

Multiplex New Zealand Property Fund
Interim financial report
For the half year ended
31 December 2015

Multiplex New Zealand Property Fund

ARSN 110 281 055

Table of Contents

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

	Page
Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Financial Statements	7
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	7
Condensed Consolidated Interim Statement of Financial Position	8
Condensed Consolidated Interim Statement of Changes in Equity	9
Condensed Consolidated Interim Statement of Cash Flows	10
Notes to the Condensed Consolidated Interim Financial Statements	11
1 Reporting entity	11
2 Significant accounting policies	11
3 Estimates.....	11
4 Distributions and returns of capital	12
5 Investment properties	12
6 Units on issue	12
7 Financial instruments	13
8 Related parties.....	13
9 Contingent liabilities and assets.....	13
10 Events subsequent to the reporting date.....	13
Directors' Declaration	14
Independent Auditor's Review Report	15

Directory

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

Responsible Entity

Brookfield Capital Management Limited
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Sydney NSW 2000
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Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Barbara Ward
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office of Brookfield Capital Management Limited

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

Brookfield Funds Management Limited
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Location of Share Registry

Boardroom (Victoria) Pty Limited
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Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
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Directors' Report

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of Multiplex New Zealand Property Fund (ARSN 110 281 055) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2015 and the Independent Auditor's Review Report thereon.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney NSW 2000.

Directors

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

Name	Capacity
F. Allan McDonald	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross	Executive Director

Principal activities

The principal activity of the Consolidated Entity is investing in properties in New Zealand.

Wind up of the Fund

The Responsible Entity continues with the wind up of the Fund and to pursue opportunities to sell the remaining properties in line with the sales strategy. It is the intention of the Responsible Entity to sell the properties in an orderly manner, but it may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. It is not possible to predict when the sale process will be completed and, as such, the investment properties remain classified as non-current assets.

During the period, the Fund did not declare any cash distributions (2014: \$46,882,000 or 21.5 cents per unit).

Review of operations

The Consolidated Entity has recorded a net loss after tax of \$6,632,000 for the half year ended 31 December 2015 (2014: net profit after tax \$2,985,000). The reported net loss includes \$7,519,000 unrealised decrement on revaluations of investment properties (2014: unrealised increment \$186,000).

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

- total revenue and other income of \$3,098,000 (2014: \$6,263,000);
- net assets attributable to unitholders of \$59,035,000 (30 June 2015: \$62,098,000) and net assets per unit of \$0.27 (30 June 2015: \$0.28); and
- the weighted average lease term to expiry is approximately 11.4 years (30 June 2015: 3.55 years) and the portfolio occupancy rate is 55.1% (30 June 2015: 58.0%).

As the Fund is in wind up, the strategy is to realise the Fund's assets on an orderly basis so as to maximise value for unitholders.

Rounding of amounts

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, 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.

Directors' Report continued

Multiplex New Zealand Property Fund

5

For the half year ended 31 December 2015

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 2015.

Dated at Sydney this 24th day of February 2016

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



Shane Ross

Director

Brookfield Capital Management Limited

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

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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for Multiplex New Zealand Property Fund)
Level 22, 135 King St
Sydney NSW 2000

24 February 2016

Dear Directors

Multiplex New Zealand 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 of Multiplex New Zealand Property Fund.

As lead audit partner for the review of the financial statements of Multiplex New Zealand Property Fund for the half year ended 31 December 2015, 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 sincerely

DELOITTE TOUCHE TOHMATSU
DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

Multiplex New Zealand Property Fund

7

For the half year ended 31 December 2015

	Note	Consolidated	
		Half year ended 31 December 2015 \$'000	Half year ended 31 December 2014 \$'000
Revenue and other income			
Property rental income		2,511	5,575
Interest income		142	185
Net gain on revaluation of investment property		–	186
Net gain on sale of investment properties	5	445	317
Total revenue and other income		3,098	6,263
Expenses			
Property expenses		1,239	2,645
Net loss on revaluation of investment properties	5	7,519	–
Management fees		233	344
Other expenses		107	102
Total expenses		9,098	3,091
(Loss)/profit before income tax		(6,000)	3,172
Income tax expense		(632)	(187)
Net (loss)/profit after income tax for the period		(6,632)	2,985
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Changes in foreign currency translation reserve		3,569	2,619
Other comprehensive income for the period, net of income tax		3,569	2,619
Total comprehensive (loss)/income for the period		(3,063)	5,604
Net (loss)/profit attributable to ordinary unitholders		(6,632)	2,985
Total comprehensive income attributable to ordinary unitholders		(3,063)	5,604

The Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

8

Multiplex New Zealand Property Fund

As at 31 December 2015

	Note	Consolidated 31 December 2015 \$'000	30 June 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents		17,435	16,606
Trade and other receivables		401	1,061
Current tax receivable		–	261
Total current assets		17,836	17,928
Non-current assets			
Investment properties	5	56,576	50,115
Total non-current assets		56,576	50,115
Total assets		74,412	68,043
Liabilities			
Current liabilities			
Trade and other payables		13,368	4,541
Total current liabilities		13,368	4,541
Non-current liabilities			
Accrued wind up costs		1,113	1,158
Deferred tax liabilities		896	246
Total non-current liabilities		2,009	1,404
Total liabilities		15,377	5,945
Net assets		59,035	62,098
Equity			
Units on issue	6	109,901	109,901
Reserves		(24,656)	(28,225)
Undistributed losses		(26,210)	(19,578)
Total equity		59,035	62,098

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

9

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

Consolidated Entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/ (losses) \$'000	Reserves \$'000	Total \$'000
Opening equity – 1 July 2015	109,901	(19,578)	(28,225)	62,098
Changes in foreign currency translation reserves	–	–	3,569	3,569
Other comprehensive income for the period, net of income tax	–	–	3,569	3,569
Net loss for the period	–	(6,632)	–	(6,632)
Total comprehensive income for the period	–	(6,632)	3,569	(3,063)
Transactions with unitholders in their capacity as unitholders:				
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
Closing equity – 31 December 2015	109,901	(26,210)	(24,656)	59,035

Consolidated Entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/ (losses) \$'000	Reserves \$'000	Total \$'000
Opening equity – 1 July 2014	155,551	(21,561)	(25,703)	108,287
Changes in foreign currency translation reserves	–	–	2,619	2,619
Other comprehensive income for the period, net of income tax	–	–	2,619	2,619
Net profit for the period	–	2,985	–	2,985
Total comprehensive income for the period	–	2,985	2,619	5,604
Transactions with unitholders in their capacity as unitholders:				
Distribution declared	–	(1,232)	–	(1,232)
Return of capital	(45,650)	–	–	(45,650)
Total transactions with unitholders in their capacity as unitholders	(45,650)	(1,232)	–	(46,882)
Closing equity – 31 December 2014	109,901	(19,808)	(23,084)	67,009

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

10

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

	Consolidated	
	Half year ended 31 December 2015 \$'000	Half year ended 31 December 2014 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	2,732	5,769
Cash payments in the course of operations	(1,718)	(4,521)
Interest received	140	185
Income tax refund	263	103
Net cash flows from operating activities	1,417	1,536
Cash flows from investing activities		
Payments for additions to investment properties	(1,863)	(435)
Proceeds from sale of investment properties	414	44,749
Net cash flows (used in)/from investing activities	(1,449)	44,314
Cash flows from financing activities		
Distributions paid	-	(1,232)
Return of capital	-	(45,650)
Net cash flows used in financing activities	-	(46,882)
Net decrease in cash and cash equivalents	(32)	(1,032)
Impact of foreign exchange	861	72
Cash and cash equivalents at beginning of the period	16,606	15,574
Cash and cash equivalents at 31 December	17,435	14,614

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

Notes to the Condensed Consolidated Interim Financial Statements

11

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

1 Reporting entity

Multiplex New Zealand Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial statements of the Fund as at and for the six months ended 31 December 2015 comprise the Fund and its subsidiaries (together referred to as the Consolidated Entity).

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2015. For the purpose of preparing the consolidated financial statements, the Fund is a for profit entity.

Basis of preparation

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation currency. The Fund's functional currency is Australian dollars. However, the Consolidated Entity is predominately comprised of operations that are located in New Zealand. The functional currency of the controlled entity that holds these operations is New Zealand dollars.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, 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.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2015.

AASB 1031 *Materiality* has been effectively withdrawn from 1 July 2015.

Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes the Consolidated Entity will be able to realise its assets and discharge its liabilities in the normal course of business.

The Responsible Entity continues with the wind up of the Fund and to pursue opportunities to sell the remaining properties in line with the sales strategy. It is the intention of the Responsible Entity to sell the properties in an orderly manner, but it may take a number of years to realise the assets at values which the Responsible Entity considers to be in the best interests of unitholders. It is not possible to predict when the sale process will be completed.

Based on the above, the Directors of the Responsible Entity believe it is appropriate to continue to adopt the going concern basis for this set of financial statements. The financial statements do not include adjustments relating to the recoverability and classification of asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

3 Estimates

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are provided in investment properties (Note 5) and financial instruments (Note 7).

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

12

For the half year ended 31 December 2015

4 Distributions and returns of capital

During the period, the Fund did not declare any cash distributions (2014: \$46,882,000 or 21.5 cents per unit).

5 Investment properties

	Consolidated	
	31 December 2015 Book value \$'000	30 June 2015 Book value \$'000
Total investment properties¹	56,576	50,115

¹ The December 2015 book value is converted at the 31 December 2015 exchange rate A\$1 = NZ\$1.0667 (30 June 2015: A\$1 = NZ\$1.1294). The book value of the properties at 31 December 2015 is NZ\$60,350,000 (30 June 2015: NZ\$56,600,000).

Independent valuations

The investment properties of the Consolidated Entity are internally valued at each reporting date. The Consolidated Entity's policy is to obtain external valuations when internal valuations performed indicate the property value has changed by more than 5%, 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. An external valuation is obtained at least every 3 years.

At 31 December 2015, two properties were externally valued by independent valuer CBRE Limited, with the remaining being internally valued. The valuations have been undertaken using a number of approaches, including the discounted cash flow approach. The discounted cash flow rates adopted for 31 December 2015 range from 8.25% to 10.50% (30 June 2015: 9.25% to 10.50%).

Reconciliation of the carrying amount of investment properties, including held for sale investment properties, is set out below:

	Consolidated	
	Half year ended 31 December 2015 \$'000	Year ended 30 June 2015 \$'000
Investment properties		
Carrying amount at beginning of the period	50,115	96,924
Sale of investment properties	–	(44,283)
Capital expenditure and incentives	10,712	2,788
Net loss from fair value adjustments to investment properties	(7,519)	(3,661)
Impact of straight-lining	–	12
Foreign currency translation exchange adjustment	3,268	(1,665)
Carrying amount at year end	56,576	50,115

Investment properties held for sale

No properties have been classified as held for sale at 31 December 2015 or 30 June 2015.

Net gain on sale of investment properties

A gain on sale of investment properties is shown in the Statement of Profit or Loss and Other Comprehensive Income as a result of the release of accrued capex obligations for Chorus House, recognised as part of the property's sales cost in previous periods.

6 Units on issue

	Half year ended 31 December 2015 \$'000	Half year ended 31 December 2015 Units	Year ended 30 June 2015 \$'000	Year ended 30 June 2015 Units
	Ordinary units			
Opening balance	109,901	218,056,451	155,551	218,056,451
Return of capital	–	–	(45,650)	–
Closing balance	109,901	218,056,451	109,901	218,056,451

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

13

For the half year ended 31 December 2015

7 Financial instruments

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

Cash and cash equivalents and trade and other receivables

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

Non-derivative financial liabilities

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

Fair values versus carrying amounts

The Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities. There are no other financial instruments at fair value.

During the current and prior periods, there were no financial assets or liabilities which transferred between levels 1, 2 or 3.

8 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 2015.

9 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2015 (30 June 2015: nil).

10 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 periods.

Directors' Declaration

Multiplex New Zealand Property Fund

For the half year ended 31 December 2015

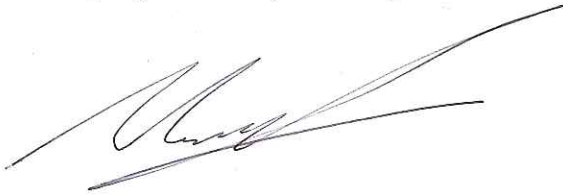
14

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

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 13, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 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 24th day of February 2016



Shane Ross
Director
Brookfield Capital Management Limited

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

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Independent Auditor’s Review Report to the Unitholders of Multiplex New Zealand Property Fund

We have reviewed the accompanying half-year financial report of Multiplex New Zealand Property Fund (“the Fund”), which comprises the condensed consolidated statement of financial position as at 31 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors’ declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

Directors’ Responsibility for the Half-Year Financial Report

The directors of Brookfield Capital Management Limited, the Responsible Entity of 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 gives a true and fair view and 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 2015 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 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 review 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 New Zealand 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 2015 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
DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants
Sydney, 24 February 2016