Multiplex New Zealand Property Fund
Interim Financial Report
For the half year ended
31 December 2008

Multiplex New Zealand Property Fund

ARSN 110 281 055

Table of Contents

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

Directory
Multiplex New Zealand Property Fund
For the half year ended 31 December 2008

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

Directors of Brookfield Multiplex Capital Management Limited
Peter Morris
Brian Motteram
Robert McCuaig
Brian Kingston
Mark Wilson

Company Secretary of Brookfield Multiplex Capital Management Limited
Neil Olofsson

Principal Registered Office
1 Kent Street
Sydney NSW 2000
Telephone: (02) 9256 5000
Facsimile: (02) 9256 5001

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

Location of Share Registry
Registries (Victoria) Pty Limited
Level 7
207 Kent Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

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

Directors' Report
Multiplex New Zealand Property Fund
For the half year ended 31 December 2008

Introduction
The Directors of Brookfield Multiplex Capital Management Limited (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 financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the six months ended 31 December 2008 and the review report thereon.

Responsible Entity
The Responsible Entity of the Fund is Brookfield Multiplex Capital Management Limited (BMCML), which has been the Responsible Entity since inception of the Fund.

The registered office and principal place of business of the Responsible Entity is 1 Kent Street, Sydney.

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

Name	Capacity
Peter Morris (Director since 14 April 2004)	Non-Executive Independent Chairman
Brian Motteram (Director since 21 February 2007)	Non-Executive Independent Director
Robert McCuaig (Director since 31 March 2004)	Non-Executive Independent Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Mark Wilson (Director since 27 August 2008)	Executive Director
Bob McKinnon (Director since 7 December 2007 – resigned 18 July 2008)	Non-Executive Director
Robert Rayner (Director since 31 October 2000 – resigned 22 August 2008)	Executive Director

Information on Company Secretary
Neil Olofsson
Neil has over 13 years international company secretarial experience including having worked at KPMG, Clifford Chance and Schroder Investment Management prior to joining Brookfield Multiplex Group Company Secretariat.

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

Review of operations
Multiplex New Zealand Property Fund has recorded a net loss after tax before distributions to unitholders of $78,034,000 for the six month period ended 31 December 2008 (2007: net profit of $24,149,000). The reported net loss includes $62,727,000 unrealised losses on revaluations of investment properties and $27,505,000 unrealised losses on revaluations of financial derivatives.

Some of the significant events during the period are as follows:
- total revenue and other income of $39,046,000 (2007: $58,956,000);
- earnings per unit (EPU) of (35.8) cents per unit (2007: 11.1 cents per unit);
- distributions to unitholders of $4,359,000 and distributions per unit (DPU) of 2.0 cpu (2007: $10,335,000 and 4.75 cents per unit);
- net assets attributable to unitholders of $191,193,000 (30 June 2008: $258,310,000) and NTA of $0.88 (30 June 2008: $1.19);
- the current weighted average lease term to expiry is approximately 6 years and the portfolio occupancy rate is 99.4%;
- the entire property portfolio comprised of 36 properties was externally valued in December 2008 with a revised external valuation of NZ$867,900,000; and
- the sale of 12 Whitaker Place, Auckland for NZ$850,000, which was settled on 19 November 2008.

Management has entered into an unconditional contract to sell one asset as follows:
- Foodtown Pukekohe for NZ$8,000,000 compared to the December 2008 valuation of NZ$8,900,000.

Management has entered into conditional contracts to sell several assets as follows:
- Countdown Porirua for NZ$12,200,000 compared to the December 2008 valuation of NZ$11,900,000;
- Woolworths New Plymouth for NZ$8,000,000 compared to the December 2008 valuation of NZ$8,300,000;
- Foodtown Hamilton for NZ$4,250,000 compared to the December 2008 valuation of NZ$4,700,000; and
- Hornby Distribution Centre, Christchurch for NZ$17,000,000 compared to the December 2008 valuation of NZ$18,950,000.

Review of operations continued
The Fund did not pay a distribution for the quarter ended 31 December 2008. This cash was used to repay debt and/or essential maintenance capital expenditure as required. Given it is likely that ongoing maintenance capital expenditure requirements will be met for the foreseeable future from the Fund's net operating income, it is also likely that no further distributions will be paid for the remainder of the financial year. However BMCML will continue to assess this on a quarterly basis.

Update on debt renewal

At 31 December 2008 the Fund had a NZ$599,000,000 debt facility (Facility) of which NZ$575,334,632 was drawn. This facility is scheduled to mature on 31 August 2009. The Facility has four financial covenants: the interest coverage ratio (ICR), the loan to value ratio (LVR), a gearing covenant and a tangible assets ratio (TTA), being unitholder funds to total assets. At 31 December 2008, the Fund was in compliance with the ICR, the LVR and the gearing covenants however the Fund is in breach of the TTA covenant. The TTA requires the ratio of unitholder funds to total assets to be greater than 30%. Based on the financial position of the Fund as detailed in the Balance Sheet, this ratio is 26%. Management have held discussions with the financiers in relation to the breach of the TTA, and at the date of this report, being 23rd February 2009, the financiers have yet to confirm the breach. If the financier provides a notice of breach of the TTA covenant, there will be an event of default. In such circumstances the financiers will have the right to enforce their securities and will have the right to require immediate repayment of the Facility. Even if the financiers do not enforce all their rights, it is believed additional interest charges and penalties may be levied upon the Fund as a consequence of this breach.

Nevertheless, the Directors believe there is uncertainty surrounding the Facility and the Fund's ability to renew or repay that Facility should the financiers call upon the debt either on the scheduled maturity date or on an accelerated date arising on an event of default occurring. At the date of this report, being 23rd February 2009, the Directors have formed the view that the interim financial report can be prepared on a going concern basis. This view was formed by taking into account a number of factors including the financial position of the Fund at 31 December 2008 and information known at the date of this report, and includes the following:

- At the date of this report, the financier has not served a notice in respect of and does not have the right to request immediate repayment of the Facility in relation to the covenant breach;
- A detailed business proposal seeking the refinance and extension of the Facility has been presented to the financiers and discussions regarding these proposals are continuing;
- At 31 December 2008 the Fund has net assets of $191,193,000 and tangible assets (cash, receivables and investment property) in excess of debt by $251,040,000;
- The Fund can demonstrate that it has a reasonable basis for believing it can service the interest repayments on the existing facility; and
- Subsequent to the reporting date, net proceeds from sales of investment properties have been used to repay $20,114,050 of the debt amounts drawn. Furthermore, at the date of this report, being 23rd February 2009, the Fund has entered into five contracts to sell investment properties for a total sales price of NZ$49,450,000 and has settled on one investment property for a total sales price of NZ$4,250,000. The net proceeds of these sales are intended to be used to repay debt.

Further information can be found in notes 2, 8 and 15 to the financial report.

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

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001
The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' Report for the half year ended 31 December 2008.

Dated at Sydney this 23rd day of February 2009.

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

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

Auditor's Independence Declaration
[insert from kpmg]

Consolidated Interim Income Statement

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

	Note	Consolidated Six months ended 31 December 2008 $'000	Six months ended 31 December 2007 $'000
Revenue			
Property rental income		36,817	35,883
Interest income		287	510
Realised gain on foreign exchange transactions		1,064	468
Net gain on revaluation of investment property		–	21,062
Net gain on revaluation of financial derivatives		–	1,033
Other income		878	–
Total revenue and other income		**39,046**	**58,956**
Expenses			
Property expenses		7,206	8,102
Net loss on sale of investment property		36	30
Finance costs to external parties		17,697	18,705
Net loss on revaluation of investment property	7	62,727	–
Net loss on revaluation of financial derivatives		27,505	–
Management fees		2,763	2,982
Performance fee		1,178	1,374
Other expenses		20	382
Total expenses		**119,132**	**31,575**
(Loss)/profit before income tax		**(80,086)**	**27,381**
Income tax benefit/(expense)		2,052	(3,232)
(Loss)/profit after tax before distribution to unitholders		**(78,034)**	**24,149**
Finance costs – distribution to unitholders	6	(4,359)	(10,335)
Change in net assets attributable to unitholders		**(82,393)**	**13,814**

The Income Statement should be read in conjunction with the Notes to the Financial Statements.

Consolidated Interim Balance Sheet

Multiplex New Zealand Property Fund

As at 31 December 2008

	Note	Consolidated 31 December 2008 $'000	30 June 2008 $'000
Assets			
Current assets			
Cash and cash equivalents		9,929	8,851
Trade and other receivables		2,868	2,670
Investment properties held for sale	7	124,263	–
Fair value of financial derivatives		995	3,054
Total current assets		**138,055**	**14,575**
Non-current assets			
Investment properties	7	594,772	735,633
Fair value of financial derivatives		2,297	12,314
Total non-current assets		**597,069**	**747,947**
Total assets		**735,124**	**762,522**
Liabilities			
Current liabilities			
Trade and other payables		18,279	27,353
Distribution payable		–	5,174
Interest bearing liabilities	8	480,792	–
Fair value of financial derivatives		4,095	–
Total current liabilities		**503,166**	**32,527**
Non-current liabilities			
Performance fee		7,561	6,383
Interest bearing liabilities	8	–	441,661
Deferred income tax liability		22,860	23,641
Fair value of financial derivatives		10,344	–
Total non-current liabilities		**40,765**	**471,685**
Total liabilities (excluding net assets attributable to unitholders' interests)		**543,931**	**504,212**
Net assets attributable to unitholders – liability		**191,193**	**258,310**

The Balance Sheet should be read in conjunction with the Notes to the Financial Statements.

Consolidated Interim Statement of Changes in Equity

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

As the Consolidated Entity has no equity, the interim Financial Statements do not include a consolidated interim Statement of Changes in Equity for the current or comparative period.

Consolidated Interim Cash Flow Statement
Multiplex New Zealand Property Fund
For the half year ended 31 December 2008

	Consolidated	
	Six months ended 31 December 2008 $'000	Six months ended 31 December 2007 $'000
Cash flows from operating activities		
Cash receipts in the course of operations	37,088	39,418
Cash payments in the course of operations	(20,058)	(14,828)
Interest received	287	510
Financing costs paid	(16,639)	(18,371)
Net cash flows from operating activities	**678**	**6,729**
Cash flows from investing activities		
Payments for purchase of, and additions to, investment properties	(6,064)	(5,074)
Proceeds from sale of investment properties	679	41,013
Net cash flows (used in)/ from investing activities	**(5,385)**	**35,939**
Cash flows from financing activities		
Proceeds from interest bearing liabilities	14,890	4,302
Repayments of interest bearing liabilities	–	(37,895)
Debt establishment costs paid	–	(237)
Distributions paid	(9,533)	(10,001)
Net cash flows from/(used in) financing activities	**5,357**	**(43,831)**
Net increase/(decrease) in cash and cash equivalents	650	(1,163)
Impact of foreign exchange	428	(481)
Cash and cash equivalents at 1 July	8,851	17,091
Cash and cash equivalents at 31 December	**9,929**	**15,447**

The Cash Flow Statement should be read in conjunction with the Notes to the Financial Statements.

1 Reporting entity

Multiplex New Zealand Property Fund (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Multiplex Capital Management Limited, the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated financial statements of the Fund as at and for the six months ended 31 December 2008 comprise the Fund and its subsidiaries.

2 Basis of preparation

Statement of compliance

The 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 2008.

In accordance with AASB 5, investment properties held for sale at the balance date have been classified as current assets. Refer to note 7, Investment properties, for further detail on the Fund's application of this accounting standard which has not previously been applicable.

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

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

In accordance with AASB 101, the financial report has been prepared on a going concern basis. It should be noted that the Fund has a debt facility (Facility) which is currently classified as a current liability and therefore current liabilities exceed current assets by $365,111,000. Investment properties totalling $594,772,000 are classified as non-current assets in accordance with AASB 140.

There is uncertainty surrounding the Facility and the Fund's ability to renew in the current market or repay that Facility should the financiers call upon the debt. This has been described further in note 8 to the financial report.

On 23rd February 2009, based on information known at that date, the Directors formed the view that the interim financial report can be prepared on a going concern basis as they believe reasonable grounds exist to expect the Facility will be reduced and renewed or refinanced. This view was formed by taking into account a number of factors including the financial position of the Fund at 31 December 2008 and information known at the date of this report, and includes the following:

- At the date of this report, the financier has not served a notice in respect of and does not have the right to request immediate repayment of the Facility in relation to the covenant breach;
- Detailed business proposals seeking the refinance and extension of the Facility have been presented to the financiers and discussions regarding these proposals are continuing. The financiers have indicated that they will likely require a lower LVR and increases in pricing;
- In order to aid with the refinancing of the facility, a number of retail assets were marketed for sale in the latter part of 2008. The net proceeds from sale of these properties have been used to repay debt of NZ$20,114,050 in January and February 2009 thereby reducing the Fund's exposure to debt;
- At the date of this report, the Fund has entered into conditional contracts to sell four properties at a total sales price of NZ$41,450,000 and the Fund has entered into an unconditional contract to sell one property at a total value of NZ$8,000,000. The conditions specified in the conditional agreements include completion of purchaser due diligence, completion of purchaser financing agreements, receipt of ground lessor approval and vendor Board and financier approval. On 19th February 2009 the Fund settled on one investment property for a total value of NZ$4,250,000. The net proceeds of these settlements (which are expected to occur before 30 June 2009 for those that have not yet settled), will be used to repay debt balances drawn on the existing facility;
- At the date of this report, being 23rd February 2009, the Facility is currently drawn to NZ$549,720,582 and it is not anticipated that the Fund will draw further debt under the Facility;
- In addition to discussions with the current financiers, there are further options being reviewed in order to reduce the debt balance in line with the financiers' expected requirements such as introducing debt which is subordinated to the Facility or a form of equity raising. Currently the Fund has not approached other financiers regarding negotiation of a new debt facility which serves as an option available to the Fund;
- At 31 December 2008 the Fund has net assets of $191,193,000 and tangible assets (cash, receivables and investment property) in excess of debt by $251,040,000; and

2 Basis of preparation continued

- The Fund can demonstrate that it has a reasonable basis for believing it can service the interest repayments on the existing facility.

Further information in relation to the Facility, including compliance with financial covenants, can be found in note 8 to the financial report.

3 Significant accounting policies

The accounting policies applied by the Consolidated Entity in this consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2008.

4 Segment reporting

The Consolidated Entity operates in a single, primary business and geographical segment, being investment in income producing property assets in New Zealand.

5 Estimates

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

Please refer to note 7, Investment properties, for further detail on the use of judgements, estimates and assumptions in valuing the Consolidated Entity's investment property portfolio.

6 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	2.000	4,359	3 November 2008
December 2008 distribution	–	–	–
Total distribution for the six months ended 31 December 2008	**2.000**	**4,359**	
Ordinary units			
September 2007 distribution	2.375	5,166	2 November 2007
December 2007 distribution	2.375	5,169	1 February 2008
Total distribution for the six months ended 31 December 2007	**4.750**	**10,335**	

Condensed Notes to the Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

7 Investment properties

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

	Consolidated			
	Cost including additions $'000	Latest external valuation $'000	December 2008 book value $'000	June 2008 book value $'000
Investment properties – current				
Total retail investment properties	78,253	97,583	93,083	95,647
Total commercial investment properties	–	–	–	–
Total industrial investment properties	28,995	33,668	31,180	34,519
Total investment properties – current	**107,248**	**131,251**	**124,263**	**130,166**
Investment properties – non-current				
Total retail investment properties	113,148	112,172	112,172	106,511
Total commercial investment properties	370,097	422,500	422,500	435,509
Total industrial investment properties	44,973	60,100	60,100	63,447
Total investment properties – non-current	**528,218**	**594,772**	**594,772**	**605,467**
Total investment properties	**635,466**	**726,023**	**719,035**	**735,633**

Included in the cost of investment properties is $17,304,232 of acquisition costs.
Last valuation in NZD is converted at the 31 December 2008 exchange rate $1AUD = NZ$1.1955.
Book value represents the latest external valuation, or for those assets classified as held for sale, the fair value as determined by the Directors, which is the agreed or targeted sales price.
December 2008 book value in NZD is converted at the 31 December 2008 exchange rate $1AUD = NZ$1.1955.
At June 2008, all investment properties were classified in the balance sheet as non-current. For comparative purposes, the June 2008 book values of those properties held as current assets at December 2008 are also shown as current in the table above.

Independent valuations

The Consolidated Entity's policy is to value properties at each reporting date internally or externally. When internal valuations performed indicate a change in carrying value greater 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, external valuations are obtained. External valuations are obtained at least every 3 years. Generally, all external valuations are adopted as the fair value of the investment property at the relevant reporting date. When internal valuations indicate a change from the carrying value between 2% and 5% the internal valuation is adopted.

The entire property portfolio has been independently valued at 31 December 2008 using a discounted cash flow (DCF) approach and a capitalisation method. The valuations were prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the annual rentals to arrive at the property valuation. 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 income statement.

The Fund engaged CB Richard Ellis to value the entire property portfolio. The Fund also appointed Colliers to value (in addition to CB Richard Ellis) 9 of the commercial assets to ensure assumptions used in the valuation process were consistent and deemed appropriate. The assumptions and methodology utilised in the Colliers valuations of 8 commercial assets were deemed to be more appropriate by the Directors. The assumptions and methodology utilised in the CB Richard Ellis valuations were deemed to be more appropriate for the remainder of the property portfolio, and subsequently these valuations were adopted by the Directors.

To the extent that any of the properties have been marketed for sale post the reporting date the fair value adopted for that asset in this financial report is the targeted sales price as opposed to the external valuation. None of the investment properties are held at a higher value than the 31 December 2008 external valuation.

7 Investment properties continued

Reconciliation of the carrying amount of investment properties is set out below:	Consolidated 31 December 2008 $'000
Carrying amount as at 1 July 2008	735,633
Sale of investment property	(715)
Capital expenditure	6,064
Net gain/(loss) from fair value adjustments to investment properties	(62,727)
Foreign currency translation exchange adjustment	40,780
Carrying amount at end of period	**719,035**

Foreign currency translation exchange adjustments arise due to changes in opening and closing foreign exchange rates. NZD balances at 31 December 2008 have been translated at a rate of $1AUD = NZ$1.1955.

In accordance with AASB 5, *Non-current Assets Held for Sale and Discontinued Operations*, the Consolidated Entity has classified as held for sale those investment properties where the carrying amount will be recovered principally through a sale transaction rather than through continued investment. Under AASB 5, an investment property classified as held for sale must be carried at fair value and classified as a current asset. Application of AASB 5 in this interim financial report does not constitute a change in accounting policy but rather application of an accounting policy that has not previously been applicable.

	Consolidated 31 December 2008 $'000	Consolidated 30 June 2008 $'000
8 Interest bearing liabilities		
Current		
Secured bank debt	481,250	–
Debt establishment fees	(458)	–
	480,792	**–**
Non current		
Secured bank debt	–	442,411
Debt establishment fees	–	(750)
	–	**441,661**
Total interest bearing liabilities	**480,792**	**441,661**

	Expiry Date	Consolidated 31 December 2008 $'000	Consolidated 30 June 2008 $'000
Finance arrangements			
Facilities available			
Bank debt facility[1]	31 August 2009	501,046	475,057
Less: Facilities utilised		(481,250)	(442,411)
Facilities not utilised		**19,796**	**32,646**

1 This facility consists of NZ$299,500,000 financed by Commonwealth Bank of Australia (CBA) and NZ$299,500,000 financed by ANZ National Bank Limited (ANZ) (collectively referred to as the Financiers). At 31 December 2008, NZ$575,334,632 was drawn down on the facility.

8 Interest bearing liabilities continued

At the date of this report, being 23rd February 2009, the Fund continues to be in discussions with the financiers of the Facility, which is scheduled to mature on 31 August 2009. Due to the expiry date being within 12 months of the date of this report and a breach of financial covenants as described below, there is uncertainty surrounding the Facility and the Fund's ability to renew or repay that Facility should the financiers call upon the debt either on the scheduled maturity date or on an accelerated date arising on an event of default occurring. Although this uncertainty exists, the Directors believe reasonable grounds exist to expect the Facility will be reduced and renewed or refinanced.

The facility has four financial loan covenants: the interest coverage ratio (ICR), the loan to value ratio (LVR), a gearing covenant and a tangible assets ratio (TTA), being unitholder funds to total assets. At 31 December 2008, the Fund was in compliance with the ICR and gearing covenants.

In the opinion of the Directors the Fund is also in compliance with the LVR. The LVR covenant specifies that the amount drawn on the facility cannot exceed 65% of the value of the external valuations adopted by the financiers. The Directors' view as at the date of this report has been reached using valuations that have not yet been formally accepted by the financiers. The financiers have not suggested any other valuations will be used in the LVR covenant.

Based on the 31 December 2008 balance sheet, and due to decreases in total asset values experienced from 30 June 2008 to 31 December 2008, namely unrealised losses on investment property and financial derivatives, the TTA will not be met. The TTA requires the ratio of unitholder funds to total assets to be greater than 30%. Based on the financial position of the Fund as detailed in the Balance Sheet, this ratio is 26%. Management have held discussions with the financiers in relation to the breach of the TTA, and at the date of this report, being 23rd February 2009, the financiers have yet to confirm the breach. If the financier provides a notice of breach of the TTA covenant, there will be an event of default. In such circumstances the financiers will have the right to enforce their securities and will have the right to require immediate repayment of the Facility. Even if the financiers do not enforce all their rights, it is believed additional interest charges and penalties may be levied upon the Fund as a consequence of this breach.

At the date of this report, being 23rd February 2009, the Directors formed the view that the interim financial report can be prepared on a going concern basis. Further information in relation to this can be found in note 2 to the financial report.

9 Units on issue

The total number of units on issue at 31 December 2008 is 218,056,451 (30 June 2008: 217,841,285). The movement is solely due to the Distribution Reinvestment Plan (DRP). Reinvested distributions are as follows:

Consolidated 2008 distribution reinvestment plan	Units	Issued date	$ per unit	$'000
Total number of units on issue 1 July 2008	217,841,285			
June 2008 DRP	116,643	31 July 2008	$1.23	143
September 2008 DRP	98,523	3 November 2008	$1.24	122
Total reinvested distributions for the six months ended 31 December 2008	215,166			265
Total number of units on issue 31 December 2008	**218,056,451**			

Condensed Notes to the Consolidated Interim Financial Statements continued

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

	Consolidated 31 December 2008 $'000	30 June 2008 $'000
10 Net assets attributable to unitholders		
Units on issue	203,396	203,131
Foreign currency translation reserve	(32,281)	(47,326)
Undistributed income	20,078	102,505
Net assets attributable to unitholders	**191,193**	**258,310**

	Consolidated Six months ended 31 December 2008 $'000	Six months ended 31 December 2007 $'000
Opening balance of net assets attributable to unitholders – 1 July	**258,310**	**301,720**
Units on issue		
Units reinvested	265	301
Foreign currency translation reserve		
Movements in foreign currency translation reserve	15,011	(9,410)
Undistributed income		
Net profit/(loss) from operations attributable to unitholders	(78,034)	24,149
Finance costs – distributions to unitholders	(4,359)	(10,335)
Closing balance of net assets attributable to unitholders	**191,193**	**306,425**

11 Related parties

There have been no significant changes to the related party transactions disclosed in the annual report for the year ended 30 June 2008.

12 Contingent liabilities and assets

Under the terms of certain lease agreements, tenants have certain contractual obligations to reinstate and make good the premises upon lease expiry. The Consolidated Entity has received confirmation from two tenants that these obligations will not be completed through reinstatement and will be settled in cash. At 31 December 2008, the estimate of these settlements is $1,565,872 (NZ$1,872,000).

Apart from the above, no other contingent liabilities or assets existed at 31 December 2008 (30 June 2008: nil).

13 Capital and other commitments

The Consolidated Entity is committed to refurbishment, upgrade and other works as required by the terms of lease or other agreements. At 31 December 2008, this commitment is for $17,587,990 (NZ$21,026,441) (30 June 2008: $19,304,076 or NZ$24,340,509).

14 Events subsequent to the reporting date

The current debt facility disclosed in note 8 to the financial report matures on 31 August 2009. Subsequent to the balance date, the Fund continues to be in discussions with the financiers regarding the extension or renegotiation of the existing facility.

In November 2008 the Fund settled on the sale of the office property at 12 Whitaker Place, and in January 2009 the Fund settled on the sale of the Howick Shopping Centre and Woolworths Te Awamutu properties. In February 2009 the Fund settled on the sale of the Woolworths Putaruru investment property. The net proceeds of these sales were used to make debt repayments of NZ$20,114,050 in January and February 2009. On 19th February 2009 the Fund settled on the Oamaru investment property. The Fund plans to use the net proceeds of this sale to repay debt. The sales proceeds of these investment properties were not materially different to the related carrying values in the financial report.

In February 2009 the Fund closed out the existing forward foreign currency exchange rate swap derivative agreements, receiving NZ$5,371,018, which was also used to reduce the amount of debt drawn on the Facility.

At the date of this report, being 23rd February 2009, NZ$549,720,582 was drawn down on the Facility.

At the date of this report, the Fund has entered into conditional contracts to sell four properties for a total sales price of NZ$41,450,000 and the Fund had entered into an unconditional contract to sell one property for a total value of NZ$8,000,000. These sales are expected to settle before 30 June 2009. The net proceeds of these settlements are intended to be used to repay debt balances drawn on the existing facility. The current contractual sales proceeds of these investment properties are not materially different to the related carrying values in the financial report.

Other than the matters disclosed above, 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.

15 Prior period adjustment

Due to the incorrect recognition of a parcel of land that is not owned by the Consolidated Entity, the value of the Hub property owned by the Consolidated Entity was overstated in the 30 June 2008 financial report. The impact of this error is an overstatement of investment property of $3,411,000 and an overstatement of net unrealised gain on revaluation of investment property of $3,411,000.

This error occurred in June 2008 and does not have an impact on the comparative Income Statement. The error has been corrected by restating each of the affected financial statement line items in the comparative Balance Sheet. The error does not have any impact on the realised earnings of the Consolidated Entity.

Directors' Declaration

Multiplex New Zealand Property Fund

For the half year ended 31 December 2008

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

a The consolidated interim financial statements and notes, set out in pages 8 to 18, 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 2008 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. The basis for this belief includes the following:

   i at 31 December 2008 the Fund has net assets of $191,193,000;

   ii the Fund can demonstrate that it has a reasonable basis for believing it can service the interest repayments on the existing facility; and

   iii the scheduled maturity date of the existing debt facility is 31 August 2009 and to date, this has not been accelerated.

   Refer to note 2 of the financial report, Basis of preparation, for further details related to preparation of the financial report on the going concern basis.

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Capital Management Limited.

Dated at Sydney, this 23rd day of February 2009.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited