

# ASX Announcement

28 February 2011

## **Multiplex European Property Fund (ASX: MUE) Interim Results 2011**

Brookfield Capital Management Limited (BCML), as Responsible Entity for Multiplex European Property Fund (Fund), announces the results for the six month period to 31 December 2010.

Net profit after tax for the period was \$20.4 million. The appreciation of the Australian dollar during the period continues to impact the comparability of financial information between the current period and prior periods.

Key messages for the Fund's financial results for the six months to 31 December 2010 are:

- net profit after tax of \$20.4 million (\$13.4 million for the period ended 31 December 2009) with earnings per unit (EPU) of 8.3 cents;
- net tangible assets (NTA) of \$91.3 million or \$0.37 per unit (30 June 2010: \$0.31 per unit)
- \$9.4 million valuation decrement recorded across the Fund's property assets to €264.6 million, which represents a decrease of 2.5% on the 30 June 2010 valuation of €271.3 million;
- property rental income of \$17 million;
- distributions to investors for the six month period to 31 December 2010 were \$3 million and distributions per unit (DPU) of 1.25 cents per unit;
- the portfolio occupancy is 95% with a weighted average lease expiry (by income) of 6.6 years; and
- the Fund remains in compliance with all financing covenants.

### **Financial Results**

The net profit after tax of \$20.4 million includes a \$9.4 million property valuation decrement and \$23 million in financial derivative mark-to-market gains.

### **Property Portfolio**

BCML continues to maintain its practice of externally revaluing the properties each reporting period. The properties were independently valued during the period by DTZ Zadelhoff Tie Leung GmbH in Frankfurt. Their valuation of €264.6 million (\$347 million) as at 31 December 2010 represents a 2.5% decline from the 30 June 2010 valuation of €271.3 million.

The portfolio's weighted average initial yield increased to 7.8% from 7.4% at June 2010.

The decline in property values predominantly represents the impending vacancy at the Düsseldorf property from April 2011, a general decrease in value in discounters located in East Germany and a slight decrease in the portfolio weighted average lease expiry (WALE).

The portfolio's WALE (by income) is 6.6 years and the tenant mix is still dominated by major German national and multi-national tenants who contribute approximately 80% of the Fund's rental income.

## **Debt and Hedging**

There have been no changes to the Fund's derivative instruments during the period and BCML continues to monitor currency movements and the optimal level of hedging for the Fund.

The Fund remains in compliance with all financing covenants.

The Fund's Loan to Value Ratio (LVR) calculated using 31 December 2010 valuations is 87.4% (LVR covenant limit of 95%) and Interest Cover Ratio (ICR) at 31 December 2010 is 1.88x compared to the covenant limit of 1.30x.

The Term Facility is fully drawn and no part of the Term Facility is due to be refinanced before expiry in April 2014.

## **Distribution policy**

The Fund's current distribution policy is to ensure that it is distributing at least its taxable income each year and this will be impacted by the level of realised foreign exchange gains/losses that the Fund realises on its existing derivative contracts, through the ordinary course of business or if terminated early.

Any declaration of distributions will always remain subject to BCML's assessment of the Fund's operating results, future financial commitments, and operating or market conditions in Europe and Australia.

## **Further information and Financial Results as at 31 December 2010**

Further information in relation to the Fund's interim results is available to investors in the form of an Interim Report which will also be lodged with ASX. It is recommended that investors review this document. The financial report for the six months to 31 December 2010 is available at [www.au.brookfield.com](http://www.au.brookfield.com).

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Brookfield Customer Service  
Ph: 1800 570 000

## **About Brookfield**

Brookfield is a global asset manager focused on property, renewable power and infrastructure with approximately US\$100 billion of assets under management. Brookfield is focused on owning and managing high-quality assets that produce sustainable cash flows and generate attractive long-term returns.

In Australasia, the group employs approximately 2,200 people and has a reputation for quality, innovation and the successful delivery of major commercial projects. Brookfield offers clients and investors the benefit of a fully integrated property capability with activities in commercial office, retail, residential, construction, property management and infrastructure.

# Appendix 4D – Additional Disclosure

## Multiplex European Property Fund

For the period ended 31 December 2010

<b>Name of Fund:</b>	Multiplex European Property Fund (MUE or Fund)
<b>Details of reporting period</b>	
<b>Current reporting period:</b>	1 July 2010 to 31 December 2010
<b>Prior corresponding period:</b>	1 July 2009 to 31 December 2009

This Financial Report should be read in conjunction with the Financial Report for the half year ended 31 December 2010. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

### Results for announcement to the market

	Half year ended 31 December 2010 \$'000s	Half year ended 31 December 2009 \$'000s	Movement \$'000s	Movement %
Total revenue and other income	43,444	36,329	7,115	19.6%
Total expenses	(21,754)	(22,684)	930	(4.1%)
Income tax expense	(1,284)	(212)	(1,072)	505.7%
Net profit/(loss) attributable to the unitholders of MUE	20,406	13,433	6,973	51.9%
Property fair value adjustments from investments accounted for using the equity method included in the above	(9,445)	(8,998)	(447)	5.0%
Earnings per unit (cents)	8.26	5.40	2.86	53.0%

### Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
September 2010 distribution	0.625	1,543	29 October 2010
December 2010 distribution	0.625	1,544	31 January 2011
<b>Total distribution for the six months ended 31 December 2010</b>	<b>1.250</b>	<b>3,087</b>	
<b>Ordinary units</b>			
September 2009 distribution	0.625	1,543	30 October 2009
December 2009 distribution	0.625	1,543	29 January 2010
<b>Total distribution for the six months ended 31 December 2009</b>	<b>1.250</b>	<b>3,086</b>	

This preliminary final report is given to the ASX in accordance with Listing Rule 4.2.A.

Commentary and analysis of the result for the current period can be found in the attached Multiplex European Property Fund ASX release dated 28 day of February 2011. This ASX release forms part of the Appendix 4D.

The Fund has a formally constituted Audit Committee of the Board of Directors. The release of the report was approved by resolution of the Board of Directors on 28 February 2011.

Multiplex European Property Fund  
Interim financial report  
For the half year ended  
31 December 2010

# Multiplex European Property Fund

ARSN 124 527 206

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# Directory

## Multiplex European Property Fund

For the half year ended 31 December 2010

### **Responsible Entity**

Brookfield Capital Management Limited (formerly Brookfield Multiplex Capital Management Limited)  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9322 2000  
Facsimile: +61 2 9322 2001

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

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

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

Neil Olofsson

### **Registered Office**

Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9322 2000  
Facsimile: +61 2 9322 2001

### **Custodian**

Brookfield Funds Management Limited (formerly Brookfield Multiplex Funds Management Limited)  
Level 22, 135 King Street  
Sydney NSW 2000  
Telephone: +61 2 9322 2000  
Facsimile: +61 2 9322 2001

### **Stock Exchange**

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

### **Location of Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Telephone: +61 2 8280 7100  
Facsimile: +61 2 9287 0303

### **Auditor**

Deloitte Touche Tohmatsu  
The Barrington  
Level 10, 10 Smith Street  
Parramatta NSW 2150  
Telephone: + 61 2 9840 7000  
Facsimile: + 61 2 9840 7001

# Directors' Report

## Multiplex European Property Fund

For the half year ended 31 December 2010

### Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), formerly Brookfield Multiplex Capital Management Limited, the Responsible Entity of Multiplex European Property Fund (ARSN 124 527 206) (Fund), present their report together with the financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2010 and the Independent Auditor's Review Report thereon.

### Directors

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

Name	Capacity
F. Allan McDonald (appointed 1 January 2010)	Non-Executive Independent Chairman
Brian Motteram (appointed 21 February 2007)	Non-Executive Independent Director
Barbara Ward (appointed 1 January 2010)	Non-Executive Independent Director
Tim Harris (appointed 1 January 2010)	Executive Director
Russell Proutt (appointed 1 January 2010)	Executive Director

### Principal activities

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

### Review of operations

The Consolidated Entity recorded a net profit after tax of \$20,406,000 for the six month period ended 31 December 2010 (2009: net profit after tax of \$13,433,000). The reported net profit after tax includes an unrealised loss of \$9,445,000 on property revaluations (2009: unrealised losses of \$8,998,000).

As communicated to investors in the ASX announcement dated 17 December 2010, the Fund paid a distribution for the quarter ended 31 December 2010. BCML will consider the Fund's net profit after providing for maintenance capital expenditure, the prevailing market conditions and tax considerations before declaring any distribution for the March 2011 and June 2011 quarters.

An unrealised gain of \$23,021,000 was also recorded by the Consolidated Entity on account of marking-to-market value the Consolidated Entity's derivatives (2009: unrealised gain of \$13,215,000). The practice of marking-to-market the Consolidated Entity's derivatives at each period end date will continue to introduce volatility into the Consolidated Entity's Statement of Comprehensive Income and Statement of Financial Position. However, these adjustments are non-cash related as the Consolidated Entity's derivative obligations were fixed at the time of entering into the derivatives in November 2006 and these obligations do not change during the term of the derivative.

Some of the significant events during the period are detailed below.

- property rental income of \$17,017,000 (2009: \$19,772,000);
- total revenue and other income of \$43,444,000 (2009: \$36,329,000);
- net profit after tax of \$20,406,000 (2009: net profit after tax of \$13,433,000);
- earnings per unit (EPU) of 8.3 cents (2009: 5.4 cents);
- distributions to unitholders for the half year ended 31 December 2010 were \$3,087,000 (2009: \$3,086,000) and distributions per unit (DPU) of 1.25 cents per unit (2009: 1.25);
- net assets of \$91,325,000 and NTA of \$0.37 (30 June 2010: \$77,506,000 and NTA of \$0.31); and
- property portfolio value of \$347,655,000 (30 June 2010: \$384,769,000) and unrealised revaluation decrement of \$9,445,000 (2009: \$8,998,000).

# Directors' Report continued

## Multiplex European Property Fund

For the half year ended 31 December 2010

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### **Rounding of amounts**

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

### **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 2010.

Dated at Sydney this 28th day of February 2011.

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



**Russell Proutt**

Director

Brookfield Capital Management Limited



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

28 February 2011

Dear Directors

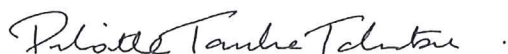
## MULTIPLEX EUROPEAN PROPERTY FUND

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

As lead audit partner for the review of the financial statements of Multiplex European Property Fund for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants

# Condensed Consolidated Interim Statement of Comprehensive Income

## Multiplex European Property Fund

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For the half year ended 31 December 2010

	Note	Consolidated Half year ended 31 December 2010 \$'000	Half year ended 31 December 2009 \$'000
<b>Revenue and other income</b>			
Property rental income		17,017	19,772
Interest income		3,276	2,926
Net gain on revaluation of financial derivatives		23,021	13,215
Other income		130	416
<b>Total revenue and other income</b>		<b>43,444</b>	<b>36,329</b>
<b>Expenses</b>			
Property expenses		3,123	2,887
Finance costs to external parties		7,627	9,081
Management fees		853	982
Net loss on revaluation of investment properties	7	9,445	8,998
Other expenses		706	736
<b>Total expenses</b>		<b>21,754</b>	<b>22,684</b>
<b>Profit before income tax</b>		<b>21,690</b>	<b>13,645</b>
Income tax expense		(1,284)	(212)
<b>Net profit after tax</b>		<b>20,406</b>	<b>13,433</b>
<b>Other comprehensive income</b>			
Changes in foreign currency translation reserve		(3,500)	(7,188)
<b>Other comprehensive loss for the period</b>		<b>(3,500)</b>	<b>(7,188)</b>
<b>Total comprehensive income for the period</b>		<b>16,906</b>	<b>6,245</b>
<b>Net profit attributable to ordinary unitholders</b>		<b>20,406</b>	<b>13,433</b>
<b>Total comprehensive income attributable to ordinary unitholders</b>		<b>16,906</b>	<b>6,245</b>
<b>Earnings per unit</b>			
Basic and diluted earnings per ordinary unit (cents)		8.3	5.4

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Financial Position

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## Multiplex European Property Fund

As at 31 December 2010

	Note	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		33,081	33,932
Trade and other receivables		3,165	2,556
Fair value of financial derivatives		2,064	1,620
<b>Total current assets</b>		<b>38,310</b>	<b>38,108</b>
<b>Non-current assets</b>			
Investment properties	7	347,655	384,769
Fair value of financial derivatives		35,011	19,537
Deferred tax asset		2,837	3,954
<b>Total non-current assets</b>		<b>385,503</b>	<b>408,260</b>
<b>Total assets</b>		<b>423,813</b>	<b>446,368</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		6,105	6,179
Distribution payable	6	1,543	6,482
Provisions		977	1,055
<b>Total current liabilities</b>		<b>8,625</b>	<b>13,716</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	8	303,129	327,100
Fair value of financial derivatives		18,108	25,211
Minority interest payable		2,626	2,835
<b>Total non-current liabilities</b>		<b>323,863</b>	<b>355,146</b>
<b>Total liabilities</b>		<b>332,488</b>	<b>368,862</b>
<b>Net assets</b>		<b>91,325</b>	<b>77,506</b>
<b>Equity</b>			
Units on issue	9	227,228	227,228
Reserves		(2,084)	1,416
Undistributed losses		(133,819)	(151,138)
<b>Total equity</b>		<b>91,325</b>	<b>77,506</b>

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Consolidated Interim Statement of Changes in Equity

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## Multiplex European Property Fund

For the half year ended 31 December 2010

Consolidated Entity	Attributable to Unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
<b>Opening equity - 1 July 2010</b>	<b>227,228</b>	<b>(151,138)</b>	<b>1,416</b>	<b>77,506</b>
Changes in foreign currency translation reserve	–	–	(3,500)	(3,500)
<b>Other comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>(3,500)</b>	<b>(3,500)</b>
Net profit for the period	–	20,406	–	20,406
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>20,406</b>	<b>(3,500)</b>	<b>16,906</b>
<b>Transactions with unitholders in their capacity as unitholders:</b>				
Distributions paid/payable	–	(3,087)	–	(3,087)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>–</b>	<b>(3,087)</b>	<b>–</b>	<b>(3,087)</b>
<b>Closing equity - 31 December 2010</b>	<b>227,228</b>	<b>(133,819)</b>	<b>(2,084)</b>	<b>91,935</b>

Consolidated Entity	Attributable to Unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/(losses) \$'000	Reserves \$'000	Total \$'000
<b>Opening equity - 1 July 2009</b>	<b>227,228</b>	<b>(180,145)</b>	<b>16,355</b>	<b>63,438</b>
Changes in foreign currency translation reserve	–	–	(7,188)	(7,188)
<b>Other comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>(7,188)</b>	<b>(7,188)</b>
Net loss for the period	–	13,433	–	13,433
<b>Total comprehensive income/(loss) for the period</b>	<b>–</b>	<b>13,433</b>	<b>(7,188)</b>	<b>6,245</b>
<b>Transactions with unitholders in their capacity as unitholders:</b>				
Distributions paid/payable	–	(3,086)	–	(3,086)
<b>Total transactions with unitholders in their capacity as unitholders</b>	<b>–</b>	<b>(3,086)</b>	<b>–</b>	<b>(3,086)</b>
<b>Closing equity - 31 December 2009</b>	<b>227,228</b>	<b>(169,798)</b>	<b>9,167</b>	<b>66,597</b>

The Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the Notes to the condensed consolidated interim financial statements

# Condensed Consolidated Interim Statement of Cash flows

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## Multiplex European Property Fund

For the half year ended 31 December 2010

	Consolidated Half year ended 31 December 2010 \$'000	Half year ended 31 December 2009 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	15,093	20,101
Cash payments in the course of operations	(5,345)	(5,149)
Interest received	4,005	3,589
Financing costs paid	(7,585)	(8,492)
<b>Net cash flows from operating activities</b>	<b>6,168</b>	<b>10,049</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of, and additions to, investment properties	(628)	(101)
<b>Net cash flows used in investing activities</b>	<b>(628)</b>	<b>(101)</b>
<b>Cash flows from financing activities</b>		
Distributions paid	(8,025)	(3,086)
<b>Net cash flows used in financing activities</b>	<b>(8,025)</b>	<b>(3,086)</b>
Net (decrease)/increase in cash and cash equivalents	(2,485)	6,862
Impact of foreign exchange	1,634	(1,123)
Cash and cash equivalents at beginning of the period	33,932	18,735
<b>Cash and cash equivalents at 31 December</b>	<b>33,081</b>	<b>24,474</b>

The Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the Notes to the condensed consolidated interim financial statements.

# Condensed Notes to the Consolidated Interim Financial Statements

## Multiplex European Property Fund

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For the half year ended 31 December 2010

### 1 Reporting entity

Multiplex European Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), formerly Brookfield Multiplex Capital Management Limited the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial report of the Fund as at and for the six months ended 31 December 2010 comprises the Fund and its subsidiaries (together referred to as the Consolidated Entity).

### 2 Basis of preparation

#### 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*. 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 and for the year ended 30 June 2010.

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional currency, however, the Consolidated Entity is predominantly comprised of operations that are located in Europe. The functional currency of the controlled entities that hold these operations is Euros.

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

### 3 Significant accounting policies

The accounting policies applied in this consolidated interim financial report are the same as those applied in the consolidated financial report as at and for the year ended 30 June 2010, except for the impact of the new or revised Standards and Interpretations that are first effective in the current reporting period, as described below.

*AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process*  
AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

*AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*  
AASB 2010-3 introduces amendments to a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements to provide clarification of certain matters. The key clarifications include the measurement of non-controlling interests in a business combination, transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised AASB 3 *Business Combinations (2008)*, and transition requirements for amendments arising as a result of AASB 127 *Consolidated and Separate Financial Statements*.

The adoption of the above amendments have not resulted in any material changes to the Consolidated Entity's accounting policies or adjustments to amounts reported in the current or prior periods.

### 4 Estimates

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

### 5 Segment reporting

Management have identified the Chief Operating Decision Maker function is performed by the Board of Directors of the Responsible Entity (Board). The Board assesses the performance of the Consolidated Entity in its entirety. The allocation of resources is not performed in separate segments by the Board. The Board reviews and assesses the information in relation to the performance of the Consolidated Entity as set out in the Statement of Comprehensive Income and Statement of Financial Position, therefore no further segment reporting is required.

# Condensed Notes to the Consolidated Interim Financial Statements continued Multiplex European Property Fund

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For the half year ended 31 December 2010

## 6 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
<b>Ordinary units</b>			
September 2010 distribution	0.625	1,543	29 October 2010
December 2010 distribution	0.625	1,544	31 January 2011
<b>Total distribution for the six months ended 31 December 2010</b>	<b>1.250</b>	<b>3,087</b>	
<b>Ordinary units</b>			
September 2009 distribution	0.625	1,543	30 October 2009
December 2009 distribution	0.625	1,543	29 January 2010
<b>Total distribution for the six months ended 31 December 2009</b>	<b>1.250</b>	<b>3,086</b>	

## 7 Investment properties

The Consolidated Entity holds the following categories of investment properties at the reporting date:

Description	Consolidated		30 June 2010 book value \$'000
	Latest external valuation \$'000	31 December 2010 book value \$'000	
Total retail investment properties	225,148	225,148	248,101
Total commercial investment properties	14,282	14,282	17,901
Total logistics investment properties	32,217	32,217	35,405
Total nursing home investment properties	76,008	76,008	83,362
<b>Total investment properties</b>	<b>347,655</b>	<b>347,655</b>	<b>384,769</b>

Last valuation in Euro has been converted at the 31 December 2010 exchange rate of €0.7611 to \$1.00. The Euro valuation totals €264,600,000.

## Independent valuations

Property investments are investments in properties which are held either to earn rental income or for capital appreciation or for both. Property investments are stated at fair value. An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio 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. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The entire property portfolio has been independently valued at 31 December 2010 by DTZ. The valuation conducted by DTZ has been prepared in accordance with the appropriate sections of the Practice Statements contained within the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards, 6th Edition, and in accordance with the relevant sections of the European Valuation Standards prepared by the European Group of Valuers Association (TEGoVA). Both these standards are internationally accepted standards of valuation. The methodology utilises the principle of the cold multiplier. The cold multiplier is the estimate of market conditions that is multiplied by the gross rent to derive the value of the assets in the German portfolio. The cold multipliers utilised in the 31 December 2010 valuation range from 0 – 13.70 (30 June 2010: range 0 – 13.33).

Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. Any change in any of these factors could have a significant impact on the value of the Consolidated Entity's property investments. Any gain or loss from a change in fair value is recognised in the Statement of Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred.

# Condensed Notes to the Consolidated Interim Financial Statements continued

## Multiplex European Property Fund

For the half year ended 31 December 2010

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### 7 Investment properties continued

	Consolidated Half year ended 31 December 2010 \$'000
<b>Reconciliation of the carrying amount of investment properties is set out below:</b>	
Carrying amount at beginning of period	384,769
Capital expenditure	606
Net loss from fair value adjustments to investment properties	(9,445)
Foreign currency translation exchange adjustment	(28,275)
<b>Carrying amount at end of period</b>	<b>347,655</b>

	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>8 Interest bearing liabilities</b>		
<b>Non-current</b>		
Secured bank debt <sup>1</sup>	304,034	328,227
Debt establishment fees <sup>2</sup>	(905)	(1,127)
<b>Total interest bearing liabilities</b>	<b>303,129</b>	<b>327,100</b>

1 Only interest is paid on this facility and no other 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.

	Expiry Date	Consolidated 31 December 2010 \$'000	30 June 2010 \$'000
<b>Finance arrangements</b>			
<b>Facilities available</b>			
Bank debt facility	15 April 2014	304,034	328,227
Less: Facilities utilised		(304,034)	(328,227)
<b>Facilities not utilised</b>		<b>-</b>	<b>-</b>

The bank debt facility consists of a €231,400,000 facility financed by Eurohypo AG. At 31 December 2010, the facility was fully drawn (30 June 2010: fully drawn). The movement in the balance between 30 June 2010 and 31 December 2010 is solely due to changes in foreign exchange rates. The 31 December 2010 debt balance has been translated at the 31 December 2010 foreign exchange rate, or €0.7611 to A\$1.00 (30 June 2010: €0.7050 to A\$1.00).

The Consolidated Entity has granted the lender a first ranking security over its interest in the relevant investment properties.

At 31 December 2010, the Fund was in compliance with its loan covenant ratios.

	Half year ended 31 December 2010 \$'000	Half year ended 31 December 2010 Units	Year ended 30 June 2010 \$'000	Year ended 30 June 2010 Units
<b>9 Units on issue</b>				
Opening balance	227,228	246,950,150	227,228	246,950,150
<b>Closing balance</b>	<b>227,228</b>	<b>246,950,150</b>	<b>227,228</b>	<b>246,950,150</b>



# Condensed Notes to the Consolidated Interim Financial Statements continued Multiplex European Property Fund

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For the half year ended 31 December 2010

## **10 Related parties**

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2010.

## **11 Contingent liabilities and assets**

A controlled entity within the Consolidated Entity is currently the subject of a German taxation audit. The Consolidated Entity is in the process of responding to queries raised during the audit. One of the queries relates to issues identified in the Fund's PDS (dated 20 April 2007). It is not possible at this time to determine what, if any, liability may arise from this audit.

There are no other contingent liabilities or assets at 31 December 2010 (30 June 2010: nil).

## **12 Capital and other commitments**

There were no capital or other commitments at 31 December 2010 (30 June 2010: 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 European Property Fund

For the half year ended 31 December 2010

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

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 14, 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 2010 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 Capital Management Limited.

Dated at Sydney, this 28th day of February 2011



**Russell Proutt**  
**Director**  
Brookfield Capital Management Limited

## Independent Auditor's Review Report to the Unitholders of Multiplex European Property Fund

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Multiplex European Property Fund ('the Fund'), which comprises the condensed statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Brookfield Capital Management Limited, the responsible entity for the fund, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the fund's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Capital Management Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James  
Partner  
Chartered Accountants  
Parramatta, 28 February 2011