps can be seen in note 8(i)).

The loan is repayable in full on 15 April 2014. The Fund has granted a first ranking security over its interest in the properties to the lender.

31 December 2007
Consolidated
\$'000

Non current – secured bank debt	
Opening Balance as at 2 April 2007	-
Drawdown	390,746
Repayment	-
Changes in foreign currency	(3,790)
Balance as at 31 December 2007	386,956

11 DEFERRED INCOME TAX LIABILITY

A deferred tax liability of \$6,945,798 has arisen, mainly due to timing differences on the fair value adjustment of the investment property and market value of the hedges. The Fund will be liable to pay income tax on depreciation deductions allowed if the buildings are sold. A deferred tax asset of \$1,127,183 has arisen due to carried forward tax losses, which have been set off against the deferred tax liability.

12 MINORITY INTEREST

The Fund owns a 94.9% interest in the Monti partnerships which own the portfolio of 67 properties located throughout Germany. The remaining 5.1% interest in the Monti partnerships is owned by Naiad Property S.A.R.L ("NAIAD") and the Fund and Naiad have entered into a put and call option agreement. The agreement states the following;

- The Fund grants NAIAD a put option to call upon the Fund to purchase its 5.1% share of the Monti partnerships at the current prevailing market value. The put option is exercisable by Naiad for four weeks commencing 2 April 2013.
- NAIAD grants the Fund a call option; or the right to request NAIAD fully withdraw from its 5.1% share of the Monti partnerships at the current prevailing market value. This option can be exercised by the Fund at any time up to 2 April 2013 and in the three months commencing 2 October 2013.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

12 MINORITY INTEREST (CONTINUED)

This option has been valued at €2m and stated as a financial obligation and has been shown as a non current liability as it is not the intention of the Fund to exercise the call option in next 12 months. As a result the €2.0m (\$ 3,344,481), has been classified as minority interest payable, valued at the exchange rate at the balance date.

13 ORDINARY UNITS

The movement in units on issue of the Fund for the period was as follows:

	31 December 2007 Units	31 December 2007 \$'000
Opening units – 2 April 2007	-	-
Units issued to related parties during the period (refer note 14)	222,500,000	222,500
Units redeemed during the period	(160,000,000)	(160,000)
Units issued during the period under the PDS	184,450,150	184,450
Capital raising costs on issue of units	-	(19,722)
Units on issue as at 31 December	<u>246,950,150</u>	<u>227,228</u>

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

All units in the Fund are of the same class and carry equal rights. The total number of units on issue at 31 December 2007 is 246,950,150.

14 RELATED PARTIES

During the period the Fund listed on the ASX on 3 July 2007. A portion of the units on issue at the time were redeemed and new fully paid units were issued on the ASX. All units are fully paid.

Prior to the allotment of units to external investors, Multiplex Limited held 160,000,000 units or 71.91% ownership of the Fund. These units were fully redeemed. Multiplex Funds Management Limited as custodian for Multiplex German Investment Trust retained its 49,750,100 units. ANZ Nominees Limited as custodian for Multiplex Capital Management Limited as responsible entity for Multiplex Acumen Property Fund retained its 12,750,050 units. These are related parties by virtue of their Responsible Entities being part of the Multiplex Group. In addition to the units that were redeemed, additional units were issued to retail investors as disclosed in note 13.

The Fund paid fees to the Responsible Entity of \$22,477,007 for the establishment of the Fund. It also paid management fees of \$2,020,699 to the Responsible Entity for the period. All fees are in accordance with the Fund's Product Disclosure Statement dated 20 April 2007.

Responsible Entity

The Responsible Entity of the Multiplex European Property Fund is Multiplex Capital Management Limited (ABN 32 094 936 866) whose immediate and ultimate holding company is Multiplex Limited (ABN 96 008 687 063).

Key management personnel

The Consolidated Entity does not employ personnel in its own right. However it is required to have an incorporated Responsible Entity to manage the activities of the Consolidated Entity and this is considered the key management personnel. The directors of the Responsible Entity are key management personnel of that entity and their names are Dr P Morris, Mr R Rayner, Mr B Motteram, Mr R McCuaig, Mr R Bevan and Mr R McKinnon.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

14 RELATED PARTIES (CONTINUED)

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross assets attributable to unitholders (refer below).

No compensation is paid to directors or directly by the Fund to any of the key management personnel of the Responsible 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 entities within the Consolidated Entity and other related bodies corporate as at the date of this report is as follows:

Director	Multiplex European Property Fund Units held ('000)
Peter Morris	-
Robert McCuaig	25
Rex Bevan (Resigned 31 January 2008)	60
Brian Motteram	-
Ian O'Toole (Resigned 31 October 2007)	-
Robert Rayner	-
Bob McKinnon (Appointed 7 December 2007)	-

No options are held by/have been issued to Directors or their related parties.

Responsible Entity's fees and other transactions

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

Management fee

A base management fee up to 0.615% (including GST) per annum of the gross value of assets is payable to the Responsible Entity by the Fund quarterly in arrears. As at 31 December 2007, the management fee paid to the Responsible Entity was \$2,020,699 with \$998,913 of that amount remaining payable at period end.

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

Related party unitholders

ANZ Nominees Limited as custodian for Multiplex Capital Management Limited as responsible entity for Multiplex Acumen Property Fund holds 12,750,050 units or 5.16% of the Fund as at 31 December 2007.

Multiplex Funds Management Limited as custodian for Multiplex German Investment Trust (Multiplex Property Trust) holds 49,750,100 units or 20.15% of the Fund as at 31 December 2007.

Transactions with related parties

All transactions with related parties are conducted on normal commercial terms and conditions.

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT
MULTIPLEX EUROPEAN PROPERTY FUND
AS AT 31 DECEMBER 2007

14 RELATED PARTIES (CONTINUED)

Set out below are the fees paid or payable by the Consolidated Entity to the Responsible Entity and Related parties during the year:

	Period ended 31 December 2007 Consolidated \$'000
Management fees	2,021
Establishment fees	22,477
Fees payable to the Responsible Entity as at balance date	999
Other transactions with related parties	
Distribution to Multiplex German Holding Pty Limited ¹	3,204
Distribution to Multiplex Property Trust ²	3,174
Distribution to Multiplex Acumen Property Fund ³	813
Distribution payable to Multiplex Property Trust as at balance date	1,066
Distribution payable to Multiplex Acumen Property Fund as at balance date	273

¹Distribution paid prior to the allotment of units to external unitholders.

²Includes distribution paid prior to the allotment of units to external unitholders of \$996,363.

³Includes distribution paid prior to the allotment of units to external unitholders of \$255,349.

There are a number of intra group transactions and loans, including hedging arrangements within the Consolidated Entity. These transactions and loans have been eliminated on consolidation.

15 CONTINGENT ASSETS AND LIABILITIES

The Consolidated Entity has no contingent assets or liabilities at 31 December 2007.

16 CAPITAL AND OTHER COMMITMENTS

The Consolidated Entity has no capital and other commitments at 31 December 2007.

17 EVENTS SUBSEQUENT TO REPORTING DATE

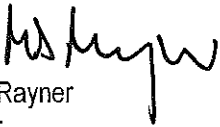
There are no matters or circumstances, which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

**Multiplex European Property Fund
Directors' Declaration**

- 1 In the opinion of the Directors of Multiplex Capital Management Limited as Responsible Entity for Multiplex European Property Fund:
- (a) The Consolidated interim financial statements and notes, set out in pages 6 to 23 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 31 December 2007 and of its performance, for the 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 Consolidated Entity will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney, this 26 day of February 2008.



Robert Rayner
Director
Multiplex Capital Management Limited



Independent auditor's review report to the members of Multiplex European Property Fund

We have reviewed the accompanying interim financial report of Multiplex European Fund (the "Scheme"), which comprises the consolidated balance sheet as at 31 December 2007, the consolidated interim income statement, the consolidated interim statement of changes in equity and consolidated interim cash flow statement for the period from 2 April 2007 to 31 December 2007, a statement of accounting policies, other explanatory notes 1 to 17 and the directors' declaration set out on page 24 of the consolidated entity comprising the Scheme and the entities it controlled at the half-year ended or from time to time during the abovementioned period.

Directors' responsibility for the financial report

The directors of the Scheme are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing 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 an opinion 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 an Interim Financial Report 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 Scheme's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Multiplex European 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.

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Conclusion

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 European Property Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Scheme's financial position as at 31 December 2007 and of its performance for the period from 2 April 2007 to 31 December 2007; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

A handwritten signature in black ink, appearing to be 'KPMG' or similar, written in a cursive style.

KPMG

A handwritten signature in black ink, reading 'T. Gilerman', written in a cursive style.

Tanya Gilerman
Partner

Sydney
26 February 2008

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