Appendix 4E – Additional Disclosure
Multiplex European Property Fund

For the year ended 30 June 2009

Name of Fund:	Multiplex European Property Fund (MUE)
Details of reporting period	
Current reporting period:	1 July 2008 to 30 June 2009
Prior corresponding period:	2 April 2007 to 30 June 2008

This Financial Report should be read in conjunction with the Financial Report for the year ended 30 June 2009. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market

	Year ended 30 June 2009 $m	Period ended 30 June 2008 $m
Total revenue and other income	54.1	85.0
Total expenses	(203.1)	(78.2)
Net (loss)/profit attributable to the unitholders of MUE	(149.0)	6.8
Property fair value adjustments included in the above	(115.1)	(39.2)
Earnings per unit (cents)	(60.32)	2.81

Distributions

Distributions paid/payable to ordinary unitholders were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
June 2009 distribution	0.625	1,543	31 July 2009
March 2009 distribution	0.625	1,543	30 April 2009
December 2008 distribution	1.875	4,630	30 January 2009
September 2008 distribution	1.875	4,630	31 October 2008
Total distribution to ordinary unitholders for the year ended 30 June 2009	**5.000**	**12,346**	

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
June 2008 distribution	2.102	5,191	31 July 2008
March 2008 distribution	2.113	5,218	30 April 2008
December 2007 distribution	2.142	5,290	31 January 2008
Period ended 30 September 2007 distribution	2.235	5,519	31 October 2007
Period ended 26 June 2007 distribution (pre - IPO)	2.003	4,456	27 July 2007
Total distribution to ordinary unitholders for the period from 2 April 2007 to 30 June 2008	**10.595**	**25,674**	

Appendix 4E – Additional Disclosure
Multiplex European Property Fund

For the year ended 30 June 2009

This preliminary final report is given to the ASX in accordance with Listing Rule 4.3.A.

Commentary and analysis of the result for the current year can be found in the attached Multiplex European Property Fund ASX release dated 27th August 2009. This ASX release forms part of the Appendix 4E.

The Fund has a formally constituted Audit Committee of the Board of Directors. The release of the report was approved by resolution of the Board of Directors on 27th August 2009.

Multiplex European Property Fund
Financial report
For the year ended
30 June 2009

Multiplex European Property Fund

ARSN 124 527 206

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Multiplex European Property Fund
For the year ended 30 June 2009

Directory

Multiplex European Property Fund
For the year ended 30 June 2009

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
Mark Wilson
Brian Kingston

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

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

Location of Share Registry
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: (02) 8280 7100
Facsimile: (02) 9287 0303

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

Directors' Report
Multiplex European Property Fund
For the year ended 30 June 2009

Introduction
The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex European Property Fund (ARSN 124 527 206) (Fund), present their report together with the financial report of the Consolidated Entity, being the Fund and its subsidiaries, for the year ended 30 June 2009 and the Independent Auditor's Report thereon. The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007. Comparative information in this financial report is therefore presented for the period 2 April 2007 to 30 June 2008.

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 year:

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
Mark Wilson (Director since 27 August 2008)	Executive Director
Brian Kingston (Director since 27 August 2008)	Executive Director
Robert Rayner (Director since 31 October 2000 – resigned 22 August 2008)	Executive Director
Bob McKinnon (Director since 7 December 2007 – resigned 18 July 2008)	Non-Executive Director

Information on Directors
Peter Morris, Non-Executive Independent Chairman
Peter has more than 38 years of experience in property, initially in project and development management and more recently in funds management. He is a recognised leader in the development and project management fields, having played a major role in the growth of professional project management as a specialist skill in Australia. For 14 years he acted as Managing Director of Bovis Australia (now part of Bovis Lend Lease) and its forerunners. During this time he was responsible for the delivery of some of Australia's largest and most high profile commercial projects. Peter acts as Independent Chairman of BMCML. There are no listed companies of which Peter has served as a director during the past three years.

Brian Motteram, Non-Executive Independent Director
Brian has in excess of 32 years of experience working in the area of finance and accounting. He has worked with international accounting firms, in his own private practice, and during the last 18 years in private enterprise in both the mining and property industries. He spent eight years (from 1996 to 2004) as an executive of a Perth-based property company in the position of Chief Financial Officer and, later, as Financial Director. There are no listed companies of which Brian has served as a director during the past three years.

Robert McCuaig, Non-Executive Independent Director
Robert is Chairman of the Advisory Board of Colliers International Property Consultants in Australia. Along with David Collier, he formed McCuaig and Collier, which in 1988 became the New South Wales office of Colliers International. He was a forerunner in the establishment of Colliers in Australia, now one of the world's largest professional property service groups. Robert has acted as a property adviser to the University of Sydney, Westpac, Qantas Airways, Presbyterian Church, Sydney Ports Authority, Benevolent Society of New South Wales, the State of New South Wales and the Commonwealth of Australia. There are no listed companies of which Robert has served as a director during the past three years.

Mark Wilson, Executive Director
Mark is the CEO for Funds Management and Infrastructure for Brookfield Multiplex Limited. Mark has overall responsibility for the strategy and operations of the funds management business. In his 12 years at Brookfield Multiplex Limited, Mark has also held various managerial roles including Executive General Manager, Corporate Development and Group Company Secretary. Mark has been instrumental in a number of major equity capital markets transactions undertaken by Brookfield Multiplex, including the establishment of the Brookfield Multiplex Capital division and the Brookfield Multiplex Group Initial Public Offering in 2003. Mark has 19 years' operating and investing experience and is a Fellow of Finance with Financial Services Institute of Australasia. There are no listed companies of which Mark has served as a director during the past three years.

Brian Kingston, Executive Director

Brian is the Chief Financial and Investment Officer of Brookfield Multiplex Limited. Brian joined Brookfield Asset Management Inc. in 2001 and has held various senior management positions within Brookfield and its affiliates, including mergers and acquisitions, merchant banking and real estate advisory services. There are no listed companies other than Brookfield Multiplex Limited (delisted December 2007) of which Brian has served as a director during the past three years.

Information on Company Secretary

Neil Olofsson

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

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, rights or options over such instruments, interests in registered schemes and rights or options over such instruments issued by the entities within the Consolidated Entity and other related bodies corporate as at the date of this report:

Director	Multiplex European Property Fund units held
Peter Morris	–
Brian Motteram	–
Robert McCuaig	25,000
Mark Wilson	–
Brian Kingston	–

No options are held by/have been issued to Directors.

Directors' meetings

Director		Board Meetings A	Board Meetings B	Audit Committee Meetings A	Audit Committee Meetings B
Peter Morris		15	15	3	3
Brian Motteram		13	15	3	3
Robert McCuaig		12	15	3	3
Mark Wilson		14	14	n/a	n/a
Brian Kingston		12	14	n/a	n/a
Robert Rayner	(Resigned 22 August 2008)	1	1	n/a	n/a
Bob McKinnon	(Resigned 18 July 2008)	–	–	n/a	n/a

A – Number of meetings attended.
B – Number of meetings held during the time the Director held office during the year.

Committee meetings

There were no other Board committee meetings held during the year other than those stated above.

Principal activities

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

Review of operations

The Consolidated Entity recorded a net loss after tax of $148,964,000 for the year ended 30 June 2009 (period ended 30 June 2008: net profit after tax of $6,839,000). The reported net loss after tax includes an unrealised loss of $115,061,000 on property revaluations.

An unrealised loss of $58,799,000 was also recorded by the Consolidated Entity on account of marking-to-market value the Consolidated Entity's derivatives as at balance date. The practice of marking-to-market value the Consolidated Entity's derivatives at each balance date will continue to introduce volatility into the Consolidated Entity's Income Statement and Balance Sheet. However, these adjustments are non-cash related as the Consolidated Entity's derivative obligations were fixed at the time of entering into the derivatives in November 2006, and these obligations do not change during the term of the derivative.

Review of operations continued
Some of the significant events during the period are detailed below. It should be noted that the current period below relates to the year ended 30 June 2009 while the 2008 comparative period below relates to a 15 month period from 2 April 2007 to 30 June 2008.

- property rental income of $47,799,000 (2008: $50,242,000);
- total revenue and other income of $54,060,000 (2008: $85,010,000);
- net loss after tax of $148,964,000 (2008: net profit of $6,839,000)
- earnings per unit (EPU) of (60.32) cents (2008: 2.81 cents);
- distributions to unitholders for the year ended 30 June 2009 were $12,346,000 (2008: $25,674,000) and distributions per unit (DPU) of 5.000 cents per unit (2008: 10.595 included within this figure is pre-IPO distribution);
- net assets of $63,438,000 and NTA of $0.26 (30 June 2008: $202,680,000 and NTA of $0.82); and
- property portfolio value of $488,988,000 (30 June 2008: $557,020,000) and unrealised revaluation decrement of $115,061,000 (2008: $39,238,000).

Corporate governance
This section outlines the main corporate governance practices that are currently in place for Brookfield Multiplex Capital Management Limited (Company) in its capacity as Responsible Entity for the Fund. The Company as Responsible Entity of the Fund is committed to maintaining the required standards of corporate governance.

The Fund was listed on the Australian Securities Exchange on 3 July 2007. The Company, as the Fund's Responsible Entity, has operated within a corporate governance system that the Directors and management have developed over time. Corporate governance is a dynamic force that keeps evolving and for that reason, our systems, policies and procedures are regularly reviewed and tailored to changing circumstances.

The Company is a wholly owned Brookfield Asset Management Inc. (BAM) subsidiary. BAM is listed on the New York, Toronto and Euronext Stock Exchanges.

Best practice principles
The Australian Securities Exchange (ASX) has established best practice guidelines that are embodied in eight principles (Principles). The Board is supportive of the Principles and has applied these Principles to the extent relevant to the Fund. The Board's approach has been guided by the Principles and practices which are in the best interests of investors while ensuring compliance with legal requirements. In pursuing its commitment to these governance standards, the Board will continue to review and improve its governance practices.

The Principles as set out by the Corporate Governance Council are intended only as guidelines. The ASX Listing Rules require listed companies (or in the case of a listed fund, the responsible entity of that fund) to include in their annual report a statement disclosing the extent to which they have followed the Principles during the financial period.

The Principles have been adopted, where appropriate, to ensure that the Company as Responsible Entity of the Fund continues to protect stakeholder interests. This Corporate Governance Statement sets out each Principle and provides details of how these Principles have been addressed by the Company as Responsible Entity of the Fund.

Principle 1: Lay solid foundations for management and oversight
It is the responsibility of the Board to ensure that the foundations for management and oversight of the Fund are established and appropriately documented.

Role of the Board
The Board has adopted a Board Charter that details its functions and responsibilities, a summary of which is available at www.brookfieldmultiplexcapital.com.

The Fund has a Fund Manager who is responsible for the day-to-day management of the Fund's operations and who reports to the Chief Executive Officer (CEO).

The Company holds Australian Financial Services Licence (AFSL) No. 223809 and is an experienced responsible entity. It is subject to duties imposed by its AFSL, the Fund's constitution, the *Corporations Act 2001*, the ASX Listing Rules, the Fund's compliance plan and the law. The Company has appointed Key Persons and Responsible Managers (who are executives within the Brookfield Multiplex Capital business) and they are named on its AFSL. Their duties are to assist with and ensure the Company's ongoing compliance with the conditions of the AFSL and the law.

Management are employees of Brookfield Multiplex Limited, and therefore all senior management responsible for the operation of the Fund are subject to Brookfield Multiplex Group's performance evaluation.

Principle 2: Structure the Board to add value

The ASX views independence of Board members as a key element of an effective corporate governance regime. It recommends that a majority of the Board be independent, that the Chairperson be independent, that the roles of Chairperson and the Chief Executive Officer be split and further that the Board establish a Nomination Committee with a charter in line with best practice recommendations.

The Board believes that sound corporate governance is crucial to protecting the interests of investors. The Board has a broad range of relevant financial and other skills, experience and expertise necessary to meet its objectives and is subject to a continuous review of its composition. The Board meets formally at least four times per year and whenever necessary to deal with specific matters needing attention between scheduled meetings. As at 30 June 2009 the Board consists of five Directors.

Profiles of each of the Directors including age and length of service may be found in the annual report.

Independence

The Chairman of the Board, Dr Peter Morris, is an independent director. The roles of Chairman and Chief Executive Officer are not exercised by the same individual. This is in line with the ASX best practice principle. The Board also identified Non-executive Directors, Robert McCuaig and Brian Motteram, as being independent in accordance with the relationships affecting independent status listed by the ASX Corporate Governance Principles.

As a wholly owned subsidiary of BAM, the Board has not established a nomination committee as it believes the consideration of director appointments is a matter for BAM in conjunction with the views of the Board.

The Board conducted a self evaluation of its performance and that of individual Directors for the year ended 30 June 2009 by way of a survey of each director, followed by an analysis and discussion of responses by the Board. As part of the review, consideration was given to the skills and competency of Board members as well as the appropriate mix of skills required for managing the Company and the Fund. An assessment of Board, committee and individual Director performance is intended to occur on an annual basis and may in the future include an external mediator.

Access to information and advice

All Directors have unrestricted access to records of the Company and the Fund and receive regular detailed financial and operational reports from senior management to enable them to carry out their duties. Non-executive Directors may obtain independent professional advice at the expense of the Company or the Fund with the prior approval of the Chairman.

The company secretary supports the effectiveness of the Board by monitoring Board policies and procedures followed, and co-ordinating the timely completion and dispatch of Board agenda and briefing material. All Directors have access to the company secretary.

Principle 3: Promote ethical and responsible decision making

The Board has established both a Code of Business Conduct and Ethics and a Security Trading Policy.

Code of Business Conduct and Ethics

Neither the Fund nor the Company employs individuals. However, all Directors, managers and employees involved in the operation of the Fund and the Company are employees of Brookfield Multiplex Limited and, along with all other employees in Brookfield Multiplex Group (BMG), are required to act honestly and with integrity. The Board is committed to recognising the interests of investors and other stakeholders as well as all staff involved in the management and operation of the Company and the Fund. In addition, the Board has a statutory obligation to give priority to the Fund investors' interests over the Company's interests when there is a conflict of interest. The Board acknowledges that all BMG employees are subject to a Code of Business Conduct and Ethics that governs workplace and human resource practices, risk management and legal compliance. This Code therefore applies to all Directors, managers and employees of Brookfield Multiplex Limited involved in the operation of the Fund and the Company. The Code is aligned to BMG's core values of teamwork, integrity and performance and is fully supported by the Board. A summary of the Code is available at www.brookfieldmultiplex.com.

Employees are encouraged to report any breaches of the code in accordance with the BMG Whistle Blower Policy. This includes access to a whistle blowing hotline which is managed independently of BAM. A summary of the code is available at www.brookfieldmultiplexcapital.com.

Security Trading Policy

All Directors of the Company and BMG employees are subject to restrictions under the law relating to dealing in certain financial products, including securities in a company, if they are in possession of inside information. The BMG Security Trading Policy has been formally adopted by the Board and specifically lists securities issued by the Fund as restricted securities for the purposes of the policy. A summary of the Security Trading Policy is available at www.brookfieldmultiplex.com under About Brookfield Multiplex under the heading About Us – Corporate Governance.

BMG also has a Chinese Walls Policy for the control and monitoring of the flow of sensitive information to minimise potential conflicts of interest. In accordance with ASIC Regulatory Guide 181 – "Licensing: Managing conflicts of interest," Brookfield Multiplex Capital has established a Conflicts Policy and Register for the management of actual and perceived conflicts of interest.

Principle 4: Safeguard integrity in financial reporting
The approach adopted by the Board is consistent with the Principle. The Board requires the Chief Executive Officer and the Chief Financial Officer to provide a written statement that the financial statements of the Fund present a true and fair view, in all material aspects, of the financial position and operational results.

Audit Committee
The Company established an Audit Committee which meets on a regular basis and reports to the Board the results of its deliberations.

The members of the Audit Committee throughout the financial year are set out below:

Director	Position	Number of Meetings in Period	Number of Meetings Attended
Brian Motteram	Chair Person	3	3
Robert McCuaig	Member	3	3
Peter Morris	Member	3	3

The duties and responsibilities of the Audit Committee are set out in the Committee Charter, a summary of which appears at www.brookfieldmultiplexcapital.com. The Audit Committee has rights of access to management, including the right to seek any explanations or additional information and access to auditors (internal and external), without management present.

The Audit Committee reports to the Board in relation to the financial statements and notes, as well as the external audit report. An external auditor, KPMG, has been appointed to audit the Fund and the Fund's compliance plan.

A procedure for the selection and appointment of external auditors, and for the rotation of external audit engagement partners, has been approved by the Board.

Principle 5: Make timely and balanced disclosure
The Company is committed to the promotion of investor confidence by providing full and timely information to all investors about the Fund's activities and by complying with the continuous disclosure obligations, contained in the *Corporations Act 2001* and the ASX Listing Rules. The Board has adopted a Brookfield Multiplex Capital Continuous Disclosure Policy which governs how the Company as Responsible Entity communicates with investors and the market. All price-sensitive information is to be disclosed to the ASX. A summary of the policy is available at www.brookfieldmultiplexcapital.com.

Principle 6: Respect the rights of the Fund unitholders
In addition to its statutory reporting obligations, the Fund and the Company are committed to timely and ongoing communication with the unitholders.

The Company has a Communications Policy which sees it provide ongoing communication through the distribution of the *Capital* magazines and annual and half yearly reports each year and through updates to all investors whenever significant developments occur.

The Fund has its own section on the Brookfield Multiplex website that provides up to date Fund information including any continuous disclosure notices given by the Fund, financial reports and distribution information.

As the Fund is a listed managed investment scheme, there is no mandatory requirement to hold annual general meetings. In the future the Company may decide to hold annual general meetings of the Fund investors if the Company forms the view that there is sufficient demand from the Fund investors to incur that cost.

Fund investors are able to contact either the Fund Registry or the Fund Manager during business hours to discuss any queries in relation to their investment or the operation of the Fund.

As part of the Company's commitment to Fund investors it has an internal dispute resolution mechanism in place which is designed to meet the requirements of the *Corporations Act 2001* and its AFSL. The process complies with the key principles of Australian Standard AS ISO 10002:2004 "Customer satisfaction – Guidelines for complaints handling in organisations" and the minimum requirements of the ASIC Regulatory Guide 165 – "Licensing: Internal and external dispute resolution". If a dispute cannot be resolved through the internal dispute resolution mechanism, it can be referred to the Financial Ombudsman Service, an independent complaint resolution service of which the Company is a member.

The Company encourages Fund investors to visit its website regularly and communicate with the Company electronically as a first preference.

Principle 7: Recognise and manage risk
Management is responsible for developing and implementing policies and procedures to identify, manage and mitigate the risks across the Company's and the Fund's operations. These policies are designed to ensure relevant risks are effectively and efficiently managed and monitored to enable the achievement of the Company's and the Fund's objectives.

Brookfield Multiplex as a subsidiary of Brookfield Asset Management is responsible for establishing and maintaining adequate internal control over financial reporting that meet the Sarbanes Oxley Act 2002 s404 requirements. The Company's compliance is reviewed annually by the Company's external auditors as part of Brookfield Asset Management's compliance program.

The Compliance Committee comprises two external members (non-Company Directors) and the BMG General Manager Accounting. The committee discharges Part 5C.5 obligations under the *Corporations Act 2001* in relation to managed investment schemes. It has a charter, a summary of which appears at www.brookfieldmultiplexcapital.com.

BMG has an internal audit function which as part of its annual program may review aspects of the Company business and the Fund. The internal audit function communicates with the Audit Committee and the Compliance Committee.

The procedures adopted by the Company are consistent with those in Principle 7, in that the Chief Executive Officer and the Chief Financial Officer approve the sign off of financial statements based upon a sound system of risk management and confirm that the internal compliance and control system is operating efficiently in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly
Principle 8 suggests that the Company should establish a dedicated Remuneration Committee. As neither the Fund nor the Company have employees of their own no remuneration committee has been established.

The Independent and Non-executive Directors receive fees for serving as Directors. These fees are not linked to the performance of the Company or the Fund. The Executive Directors do not receive payment for his role as a Director, instead receiving remuneration in his capacity as an employee of BMG.

The Company as Responsible Entity of the Fund believes that it has followed the best practice recommendations set by the ASX.

Interests of the Responsible Entity
Fee payments
The following fees were paid to Brookfield Multiplex Capital Management Limited out of the Fund's assets during the financial year:
- management fees incurred by the Fund during the year were $2,797,000 (2008: $3,883,000); and
- establishment fees incurred by the Fund during the year were nil (2008: $22,638,101).

Significant changes in the state of affairs
In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or in the financial report.

Events subsequent to the reporting date
There are no matters or circumstances which have arisen since the end of the financial year 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.

Likely developments
Information on likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations has not been included in this report because the Directors believe that to do so would be likely to result in unreasonable prejudice to the Consolidated Entity.

Environmental regulation
The Consolidated Entity has systems in place to manage its environmental obligations. Based upon the results of inquiries made, the Responsible Entity is not aware of any significant breaches or non-compliance issues during the year covered by this report.

Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	1.875	4,630	31 October 2008
December 2008 distribution	1.875	4,630	30 January 2009
March 2009 distribution	0.625	1,543	30 April 2009
June 2009 distribution	0.625	1,543	31 July 2009
Total distribution to ordinary unitholders for the year ended 30 June 2009	**5.000**	**12,346**	

	Cents per unit	Total amount $'000	Date of payment
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Period ended 26 June 2007 distribution (pre - IPO)	2.003	4,456	27 July 2007
Period ended 30 September 2007 distribution	2.235	5,519	31 October 2007
December 2007 distribution	2.142	5,290	31 January 2008
March 2008 distribution	2.113	5,218	30 April 2008
June 2008 distribution	2.102	5,191	31 July 2008
Total distribution to ordinary unitholders for the period from 2 April 2007 to 30 June 2008	**10.595**	**25,674**	

Distributions paid for the period ended 30 June 2009 and 2008 have been paid out of operating earnings.

Indemnification and insurance premiums

Under the Fund's Constitution, the Responsible Entity's officers and employees are indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

The Fund has not indemnified any auditor of the Consolidated Entity.

No insurance premiums are paid out of the Fund's assets in relation to cover for the Responsible Entity, its officers and employees, the Compliance Committee or auditors of the Fund.

Non-audit services

All amounts paid to KPMG for audit, review and regulatory services are disclosed in Note 6.

Details of non-audit services fees incurred by the Consolidated Entity and Fund to KPMG during the year are set out below. These amounts were paid out of the assets of the Consolidated Entity and Fund.

	Consolidated		Fund	
	2009	2008	2009	2008
Services other than statutory audit:				
Non-audit services	12,100	8,000	12,100	8,000
Total fees related to non-audit services	**12,100**	**8,000**	**12,100**	**8,000**

Remuneration Report

a Remuneration of Directors and Key Management Personnel of the Responsible Entity

The Fund does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Fund and this is considered the key management personnel (KMP). The Directors of the Responsible Entity are KMP of that entity and their names are:

- Peter Morris - Non-Executive Independent Chairman
- Brian Motteram - Non-Executive Independent Director
- Robert McCuaig - Non-Executive Independent Director
- Mark Wilson - Executive Director (Appointed 27 August 2008)
- Brian Kingston - Executive Director (Appointed 27 August 2008)
- Robert Rayner - Executive Director (Resigned 22 August 2008)
- Bob McKinnon - Non-Executive Director (Resigned 18 July 2008)

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross asset value. Details of the fees are shown below.

No compensation is paid directly by the Fund to Directors or to any of the KMP of the Responsible Entity. Since the end of the financial year, no Director or KMP of the Responsible Entity has received or become entitled to receive any benefit because of a contract made by the Responsible Entity with a Director or KMP, or with a firm of which the Director or KMP is a member, or with an entity in which the Director or KMP has a substantial interest, except at terms set out in the Fund Constitution.

Loans to Directors and Key Management Personnel of the Responsible Entity

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the Directors and KMP or their personally related entities at any time during the reporting period.

Other Transactions with Directors and Specified Executives of the Responsible Entity

From time to time, Directors and KMP or their personally related entities may buy or sell units in the Fund. These transactions are subject to the same terms and conditions as those entered into by other Fund investors.

No Director or KMP has entered into a contract for services with the Responsible Entity since inception and there were no contracts involving Directors or KMP subsisting at period end.

b Management fees

The management fees incurred by the Fund to the Responsible Entity for the year ended 30 June 2009 was $2,797,000 (2008: $3,883,000). Establishment fees incurred by the Consolidated Entity during the year were nil (2008: $22,638,101).

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.

Auditor's independence declaration under Section 307C of the *Corporations Act 2001*

The lead auditor's independence declaration is set out on page 12 and forms part of the Directors' Report for the year ended 30 June 2009.

Dated at Sydney this 27th day of August 2009.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the *Corporations Act 2001*.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Brookfield Multiplex Capital Management Limited, as Responsible Entity of Multiplex European Property Fund

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney

27 August 2009

Income Statement

Multiplex European Property Fund

For the year ended 30 June 2009

	Note	Consolidated		Fund	
		Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000	Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000
Revenue					
Property rental income		47,799	50,242	–	–
Interest income		4,719	8,050	25	273
Distribution income from controlled entities		–	–	14,581	25,674
Net gain on revaluation of financial derivatives	5	–	26,099	–	–
Net realised gain on foreign exchange transactions		1,542	619	–	–
Total revenue and other income		**54,060**	**85,010**	**14,606**	**25,947**
Expenses					
Property expenses		7,675	7,255	–	–
Impairment expense	19	–	–	152,936	–
Finance costs to external parties		19,992	21,848	–	–
Management fees		2,797	3,883	2,797	3,883
Net loss on revaluation of investment property	11	115,061	39,238	–	–
Net loss on revaluation of financial derivatives	5	58,799	–	–	–
Establishment fees		–	–	–	6,444
Other expenses		1,999	1,584	665	626
Total expenses		**206,323**	**73,808**	**156,398**	**10,953**
(Loss)/profit before income tax		**(152,263)**	**11,202**	**(141,792)**	**14,994**
Income tax benefit/(expense)	8	3,299	(4,363)	–	–
Net (loss)/profit after tax		**(148,964)**	**6,839**	**(141,792)**	**14,994**

	Note		
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)	7	(60.32)	2.81

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

Balance Sheet

Multiplex European Property Fund

As at 30 June 2009

	Note	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
Assets					
Current assets					
Cash and cash equivalents		18,735	15,442	78	152
Trade and other receivables	10	2,396	2,010	–	5,192
Fair value of financial derivatives		308	706	–	–
Total current assets		**21,439**	**18,158**	**78**	**5,344**
Non-current assets					
Investment properties	11	488,988	557,020	–	–
Fair value of financial derivatives		–	25,729	–	–
Investment in controlled entity	19	–	–	66,889	222,500
Total non-current assets		**488,988**	**582,749**	**66,889**	**222,500**
Total assets		**510,427**	**600,907**	**66,967**	**227,844**
Liabilities					
Current liabilities					
Trade and other payables	12	7,324	7,120	3,014	6,105
Distribution payable		1,543	5,191	1,543	5,191
Provisions		1,311	1,500	–	–
Total current liabilities		**10,178**	**13,811**	**4,557**	**11,296**
Non-current liabilities					
Interest bearing liabilities	13	400,619	377,107	–	–
Deferred tax liability	8	44	4,032	–	–
Fair value of financial derivatives		32,672	–	–	–
Minority interest payable		3,476	3,277	–	–
Total non-current liabilities		**436,811**	**384,416**	**–**	**–**
Total liabilities		**446,989**	**398,227**	**4,557**	**11,296**
Net assets		**63,438**	**202,680**	**62,410**	**216,548**
Equity					
Units on issue	15	227,228	227,228	227,228	227,228
Reserves	16	16,355	(5,713)	–	–
Undistributed (losses)	17	(180,145)	(18,835)	(164,818)	(10,680)
Total equity		**63,438**	**202,680**	**62,410**	**216,548**

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

Statement of Changes in Equity
Multiplex European Property Fund
For the year ended 30 June 2009

	Note	Consolidated Year ended 30 June 2009 $'000	Consolidated Period from 2 April 2007 to 30 June 2008 $'000	Fund Year ended 30 June 2009 $'000	Fund Period from 2 April 2007 to 30 June 2008 $'000
Opening equity		**202,680**	–	**216,548**	**–**
Movement in units on issue					
Issue of units to related parties	15	–	222,500	–	222,500
Redemption of units	15	–	(160,000)	–	(160,000)
Issue of units under the Product Disclosure Statement	15	–	184,450	–	184,450
Issue costs	15	–	(19,722)	–	(19,722)
Movement in foreign currency translation reserve					
Movement due to changes in foreign exchange rates	16	22,068	(5,713)	–	–
Movement in undistributed (losses)/income					
Net (loss)/profit		(148,964)	6,839	(141,792)	14,994
Distributions	9	(12,346)	(25,674)	(12,346)	(25,674)
Closing equity		**63,438**	**202,680**	**62,410**	**216,548**

The Statement of Change in Equity should be read in conjunction with the Notes to the Financial Statements.

Cash Flow Statement

Multiplex European Property Fund

For the year ended 30 June 2009

	Note	Consolidated		Fund	
		Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000	Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000
Cash flows from operating activities					
Cash receipts in the course of operations		48,646	50,055	–	–
Cash payments in the course of operations		(14,879)	(7,990)	(6,551)	(10,040)
Interest received		4,841	6,841	25	273
Financing costs paid		(18,992)	(16,254)	–	–
Net cash flows used in operating activities	21	**19,616**	**32,652**	**(6,526)**	**(9,767)**
Cash flows from investing activities					
Payments for purchase of, and additions to, investment properties		(492)	(613,557)	–	–
Investment in controlled entity		–	–	–	(222,500)
Net cash flows used in investing activities		**(492)**	**(613,557)**	**–**	**(222,500)**
Cash flows from financing activities					
Proceeds from issue of units		–	406,950	–	406,950
Payments for redemption of units		–	(160,000)	–	(160,000)
Issue costs paid		–	(19,722)	–	(19,722)
Proceeds from interest bearing liabilities		–	390,746	–	–
Repayment of loan to controlled entity		–	–	5,191	
Debt establishment costs paid		–	(2,460)	–	–
Distributions received from controlled entity		–	–	17,257	25,674
Distributions paid		(15,996)	(20,483)	(15,996)	(20,483)
Net cash flows (used in)/from financing activities		**(15,996)**	**595,031**	**6,452**	**232,419**
Net (decrease)/increase in cash and cash equivalents		3,128	14,126	(74)	152
Impact of foreign exchange		165	1,316	–	–
Cash and cash equivalents at beginning of period		15,442	–	152	–
Cash and cash equivalents at 30 June		**18,735**	**15,442**	**78**	**152**

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

1 Reporting entity

Multiplex European 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 year ended 30 June 2009 comprise the Fund and its controlled entities (together referred to as the Consolidated Entity).

2 Basis of preparation

a Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial reports of the Consolidated Entity and the Fund (financial statements) comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Boards (IASB).

The financial statements were authorised for issue by the Directors on this 27th day of August 2009.

b Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the following:

- derivative financial instruments which are measured at fair value; and
- investment property which is measured at fair value.

The methods used to measure fair value are discussed further in Note 3.

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

At 30 June 2009 the Fund has a net current asset deficiency of $4,479,000. The Fund accounts are prepared on a going concern basis as the fund has access to sufficient liquid assets currently residing in its Australian wholly owned subsidiaries to meet any liabilities currently reflected in the Fund accounts.

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.

c 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 11, investment properties, and Note 20, financial instruments.

3 Significant accounting policies

The significant policies set out below have been applied consistently to all periods presented in these financial statements.

a Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Fund and its subsidiaries. Control is achieved where the Fund has the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Consolidated Entity. The assets and liabilities of foreign controlled entities are translated into Australian dollars at rates of exchange current at balance date, while their income and expenditure are translated at the exchange rate at the date of the transactions.

3 Significant accounting policies continued

All intra-group transactions, balances, income and expenses, including unrealised profits arising from intra-group transactions, are eliminated in full in the consolidated financial statements. In the separate financial statements of the Fund, intra-group transactions (common control transactions) are generally accounted for by reference to the existing carrying value of the items. Where the transaction value of common control transactions differs from their carrying value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

In the Fund's financial statements investments in controlled entities are carried at cost, less impairment.

b Foreign and cross currency transactions

Foreign and cross currency transactions of the Fund are converted to Australian dollars at the rate of exchange prevailing at the date of the transaction or at hedge rates where applicable. Amounts receivable or payable by entities within the Consolidated Entity that are outstanding as at the balance date and are denominated in foreign currencies are converted to Australian dollars using rates of exchange at the end of the period. All resulting exchange differences arising on settlement are brought to account in the consolidated Income Statement.

Foreign operations

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR).

c Revenue recognition

Revenues are recognised at the fair value of the consideration received for the sale of goods and services, net of the amount of Goods and Services Tax (GST), rebates and discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific criteria for the major business activities must also be met before revenue is recognised. Where amounts do not meet these recognition criteria, they are deferred and recognised in the period in which the recognition criteria are met.

Property rental revenue

Rental income from investment property leased out under an operating lease is recognised in the Income Statement on a straight-line basis over the term of the lease.

Lease incentives granted are recognised by the Consolidated Entity as an integral part of the total rental income on a straight-line basis.

Contingent rents are recorded as income by the Consolidated Entity in the periods in which they are earned.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

d Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreements so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum rental revenues of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as income on a straight-line basis over the lease term, which is considered to best represent the time pattern in which benefits derived from the leased asset are diminished.

Leasing fees

Leasing fees in relation to the initial leasing of the property after a redevelopment are capitalised and amortised over the period to which the lease relates.

Costs that are directly associated with negotiating and executing the ongoing renewal of tenant lease agreements (including commissions, legal fees and costs of preparing and processing documentation for new leases) are also capitalised and amortised over the lease term in proportion to the rental revenue recognised in each financial year.

Leasing incentives

Lease incentives which may take the form of up-front payments, contributions to certain lease costs, relocation costs and fit-outs and improvements are recognised. The aggregate cost of incentives is recognised as a reduction of rental income over the lease term.

3 Significant accounting policies continued

e Expense recognition

Finance costs

Finance costs are recognised as expenses using the effective interest rate method, unless they relate to a qualifying asset.

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps;
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- finance lease charges; and
- certain exchange differences arising from foreign currency borrowings.

Management fees

A base management fee calculated on the gross value of assets is payable to the Responsible Entity. The fee is payable by the Fund quarterly in arrears.

Performance fee

A performance fee of 20% (including GST less any reduced input tax credits) of the outperformance of the Consolidated Entity against the benchmark return (S&P/ASX 300 A-REIT Accumulation Index) is recognised on an accruals basis. Any previous underperformance must be recovered before a performance fee becomes payable.

Other expenditure

Expenses are recognised by the Consolidated Entity on an accruals basis.

f Goods and services tax (GST and VAT)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT (where applicable), except where the amount of VAT incurred is not recoverable from the relevant tax authority. In these circumstances, the VAT is recognised as part of the cost of acquisition of the asset or as part of an expense item.

Receivables and payables are stated with the amount of VAT. The net amount of VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the relevant tax authority are classified as operating cash flows.

g Taxation

Under current income tax legislation, the Fund is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year. The Fund fully distributes its taxable income each year, calculated in accordance with the Trust Constitution and applicable legislation to unitholders who are presently entitled to income under the Constitution.

Tax allowances for buildings, plant and equipment are distributed to unitholders in the form of a tax deferred component of the distributions. The wholly owned entities of the Fund that own properties in Germany were liable to pay tax under German tax legislation at the current corporate rate of 25% plus a solitary surcharge of 5.5%. From 1 January 2008, the tax rate has changed to 15% plus a solitary surcharge of 5.5%. Wholly owned entities of the Fund that are based in Luxembourg are subject to tax at 30% (prior year 30%).

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

3 Significant accounting policies continued

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

h Cash and cash equivalents

For purposes of the Cash Flow Statement, cash includes cash balances, deposits at call with financial institutions and other highly liquid investments, with short periods to maturity, which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

i Trade and other receivables

Trade debtors and other receivables are stated at their amortised cost using the effective interest rate method less any identified impairment losses. Impairment charges are brought to account as described in Note 3m. Non-current receivables are measured at amortised cost using the effective interest rate method.

j Investment property

An investment property is a property that is held to earn long-term rental yields and/or for capital appreciation.

An investment property acquired is initially recorded at its cost at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. An investment property is subsequently carried at fair value based on the principles outlined below.

The costs of assets constructed/redeveloped internally include the costs of materials, direct labour, directly attributable overheads, finance costs (see Note 3e) and other incidental costs.

Where the contracts of purchase include a deferred payment arrangement, amounts payable are recorded at their present value, discounted at the rate applicable to the Consolidated Entity if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

Valuations

Investment property is stated at fair value at the reporting date.

The investment properties of the Consolidated Entity are internally valued at each reporting date. The Consolidated Entity's policy is to obtain external valuations when internal valuations performed indicate the property value has changed by more than 5%, or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation. An external valuation is obtained at least every 3 years. 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 will be adopted.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction, and is determined:

- without any deduction for transaction costs the entity may incur on sale or other disposal;
- reflecting market conditions at the reporting date;
- reflecting rental income from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental income from future leases in the light of current conditions. It also reflects, on a similar basis, any cash outflows that could be expected in respect of the property;
- assuming simultaneous exchange and completion of the contract for sale without any variation in price that might be made in an arm's length transaction between knowledgeable, willing parties if exchange and completion are not simultaneous;
- ensuring that there is no double-counting of assets or liabilities that are recognised as separate assets or liabilities; and
- without inclusion of future capital expenditure that will improve or enhance the property. The valuation does not reflect the related future benefits from this future expenditure.

Any gains or losses arising from a change in the fair value of investment property are recognised in the Income Statement in the period in which they arise. Rental income from investment property is accounted for in accordance with Note 3c.

3 Significant accounting policies continued

k Derivative financial instruments

The Consolidated Entity uses derivative financial instruments to hedge its exposure to interest rate risk and foreign currency risk arising from operational, financing and investment activities. The Consolidated Entity does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, with the changes in fair value during the period recognised in the Income Statement.

l Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at a fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Consolidated Entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Consolidated Entity's contractual rights to the cash flows from the financial assets expire or if the Consolidated Entity transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchase and sales of financial assets are accounted for at trade date, i.e. the date that the Consolidated Entity commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Consolidated Entity's obligations specified in the contract expire or are discharged or cancelled.

Accounting policies for cash and cash equivalents (Note 3h), trade and other receivables (Note 3i), trade and other payables (Note 3o), and interest bearing liabilities (Note 3p) are discussed elsewhere within the financial report.

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

m Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Income Statement. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to the Income Statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available for sale financial assets that are debt securities, the reversal is recognised in the Income Statement. For available for sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amount of the Consolidated Entity's non financial assets, other than investment property and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss in respect of goodwill is not reversed. In respect of all other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Significant accounting policies continued

n Earnings per unit

The Fund presents basic and diluted earnings per unit (EPU) data for all its ordinary unitholders. Basic EPU is calculated by dividing the profit or loss attributable to ordinary unitholders of the Fund by the weighted average number of ordinary units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss attributable to ordinary unitholders and the weighted average number of ordinary units outstanding for the effects of all dilutive potential ordinary units.

o Trade and other payables

Payables are stated at amortised cost using the effective interest rate method and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

p Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value less any attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Interest bearing loans and borrowings are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability to at least 12 months after the Balance Sheet date.

q Distributions

A provision for distribution is recognised in the Balance Sheet if the distribution has been declared prior to balance date. Distributions paid and payable on units are recognised as a reduction in net assets attributable to unitholders. Distributions paid are included in cash flows from financing activities in the Cash Flow Statement.

r Units on issue

Issued and paid up units are recognised as changes in net assets attributable to unitholders at the fair value of the consideration received by the Consolidated Entity, less any incremental costs directly attributable to the issue of new units.

s New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009 but have not been applied preparing this financial report.

Revised AASB 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Consolidated Entity's operations:

- the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;
- contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss
- transaction costs, other than share and debt issue costs, will be expensed as incurred;
- any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss; and
- any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Consolidated Entity's 2010 consolidated financial statements.

Amended AASB 127 Consolidated and Separate Financial Statements (2008) requires accounting for changes in ownership interests by the Consolidated Entity in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Consolidated Entity loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

3 Significant accounting policies continued

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, will require a change in presentation and disclosure of segment information based on the internal reports regularly reviewed by the Consolidated Entity's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Consolidated Entity presents segment information in respect of its business and geographical segments (see Note 4). Under the management approach, the Consolidated Entity will present segment information in respect of property type and or geographic information.

Revised AASB 101 Presentation of Financial Statements (2008) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the Income Statement and all non-owner changes in equity in a single statement) or, in an Income Statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Consolidated Entity plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements however it is not expected to have any impact on the financial statements.

Revised AASB 132 Financial Instruments: Presentation and AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation provides an exception to the definition of a financial liability to enable certain financial instruments to be classified as equity. The revised AASB 132 becomes mandatory for the Consolidated Entity's 30 June 2010 financial statements however it is not expected to have any impact on the financial statements.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2008-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Consolidated Entity's 30 June 2010 financial statements, are not expected to have any impact on the financial statements.

AASB 2008-7 Amendments to Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate changes the recognition and measurement of distribution receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the amendments.

AASB Interpretation 15 Agreements for the Construction of Real Estate provides guidance on the accounting for agreements for the construction of real estate by the seller under AASB 111 Construction Contracts or AASB 118 Revenue and the timing of revenue recognition. AASB Interpretation 15 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements, with retrospective application required. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation clarifies that net investment hedging can only be applied when the net assets of the foreign operation are recognised in the entity's consolidated financial statements. AASB Interpretation 16 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

AASB Interpretation 17 Distributions of Non-Cash Assets to Owners provides guidance in respect of measuring the value of distributions of non-cash assets to owners. AASB Interpretation 17 will become mandatory for the Consolidated Entity's 30 June 2010 consolidated financial statements. The Consolidated Entity has not yet determined the potential effect of the Interpretation.

AASB 2009-3 introduced a three level hierarchy for determining the amount of information to be disclosed around estimating fair values and clarifies quantitative disclosure on liquidity risk. The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values. The revised standard is applicable from 1 January 2009. The amendments to the standard are expected impact the disclosures made in future financial statements.

4 Segment reporting
The Consolidated Entity operates in a single, primary business and geographical segment, being investment in income producing property assets in Europe.

	Consolidated		Fund	
	Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000	Year ended 30 June 2009 $'000	Period from 2 April 2007 to 30 June 2008 $'000
5 Net unrealised (loss)/gain on revaluation of financial derivatives				
Interest rate swaps	(40,558)	21,751	–	–
Cross currency interest rate swaps	(16,467)	2,934	–	–
Forward foreign exchange contracts	(1,774)	1,414	–	–
Net unrealised (loss)/gain on revaluation of financial derivatives	**(58,799)**	**26,099**	**–**	**–**

	Consolidated		Fund	
	Year ended 30 June 2009 $	Period from 2 April 2007 to 30 June 2008 $	Year ended 30 June 2009 $	Period from 2 April 2007 to 30 June 2008 $
6 Auditor's remuneration				
Auditors of the Fund – KPMG Australia:				
Audit and review of the financial report	393,214	373,000	393,214	373,000
Non-audit services	12,100	8,000	12,100	8,000
Auditors of controlled entities – KPMG Germany:				
Audit and review of financial reports	73,542	49,000	–	–
Non-audit services	–	143,000	–	–
Auditors of controlled entities – KPMG Malta:				
Audit and review of financial reports	9,292	11,000	–	–
Total auditor's remuneration	**488,148**	**584,000**	**405,314**	**381,000**

Fees paid to the auditors of the Fund in relation to compliance plan audits are borne by the Responsible Entity.

7 Earnings per unit

Classification of securities as ordinary units
All securities have been classified as ordinary units and included in basic earnings per unit, as they have the same entitlement to distributions. There are no dilutive potential ordinary units; therefore diluted EPU is the same as basic EPU.

Earnings per unit
Earnings per unit has been calculated in accordance with the accounting policy per Note 3n.

		Consolidated	
		Year ended 30 June 2009	Period from 2 April 2007 to 30 June 2008
Net profit attributable to unitholders	$'000	(148,964)	6,839
Weighted average number of ordinary units used in the calculation of basic EPU	'000	246,950	243,690
Basic and diluted weighted earnings per ordinary unit	cents	(60.32)	2.81

	Consolidated Year ended 30 June 2009 $'000	Consolidated Period from 2 April 2007 to 30 June 2008 $'000
8 Income tax		
a Major components of income tax expense		
Current income tax	(690)	(186)
Total current income tax	**(690)**	**(186)**
Deferred income tax		
Relating to origination and reversal of temporary differences	3,989	(4,177)
Total deferred income tax	3,989	**(4,177)**
Total income tax benefit/(expense) reported in the Income Statement	**3,299**	**(4,363)**
b Income tax expense		
Numerical reconciliation between tax expense and pre-tax net profit		
(Loss)/profit before income tax	**(152,263)**	**11,202**
Adjustments to arrive at local accounting profit [1]	139,186	–
Total accounting (loss)/profit subject to tax	**(13,077)**	**11,202**
Prima facie income tax benefit/(expense) on profit using the Luxembourg tax rate of 30% (2008: 30%)	3,923	(3,361)
Other[2]	(624)	(1,002)
Total income tax benefit/(expense) reported in the Income Statement	**3,299**	**(4,363)**

1 Under current income tax legislation, the Fund is not liable for Australian income tax provided that the taxable income is fully distributed to unitholders each year. The Fund fully distributes its taxable income each year, calculated in accordance with the Trust Constitution and applicable legislation to unitholders who are presently entitled to income under the Constitution. Furthermore, the Fund's subsidiaries that are subject to taxation are subject to taxation in regimes that do not apply International Financial Reporting Standards. The adjustments above also reflect adjustments in order to arrive at local GAAP accounting profit/(loss). These adjustments primarily include revaluation of investment property and derivatives.

2 Other amounts above include non-deductible expense and the effect of different statutory tax rates in Germany.

	Consolidated Year ended 30 June 2009 $'000	Consolidated Period from 2 April 2007 to 30 June 2008 $'000
c Tax assets and liabilities		
Tax liability – current	811	186
Deferred tax liability – non-current	44	4,032

d Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2009 $'000	Assets 2008 $'000	Liabilities 2009 $'000	Liabilities 2008 $'000	Net 2009 $'000	Net 2008 $'000
Consolidated						
Provisions	–	–	44	42	44	42
Fair value adjustments	–	–	–	3,990	–	3,990
Total	**–**	**–**	**44**	**4,032**	**44**	**4,032**

In accordance with AASB 112 Income taxes, a deferred tax asset of $13,966,000 in respect of revaluation movements has not been recognised as it has been determined that realisation of this asset in the short term is not probable.

There are no tax amounts recognised directly in equity for the current year (2008: nil).

9 Distributions

	Cents per unit	Total amount $'000	Date of payment
Ordinary units			
September 2008 distribution	1.875	4,630	31 October 2008
December 2008 distribution	1.875	4,630	30 January 2009
March 2009 distribution	0.625	1,543	30 April 2009
June 2009 distribution	0.625	1,543	31 July 2009
Total distributions for the year ended 30 June 2009	**5.000**	**12,346**	
Ordinary units			
Period ended 26 June 2007 distribution (pre - IPO)	2.003	4,456	27 July 2007
Period ended 30 September 2007 distribution	2.235	5,519	31 October 2007
December 2007 distribution	2.142	5,290	31 January 2008
March 2008 distribution	2.113	5,218	30 April 2008
June 2008 distribution	2.102	5,191	31 July 2008
Total distributions for the period from 2 April 2007 to 30 June 2008	**10.595**	**25,674**	

Distributions paid for the year ended 30 June 2009 have been paid out of the Consolidated Entity's realised revenues and expenses.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
10 Trade and other receivables				
Trade receivables	1,106	598	–	–
Derivative interest receivable	1,087	1,209	–	–
Prepayments and accrued income	203	203	–	–
Receivables due from controlled entities	–	–	–	5,192
	2,396	**2,010**	**–**	**5,192**

Description	Cost including additions $'000	Latest external valuation date	Latest external valuation $'000	2009 Carrying value $'000	2008 Carrying value $'000
11 Investment properties					
Retail					
Netto Marken-Discount, Dresden	3,819	June 2009	3,173	3,173	3,227
Netto Marken-Discount, Artern	3,163	June 2009	2,591	2,591	2,818
Netto Marken-Discount, Dresden	3,698	June 2009	3,182	3,182	3,309
Netto Marken-Discount, Eisleben	3,040	June 2009	2,582	2,582	2,548
Netto Marken-Discount, Gernrode	2,763	June 2009	2,382	2,382	2,466
Netto Marken-Discount, Geyer	2,765	June 2009	2,295	2,295	2,474
Netto Marken-Discount, Schlema	2,720	June 2009	2,156	2,156	2,244
Netto Marken-Discount, Jena-Lobeda	2,976	June 2009	2,539	2,539	2,482
Netto Marken-Discount, Delitzsch	2,445	June 2009	2,000	2,000	2,056
Netto Marken-Discount, Stockheim	2,901	June 2009	2,426	2,426	2,425
Netto Marken-Discount, Burgstadt	2,694	June 2009	2,208	2,208	2,261
Netto Marken-Discount, Buckeburg	2,845	June 2009	2,375	2,375	2,466
Netto Marken-Discount, Muhlhausen	2,758	June 2009	2,330	2,330	2,318
ALDI, Halle	5,304	June 2009	3,956	3,956	4,366
ALDI, Stollberg	2,696	June 2009	2,304	2,304	2,285
PLUS, Oberhausen	3,050	June 2009	2,417	2,417	2,670
PLUS, Clenze	2,864	June 2009	2,191	2,191	2,367
Netto Marken-Discount, Merseburg	3,109	June 2009	2,539	2,539	2,613
Lidl Diesntleistung, Boizenburg	2,930	June 2009	2,287	2,287	2,474
Lidl Diesntleistung, Bad Marienberg	4,921	June 2009	3,808	3,808	4,260
Lidl Diesntleistung, Delitzsch	3,651	June 2009	2,852	2,852	3,080
Lidl Diesntleistung, Hage	2,987	June 2009	2,443	2,443	2,580
Lidl Diesntleistung, Schoppenstedt	2,819	June 2009	2,278	2,278	2,408
NORMA-Markt, Woldegk	3,202	June 2009	2,069	2,069	2,556
EDEKA, Pampow	2,474	June 2009	1,982	1,982	2,351
EDEKA, Blankenfelde	7,095	June 2009	6,042	6,042	7,225
EDEKA, Prum	6,799	June 2009	5,295	5,295	6,455
EDEKA, Peine-Dungelbeck	1,933	June 2009	1,542	1,542	1,810
REWE Deutsche Supermarkt, SchloBvippach	3,952	June 2009	3,165	3,165	3,670
REWE Deutsche Supermarkt, Gotha	11,791	June 2009	9,755	9,755	10,870
REWE Deutsche Supermarkt, Kothen	3,755	June 2009	3,060	3,060	3,498
REWE Deutsche Supermarkt, Offenburg	2,579	June 2009	2,261	2,261	2,392
REWE Deutsche Supermarkt, Rabenau	4,839	June 2009	3,399	3,399	4,047
REWE Deutsche Supermarkt, Rheinau	3,214	June 2009	2,573	2,573	2,760
CO OP, Malchin	6,492	June 2009	5,164	5,164	5,840
Coop-Markt, Bopfingen	3,473	June 2009	2,808	2,808	3,277
CO OP, Burladingen	5,242	June 2009	2,965	2,965	4,694
Coma Verbrauchermarkt, Cloppenburg	7,400	June 2009	5,747	5,747	6,414
EDEKA, Tespe	3,110	June 2009	2,504	2,504	2,801
Tegut Gutberlet Stiftung & Co, Feldatal	2,707	June 2009	2,191	2,191	2,621
Distributa Accord, Saarlouis	3,903	June 2009	3,425	3,425	3,621
AWG, Zimmern ob Rottweil	3,143	June 2009	2,565	2,565	2,851
Hornbach Baumarkt, Chemnitz	35,882	June 2009	30,656	30,656	33,912
AVA, Hannover	27,954	June 2009	24,326	24,326	27,457
EDEKA, Wittmund	19,076	June 2009	13,354	13,354	16,841
EDEKA, Marienhafe	8,269	June 2009	5,521	5,521	7,528
Fresnapf, Halle	2,959	June 2009	2,165	2,165	2,384
Markant Ostwestfalen, Bünde	3,228	June 2009	2,843	2,843	2,957

11 Investment properties continued

Description	Cost including additions $'000	Latest external valuation date	Latest external valuation $'000	2009 Carrying value $'000	2008 Carrying value $'000
Retail continued					
RHEIKA-Delta, Frankenburg	3,504	June 2009	2,765	2,765	3,211
EDEKA, Bochum	46,319	June 2009	38,463	38,463	41,137
Bugsy Burger GmbH, Osnabruck	4,297	June 2009	3,086	3,086	3,834
Kentucy Fried Chicken, Kassel	3,832	June 2009	957	957	3,621
EDEKA, Lorrach	37,911	June 2009	30,151	30,151	32,585
McDonalds, Lorrach	3,279	June 2009	2,886	2,886	3,227
Car Glass GmbH, Frankfurt/Oder	2,351	June 2009	1,913	1,913	2,145
	358,882		**286,912**	**286,912**	**322,789**
Logistics					
SPICERS Deutschland, Winkelhaid	25,732	June 2009	22,813	22,813	24,721
TNT Express, Hallbergmoos	28,388	June 2009	17,214	17,214	24,263
Hermes Versand Service, Gera	5,532	June 2009	4,182	4,182	4,620
	59,652		**44,209**	**44,209**	**53,604**
Office					
LVB, Dusseldorf	25,769	June 2009	19,144	19,144	20,429
ABB Utilities, Minden	11,530	June 2009	9,372	9,372	10,935
Telecity, Frankfurt/Main	31,074	June 2009	24,413	24,413	29,850
	68,373		**52,929**	**52,929**	**61,214**
Nursing Home					
Kursana Care, Eisenhuttenstadt	15,339	June 2009	12,607	12,607	14,253
Kursana Care, Schwedt/Oder	14,926	June 2009	11,824	11,824	12,795
Phönix Verwaltungs, Erfurt	20,722	June 2009	17,527	17,527	18,775
Alloheim Senioren Residenzen AG, Wetzlar	24,429	June 2009	20,188	20,188	23,132
Phönix Verwaltungs, Göttingen	29,819	June 2009	25,891	25,891	27,588
Maternus Altenhiem, Wiesbaden	23,006	June 2009	16,901	16,901	22,870
	128,241		**104,938**	**104,938**	**119,413**
Total Investment properties	**615,148**		**488,988**	**488,988**	**557,020**

There are no investment properties held by the Fund.
Included in the cost of investment properties is $13,756,990 of acquisition costs. The Fund incurred $6,443,738 of these costs.
Initial cost has been converted at the forward rate at which the settlement of the initial properties occurred, or €0.5922 to $1.00. The Euro cost including additions totals €364,291,000.
Last valuation in Euro has been converted at the 30 June 2009 exchange rate of €0.5751 to $1.00. The Euro valuation totals €281,217,000.
Carrying value represents the latest external valuation.

Independent valuations

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

The entire property portfolio has been independently valued at 30 June 2009 by DTZ International Property Advisors. The valuation conducted by DTZ Zadelhoff Tie Leung GmbH has been prepared in accordance with the appropriate sections of the Practice Statements contained within the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Standards, 6th Edition, and in accordance with the relevant sections of the European Valuation Standards prepared by the European Group of Valuers Association (TEGoVA). Both these standards are internationally accepted standards of valuation. The methodology utilises the principle of the cold multiplier. The cold multiplier is the estimate of market conditions that is multiplied by the gross rent to derive the value of the assets in the German portfolio. The cold multipliers utilised in the 30 June 2009 valuation range from 0 – 13.67.

11 Investment properties continued

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. 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 Balance Sheet. Additions and other expenditure on property investments which are capital in nature are capitalised as incurred.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Reconciliation of the carrying amount of investment properties is set out below:		
Carrying amount at beginning of period	557,020	–
Initial acquisition of properties	–	599,308
Capital expenditure	450	492
Acquisition costs	–	13,757
Net loss from fair value adjustments to investment properties	(115,061)	(39,238)
Foreign currency translation exchange adjustment	46,579	(17,299)
Carrying amount at end of period	**488,988**	**557,020**

Leasing arrangements

Completed investment properties are leased to tenants under long-term operating leases with rentals receivable monthly.

	Consolidated 2009 $'000	Consolidated 2008 $'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	39,870	37,857
Later than one year but not later than five years	131,000	130,526
Later than five years	133,972	136,755
	304,842	**305,138**

Minimum lease payments in Euro has been converted at the 30 June 2009 exchange rate of €0.5751 to $1.00 (30 June 2008: €0.6104 to A$1.00).

Annual rent receivable by the Consolidated Entity under current leases from tenants is from retail, logistics, office and nursing home assets held. The weighted average lease term is 7.5 years.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
12 Trade and other payables				
Trade payables	380	55	–	–
Interest payable	3,856	3,633	–	–
Management fee payable	524	1,363	524	1,363
Other payables and accruals	2,564	2,069	388	420
Loans from related parties	–	–	2,102	4,322
Total	**7,324**	**7,120**	**3,014**	**6,105**

	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
13 Interest bearing liabilities				
Non-current				
Secured bank debt [1]	402,365	379,096	–	–
Debt establishment fees [2]	(1,746)	(1,989)	–	–
Total interest bearing liabilities	**400,619**	**377,107**	**–**	**–**

1 Only interest is paid on this facility and no other repayments within 12 months have been forecast, hence all the debt due is non-current.
2 The debt establishment fees are amortised using the effective interest rate method.

Finance arrangements	Expiry Date	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
Facilities available					
Bank debt facility	15 April 2014	402,365	379,096	–	–
Less: Facilities utilised		(402,365)	(379,096)	–	–
Facilities not utilised		**–**	**–**	**–**	**–**

The bank debt facility consists of a €231,400,000 facility financed by Eurohypo AG. At 30 June 2009, the facility was fully drawn at €231,400,000 (30 June 2008: fully drawn at €231,400,000). The movement in the balance above between 30 June 2008 and 30 June 2009 is solely due to changes in foreign exchange rates. The 30 June 2009 debt balance has been translated at the 30 June 2009 foreign exchange rate, or €0.5751 to A$1.00 (30 June 2008: €0.6104 to A$1.00).

The Consolidated Entity has granted the lender a first ranking security over its interest in the relevant investment properties in Note 11.

At 30 June 2009, the Fund was in compliance with its loan covenant ratios. Movement in the balance of loans and borrowings during the year was attributable to foreign exchange movement as set out below:

Finance arrangements	Consolidated 30 June 2009 $'000	Consolidated 30 June 2008 $'000	Fund 30 June 2009 $'000	Fund 30 June 2008 $'000
Non-current – secured bank debt				
Opening balance	379,096	–	–	–
Drawdown	–	390,746	–	–
Changes in foreign currency	23,269	(11,650)	–	–
Total secured debt	**402,365**	**379,096**	**–**	**–**

The interest rate in respect of amounts drawn under the facilities (including margin) was 1.789% at 30 June 2009 (2008: 5.437%). The amount does not include the effect of swaps. The effect after swaps including all margins is an interest rate of 4.48% (2008: 4.48%).

13 Interest bearing liabilities continued

The Consolidated Entity has entered into an interest rate swap agreement to hedge the interest rate risk on the floating rate interest bearing liabilities detailed above. The interest rate swap agreement swaps the floating interest obligation for a fixed rate obligation. The floating interest rate on the term facility is Euribor plus 0.69% per annum. Fair value movements of the interest rate swap assets are recognised in the Income Statement. The Fund does not hold interest rate swap derivatives. The Consolidated Entity's holdings in interest rate derivatives as at 30 June 2009 are detailed below:

Expiry date	Underlying instrument	Floating rate 2009 %	Floating rate 2008 %	Fixed rate 2009 %	Fixed rate 2008 %	Notional amount of contracts outstanding 2009 €'000	Notional amount of contracts outstanding 2008 €'000	Fair value of interest rate swaps 2009 $'000	Fair value of interest rate swaps 2008 $'000
15 April 2014	Floating to fixed	1.78	5.44	4.48	4.48	231,400	231,400	(18,527)	22,032

14 Minority interest payable

The Fund owns a 94.9% interest in the Monti partnerships which own the portfolio of 67 properties located throughout Germany. The remaining 5.1% interest in the Monti partnerships is owned by Naiad Property S.a.r.l. (NAIAD) and the Fund and NAIAD have entered into a put and call option agreement regarding that interest. The agreement states the following;

- The Fund grants NAIAD a put option to call upon the Fund to purchase its 5.1% share of the Monti partnerships at the current prevailing market value. The put option is exercisable by NAIAD for four weeks commencing 2 April 2013.
- NAIAD grants the Fund a call option, or the right to request NAIAD fully withdraw from its 5.1% share of the Monti partnerships at the current prevailing market value. This option can be exercised by the Fund at any time up to 2 April 2013 and in the three months commencing 2 October 2013.

This option has been valued at €2,000,000 ($3,476,000) (2008: €2,000,000 or $3,277,000) and is shown as a non-current liability as it is not the intention of the Consolidated Entity to exercise the call option in the next 12 months.

	Consolidated 2009 $'000	2009 Units	Fund 2008 $'000	2008 Units
15 Units on issue				
Opening balance	227,228	246,950,150	–	–
Units issued to related parties	–	–	222,500	222,500,150
Units redeemed	–	–	(160,000)	(160,000,000)
Units issued under the Product Disclosure Statement	–	–	184,450	184,450,000
Capital raising costs	–	–	(19,722)	–
Closing balance	**227,228**	**246,950,150**	**227,228**	**246,950,150**

Ordinary units entitle the holder to participate in distributions and the proceeds on winding up of the Fund in proportion to the number of units held. On a show of hands, every holder of units present at a meeting of unitholders, in person or by proxy, is entitled to one vote, and upon a poll each unit is entitled to one vote. All units in the Fund are of the same class and carry equal rights.

16 Reserves

A summary of the Fund's and Consolidated Entity's reserves are provided below:

Foreign Currency Translation Reserve	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Opening balance	(5,713)	–	–	–
Movement in relation to consolidation of foreign controlled entities	22,068	(5,713)	–	–
Total reserves	**16,355**	**(5,713)**	**–**	**–**

17 Undistributed losses

Movements in undistributed losses during the year were as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Opening balance	(18,835)	–	(10,680)	–
Net (loss)/profit	(148,964)	6,839	(141,792)	14,994
Distributions provided for or paid	(12,346)	(25,674)	(12,346)	(25,674)
Closing balance	**(180,145)**	**(18,835)**	**(164,818)**	**(10,680)**

	Country of Incorporation	Ownership interest 2009 %	Ownership interest 2008 %
18 Controlled entities			
Multiplex German Property Fund	Australia	100.0	100.0
Multiplex German Landowning Fund	Australia	100.0	100.0
Multiplex Malta 1 Ltd	Malta	100.0	100.0
Multiplex Malta 2 Ltd	Malta	100.0	100.0
Multiplex Luxembourg Holding S.a.r.l.	Luxembourg	100.0	100.0
Multiplex Luxembourg Limited Partner S.a.r.l.	Luxembourg	100.0	100.0
Multiplex Luxembourg General Partner S.a.r.l.	Luxembourg	100.0	100.0
Multiplex Luxembourg 1 S.a.r.l.	Luxembourg	100.0	100.0
Multiplex German Investments GmbH	Germany	100.0	100.0
Monti Partnerships [1]	Germany	94.9	94.9

1 The Fund owns a 94.9% interest in the following seven partnerships: Erste Monti Immobiliengesellschaft mbH & Co. KG; Zweite Monti Immobiliengesellschaft mbH & Co. KG; Dritte Monti Immobiliengesellschaft mbH & Co. KG; Vierte Monti Immobiliengesellschaft mbH & Co. KG; Funfte Monti Immobiliengesellschaft mbH & Co. KG; Sechste Monti Immobiliengesellschaft mbH & Co. KG; and Siebente Monti Immobiliengesellschaft mbH & Co. KG (collectively Monti or Monti partnerships).

	Ownership %	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
19 Investment in controlled entity					
Investment in Multiplex German Property Fund	100%	–	–	219,825	222,500
Provision for impairment		–	–	(152,936)	–
Investment in controlled entity		**–**	**–**	**66,889**	**222,500**

During the year, a return of capital of $2,675,304 was made by Multiplex German Property Fund to the Fund. A review of the carrying value of the investment in controlled entity at 30 June 2009 indicated that the investment in the units of Multiplex German Property Fund is impaired. A provision of $152,936,000 was therefore recorded in the current year to reflect the value of the investment at a value equivalent to the value of net assets attributable to the underlying subsidiary investments.

20 Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset and financial liability, are disclosed in Note 3 to the financial statements.

a Capital risk management

The Board's intention is to maintain a strong capital base so as to maintain investor confidence and the sustainable future development of the Fund. The Board monitors the net tangible assets (NTA) of the Consolidated Entity, along with earnings per unit invested and distributions paid per unit.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the security afforded by a sound capital position.

b Financial risk management

Overview

The Fund and Consolidated Entity are exposed to financial risks in the course of their operations. These risks can be summarised as follows:

- credit risk;
- liquidity risk; and
- market risk (including interest rate risk, foreign currency risk and equity price risk).

The Responsible Entity 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 Fund's and Consolidated Entity's financial performance. The Board of the Responsible Entity is responsible for developing risk management policies and the Compliance Committee (which is established by the Board) is responsible for ensuring compliance with those risk management policies as outlined in the compliance plan.

Compliance with the Fund and Consolidated Entity's policies is reviewed by the Responsible Entity on a regular basis. The results of these reviews are reported to the Board and Compliance Committee of the Responsible Entity quarterly.

Investment mandate

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

Derivative financial instruments

Whilst the Fund utilises derivative financial instruments, it does not enter into or trade derivative financial instruments for speculative purposes.

c Credit risk

Sources of credit risk and risk management strategies

Credit risk is the risk of financial loss to the Fund or Consolidated Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Fund's and Consolidated Entity's tenants and derivative counterparties. Other credit risk also arises for both the Fund and Consolidated Entity related to cash and cash equivalents balances held.

Trade and other receivables

The Fund's and Consolidated Entity's exposures to credit risk are influenced mainly by the individual characteristics of each tenant and counterparty. The Fund and Consolidated Entity manage and minimise exposure to credit risk by:

- obtaining guarantees from tenants of the Consolidated Entity's direct properties (where appropriate);
- managing and minimising exposures to individual tenants;
- monitoring receivables balances on an ongoing basis; and
- obtaining other collateral as security (where appropriate).

Fair value of financial derivatives

Transactions with derivative counterparties are limited to established financial institutions. The Fund and Consolidated Entity also utilise the International Swaps and Derivatives Association's (ISDA's) agreements with derivative counterparties where possible to limit the credit risk exposure of such transactions by allowing settlement of derivative transaction on a net rather than gross basis.

The Fund's and Consolidated Entity's overall strategy of credit risk management remains unchanged from 2008.

20 Financial instruments continued

Exposure to credit risk

The table below shows the maximum exposure to credit risk at the reporting date. The carrying amounts of these financial assets represent the maximum credit risk exposure at the reporting date.

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Cash and cash equivalents	18,735	15,442	78	152
Trade and other receivables	2,396	2,010	–	5,192
Fair value financial derivatives	308	26,435	–	–
Total	**21,439**	**43,887**	**78**	**5,344**

Concentrations of credit risk exposure

Eurohypo AG (Eurohypo) is the counterparty to the term debt facility, interest rate swap, forward foreign exchange and cross currency interest rate swap agreements. Therefore the Consolidated Entity has a concentration of credit risk with this party. In assessing this risk, the Consolidated Entity has taken into account Eurohypo's financial position, market share and reputation, previous experience with these types of transactions, and independent ratings for various covered and uncovered securities offerings. In considering all these factors, the Consolidated Entity does not consider there to be a significant risk of default by the counterparty as at the balance date.

Other than shown in the table above, the Fund does not have any other significant concentrations of credit risk at the reporting date.

Collateral obtained/held

Where applicable, the Fund and Consolidated Entity obtain collateral from counterparties to minimise the risk of default on their contractual obligations. The majority of tenants of the Consolidated Entity's property assets have provided bank guarantees in favour of the direct property-owning entities within the Consolidated Entity. At the reporting date the Fund and Consolidated Entity did not hold any other collateral in respect of its financial assets.

During the year ended 30 June 2009 neither the Fund nor the Consolidated Entity called on any collateral provided. During the period ended 30 June 2008, the Consolidated Entity enforced a security position on the tenant at Osnabruck, Bugsy Burger GmbH. Erste Monti Immobiliengesellschaft mbH & Co. KG (Erste Monti), a controlled entity of the Consolidated Entity, held collateral relating to the proprietor's assets. Before enforcing its rights, the tenant owed Erste Monti €149,932 in rent arrears. The tenant remitted payment to the Consolidated Entity for the full amount in arrears, plus an additional 3 month rent guarantee in cash. This guarantee was held in a security deposit with Erste Monti's banker, Deutsche Bank AG. Erste Monti subsequently holds no other collateral against the tenant or the proprietor.

Financial assets past due but not impaired

The ageing of the Fund's and Consolidated Entity's receivables at the reporting date is detailed below:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Fund 2009 $'000	Fund 2008 $'000
Current	2,319	1,951	–	5,192
Past due 0-30 days	13	46	–	–
Past due 31-120 days	29	13	–	–
Past due 121 days to one year	35	–	–	–
More than one year	–	–	–	–
Total	**2,396**	**2,010**	**–**	**5,192**

A majority of the receivables reflected above relate to service charges recoverable from tenants. The standard terms of business in Germany include payment of these amounts with what would normally be regarded as extended credit terms to ensure accurate payment. There are no significant financial assets that have had their terms renegotiated that would otherwise have rendered the financial assets past due or impaired.

Impairment losses

During the year ended 30 June 2009 $270,596 (2008: $218,649) bad debt impairment was recognised by the Consolidated Entity. The Fund has not recognised any impairment losses during the year ended 30 June 2009 nor 2008.

d Liquidity risk

Sources of liquidity risk and risk management strategies

Liquidity risk is the risk the Fund and Consolidated Entity will not be able to meet their financial obligations as and when they fall due. The main sources of liquidity risk for the Fund and Consolidated Entity are related to the refinancing of interest bearing liabilities.

20 Financial Instruments continued

The Fund's approach to managing liquidity risk is to work to ensure that it has sufficient cash available to meet its liabilities as and when they fall due without incurring unacceptable losses or risking damage to the Fund's reputation.

Interest bearing liabilities

The Consolidated Entity is exposed to liquidity risk (refinancing risk) on its interest bearing loans. The Consolidated Entity has managed this risk by ensuring debt maturity dates and loan covenants are regularly monitored and negotiations with counterparties are commenced well in advance of the debt's maturity date.

The Fund's and Consolidated Entity's liquidity risk is managed in accordance with the Fund's and Consolidated Entity's investment strategy as detailed in the PDS. The Consolidated Entity invests in direct property. As a result, the nature of the investments is not liquid in nature. However, the Consolidated Entity's operations are structured to allow for sufficient rental income to enable the Fund and Consolidated Entity to meet its debts as and when they are due. The Fund and Consolidated Entity also manage liquidity risk by maintaining adequate banking facilities, through continuous monitoring of forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

Defaults and breaches

During the financial year ended 30 June 2009, the Fund and the Consolidated Entity have not defaulted on or breached any terms of their loan amounts or covenants (2008: nil).

Maturity analysis of financial liabilities

The following are the contractual maturities of financial liabilities, including estimated interest payments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Fund and Consolidated Entity can be required to pay.

	Consolidated $'000					
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Financial liabilities						
Trade and other payables	3,468	3,468	3,468	–	–	–
Distributions payable	1,543	1,543	1,543	–	–	–
Provisions	1,311	1,311	1,311	–	–	–
Interest bearing liabilities	400,619	402,365	–	–	402,365	–
Minority interest payable	3,476	3,476	–	–	3,476	–
	410,417	**412,163**	**6,322**	**–**	**405,841**	**–**
Interest payable on debt	1,829	41,516	8,669	8,669	24,178	–
Effect of interest rate swap	2,027	46,009	9,607	9,607	26,795	–
Net interest payable on debt	**3,856**	**87,525**	**18,276**	**18,276**	**50,973**	**–**
						–
Total financial liabilities	**414,273**	**499,688**	**24,598**	**18,276**	**456,814**	**–**

	Fund $'000					
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Financial liabilities						
Trade and other payables	3,014	3,014	3,014	–	–	–
Distributions payable	1,543	1,543	1,543	–	–	–
Total financial liabilities	**4,557**	**4,557**	**4,557**	**–**	**–**	**–**

20 Financial Instruments continued

	Consolidated $'000					
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2008						
Financial liabilities						
Trade and other payables	7,120	7,120	7,120	–	–	–
Distributions payable	5,191	5,191	5,191	–	–	–
Provisions	1,500	1,500	1,500	–	–	–
Interest bearing liabilities	377,107	377,107	–	–	–	377,107
Minority interest payable	3,277	3,277	–	–	3,277	–
	394,195	**394,195**	**13,811**	**–**	**3,277**	**377,107**
Interest payable on debt	4,409	125,501	25,306	20,897	62,750	16,548
Effect of interest rate swap	(776)	(22,090)	(4,454)	(3,678)	(11,045)	(2,913)
Net interest payable on debt	**3,633**	**103,411**	**20,852**	**17,219**	**51,705**	**13,635**
Total financial liabilities	**397,828**	**497,606**	**34,663**	**17,219**	**54,982**	**390,742**

	Fund $'000					
	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2008						
Financial liabilities						
Trade and other payables	6,105	6,105	6,105	–	–	–
Distributions payable	5,191	5,191	5,191	–	–	–
Total financial liabilities	**11,296**	**11,296**	**11,296**	**–**	**–**	**–**

Settlement of the capital hedge is contracted to occur through settlement of principal investment and borrow amounts on 15 April 2014. The Consolidated Entity will pay €147,900,000 to Eurohypo AG at a fixed rate of €1 to $1.6885. The Consolidated Entity will receive $249,730,000 from Eurohypo AG at a spot rate of €1 to $1.6885. Further details related to the cross currency interest rate swap that the Consolidated Entity has entered into can be seen below.

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2009						
Capital hedge						
Interest receivable on capital hedge	3,194	72,511	15,141	15,141	42,229	–
Interest payable on capital hedge	(2,107)	(47,827)	(9,987)	(9,987)	(27,853)	–
Net interest receivable on capital hedge	**1,087**	**24,684**	**5,154**	**5,154**	**14,376**	**–**
Payment in settlement of capital hedge	–	249,729	–	–	249,729	–
Receipt in settlement of capital hedge	–	(249,729)	–	–	(249,729)	–
Net settlement of capital hedge	**–**	**–**	**–**	**–**	**–**	**–**

	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	Greater than 5 years
2008						
Capital hedge						
Interest receivable on capital hedge	3,194	57,715	12,603	9,409	28,253	7,450
Interest payable on capital hedge	(1,985)	(53,946)	(10,952)	(8,967)	(26,926)	(7,101)
Net interest receivable on capital hedge	**1,209**	**3,769**	**1,651**	**442**	**1,327**	**349**
Payment in settlement of capital hedge	–	249,729	–	–	–	249,729
Receipt in settlement of capital hedge	–	(249,729)	–	–	–	(249,729)
Net settlement of capital hedge	**–**	**–**	**–**	**–**	**–**	**–**

20 Financial Instruments continued

e Market risk

Sources of risk and risk management strategies

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Fund's and Consolidated Entity's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Sources of market risk and risk management strategies

The Fund and Consolidated Entity are exposed to market risk in the form of interest rate risk and foreign currency risk. The Fund and Consolidated Entity enter into derivatives in order to manage interest rate and foreign currency risks. Derivatives are not entered into for speculative or trading purposes.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents balances will also fluctuate with changes in interest rates due to interest earned. The key source of interest rate risk for the Consolidated Entity is derived from interest bearing liabilities. The Consolidated Entity manages this exposure by ensuring up to 100% of its interest bearing liabilities are on a fixed rate basis. This is achieved by entering into interest rate swaps, as detailed in Note 13. The table below shows the Fund's and Consolidated Entity's direct exposure to interest rate risk at year end.

20 Financial Instruments continued

	Floating rate $'000	Non-interest bearing $'000	Total $'000
Consolidated 2009			
Financial assets			
Cash and cash equivalents	18,735	–	**18,735**
Trade and other receivables	–	2,396	**2,396**
Financial derivatives	–	308	**308**
Total financial assets	**18,735**	**2,704**	**21,439**
Financial liabilities			
Trade and other payables	–	7,324	**7,324**
Interest bearing liabilities	402,365	–	**402,365**
Financial derivatives	32,005	667	**32,672**
Distributions payable	–	1,543	**1,543**
Other	–	4,787	**4,787**
Total financial liabilities	**434,370**	**14,321**	**448,691**
Fund 2009			
Financial assets			
Cash and cash equivalents	78	–	**78**
Trade and other receivables	–	–	**–**
Total financial assets	**78**	**–**	**78**
Financial liabilities			
Trade and other payables	–	3,014	**3,014**
Distributions payable	–	1,543	**1,543**
Total financial liabilities	**–**	**4,557**	**4,557**
Consolidated 2008			
Financial assets			
Cash and cash equivalents	15,442	–	**15,442**
Trade and other receivables	–	2,010	**2,010**
Financial derivatives	26,435	–	**26,435**
Total financial assets	**41,877**	**2,010**	**43,887**
Financial liabilities			
Trade and other payables	–	7,120	**7,120**
Interest bearing liabilities	377,107	–	**377,107**
Distribution payable	–	5,191	**5,191**
Other liabilities	–	4,777	**4,777**
Total financial liabilities	**377,107**	**17,088**	**394,195**
Fund 2008			
Financial assets			
Cash and cash equivalents	152	–	**152**
Trade and other receivables	–	5,192	**5,192**
Total financial assets	**152**	**5,192**	**5,344**
Financial liabilities			
Trade and other payables	–	6,105	**6,105**
Distributions payable	–	5,191	**5,191**
Total financial liabilities	**–**	**11,296**	**11,296**

20 Financial Instruments continued

Sensitivity analysis

A change of +/- 1% in interest rates at the reporting date would have increased/(decreased) profit or loss and net assets available to unitholders by the amounts shown below. This analysis assumes that all other variables remain constant.

	2009 + 1% Profit and loss	2009 + 1% Equity	2009 - 1% Profit and loss	2009 - 1% Equity	2008 + 1% Profit and loss	2008 + 1% Equity	2008 - 1% Profit and loss	2008 - 1% Equity
Consolidated								
Interest on cash	148	148	(148)	(148)	143	143	(143)	(143)
Interest bearing liabilities	(4,079)	(4,079)	4,079	4,079	(3,791)	(3,791)	3,791	3,791
Swap proceeds	4,079	4,079	(4,079)	(4,079)	3,791	3,791	(3,791)	(3,791)
Fair value of derivatives	20,493	20,493	(21,642)	(21,642)	8,722	8,722	(6,815)	(6,815)
Total increase/(decrease)	**20,641**	**20,641**	**(21,790)**	**(21,790)**	**8,865**	**8,865**	**(6,958)**	**(6,958)**
Fund								
Interest on cash	3	3	(3)	(3)	17	17	(17)	(17)
Total increase/(decrease)	**3**	**3**	**(3)**	**(3)**	**17**	**17**	**(17)**	**(17)**

Foreign currency risk

Foreign currency risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Sources of risk and risk management strategies

The Consolidated Entity undertakes the majority of their transactions in the Euro currency, as the assets of the Fund and Consolidated Entity are located in Europe. As a consequence, all activities of the Consolidated Entity are exposed to exchange rate risk. This arises due to the capital raised by the Fund (and subsequently redeemed) is in Australian dollars, and all distributions are paid to unitholders in Australian dollars.

The Fund and Consolidated Entity use the following strategies to hedge its foreign currency exposures:

- for assets which earn income in a foreign currency, borrowings are sourced in the same currency as the asset, which creates a natural hedge; and
- forward exchange contracts may be utilised to hedge net income earned in Europe which is repatriated to Australia to pay distributions to unitholders (which are paid in Australian dollars); and
- a controlled entity of the Consolidated Entity is party to a foreign exchange rate hedge in the form of a cross currency interest rate swap with physical exchange of principal front end and back end with an interest rate swap component to hedge capital.

Details of the forward foreign exchange contracts are shown below:

Type of contract	Expiry date	Underlying exposure	Fixed rate	Notional amount of contracts outstanding 30 June 2009 €'000	Fair value of forward foreign exchange liability 30 June 2009 $'000	Fair value of forward foreign exchange asset 30 June 2008 $'000
Forward foreign exchange	Quarterly until 15 April 2014	Euro	0.5476	21,506	(359)	1,414

20 Financial Instruments continued

Details of the cross currency interest rate swap instruments are shown below:

Type of contract	Expiry date	Underlying exposure	Fixed rate %	Notional amount of contracts outstanding 30 June 2009 '000	Fair value of cross currency interest rate swap liability 30 June 2009 $'000	Fair value of cross currency interest rate swap asset 30 June 2008 $'000
Principal investment	15 April 2014	AUD	5.98	$249,729	256,089	232,040
Principal borrow	15 April 2014	Euro	3.83	€147,900	(269,567)	(229,051)
Net fair value					**(13,478)**	**2,989**

The unrealised effect of movements of the $/euro exchange rates on the Fund and Consolidated Entity are recorded in the foreign currency translation reserve.

The following table shows the direct foreign currency exposures of both the Fund and Consolidated Entity at the reporting date, based on notional amounts, as reported in Australian dollars.

	Consolidated		**Fund**	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australia (Australian dollar-denominated)				
Gross assets	4,444	152	66,967	222,652
Gross liabilities	1,109	6,974	4,556	11,296
Europe (Euro-denominated)				
Gross assets	505,983	600,755	–	–
Gross liabilities	445,880	389,629	–	–

The following euro exchange rates were applied to transactions during the period:	2009 reporting date spot rate	Year ended 30 June 2009 average rate	2008 reporting date spot rate	Period ended 30 June 2008 average rate
1 Australian dollar	0.5751	0.5416	0.61040	0.61004

Sensitivity analysis

At year end a 5% strengthening/(weakening) of the Australian dollar against the Euro would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

	Year ended 30 June 2009		Year ended 30 June 2009		Period ended 30 June 2008		Period ended 30 June 2008	
	+ 5%	+ 5%	- 5%	- 5%	+ 5%	+ 5%	- 5%	- 5%
	Profit and loss $'000	Equity $'000	Profit and loss $'000	Equity $'000	Profit and loss $'000	Equity $'000	Profit and loss $'000	Equity $'000
Consolidated	9,734	6,872	(36,874)	(33,711)	12,665	10,592	(12,247)	(9,956)
Fund	–	–	–	–	–	–	–	–

f Fair values

Methods for determining fair values

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

Trade and other receivables

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

20 Financial Instruments continued

Derivatives

The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract. The fair value of interest rate swaps is estimated by discounting future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the reporting date. The fair value of forward exchange contracts is based on present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

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

Fair values versus carrying amounts

The carrying amounts of the Fund's and Consolidated Entity's financial assets and liabilities reasonably approximate their fair values.

21 Reconciliation of cash flows from operating activities	Consolidated 2009 $'000	2008 $'000	Fund 2009 $'000	2008 $'000
Reconciliation of cash flows from operating activities				
(Loss)/profit for the year	**(148,964)**	**6,839**	**(141,792)**	**14,994**
Adjustments for:				
Items classified as investing activities				
Distribution income	–	–	(14,581)	(25,674)
Non-cash items				
Loss from investment property valuations	115,061	39,238	–	–
Loss/(gain) from revaluation of financial derivatives	58,799	(26,099)	–	–
Income tax expense	624	4,363	–	–
Impairment expense	–	–	152,936	–
Amortisation	242	–	–	–
Other	(1,351)	1,887	–	–
Operating profit/(loss) before changes in working capital	**24,411**	**26,228**	**(3,437)**	**(10,680)**
Changes in assets and liabilities during the period:				
(Increase)/decrease in receivables	(386)	(2,010)	–	(5,192)
Increase/(decrease) in payables	(4,409)	8,434	(3,089)	6,105
Net cash provided by/(used in) operating activities	**19,616**	**32,652**	**(6,526)**	**(9,767)**

Cash at bank balances earns interest at floating rates based on daily bank deposit rates.

22 Related parties

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund and the Consolidated Entity. The Directors of the Responsible Entity are key management personnel of that entity and their names are Dr Peter Morris, Mr Brian Motteram, Mr Robert McCuaig, Mr Mark Wilson and Mr Brian Kingston. Messrs Robert Rayner and Bob McKinnon resigned during the year.

The Responsible Entity is entitled to a management fee which is calculated as a proportion of gross assets attributable to unitholders. Refer below for further details related to the management fee and other fees the Responsible Entity is entitled to.

No compensation is paid to any of the key management personnel of the Responsible Entity directly by the Fund or Consolidated Entity.

Directors' interests

One Director, Robert McCuaig, holds 25,000 ordinary units of the Fund at the date of this report.

Responsible Entity's fees and other transactions

In accordance with the Fund Constitution, Brookfield Multiplex Capital Management Limited is entitled to receive:

Performance fee

A performance fee of 20% (including GST less any reduced input tax credits) of the outperformance of the Consolidated Entity against the benchmark return (S&P/ASX 300 A-REIT Accumulation Index) is recognised on an accruals basis. Any previous underperformance must be recovered before a performance fee becomes payable. The performance fee expense for the year ended 30 June 2009 was nil (2008: nil). As at 30 June 2009, the performance fee payable to the Responsible Entity was nil (2008: nil).

Management fee

A base management fee is calculated on the gross value of assets, and is payable to the Responsible Entity. The fee is payable by the Fund quarterly in arrears. The management fee expense for the year ended 30 June 2009 was $2,796,866 (2008: $3,883,364). As at 30 June 2009, the management fee payable to the Responsible Entity was $523,572 (2008: $1,362,665).

Establishment fee

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007. The Fund was previously ultimately owned by Multiplex Limited (71.91% ownership), Brookfield Multiplex Property Trust (22.36% ownership) and Multiplex Acumen Property Fund (5.73% ownership) from inception to 26 June 2007. On 27 June 2007 the Fund allotted units to unitholders under the Fund's PDS dated 20 April 2007. The Fund listed on the ASX on 3 July 2007.

Prior to the allotment of units to external investors, Brookfield Multiplex Limited held 160,000,000 units or 71.91% ownership of the Fund. These units were fully redeemed. Brookfield Multiplex Funds Management Limited, as custodian for Multiplex German Investment Trust, retained its 49,750,100 units. ANZ Nominees Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Acumen Property Fund, retained its 12,750,050 units. These are related parties by virtue of their Responsible Entities being part of the Brookfield Multiplex Group. In addition to the units that were redeemed, additional units were issued to external investors as disclosed in Note 15.

The establishment fee paid to the Responsible Entity for the establishment of the Fund for the year ended 30 June 2009 was nil (2008: $22,638,101). All fees are in accordance with the Fund's PDS dated 20 April 2007.

Related party unitholders

The following related parties held units in the Fund during the year:

- Brookfield Multiplex Funds Management Limited, as custodian for Multiplex German Investment Trust, owned 100% by Brookfield Multiplex Property Trust, holds 49,750,100 units or 20.15% of the Fund as at 30 June 2009 (2008: 49,750,100 units or 20.15%).
- ANZ Nominees Limited, as custodian for Brookfield Multiplex Capital Management Limited, as Responsible Entity for Multiplex Acumen Property Fund, holds 12,750,050 units or 5.16% of the Fund as at 30 June 2009 (2008: 12,750,050 units or 5.16%).

22 Related parties continued

	Consolidated		Fund	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Transactions with controlled entities				
Distribution income	–	–	14,581	25,674
Receivable due from controlled entity	–	–	–	5,192
Payable to controlled entity	–	–	2,101	4,323
Transactions with the Responsible Entity				
Management fees	2,797	3,883	2,797	3,883
Establishment fees	–	22,638	–	22,638
Expense reimbursements	133	9	133	9
Management fee payable	524	1,363	524	1,363
Expense reimbursements payable	55	–	55	–
Transactions with Brookfield Multiplex Limited and its controlled entities (excluding the Responsible Entity)				
Distribution to Multiplex German Holding Pty Ltd	–	3,205	–	3,205
Distribution to Brookfield Multiplex Property Trust	2,177	5,271	2,177	5,271
Distribution payable to Brookfield Multiplex Property Trust	311	1,046	311	1,046
Expense reimbursement	–	82	–	82
Transactions with other related parties				
Distribution to Multiplex Acumen Property Fund	558	1,351	558	1,351
Distribution payable to Multiplex Acumen Property Fund as at balance date	80	268	80	268

Transactions with related parties are conducted on normal commercial terms and conditions. Distributions paid by the Consolidated Entity to related party unitholders are made on the same terms and conditions applicable to all unitholders.

23 Contingent liabilities and assets
No contingent liabilities or assets existed at 30 June 2009 (2008: nil).

24 Capital and other commitments
The Consolidated Entity had no capital or other commitments at 30 June 2009 (2008: nil).

25 Events subsequent to the reporting date
There are no matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial years.

Directors' Declaration

Multiplex European Property Fund

For the year ended 30 June 2009

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

a The consolidated financial statements and notes, set out in pages 13 to 43, are in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the Fund and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

   ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

b The financial report also complies with International Financial Reporting Standards as disclosed in Note 2a.

c 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 Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors of Brookfield Multiplex Capital Management Limited required by Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney, this 27th day of August 2009.

Mark Wilson
Director
Brookfield Multiplex Capital Management Limited

KPMG

Independent auditor's report to the unitholders of Multiplex European Property Fund

Report on the financial report

We have audited the accompanying financial report of Multiplex European Property Fund (the Fund), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 25 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Brookfield Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting

Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Fund's and the Consolidated Entity's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Multiplex European Property Fund is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Fund's and the Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

T. Gilerman

Tanya Gilerman
Partner

Sydney

27 August 2009