

Multiplex New Zealand Property Fund
Interim financial report
For the half year ended
31 December 2011

Multiplex New Zealand Property Fund

ARSN 110 281 055

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Multiplex New Zealand Property Fund

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Directory

Multiplex New Zealand Property Fund

For the half year ended 31 December 2011

Responsible Entity

Brookfield 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
Russell Proutt
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Neil Olofsson

Registered Office

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

Brookfield Funds Management Limited
Level 22, 135 King Street
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Location of Share Registry

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Telephone: +61 1300 737 760
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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 New Zealand Property Fund

For the half year ended 31 December 2011

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 2011 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
Russell Proutt (appointed 1 January 2010)	Executive Director
Shane Ross (appointed 16 May 2011)	Executive Director

Principal activities

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

Review of operations

The Consolidated Entity has recorded a net loss after tax of \$4,279,000 for the six month period ended 31 December 2011 (2010: net loss of \$9,198,000). The reported net loss includes \$5,701,000 unrealised losses on revaluations of investment properties (2010: unrealised losses \$16,639,000) and \$1,086,000 unrealised gains on revaluations of financial derivatives (2010: unrealised gains \$2,052,000).

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

- total revenue and other income of \$20,727,000 (2010: \$27,563,000);
- net assets attributable to unitholders of \$122,109,000 (30 June 2011: \$128,498,000) and NTA of \$0.56 (30 June 2011: \$0.59);
- the current weighted average lease term to expiry is approximately 5.05 years (30 June 2011: 4.84 years) and the portfolio occupancy rate is 96% (30 June 2011: 90%); and
- the sale of the University Building investment property was settled on 19 July 2011 for gross proceeds of \$7,644,000 or NZ\$9,600,000. The net proceeds were used to repay debt.

The existing debt facility is classified as current in the Statement of Financial Position. Due to this classification the Consolidated Entity's current liabilities exceed current assets by \$200,451,000. Investment properties totalling \$334,896,000 are classified as non-current assets.

In accordance with AASB 101 *Presentation of Financial Statements*, an entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. At the date of this report, management has no intention to either liquidate the Fund or to cease trading and believes realistic alternatives to liquidation or cessation of trading are available. As such the financial statements have been prepared on a going concern basis.

Exit mechanism

On 5 May 2011 BCML resolved to extend the period to provide investors with the option to sell or withdraw from the Fund. The Fund's constitution required investors to be provided with a notice at least three months prior to the expiry of the period ending 1 September 2011 (being 1 June 2011) giving them the option to sell or withdraw from the Fund. Alternatively, BCML had the option to extend the period by up to 12 months. In May 2011 BCML considered the circumstances facing the Fund in New Zealand and extended the period to 30 August 2012.

As a result, investors will be provided with a notice before 30 May 2012 asking them to advise whether or not they want to continue to own their units for a further period specified by BCML (which will be no more than seven years) or whether they want to sell or withdraw from the Fund. This process is set out in the Fund constitution and in the PDS. Subsequent to this vote, Brookfield Capital Management Limited, as Responsible Entity, will determine the most appropriate strategy to meet the redemption requests, if any. This strategy decision will be influenced by the number of investors and value of redemption requests received which in turn may have an impact on the Responsible Entity's decision to continue to adopt the going concern basis.

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.

Directors' Report continued

Multiplex New Zealand Property Fund

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For the half year ended 31 December 2011

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 2011.

Dated at Sydney this 24th day of February 2012

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 New Zealand Property Fund)
135 King Street
SYDNEY, NSW 2000

24 February 2012

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 2011, 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



Helen Hamilton-James
Partner
Chartered Accountants

Condensed Consolidated Interim Statement of Comprehensive Income

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Multiplex New Zealand Property Fund

For the half year ended 31 December 2011

	Note	Consolidated Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Revenue and other income			
Property rental income		19,432	25,258
Interest income		209	253
Net gain on revaluation of financial derivatives		1,086	2,052
Total revenue and other income		20,727	27,563
Expenses			
Property expenses		4,917	5,362
Net loss on sale of investment properties		816	3,579
Finance costs to external parties		7,605	14,024
Net loss on revaluation of investment properties	6	5,701	16,639
Management fees		1,258	1,566
Other expenses		82	19
Total expenses		20,379	41,189
Profit/(loss) before income tax		348	(13,626)
Income tax (expense)/benefit		(4,627)	4,428
Net loss after income tax for the period		(4,279)	(9,198)
Other comprehensive income			
Changes in foreign currency translation reserve		(2,110)	(10,875)
Other comprehensive loss for the period		(2,110)	(10,875)
Total comprehensive loss for the period		(6,389)	(20,073)
Net loss attributable to ordinary unitholders		(4,279)	(9,198)
Total comprehensive loss attributable to ordinary unitholders		(6,389)	(20,073)

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

Multiplex New Zealand Property Fund

As at 31 December 2011

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	Note	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Assets			
Current assets			
Cash and cash equivalents		19,143	19,096
Trade and other receivables		624	974
Held for sale investment properties	6	5,647	6,407
Total current assets		25,414	26,477
Non-current assets			
Investment properties	6	334,896	344,206
Total non-current assets		334,896	344,206
Total assets		360,310	370,683
Liabilities			
Current liabilities			
Trade and other payables		27,701	25,508
Fair value of financial derivatives	7	–	1,060
Interest bearing liabilities	7	198,164	–
Total current liabilities		225,865	26,568
Non-current liabilities			
Interest bearing liabilities	7	–	207,801
Deferred tax liability		12,336	7,816
Total non-current liabilities		12,336	215,617
Total liabilities		238,201	242,185
Net assets		122,109	128,498
Equity			
Units on issue	8	203,396	203,396
Reserves		(52,676)	(50,566)
Undistributed losses		(28,611)	(24,332)
Total equity		122,109	128,498

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 New Zealand Property Fund

For the half year ended 31 December 2011

Consolidated Entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/ (losses) \$'000	Reserves \$'000	Total \$'000
Opening equity – 1 July 2011	203,396	(24,332)	(50,566)	128,498
Changes in foreign currency translation reserves	–	–	(2,110)	(2,110)
Other comprehensive loss for the period	–	–	(2,110)	(2,110)
Net loss for the period	–	(4,279)	–	(4,279)
Total comprehensive loss for the period	–	(4,279)	(2,110)	(6,389)
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
Closing equity – 31 December 2011	203,396	(28,611)	(52,676)	122,109

Consolidated Entity	Attributable to unitholders of the Fund			
	Ordinary units \$'000	Undistributed profits/ (losses) \$'000	Reserves \$'000	Total \$'000
Opening equity – 1 July 2010	203,396	(13,895)	(41,187)	148,314
Changes in foreign currency translation reserves	–	–	(10,875)	(10,875)
Other comprehensive loss for the period	–	–	(10,875)	(10,875)
Net loss for the period	–	(9,198)	–	(9,198)
Total comprehensive loss for the period	–	(9,198)	(10,875)	(20,073)
Total transactions with unitholders in their capacity as unitholders	–	–	–	–
Closing equity – 31 December 2010	203,396	(23,093)	(52,062)	128,241

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 New Zealand Property Fund

For the half year ended 31 December 2011

	Consolidated Half year ended 31 December 2011 \$'000	Half year ended 31 December 2010 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations	19,097	55,729
Cash payments in the course of operations	(5,418)	(33,489)
Interest received	209	240
Financing costs paid	(7,811)	(16,020)
Net cash flows from operating activities	6,077	6,460
Cash flows from investing activities		
Payments for additions to investment properties	(5,941)	(2,078)
Proceeds from sale of investment properties	7,644	44,158
Net cash flows from investing activities	1,703	42,080
Cash flows from financing activities		
Repayments of interest bearing liabilities	(7,497)	(43,722)
Net cash flows used in financing activities	(7,497)	(43,722)
Net increase/(decrease) in cash and cash equivalents	283	4,818
Impact of foreign exchange	(236)	(1,194)
Cash and cash equivalents at beginning of the period	19,096	17,420
Cash and cash equivalents at 31 December	19,143	21,044

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 continued

Multiplex New Zealand Property Fund

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For the half year ended 31 December 2011

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 2011 comprise 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 annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2011.

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional currency. 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 the New Zealand dollar.

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.

Going concern

The financial statements have been prepared on the 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.

Notwithstanding that the Directors of the Responsible Entity believe it is appropriate to adopt the going concern basis, the following factors, including the factors outlined in Note 7, create uncertainty regarding the going concern assumption:

As outlined in the Directors Report, by 30 May 2012, all unitholders will be asked to vote (Vote) on whether to continue to hold or redeem their units in the Fund. Subsequent to this vote, Brookfield Capital Management Limited, as Responsible Entity, will determine the most appropriate strategy to meet the redemption requests, if any. This strategy decision will be influenced by the number of investors and value of redemption requests received which in turn may have an impact on the Responsible Entity's decision to continue to adopt the going concern basis.

The existing debt facility is classified as a current liability in the Statement of Financial Position due to maturity of the debt facility on 30 August 2012. Due to this classification the Consolidated Entity's current liabilities exceed current assets by \$200,451,000.

Notwithstanding this current asset deficit, the Consolidated Entity has net assets overall of \$122,109,000 as investment properties totalling \$334,896,000 are classified as non-current assets. The Responsible Entity has not yet renegotiated terms with the financiers at the date of this report.

In the event the Responsible Entity is unable to either renegotiate the existing debt facility or the strategy determined subsequent to the Vote results in the Responsible Entity determining that the preparation of these financial statements on a going concern basis is no longer appropriate, significant uncertainty may exist as to the ability of the Consolidated Entity to continue as a going concern.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Consolidated Entity not continue as a going concern.

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 2011, 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 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-4 amends a number of pronouncements as a result of the International Accounting Standards Board's (IASB's) 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity, financial instrument disclosures and significant events and transactions in interim reports.

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

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For the half year ended 31 December 2011

3 Significant accounting policies continued

AASB 2010-5 *Amendments to Australian Accounting Standards* (effective for annual reporting periods beginning on or after 1 January 2011)

AASB 2010-5 makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011)

AASB 2010-6 makes amendments to AASB 7 *Financial Instruments: Disclosures* to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect, in particular, entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties.

Revised AASB 124 *Related Party Disclosures* and AASB 2009-12 *Amendments to Australian Accounting Standards*

The amendment clarifies the definition of a related party and includes an explicit requirement to disclose commitments involving related parties.

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 Distributions

During the current and prior period, no distributions were paid by the Fund to unitholders.

6 Investment properties

The Consolidated Entity holds the following categories of investment properties, including held for sale investment properties, at the reporting date:

	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Investment properties and held for sale investment properties¹		
Total retail	27,414	27,793
Total office	260,281	269,164
Total industrial	52,848	53,656
Total investment properties and held for sale investment properties	340,543	350,613

¹ 31 December 2011 book value in NZ\$ is converted at the 31 December 2011 exchange rate AU\$1 = NZ\$1.3132.

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 2011, the entire property portfolio was internally valued and valuations have been undertaken using a discounted cash flow method. The discount rates utilised in the 31 December 2011 valuations range from 9.25% to 10.00%. At 30 June 2011, the entire portfolio was subject to external valuations by independent valuers Colliers International.

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

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For the half year ended 31 December 2011

6 Investment properties continued

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

	Consolidated Half year ended 31 December 2011 \$'000
Carrying amount at beginning of period	350,613
Sale of investment property	(6,608)
Capital expenditure	6,081
Rental straight lining	11
Net loss from fair value adjustments to investment properties	(5,701)
Foreign currency translation exchange adjustment	(3,853)
Carrying amount at end of period	340,543

Investment properties held for sale

A portion of The Hub – Whakatane property, previously included in investment properties, has been classified as a current asset held for sale with a carrying value of NZ\$7,415,000 at 31 December 2011. The unconditional sale of this portion of The Hub – Whakatane property is expected to settle on or before 28 February 2012.

During the period, the investment property University Building was sold on 19 July 2011 for gross consideration of \$7,644,000 or NZ\$9,600,000. The net proceeds from the sale were used to repay debt.

	Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
7 Interest bearing liabilities		
Current		
Secured bank debt	198,653	–
Debt establishment fees	(489)	–
Total current interest bearing liabilities	198,164	–
Non – current		
Secured bank debt	–	208,667
Debt establishment fees	–	(866)
Total non-current interest bearing liabilities	–	207,801
Total interest bearing liabilities	–	207,801

		Consolidated 31 December 2011 \$'000	30 June 2011 \$'000
Finance arrangements			
Facilities available			
Bank debt facility ¹	30 August 2012	198,653	208,667
Less: Facilities utilised		(198,653)	(208,667)
Facilities not utilised		–	–

¹ The bank debt facility at 31 December 2011 represents NZ\$260,871,000 converted at the 31 December 2011 exchange rate AU\$1 = NZ\$1.313 (30 June 2011: NZ\$270,287,000 at AU\$1 = NZ\$1.2953)

Notes to the Condensed Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

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For the half year ended 31 December 2011

7 Interest bearing liabilities continued

Key terms of the Fund's current facility include the repayment of the debt by 30 August 2012 and the following covenants being in place:

Loan to value ratio (LVR) covenant requirements:

- (i) 60% by 30 June 2011; and
- (ii) 55% by 30 June 2012.

Interest cover (ratio of Earnings Before Interest and Tax (EBIT) to Total Interest Expense) covenant requirement:

- (i) for the preceding 6 month period to 30 March 2012:
 - a. is at least 1.3 if at that time no Compliance Certificate has been received by the facility agent certifying that the ratio of EBIT to Total Interest Expense is at least 1.4 and that the forecast ICR is at least 1.4; or
 - b. is at least 1.4 if at that time a Compliance Certificate has been received by the facility agent certifying that the ratio of EBIT to Total Interest Expense is at least 1.4 and that the forecast ICR is at least 1.4;
- (ii) for each preceding 6 month period from 31 March 2012 to 29 June 2012, is at least 1.4; and
- (iii) for each preceding 6 month period from 30 June 2012, is at least 1.5.

A lease covenant of not less than 3 years Weighted Average Lease Expiry (WALE).

A separate gearing ratio covenant of total liabilities to total assets (excluding deferred management fees) of no greater than 70% by 30 June 2011 and 65% by 30 June 2012.

Net sale proceeds are to be applied against the debt and all distributions are subject to LVR requirements of below 55%.

At 31 December 2011, the Consolidated Entity was in compliance with its debt covenants. At the current period end date, the LVR is in compliance with the 60% LVR requirement, however the LVR is in excess of the LVR currently required to be in place by 30 June 2012.

Financial derivatives

During the period, the Consolidated Entity's interest rate swap, with a notional value of NZ\$198,567,000, matured on 31 August 2011. At 31 December 2011, the Consolidated Entity has no derivative instruments.

8 Units on issue

	Half year ended 31 December 2011 \$'000	Half year ended 31 December 2011 Units	Year ended 30 June 2011 \$'000	Year ended 30 June 2011 Units
Ordinary units				
Opening balance	203,396	218,056,451	203,396	218,056,451
Closing balance	203,396	218,056,451	203,396	218,056,451

9 Related parties

There have been no significant changes to the related party transactions disclosed in the annual report for the year ended 30 June 2011.

10 Contingent liabilities and assets

At 31 December 2011, the Consolidated Entity has total contingent liabilities of \$967,000 (NZ\$1,270,000) in relation to various property related repairs (30 June 2011: Contingent assets \$56,000, or NZ\$72,000).

11 Capital and other commitments

The Consolidated Entity is committed to refurbishment, upgrade and other works as required by the terms of the lease or other agreements. At 31 December 2011, there were nil commitments (30 June 2011: \$1,579,000 or NZ\$2,045,000).

12 Events subsequent to the reporting date

The unconditional sale of a portion of The Hub – Whakatane property is expected to settle on or before 28 February 2012 for gross consideration of NZ\$7,415,000. Net proceeds from the sale will be used to repay debt.

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

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For the half year ended 31 December 2011

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 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 2011 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 2012



Russell Proutt
Director
Brookfield Capital Management Limited

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 interim statement of financial position as at 31 December 2011, and the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of cash flows and the condensed consolidated interim 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 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 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 2011 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 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 2011 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*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 2 in the financial report, which indicates that the Fund's current liabilities exceed its current assets by \$200,451,000. This condition, along with other matters as set forth in Note 2, indicates the existence of a material uncertainty that may cast significant doubt about the Fund's ability to continue as a going concern and therefore, the Fund may be unable to realise its assets and discharge its liabilities in the normal course of business.



DELOITTE TOUCHE TOHMATSU



Helen Hamilton-James
Partner
Chartered Accountants
Parramatta, 24 February 2012