

Appendix 4D

Multiplex SITES Trust

For the half-year ended 30 June 2014

Name of entity:	Multiplex SITES Trust (MXU) ARSN 111 903 747
Details of reporting period	
Current reporting period:	1 January 2014 to 30 June 2014
Prior corresponding period:	1 January 2013 to 30 June 2013

Multiplex SITES Trust (Trust) was registered on 12 November 2004 and commenced operations upon listing for trading on the Australian Securities Exchange (ASX) on 20 January 2005.

This Appendix 4D should be read in conjunction with the Financial Report for the half-year ended 30 June 2014. It is also recommended that this Appendix 4D be considered together with any public announcements made by the Trust during the half-year ended 30 June 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market	Half-year ended	Half-year ended
	30 June 2014 \$'000	30 June 2013 \$'000
Total revenue and other income	14,535	15,435
Net profit before income tax	14,535	15,435
Net profit attributable to unitholders	14,535	15,435
Net tangible asset backing per unit (\$)	100	100
Earnings per unit (cents per unit)	323	343

Distributions

Multiplex SITES unitholders

Distributions to Multiplex SITES unitholders paid or declared by the Trust during the current period were as follows:

	\$'000
Quarterly distribution for the period from 1 January 2014 to 31 March 2014 of 6.51% per annum and paid on 15 April 2014	7,200
Quarterly distribution for the period from 1 April 2014 to 30 June 2014 of 6.55% per annum and paid on 15 July 2014	7,335
Total	14,535

On 1 July 2014, the Trust announced to the ASX that the distribution rate for the period from 1 July 2014 to 30 September 2014 is 6.5750% per annum.

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

Commentary and analysis of the result for the current period can be found in the forthcoming Multiplex SITES Trust ASX release.

The Trust has a formally constituted Audit Committee and Board Risk & Compliance Committee of the Board of Directors of the Responsible Entity. The release of this report was approved by resolution of the Board of Directors of the Responsible Entity on 25th August 2014.

Multiplex SITES Trust
Financial Statements
for the half year ended
30 June 2014

Step-up
Income-distributing
Trust-issued
Exchangeable
Securities

Multiplex SITES Trust

ARSN 111 903 747

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Multiplex SITES Trust

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Directory

Multiplex SITES Trust

For the half year ended 30 June 2014

Responsible Entity

Brookfield Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: (02) 9322 2000
Facsimile: (02) 9322 2001

Directors of Brookfield Funds Management Limited

Mr F Allan McDonald
Ms Barbara K Ward
Mr Russell T Prutt

Registered Office of Brookfield Funds Management Limited

Level 22, 135 King Street
Sydney NSW 2000
Telephone: (02) 9322 2000
Facsimile: (02) 9322 2001

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: (02) 9322 7000
Facsimile: (02) 9322 7001

Directors Report

Multiplex SITES Trust

For the half year ended 30 June 2014

Introduction

The Directors of Brookfield Funds Management Limited (Company) (ACN: 105 371 917), the Responsible Entity of Multiplex SITES Trust (Trust) present their report together with the financial statements of the Trust for the half year ended 30 June 2014 and the Independent Auditor's Report thereon.

Responsible Entity

The Responsible Entity is a wholly owned subsidiary of Brookfield Australia Investments Limited (BAIL) and forms part of the consolidated Brookfield Australia Investments Group (Group). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney.

Directors

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

Name	Capacity
Mr F Allan McDonald (appointed 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (appointed 22 October 2003)	Non-Executive Director
Mr Russell T Proutt (appointed 17 March 2010)	Executive Director

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia and the Step-up Income-distributing Trust-issued Exchangeable securities (Multiplex SITES) are listed on the Australian Securities Exchange.

The investment activities of the Trust continue to be in accordance with the policies outlined in the original Product Disclosure Statement for the Trust dated 29 November 2004. During the half year ended 30 June 2014 the Trust's sole activity was holding units in Multiplex Hybrid Investment Trust and the payment of distributions to unitholders.

The Trust did not have any employees during the year.

Review of operations

The Trust earned a net profit attributable to unitholders of \$14,535,000 for the half year ended 30 June 2014 (half year ended 30 June 2013: \$15,435,000). Total quarterly distributions paid or payable in respect of the half year ended 30 June 2014 were \$14,535,000 (half year ended 30 June 2013: \$15,435,000). The carrying value of the Trust's net assets at the end of the half year ended 30 June 2014 was \$450,000,000 (half year ended 30 June 2013: \$450,000,000).

The Trust's only activity is an investment in units in Multiplex Hybrid Investment Trust.

Distributions

	Cents per unit	Total amount \$'000	Date of payment
Distributions paid or declared by the Trust were as follows:			
Half year ended 30 June 2014			
Distributions for the period ended 31 March 2014	160.00	7,200	15 April 2014
Distributions for the period ended 30 June 2014	163.00	7,335	15 July 2014
Total distributions	323.00	14,535	
Half year ended 30 June 2013			
Distributions for the period ended 31 March 2013	170.00	7,650	16 April 2013
Distributions for the period ended 30 June 2013	173.00	7,785	15 July 2013
Total distributions	343.00	15,435	

On 1 April 2014, the Trust announced to the ASX that the distribution rate for the period from 1 April 2014 to 30 June 2014 is 6.55% per annum.

Directors' Report

Multiplex SITES Trust

For the half year ended 30 June 2014

Events subsequent to the reporting date

Other than the above and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the half year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

Indemnification and insurance of officers and auditors

BAIL has entered into deeds of access and indemnity with each of its Directors, Company Secretary and other nominated Officers. The terms of the deeds are in accordance with the provisions of the Corporations Act 2001 and will indemnify these executives (to the extent permitted by law) for up to seven years after serving as an Officer against legal costs incurred in defending civil or criminal proceedings against the executives, except where proceedings result in unfavourable decisions against the executives, and in respect of reasonable legal costs incurred by the executives in good faith in obtaining legal advice in relation to any issue relating to the executives being an officer of the Group, including the Trust.

Under the deeds of access and indemnity, BAIL has agreed to indemnify these persons (to the extent permitted by law) against:

- liabilities incurred as a director or officer of the Trust or a company in the Group, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the Corporations Act 2001; and
- reasonable legal costs incurred in defending an action for a liability or alleged liability as a director or officer, except for costs incurred in relation to the matters set out in section 199A(3) of the Corporations Act 2001.

BAIL has also agreed to effect, maintain and pay the premium on a directors' and officers' liability insurance policy. This obligation is satisfied by BAIL being able to rely upon Brookfield's global directors' and officers' insurance policy, for which it pays a portion of the premium.

As is usual, this policy has certain exclusions and therefore does not insure against liabilities arising out of matters including but not limited to:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage;
- violation of US Securities Act of 1933; and
- losses for which coverage under a different kind of insurance Policy is readily available such as, for example, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures); and claims made by a major shareholder (threshold is ownership of 10% or greater).

The obligation to effect, maintain and pay the premium on a policy continues for a period of seven years after the director or officer has left office to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

Contract of insurance

The Group has paid or agreed to pay a portion of the premium in respect of a contract taken out by Brookfield Asset Management Inc. insuring the Directors and officers of Brookfield Asset Management Inc. and its subsidiaries, which include the Trust, against a liability.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Trust or of any related body corporate against a liability incurred as such an officer or auditor.

Rounding of amounts

The Trust is of a kind referred to in Class Order 98/0100, dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and the financial statements. Amounts in the Directors' Report and the financial statements have been rounded off in accordance with that Class Order to the nearest hundred thousand or in certain cases, to the nearest dollar.

Directors' Report
Multiplex SITES Trust

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For the half year ended 30 June 2014

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 30 June 2014.

Signed in accordance with a resolution of the Directors, made pursuant to Section 306(3) of the *Corporations Act 2001*, on behalf of the Directors of Brookfield Funds Management Limited.

Dated at Sydney this 25th day of August 2014



Russell T Proutt
Executive Director

Brookfield Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Funds Management Limited
(as Responsible Entity for Multiplex SITES Trust)
Level 22, 135 King Street
Sydney, NSW 2000

25 August 2014

Dear Directors

Multiplex SITES Trust

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 Funds Management Limited as responsible entity for Multiplex SITES Trust.

As lead audit partner for review of the financial statements of Multiplex SITES Trust for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

Condensed Statement of Profit or Loss and Other Comprehensive Income

Multiplex SITES Trust

For the half year ended 30 June 2014

	Half Year ended 30 Jun 2014 \$'000	Half Year ended 30 Jun 2013 \$'000
Share of net profit of associates accounted for using the equity method	14,535	15,435
Net profit for the period from continuing operations	14,535	15,435
Other comprehensive income for the period	-	-
Total comprehensive income for the period attributable to SITES unitholders	14,535	15,435
Earnings per unit		
Basic and diluted earnings per ordinary unit (cents)	323.00	343.00

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the financial statements.

Condensed Statement of Financial Position

Multiplex SITES Trust

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As at 30 June 2014

	Note	30 Jun 2014 \$'000	31 Dec 2013 \$'000
Non-current assets			
Investments accounted for using the equity method	5	457,335	457,290
Total non-current assets		457,335	457,290
Total assets		457,335	457,290
Current liabilities			
Distributions payable	7	7,335	7,290
Total current liabilities		7,335	7,290
Total liabilities		7,335	7,290
Net assets		450,000	450,000
Equity			
Units on issue	8	450,000	450,000
Total equity		450,000	450,000

The Condensed Statement of Financial Position should be read in conjunction with the Notes to the financial statements.

Condensed Statement of Changes in Equity

Multiplex SITES Trust

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For the half year ended 30 June 2014

	Note	Units on issue \$'000	Accumulated profit/ (losses) \$'000	Total equity \$'000
Opening balance 1 January 2014		450,000	-	450,000
Net profit		-	14,535	14,535
Other comprehensive income		-	-	-
Total comprehensive income		-	14,535	14,535
Distributions to unitholders	7	-	(14,535)	(14,535)
Total transactions with unitholders in their capacity as unitholders		-	(14,535)	(14,535)
Closing balance 30 June 2014		450,000	-	450,000
Opening balance 1 January 2013		450,000	-	450,000
Net profit		-	15,435	15,435
Other comprehensive income		-	-	-
Total comprehensive income		-	15,435	15,435
Distributions to unitholders	7	-	(15,435)	(15,435)
Total transactions with unitholders in their capacity as unitholders		-	(15,435)	(15,435)
Closing balance 30 June 2013		450,000	-	450,000

The Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the financial statements.

Condensed Statement of Cash Flows

Multiplex SITES Trust

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For the half year ended 30 June 2014

	Note	Half Year ended 30 Jun 2014 \$'000	Half Year ended 30 Jun 2013 \$'000
Cash flows from operating activities			
Net cash inflows from operating activities	10	-	-
Cash flows from investing activities			
Dividends and distributions received		14,490	15,795
Net cash inflows from investing activities		14,490	15,795
Cash flows from financing activities			
Distributions paid to Multiplex SITES holders		(14,490)	(15,795)
Net cash outflows from financing activities		(14,490)	(15,795)
Net increase in cash held		-	-
Cash at the beginning of the financial period		-	-
Cash at the end of the financial period		-	-

The Condensed Statement of Cash Flows should be read in conjunction with the Notes to the financial statements.

For the year ended 30 June 2014

1 Reporting entity

Multiplex SITES Trust (Trust) is a unit trust domiciled in Australia and is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. The units of the Trust have been listed on the Australian Securities Exchange (ASX) and are guaranteed on a subordinated and unsecured basis by Brookfield Australia Investments Limited and Brookfield Funds Management Limited (Guarantors). The Trust was registered on 12 November 2004.

The interim financial statements of the Trust for the half year ended 30 June 2014 were authorised for issue in accordance with a resolution of the Directors of the Responsible Entity on 25th August 2014.

2 Basis of preparation

Statement of compliance

The Condensed financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Accounting standards include Australian equivalents to International Financial Reporting Standards (IFRS). Compliance with AASB 134 ensures compliance with International Financial reporting Standard IAS 34 Interim Financial Reporting. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars. The Trust is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 relating to the "rounding off" of amounts in the annual financial statements. In accordance with that Class Order amounts in the annual financial statements have been rounded off to the nearest thousand dollars or in certain cases, to the nearest dollar, unless stated otherwise.

Due to the classification of distributions payable as current liabilities at 30 June 2014, the Trust is in a net current liability position of \$7.335 million. The Trust has non-current assets of \$457.335 million and a net asset position of \$450.000 million. In accordance with AASB 101, 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. The accounts of the Trust have been prepared on a going concern basis as the net current asset deficiency is due to the classification of distributions payable as current liabilities. There are agreements in place that ensure the receipt of distributions by the Trust occur at the same time as the payment of their distributions to unitholders, and hence the classification of the distributions payable as current do not impact the ability of the Trust to continue as a going concern.

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 and liabilities, income and expense. Actual results may differ from those estimates.

3 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted in the Company's 2013 annual report for the financial year ended 31 December 2013.

Investments in associates

An associate is an entity over which the Trust has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Trust's share of the profit or loss and other comprehensive income of the associate. When the Trust's share of losses of an associate exceeds the Trust's interest in that associate (which includes any long-term interests that, in substance, form part of the Trust's net investment in the associate), the Trust discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Trust has incurred legal or constructive obligations or made payments on behalf of the associate.

The Trust discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Trust retains an interest in the former associate and the retained interest is a financial asset, the Trust measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Trust accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Trust reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Distributions

A payable for distribution is recognised in the Condensed Statement of Financial Position if the distribution has been declared prior to balance date. Distributions paid are included in cash flows from financing activities and distributions received are included in cash flows from investing activities in the Condensed Statement of Cash Flows.

Notes to the Financial Statements continued

Multiplex SITES Trust

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For the year ended 30 June 2014

Units on issue

Issued and paid up units are recognised at face value, being the consideration of \$100 received by the Trust for each unit on issue.

4 Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Trust that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Trust operates in a single segment, being an investment in Multiplex Hybrid Investment Trust in Australia. All items of the Condensed Statement of Profit or Loss and Other Comprehensive Income and Condensed Statement of Financial Position are derived from this single segment. The chief operating decision maker of the Trust, the Board of Directors of the Responsible Entity, reviews and assesses performance using information displayed as set out in these statements.

	30 Jun 2014	31 Dec 2013
	\$'000	\$'000
5 Investments accounted for using the equity method		
Non-current		
Units in unlisted associates	457,335	457,290
Total	457,335	457,290

Relationship with Multiplex Hybrid Investment Trust

Multiplex SITES Trust has an investment (100% of the Class A units and 25% of the voting rights) in Multiplex Hybrid Investment Trust (MHIT) of \$450,000,000 (2013: \$450,000,000), and are entitled to quarterly distributions on this investment. Distributions paid or payable to Multiplex SITES Trust (the Class A unitholder) totalled \$14,535,000 for the half year ended 30 June 2014 (half year ended 30 June 2013: \$15,435,000). The activities of MHIT and its relationship with the Trust is strategic to the operations of the Trust. The registered office and principal place of business of MHIT is Level 22, 135 King Street, Sydney.

Details of material interests in associates are as follows:

Name	Principal activities	Voting interest %	Carrying value	Carrying value
			30 Jun 2014	31 Dec 2013
			\$'000	\$'000
Multiplex Hybrid Investment Trust	Investment	25	457,335	457,290

6 Auditor's remuneration

During the current and prior periods, all amounts paid to the auditor of the Trust, Deloitte Touche Tohmatsu, were borne by the Responsible Entity in its capacity as responsible entity of Multiplex SITES Trust.

Notes to the Financial Statements continued

Multiplex SITES Trust

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For the year ended 30 June 2014

	Cents per unit	Total amount \$'000	Date of payment
7 Distributions			
Half Year ended 30 June 2014			
Distributions for the period ended 31 March 2014	160.00	7,200	15 April 2014
Distributions for the period ended 30 June 2014	163.00	7,335	15 July 2014
Total distributions	323.00	14,535	
Half Year ended 30 June 2013			
Distributions for the period ended 31 March 2013	170.00	7,650	16 April 2013
Distributions for the period ended 30 June 2013	173.00	7,785	15 July 2013
Total distributions	343.00	15,435	

Distributions are payable at the discretion of the Responsible Entity at the three month bank bill rate on the issue date plus a margin of 3.90%. The rate is determined on the first business day of each quarter.

8 Units on Issue	30 Jun 2014 \$'000	30 Jun 2014 Units	31 Dec 2013 \$'000	31 Dec 2013 Units
Units on issue				
Amounts owing to Multiplex SITES holders	450,000	4,500,000	450,000	4,500,000

Terms and conditions

Multiplex SITES is a fully paid unit issued by the Trust and is entitled to income that is derived by the Trust.

Multiplex SITES rank in priority to other units in the Trust, but behind creditors of the Trust.

The Responsible Entity, in its capacity as responsible entity of Brookfield Australia Property Trust, guarantee the face value and unpaid distribution amount on redemption (being not more than the distribution payments for the four preceding but unpaid distributions). In addition, while the Responsible Entity of the Trust is a member of Brookfield Australia Investments Group, the Responsible Entity in its capacity as responsible entity of Brookfield Australia Property Trust guarantee any distributions which have been declared payable by the Trust. As there is discretion not to pay particular distributions, the guarantee does not ensure that priority distribution payments will be paid in all circumstances.

Under the guarantee, Multiplex SITES rank in priority to units in Brookfield Australia Property Trust and shares in Brookfield Australia Investments Limited but are subordinated to senior creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited.

Multiplex SITES have an unsecured and subordinated guarantee of the face value and unpaid distribution amount (not being more than the distribution payments for the four preceding but unpaid distributions).

Assets pledged as security

The guarantee, which ranks in priority to units in Brookfield Australia Property Trust and shares in Brookfield Australia Investments Limited, is subordinated to senior creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited and ranks equally with other creditors of Brookfield Australia Property Trust and Brookfield Australia Investments Limited who are not senior creditors.

Holder redemption

Holder have the right to initiate redemption of Multiplex SITES, by issue of a holder realisation notice, in the following limited circumstances:

- where a priority distribution payment to Multiplex SITES Trust is not paid in full; or
- the occurrence of a winding-up event, with respect to either of the Guarantors, Multiplex SITES Trust (for as long as the responsible entity of Multiplex SITES Trust is a member of Brookfield Australia Investments Group) or Multiplex Hybrid Investment Trust (MHIT) (for as long as the trustee of MHIT is a member of Brookfield Australia Investments Group).

The request for redemption is effective and will be implemented if made by holders who cumulatively hold 5% or more of Multiplex SITES on issue.

For the half year ended 30 June 2014

8 Units on Issue (continued)

Upon redemption, holders will receive the aggregate of \$100 plus the unpaid distribution amount, not being more than the distribution payments for the four preceding but unpaid distributions.

Issuer redemption

Subject to approval of the Responsible Entity and Brookfield Australia Investments Limited, the Trust may initiate redemption of all or some of the Multiplex SITES for cash, by sending a realisation notice to holders, in the following circumstances:

- the step-up date or the last day of each distribution period after the step-up date;
- an increased costs event;
- an accounting event;
- where the responsible entity of the Trust is no longer a member of Brookfield Australia Investments Limited;
- a change of control event; or
- there are less than \$50 million of Multiplex SITES remaining on issue.

Holder exchange

Holders have no right to request exchange.

Issuer exchange

Brookfield Australia Investments Group was delisted on 20 December 2007. For so long as Brookfield Australia Investments Group is not listed, the Responsible Entity will not be entitled to exercise its option to exchange Multiplex SITES for Brookfield Australia Investments Group stapled securities.

9 Financial instruments

Financial risk management

The Trust has responsibility for the establishment and monitoring of a risk management framework. This framework seeks to minimise the potential adverse impact of the above risks on the Trust's financial performance.

The Board regularly reviews procedures in respect of compliance with the maintenance of statutory, legal, ethical and environmental obligations through the Audit Committee and Risk and Compliance Committee. As risks are primarily concerned with compliance rather than an operational nature, the existing risk management approach will continue to be enforced.

	Half Year ended 30 Jun 2014	Year ended 31 Dec 2013
	\$'000	\$'000
10 Reconciliation of cash flows from operating activities		
Reconciliation of net (loss) to net cash (outflow)/inflow from operating activities		
Profit/(Losses) from ordinary activities after income tax	-	-
Change in operating assets and liabilities:		
Decrease/(Increase) in assets	(45)	855
(Decrease)/Increase in liabilities	45	(855)
Net cash inflow from operating activities	-	-

11 Related Parties

Associates

Interests in associates are set out in note 5.

Key management personnel

No compensation is paid by the Trust or the Responsible Entity to Directors or directly to any of the key management personnel of the Responsible Entity. Compensation is paid by entities within the Brookfield Australia Investments Group.

The number of Multiplex SITES units held by key management personnel of the Responsible Entity, including their personally related entities, is set out below:

Notes to the Financial Statements continued

Multiplex SITES Trust

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For the half year ended 30 June 2014

11 Related Parties (continued)

	Units held at 30 Jun 2014	Units held at 31 Dec 2013
Mr F Allan McDonald	1,335	1,335

Transactions with related parties

Transactions between Multiplex SITES Trust and Multiplex Hybrid Investment Trust

- An investment in Multiplex Hybrid Investment Trust of \$450,000,000 (2013: \$450,000,000); and
- Distributions received/receivable of \$14,535,000 for the half year ended 30 June 2014 (half year ended 30 June 2013: \$15,435,000)

Responsible Entity

The Responsible Entity of the Trust is Brookfield Funds Management Limited, whose immediate parent company is Brookfield Australia Investments Limited. The ultimate Australian parent of the Responsible Entity is Brookfield Holdings (Australia) Pty Ltd, with the ultimate parent being Brookfield Asset Management Inc.

12 Contingent liabilities and assets

No contingent liabilities or assets existed 30 June 2014 (30 June 2014: nil).

13 Capital and other commitments

No capital or other commitment existed at 30 June 2014 (30 June 2014: nil).

14 Events subsequent to the reporting date

Other than matters previously disclosed in this report and to the knowledge of the Directors, there has been no matter or circumstance that has arisen since the end of the year that has significantly affected, or may affect, the Trust's operations in future financial periods, the results of those operations or the Trust's state of affairs in future financial periods.

Directors Declaration Multiplex SITES Trust

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For the half year ended 30 June 2014

The directors of the Responsible Entity of Multiplex SITES Trust (Brookfield Funds Management Limited) declare that:

- a. in the directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- b. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Trust.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.303(5) of the Corporations Act 2001.

Dated at Sydney this 25th day of August 2014



Russell T Proutt
Executive Director

Brookfield Funds Management Limited
as Responsible Entity for Multiplex SITES Trust

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of Multiplex SITES Trust

We have reviewed the accompanying half-year financial report of Multiplex SITES Trust, which comprises the condensed statement of financial position as at 30 June 2014, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 8 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Brookfield Funds Management Limited, as responsible entity for Multiplex SITES Trust, 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 Multiplex SITES Trust's financial position as at 30 June 2014 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 Multiplex SITES Trust, 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 Multiplex SITES Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

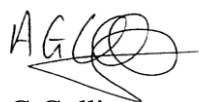
Conclusion

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 SITES Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Multiplex SITES Trust's financial position as at 30 June 2014 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, 25 August 2014

Brookfield Australia Property Trust and its controlled entities
Half-year financial report
For the half-year ended
30 June 2014

Brookfield Australia Property Trust

ARSN 106 643 387

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Brookfield Australia Property Trust and its controlled entities

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Directory

Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

Responsible Entity

Brookfield Funds Management Limited
Level 22, 135 King Street,
Sydney NSW 2000
Telephone: +61 (0) 2 9322 2000
Facsimile: +61 (0) 2 9322 2001

Directors of Brookfield Funds Management Limited

Mr F Allan McDonald
Ms Barbara K Ward
Mr Russell T Proutt

Registered Office of Brookfield Funds Management Limited

Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 (0) 2 9322 2000
Facsimile: +61 (0) 2 9322 2001

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: + 61 (0) 2 9322 7000
Facsimile: + 61 (0) 2 9322 7001

Directors' Report

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

Introduction

The Directors of Brookfield Funds Management Limited (BFML), the Responsible Entity of Brookfield Australia Property Trust (the Trust), present their report together with the financial report of the Consolidated Entity, being the Trust and its controlled entities, for the half-year ended 30 June 2014 and the Independent Auditor's Review Report thereon.

Brookfield Australia Investments Limited (BAIL) (the Company) and its controlled entities, the Trust and its controlled entities are referred to as Brookfield Australia Investments Group (the Group) in this report.

Responsible Entity

The Responsible Entity of the Trust is Brookfield Funds Management Limited, which has been the Responsible Entity since inception of the Trust.

The registered office and principal place of business of the Responsible Entity is as follows:

Registered office	Level 22, 135 King Street, Sydney NSW 2000
Principal place of business	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 half-year ended 30 June 2014:

Name	Capacity
Mr F Allan McDonald (Director since 22 October 2003)	Non-Executive Chairman
Ms Barbara K Ward (Director since 22 October 2003)	Non-Executive Director
Mr Russell T Proutt (Director since 17 March 2010)	Executive Director

Principal activities

The principal activity of the Consolidated Entity during the course of the half-year ended 30 June 2014 was the investment in income producing retail, commercial and industrial properties. The Consolidated Entity principally operates in Australia and New Zealand.

There has been no significant change in the nature of the activities of the Consolidated Entity during the half-year ended 30 June 2014.

Group structure

Ordinary shares in the Company and ordinary units in the Trust are stapled together so that neither can be dealt without the other. A transfer, issue or reorganisation of an ordinary share or an ordinary unit in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary share or ordinary unit in the other component part.

Distributions

For the half-year ended 30 June 2014, a distribution of \$62.1m was paid or payable to unitholders of the Trust (half-year ended 30 June 2013: nil).

Review of operations and results

[Operating results for the financial period](#)

The Consolidated Entity reported a net profit attributable to unitholders of \$72.4m for the half-year ended 30 June 2014 (half-year ended 30 June 2013: \$169.5m).

On 28 February 2014, NAB House was sold for gross proceeds of \$116.0m.

On 23 April 2014, Fujitsu Centre was sold for gross proceeds of \$89.2m. The proceeds were used by PFF Borrower to repay \$60.0m of its debt facility.

On 20 June 2014, the Trust acquired the other 50% interest in the underlying investment property in its Property Financial Asset (PFA), KPMG Tower. The acquisition was funded via \$65.3m of third party debt and \$73.2m of related party loans. As a result, the Trust legally owns 100% of KPMG Tower and its associated PFA value was increased by \$73.2m.

On 30 June 2014, a subsidiary of the Trust entered into a new 5 year \$465.0m facility with CBA (\$300.0m) and Credit Agricole (\$165.0m).

Directors' Report continued

Brookfield Australia Property Trust and its controlled entities

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For the half-year ended 30 June 2014

Events subsequent to the reporting date

Other than as disclosed in this report and to the best knowledge of the Directors, there has been no other matter or circumstance that has arisen since the end of the half-year that have significantly affected, or may affect, the Consolidated Entity's operations in future financial periods, the results of those operations or the Consolidated Entity's state of affairs in future financial periods.

Likely developments and expected results of operations

It is envisaged that the Consolidated Entity will continue to operate in its current form.

Environmental regulation

The Consolidated Entity has systems in place to manage its environmental obligations.

Register of unitholders

The register of unitholders has, during the half-year ended 30 June 2014, been properly drawn up and maintained so as to give a true account of the unitholders of the Trust.

Rounding of amounts

The Consolidated Entity is of the 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 hundred thousand dollars, unless otherwise stated.

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 30 June 2014.

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

Dated at Sydney, this 25th day of August 2014



Russell T Prutt
Executive Director
Brookfield Funds Management Limited

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

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225 George Street
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The Board of Directors
Brookfield Funds Management Limited
(as Responsible Entity for Brookfield Australia Property
Trust)
Level 22, 135 King Street
SYDNEY, NSW 2000
Australia

25 August 2014

Dear Directors

Brookfield Australia Property Trust

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 Funds Management Limited as responsible entity for Brookfield Australia Property Trust.

As lead audit partner for the review of the financial statements of Brookfield Australia Property Trust for the half-year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



AG Collinson
Partner
Chartered Accountants

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Brookfield Australia Property Trust and its controlled entities

For the half year ended 30 June 2014

	Note	Consolidated	
		Half-year ended 30-Jun-14 \$m	Half-year ended 30-Jun-13 \$m
Continuing operations			
Revenue		49.6	80.5
Cost of operations		(12.7)	(19.4)
Gross profit		36.9	61.1
Property finance income	4	69.3	146.2
Other income		4.1	3.8
Net gain/(loss) on revaluation of investment property and derivatives		6.4	29.5
Share of net (loss)/profit on investments accounted for using the equity method		-	(0.8)
Net foreign exchange loss		-	(5.6)
Finance costs		(26.6)	(35.7)
Other expenses		(3.1)	(10.5)
Profit before income tax		87.0	188.0
Income tax (expense)/benefit		-	(3.0)
Net profit for the financial year from continuing operations		87.0	185.0
Profit attributable to:			
Unitholders of Brookfield Australia Property Trust		72.4	169.5
Non-controlling interests		14.6	15.5
Net profit for the financial year		87.0	185.0
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Total items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		-	5.6
Net fair value loss on available-for-sale financial assets		-	(0.5)
Net fair value gain on hedging instruments entered into for cash flow hedges		0.4	9.2
Other comprehensive income for the financial year, net of income tax		0.4	14.3
Total comprehensive income, net of income tax for the financial year		87.4	199.3
Profit for the year attributable to:			
Unitholders of Brookfield Australia Property Trust		72.8	183.8
Non-controlling interests		14.6	15.5
Total comprehensive income, net of income tax for the financial year		87.4	199.3

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

Condensed Consolidated Statement of Financial Position 8

Brookfield Australia Property Trust and its controlled entities

As at 30 June 2014

	Note	Consolidated	
		30-Jun-14 \$m	31-Dec-13 \$m
Current assets			
Cash and bank balances		12.2	12.6
Trade and other receivables		636.6	283.7
Derivative financial instruments		0.4	0.8
Other assets		2.0	1.8
Total current assets		651.2	298.9
Non-current assets			
Interest bearing receivables	5	555.6	477.8
Derivative financial instruments		2.3	0.8
Other financial assets	4	1,836.5	1,830.1
Investment property	6	937.3	1,126.1
Total non-current assets		3,331.7	3,434.8
Total assets		3,982.9	3,733.7
Current liabilities			
Trade and other payables		20.8	20.1
Derivative financial instruments		9.4	9.0
Interest bearing loans and borrowings	7	-	194.5
Non-interest bearing loans and borrowings		191.5	165.0
Provisions		13.4	10.5
Total current liabilities		235.1	399.1
Non-current liabilities			
Derivative financial instruments		7.2	6.9
Interest bearing loans and borrowings	7	1,492.7	1,090.5
Total non-current liabilities		1,499.9	1,097.4
Total liabilities		1,735.0	1,496.5
Net assets		2,247.9	2,237.2
Equity			
Contributed equity	8	1,354.0	1,354.0
Reserves		(11.1)	(11.5)
Undistributed income		464.5	454.2
Total parent interests		1,807.4	1,796.7
Non-controlling interest		440.5	440.5
Total equity		2,247.9	2,237.2

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

Condensed Consolidated Statement of Changes in Unitholder Interests

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

	Attributable to Equityholders of the Parent							
	Contributed Equity (Note 8) \$m	Undistributed Income \$m	Foreign Currency Translation Reserve \$m	Available for sale reserve \$m	Cash flow Hedge Reserve \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
As at 1 January 2014	1,354.0	454.2	-	-	(11.5)	1,796.7	440.5	2,237.2
Other Comprehensive income for the financial year	-	-	-	-	0.4	0.4	-	0.4
Profit for the financial year	-	72.4	-	-	-	72.4	14.6	87.0
Total comprehensive income	-	72.4	-	-	0.4	72.8	14.6	87.4
Transactions with equityholders in their capacity as equityholders:								
Dividends/distributions	-	(62.1)	-	-	-	(62.1)	(14.6)	(76.7)
Total transactions with equityholders in their capacity as equityholders	-	(62.1)	-	-	-	(62.1)	(14.6)	(76.7)
As at 30 June 2014	1,354.0	464.5	-	-	(11.1)	1,807.4	440.5	2,247.9
As at 1 January 2013	2,441.8	366.1	(5.6)	0.5	(23.4)	2,779.4	561.6	3,341.0
Other Comprehensive income for the period	-	-	5.6	(0.5)	9.2	14.3	-	14.3
Profit for the financial period	-	169.5	-	-	-	169.5	15.5	185.0
Total comprehensive income	-	169.5	5.6	(0.5)	9.2	183.8	15.5	199.3
Transactions with equityholders in their capacity as equityholders:								
Return of capital	(1,073.2)	-	-	-	-	(1,073.2)	(105.9)	(1,179.1)
Dividends/distributions	-	-	-	-	-	-	(15.8)	(15.8)
Total transactions with equityholders in their capacity as equityholders	(1,073.2)	-	-	-	-	(1,073.2)	(121.7)	(1,194.9)
As at 30 June 2013	1,368.6	535.6	-	-	(14.2)	1,890.0	455.4	2,345.4

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Cash Flows

Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

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	Note	Consolidated	
		Half-year ended 30-Jun-14 \$m	Half-year ended 30-Jun-13 \$m
Cash flows from operating activities			
Receipts from customers		49.6	80.9
Payments to suppliers and employees		(10.0)	(23.5)
		39.6	57.4
Property finance income	4	61.5	51.9
Distributions received		-	1.0
Interest received		4.1	4.6
Finance costs paid		(26.7)	(33.7)
Net cash inflow from operating activities		78.5	81.2
Cash flows from investing activities			
Proceeds from sale of investment properties		205.2	74.2
Payments for investment properties capital expenditure		(12.0)	(11.6)
Net proceeds from (acquisition)/sale of investments		(137.8)	1,301.0
Cash on deconsolidation of subsidiary		-	(17.1)
Other		15.5	-
Net cash inflow from investing activities		70.9	1,346.5
Cash flows from financing activities			
Net drawdown/(repayment) of borrowings		207.4	(31.5)
Net repayment to related parties		(295.1)	(309.1)
Distributions paid to unitholders		(62.1)	(1,073.2)
Net cash (outflow) from financing activities		(149.8)	(1,413.8)
Net decrease in cash and cash equivalents held		(0.4)	13.9
Cash and cash equivalents at the beginning of the financial year		12.6	32.8
Cash and cash equivalents at the end of the financial year		12.2	46.7

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

Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

1 Reporting entity

Brookfield Australia Property Trust, (the Trust) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Funds Management Limited, the Responsible Entity of the Trust, is incorporated and domiciled in Australia. Brookfield Australia Investments Limited (the Company), the Trust and their controlled entities are referred to as the Group in this report.

A Group stapled security consists of one ordinary unit in the Trust and one ordinary share in the Company. The stapled securities cannot be traded or dealt with separately. A transfer, issue or reorganisation of an ordinary share or a unit in one of the component parts is accompanied by a transfer, issue or reorganisation of an ordinary share or unit in the other component part.

This half-year financial report comprises the results and operations of the Trust and its controlled entities (the Consolidated Entity) for the half-year ended 30 June 2014.

2 Basis of preparation

Statement of compliance

The half-year financial report is a general purpose financial report 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 half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Unless otherwise stated, the principal accounting policies adopted in the preparation of the financial report are consistent with those applied to all periods presented.

The condensed consolidated financial statements were authorised for issue in accordance with a resolution of the directors of the Responsible Entity on 25th August 2014.

Basis of measurement

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Trust is a fund of the 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 hundred thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Consolidated Entity's 2013 annual financial report for the financial year ended 31 December 2013. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these 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 amount recognised in the financial statements is provided in Note 4, other financial assets, and Note 6, investment property.

Comparatives

Where deemed necessary, the comparatives have been reclassified to enhance comparability.

3 Distributions

For the half-year ended 30 June 2014, a distribution of \$62.1m was paid or payable to unitholders of the Trust (half-year ended 30 June 2013: nil).

Notes to the Condensed Consolidated Financial Statements

continued

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

4 Other Financial Assets

	Consolidated	
	30-Jun-14	31-Dec-13
	\$m	\$m
Property financial assets^{1,2}		
Brookfield Prime Property Fund	234.5	226.9
King Street Wharf	43.0	90.0
World Square Retail	156.5	152.0
KMPG Tower ³	131.1	57.8
Darling Park	361.8	360.3
Bourke Place Tower	191.3	191.3
Southern Cross East Tower	502.5	502.5
BAO Trust	23.9	32.1
Multiplex European Property Fund	1.3	1.5
Multiplex New Zealand Property Fund	25.4	34.5
324 Queen Street	29.7	22.3
240 Queen Street	90.0	112.9
JH Rosehill	45.5	46.0
Total non-current financial assets	1,836.5	1,830.1

¹ Properties from which property finance income is determined.

² During the half-year, sixteen of the underlying properties were externally valued, including five properties within Multiplex New Zealand Property Fund.

³ The other 50% of KPMG Tower was acquired on 20 June 2014.

	Consolidated	
	30-Jun-14	30-Jun-13
	\$m	\$m
Realised property finance income	61.5	51.9
Fair value gain on property financial asset	7.8	94.3
Total property finance income	69.3	146.2

5 Interest bearing receivables

	Consolidated	
	30-Jun-14	31-Dec-13
	\$m	\$m
Non-current		
Interest bearing receivables from related parties	555.6	477.8
Total non-current interest bearing receivables from related parties	555.6	477.8
Total interest bearing receivables from related parties	555.6	477.8

Notes to the Condensed Consolidated Financial Statements

continued

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

6 Investment property

Reconciliation of the carrying amount of investment properties is set out below:	Consolidated	
	30-Jun-14	31-Dec-13
	\$m	\$m
Carrying amount at beginning of the financial year	1,126.1	1,908.3
Capital expenditure	12.0	17.2
Disposals ¹	(205.2)	(76.0)
Transfers to financial assets ²	-	(747.7)
Net gain/(loss) from fair value adjustments to investment properties	6.8	24.3
Change due to impact of straight-lining of rental income and other	(2.4)	-
Carrying amount at the end of the financial year	937.3	1,126.1

¹ Disposals relate to the sales of NAB House and Fujitsu Centre.

² Refer to Note 10 for further information regarding derecognition of these assets.

Property valuations

Property investments are stated at fair value. An external valuation company, having an appropriately recognised professional qualification and recent experience in the location and category of the property being valued, values the portfolio whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. In the current financial period, the external valuations were performed by JLL and CBRE. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller, in an arm's length transaction after appropriate marketing wherein the parties have each acted knowledgeably, prudently and without compulsion.

Valuations reflect, where appropriate, the same type of tenants, future rent reviews and market conditions. A change in any of these factors could have a significant impact on the value of the Company's property investments. The valuations have been undertaken using a discounted cash flow approach and a capitalisation method. The key assumptions adopted under these methods include assessment of the capitalisation rate, discount rate, terminal yield, current passing/market rent and forecast net annual cash flows receivable from properties. The capitalisation rates utilised in the 30 June 2014 valuations ranged from 7.25% to 8.50%.

Any gain or loss from a change in fair value is recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. All property acquisition costs in respect of properties acquired are capitalised into the value of the property investments at the time of purchase to reflect the total acquisition cost in the Condensed Consolidated Statement of Financial Position. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred. Where independent valuations are undertaken prior to the reporting date, the assumptions on which the valuation is based are reviewed in light of the prevailing market conditions at the reporting date to ensure that any material change is reflected in the valuation. As at 30 June 2014, three properties were externally valued.

Notes to the Condensed Consolidated Financial Statements

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

7 Interest bearing loans and borrowings

	Consolidated	
	30-Jun-14	31-Dec-13
	\$m	\$m
Carrying amounts		
Current interest bearing loans and borrowings	-	194.8
<i>Less: deferred borrowing costs</i>	-	(0.3)
	-	194.5
Non-current interest bearing loans and borrowings	1,497.7	1,093.8
<i>Less: deferred borrowing costs</i>	(5.0)	(3.3)
	1,492.7	1,090.5
Total interest bearing loans and borrowings	1,492.7	1,285.0

Summary of borrowing arrangements

Gross debt balance of \$1,326.3m relates to investment properties debt facilities which are bilateral and are secured by relevant mortgages and charges directly relating to specific investment properties. Remaining debt \$232.1m is interest bearing loan payable to a related party Brookfield Property Finance Pty Ltd (Finco). The Consolidated Entity has bank loans denominated in Australian dollars. Interest on bank loans is charged at the prevailing market rate. There were no overdraft facilities in place at 30 June 2014 (2013: nil).

	Consolidated	
	30-Jun-14	31-Dec-13
	\$m	\$m
Total financing facilities available		
Property facilities	1,326.3	1,086.5
Corporate facilities - related party	232.1	232.1
Total facilities available	1,558.4	1,318.6
Facilities utilised at reporting date		
Property facilities	1,265.6	1,056.5
Corporate facilities - related party	232.1	232.1
Total facilities utilised at end of the financial year	1,497.7	1,288.6
Facilities not utilised at reporting date		
Property facilities	60.7	30.0
Total facilities not utilised at end of the financial year	60.7	30.0

As at 30 June 2014, the Consolidated Entity is in compliance with all of its debt covenants.

Notes to the Condensed Consolidated Financial Statements

continued

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

8 Contributed equity

	30-Jun-14	31-Dec-13
	\$m	\$m
Issued and fully paid up capital		
Units issued	1,354.0	1,354.0

There are 837,402,185 units on issue at 30 June 2014 (30 June 2013: 837,402,185). There has no movements in the number of units on issue during the half-year ended at 30 June 2014 (half-year ended 30 June 2013: nil).

Terms and conditions of units in the Trust

Ordinary units in the Trust are stapled with ordinary shares in the Company and are collectively known as Brookfield Australia Investments Group. Ordinary units in Brookfield Australia Property Trust entitles holders to participate in distributions as declared and, in the event of winding up the Trust, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on units held. Each unit entitles the holder to one vote either in person or by proxy, at a meeting of the Trust.

9 Related parties

There have been no other significant changes except as discussed elsewhere in this report to the related party transactions as disclosed in the last audited set of financial statements for the year ended 31 December 2013. Related party loans and receivables that are not intended to be called within 12 months have been classified as non-current.

10 Loss of Control

On 15 April 2013 a BAM subsidiary entered into a total return swap and option (with an initial ten year term) with a BPY subsidiary whereby BPY obtained the economic rights and obligations of several properties at a strike price which was calculated on the fair value of the assets at that date. As a result, a financial asset has been recorded in the Consolidated Entity. The value of this financial asset has been determined with reference to the fair value of the underlying properties less the debt allocated to the assets. No material gain or loss was recognised with respect to this transaction. The Property Financial Assets are designated fair value through the profit and loss.

11 Financial instruments and Fair Value Disclosures

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of all financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed investments); and
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable.

- level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Condensed Consolidated Financial Statements

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

11 Financial instruments and Fair Value Disclosures – continued

Valuation techniques and assumptions applied for the purposes of measuring fair value - continued

	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Consolidated - 30 June 2014				
Financial and non - financial assets				
Derivative instruments – interest rate swaps	-	2.7	-	2.7
Investments				
- Property financial assets	-	-	1,836.5	1,836.5
- Investment property	-	-	937.3	937.3
Total financial and non - financial assets	-	2.7	2,773.8	2,776.5
Financial liabilities				
Derivative instruments – interest rate swaps	-	(16.6)	-	(16.6)
Total financial liabilities	-	(16.6)	-	(16.6)
Total net financial and non - financial (liabilities)/assets	-	(13.9)	2,773.8	2,759.9

Consolidated - 31 December 2013

Financial and non - financial assets				
Derivative instruments – interest rate swaps	-	1.6	-	1.6
Investments				
- Property financial assets	-	-	1,830.1	1,830.1
- Investment property	-	-	1,126.1	1,126.1
Total financial and non - financial assets	-	1.6	2,956.2	2,957.8
Financial liabilities				
Derivative instruments – interest rate swaps	-	(15.9)	-	(15.9)
Total financial liabilities	-	(15.9)	-	(15.9)
Total net financial and non - financial (liabilities)/assets	-	(14.3)	2,956.2	2,941.9

The carrying value of investments and interest bearing loans and borrowings approximates their fair value.

Property financial assets are financial assets recognised at fair value through profit and loss. The fair value of the property financial assets is determined with reference to the fair value of, and the funds from operations generated from, the underlying investment properties (per note 4), less any external debt related to that property. External debt is held at amortised cost and is refinanced at regular intervals at market rates. The carrying value of the external debt is equivalent to its fair value. The underlying properties are valued in accordance with the methodology described in the investment property note as per note 6. Management performs a discounted cash flow calculation on each investment property to determine its fair value each quarter, and the unobservable inputs deemed to be significant in these calculations are the discount rates and terminal capitalisation rates used in determining the fair value of the underlying properties. The discount rates and terminal capitalisation rates utilised in the 30 June 2014 valuations of the underlying properties of the property financial assets ranged from 8.00% to 9.25% and 6.75% to 9.00% respectively.

A property financial asset sensitivity assessment has been performed by considering the movement in the fair value of the underlying properties if the discount rate and terminal capitalisation rate were to increase or decrease by 25bps. A 25bps increase in the discount rate is estimated to cause a 2.41% decrease in the property financial asset value, while a 25bps decrease in the discount rate is estimated to cause a 2.13% increase in the property financial asset value. A 25bps increase in the terminal capitalisation rate is estimated to cause a 3.35% decrease in the property financial asset value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 3.89% increase in the property financial asset value.

For valuation methodology of investment property, refer to Note 6. The discount rates and terminal capitalisation rates utilised in the 30 June 2014 valuations of investment properties ranged from 8.25% to 9.75% and 7.25% to 8.50% respectively.

An investment property and property financial asset sensitivity assessment has been performed by considering the movement in the fair value of the underlying properties if the discount rate and terminal capitalisation rate were to increase or decrease by 25bps. A 25bps increase in the discount rate is estimated to cause a 1.40% decrease in the investment property value, while a

Notes to the Condensed Consolidated Financial Statements

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

11 Financial instruments and Fair Value Disclosures – continued

Valuation techniques and assumptions applied for the purposes of measuring fair value - continued

25bps decrease in the discount rate is estimated to cause a 2.78% increase in the investment property value. A 25bps increase in the terminal capitalisation rate is estimated to cause a 1.89% decrease in the investment property value, while a 25bps decrease in the terminal capitalisation rate is estimated to cause a 3.12% increase in the investment property value.

The finance department of the Trust includes a team that perform the fair value assessment of property financial assets required for financial reporting purposes. This team reports to the chief operating officer (COO), the valuation committee and the Board. Discussions of valuation processes and results are held between the CFO, COO and the valuation committee at least once every six months, in line with the Trust's half-yearly reporting dates.

Reconciliation of level 3 fair value measurements:

	Property financial assets \$m	Investment in unlisted securities \$m	Investment property \$m	Total \$m
Consolidated - 30 June 2014				
Opening balance	1,830.1	-	1,126.1	2,956.2
Capital expenditure	-	-	12.0	12.0
Dispositions	-	-	(205.2)	(205.2)
Acquisition	137.8	-	-	137.8
Debt drawdown	(123.7)	-	-	(123.7)
Fair value gain on property financial asset	7.8	-	6.8	14.6
Capital returned	(15.5)	-	-	(15.5)
Other	-	-	(2.4)	(2.4)
Closing balance	1,836.5	-	937.3	2,773.8

	Property financial assets \$m	Investment in unlisted securities \$m	Investment property \$m	Total \$m
Consolidated - 31 December 2013				
Opening balance	1,483.0	69.4	1,908.3	3,460.7
Capital expenditure	-	-	17.2	17.2
Dispositions	(73.6)	-	(76.0)	(149.6)
Addition ¹	323.2	-	-	323.2
Transfer to financial assets ¹	-	(69.4)	(747.7)	(817.1)
Fair value gain on property financial asset	118.5	-	24.3	142.8
Realised property finance income earned	115.2	-	-	115.2
Realised property finance income received	(115.2)	-	-	(115.2)
Other ²	(21.0)	-	-	(21.0)
Closing balance	1,830.1	-	1,126.1	2,956.2

¹ Refer to Note 10 for further information on property financial assets.

² Balance in Other for property financial assets includes debt repayments and capital returns in funds during the financial period.

12 Events occurring after the reporting date

Other than as disclosed in this report and to the best knowledge of the Directors, there has been no other matter or circumstance that has arisen since the end of the half-year that have significantly affected, or may affect, the Consolidated Entity's operations in future financial periods, the results of those operations or the Consolidated Entity's state of affairs in future financial periods.

Directors' Declaration

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Brookfield Australia Property Trust and its controlled entities

For the half-year ended 30 June 2014

The Directors of the Responsible Entity declare that:

- a. in the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
- b. in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated Entity.

Signed in accordance with a resolution of the directors made pursuant to s 303(5) of the *Corporations Act 2001*.

On behalf of the Directors of the Responsible Entity, Brookfield Funds Management Limited.

Dated at Sydney, this 25th day of August 2014.



Russell T Proutt
Executive Director
Brookfield Funds Management Limited

Independent Auditor's Review Report to the unitholders of Brookfield Australia Property Trust

We have reviewed the accompanying half-year financial report of Brookfield Australia Property Trust, which comprises the condensed consolidated statement of financial position as at 30 June 2014, 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 unitholder interests for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the Trust 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 18.

Directors' Responsibility for the Half-Year Financial Report

The directors of Brookfield Funds Management Limited, as the responsible entity of Brookfield Australia Property Trust, 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* (ASRE 2410), 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 consolidated entity's financial position as at 30 June 2014 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 Brookfield Australia Property Trust, 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 Funds Management Limited, the responsible entity of Brookfield Australia Property Trust, 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 Brookfield Australia Property Trust 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 30 June 2014 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, 25 August 2014