

Multiplex European Property Fund
(ARSN 124 527 206)Brookfield Multiplex Capital Management Limited
(ABN 32 094 936 866)

ASX Announcement

25 February 2009

Multiplex European Property Fund (ASX: MUE) Interim Results 2009 and Fund Update

The Directors of Brookfield Multiplex Capital Management Limited (BMCML), as Responsible Entity for Multiplex European Property Fund (Fund) announce the results for the six month period to 31 December 2008 and provide a Fund update to investors.

The key messages of the announcement are as follows:

- a net loss after tax of \$150.61 million for the period ended 31 December 2008;
- normalised earnings (ie. excluding fair value adjustments on property and financial derivatives and non-cash or non-recurring items) of \$9.25 million, or 3.75 cents per unit for the period;
- Net Tangible Assets (NTA) of \$91.63 million or \$0.37 per unit;
- NTA excluding the marking-to-market value of the Fund's financial derivatives is \$149.32 million or \$0.60 per unit;
- total property rental income of \$21.67 million for the period ended 31 December 2008;
- €42.12 (\$85.63) million valuation decrement recorded across the Initial Properties to €298.05 million, which represents a decrease of 12.33% on the 30 June 2008 valuation of €340.01 million;
- portfolio weighted average lease expiry (by income) is 8.1 years;
- the portfolio occupancy remains at 96%;
- distributions paid or payable for the period to investors of \$9.26 million, or 3.75 cents per unit;
- the Fund remains in compliance with all its financing covenants; and
- no changes to distribution guidance from the ASX announcement on 17 December 2008.

Key Financial Results

A net loss after tax, including fair value adjustments, of \$150.61 million is reported for the period ended 31 December 2008. This result includes an unrealised \$85.63 million valuation decrement on the Initial Properties and \$89.77 million decrement in fair value adjustments on the Fund's financial derivative instruments, both of which are non-cash items. Excluding the above items, the Fund's normalised earnings were \$9.25 million or 3.75 cents per unit for the period.

Property Portfolio

The Initial Properties were independently valued by DTZ Frankfurt as at 31 December 2008.

The Fund's Initial Properties decreased in value to €298.05 million from €340.01 million as at 30 June 2008. The 12% decline in value is in line with general market observations and is reflective of broader market sentiment in Germany. The portfolio's weighted average initial yield has increased by 88bps to 7.09%.

The quality of the Fund's tenants and assets has ensured that its normalised financial results have remained consistent since settlement (April 2007), despite significant changes in its operating environment. For the fourth straight period, the Fund's independent external valuation has highlighted that gross rent has continued to increase from €23.20 million at acquisition in April 2007 to €23.65 million as at 31 December 2008.

The Weighted Average Lease Expiry (WALE) remains steady at 8.1 years. A combination of lease rollovers (rolling 12 month extensions following a lease expiry) and lease renewals have maintained the WALE during the period.

Debt and Hedging

The Fund's term facility with Eurohypo AG remains attractively priced in the current market (including covenants) even though the European Central Bank has decreased official cash rates to 2%*. The drop in cash rates has been offset by an increase in credit margins, and this has continued to keep the overall cost of borrowing high for new finance. No part of the term facility is due to be refinanced before expiry in April 2014.

The Fund is currently in compliance with all its term facility and financial derivative obligations. Specifically the Fund's Loan to Value Ratio (LVR) is 77.63% compared to the required LVR covenant limit of 95% and Interest Cover Ratio (ICR) is 2.07x compared to the covenant limit of 1.30x.

The weakening Australian dollar against the Euro during the period would ordinarily result in a higher NTA value upon translation of the Fund's overseas operations. However, the Fund's financial derivatives offset this impact and the Fund's NTA will continue to fluctuate in the future.

Distribution Guidance

Distribution guidance for the remainder of FY2009 remains as announced in December 2008, as follows:

Quarter ending 31 March 2009	MUE
<i>Estimated</i> distribution rate (cents per unit)	0.625
Quarter ending 30 June 2009	MUE
<i>Estimated</i> distribution rate (cents per unit)	0.625

Distributions will be subject to BMCML's assessment of the Fund's operating results and future financial commitments, and no further deterioration in operating or market conditions in Europe or Australia.

Strategic Options

BMCML confirms the following current strategies for the Fund:

- BMCML does not consider that the Fund should be de-listed from the Australian Securities Exchange (ASX);
- there will be no introduction of a Distribution Reinvestment Plan (DRP) during the remainder of FY2009;
- there will be no capital raisings undertaken by the Fund (subject to there being no changes in circumstances) during the remainder of FY2009; and
- there will be no share buyback program introduced prior to 30 June 2009.

BMCML considers that the capital position of the Fund is appropriate for the Fund's current and foreseeable circumstances and will continue to monitor the Fund's capital position to ensure that it is appropriate at all times.

Further details regarding these current strategies are contained in the interim results presentation. It is recommended that investors review this document to familiarise themselves with these strategies.

* As at 15 January 2009, as provided by European Central Bank.

Further information in relation to the Fund's interim results can be found in the interim results presentation lodged with the ASX today.

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For more information please contact:

David Newling
Head of Direct Property Funds
(02) 9256 5000

Appendix 4D – Additional Disclosure

Multiplex European Property Fund

For the period ended 31 December 2008

Name of Fund: Multiplex European Property Fund (MUE)

Details of reporting period

Current reporting period: 1 July 2008 to 31 December 2008

Prior corresponding period: 2 April 2007 to 31 December 2007

This Financial Report should be read in conjunction with the Financial Report for the period ended 31 December 2008. It is also recommended that the Financial Report be considered together with any public announcements made by the Fund during the period ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Results for announcement to the market

	Period ended 31 December 2008 \$m	Period ended 31 December 2007 \$m	Change %
Total revenue and other income	24,249	42,953	(44)
Total expenses	(174,861)	(27,168)	544
Net (loss)/profit attributable to the unitholders of MUE	(150,612)	15,785	(1,054)
Property fair value adjustments included in the above Directly held property investments	(85,638)	(1,094)	7,728
Earnings per unit (cents)	(61.0)	8.79	(794)

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
Total distribution for the six months ended 31 December 2008	3.750	9,260	
Ordinary units			
Period ended 26 June 2007 distribution	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
Total distribution for the period from 2 April to 31 December 2007	6.380	15,265	

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

Commentary and analysis of the result for the current period can be found in the attached Multiplex European Property Fund ASX release dated 25th February 2009. This ASX release forms part of the Appendix 4D.

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 25th February 2009.

Table of Contents

Multiplex European Property Fund

For the half year ended 31 December 2008

	Page
Directory	3
Directors' Report	4
Auditor's Independence Declaration	6
Financial Statements	7
Consolidated Interim Income Statement	7
Consolidated Interim Balance Sheet	8
Consolidated Interim Statement of Changes in Equity.....	9
Consolidated Interim Cash Flow Statement	10
Condensed Notes to the Consolidated Interim Financial Statements	11
1 Reporting entity	11
2 Basis of preparation.....	11
3 Significant accounting policies	11
4 Segment reporting.....	11
5 Estimates	11
6 Distributions	11
7 Investment properties	12
8 Interest bearing liabilities	13
9 Units on issue.....	13
10 Related parties	13
11 Contingent liabilities and assets	13
12 Capital and other commitments	13
13 Events subsequent to the reporting date.....	13
Directors' Declaration	14
Independent Review Report	15

Directory

Multiplex European Property Fund

For the half year ended 31 December 2008

Responsible Entity

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

Directors of Brookfield Multiplex Capital Management Limited

Peter Morris
Brian Motteram
Robert McCuaig
Brian Kingston
Mark Wilson

Company Secretary of Brookfield Multiplex Capital Management Limited

Neil Olofsson

Principal Registered Office

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

Custodian

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

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

4

For the half year ended 31 December 2008

Introduction

The Directors of Brookfield Multiplex Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of Multiplex 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 six months ended 31 December 2008 and the review report thereon.

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007. The comparative period is therefore comprised of the period 2 April 2007 to 31 December 2007.

Responsible Entity

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

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

Directors

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

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

Information on Company Secretary

Neil Olofsson

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

Principal activities

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

Review of operations

The Fund had recorded a net loss after tax of \$150,611,000 for the six month period ended 31 December 2008 (2007: net profit after tax \$15,785,000). The reported net loss after tax of \$150,611,000 includes an unrealised loss of \$85,638,000 on property revaluations.

As communicated to investors in the ASX announcement dated 17th December 2008, the Fund paid a reduced distribution for the quarter ended 31 December 2008. BMCML will consider the Fund's net profit after providing for maintenance capital expenditure, the prevailing market conditions and tax considerations, before declaring any distribution for the March and June 2009 quarters.

An unrealised loss of \$89,776,000 was also recorded by the Fund on account of marking-to-market value the Fund's derivatives as at balance date. The practice of marking-to-market value the Fund's derivatives at each balance date will continue to introduce volatility into the Fund's income statement and balance sheet. However, these adjustments are non-cash related as the Fund'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.

Some of the significant events during the period are detailed below. It should be noted that the current period below relates to the six months ended 31 December 2008 while the 2007 comparative period below relates to a nine month period, or the period 2 April 2007 to 31 December 2007.

- property rental income of \$21,677,000 (2007: \$29,767,000);
- total revenue and other income of \$24,249,000 (2007: \$42,953,000);
- net loss after tax of \$150,611,000 (2007: net profit of \$15,785,000)
- earnings per unit (EPU) of (61.0) cents (2007: 8.79 cents);
- normalised EPU of 3.75 cents;
- distributions to unitholders for the half year ended 31 December 2008 were \$9,260,000 (2007: \$15,265,000) and distributions per unit (DPU) of 3.75 cents per unit (2007: 6.38);
- net assets of \$91,633,000 and NTA of \$0.37 (30 June 2008: \$202,680,000 and NTA of \$0.82); and
- property portfolio value of \$605,928,000 (30 June 2008: \$557,020,000) and unrealised revaluation decrement of \$85,638,000 (2007: \$1,094,000).

Directors' Report

Multiplex European Property Fund

For the half year ended 31 December 2008

Rounding of amounts

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

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2008.

Dated at Sydney this 25th day of February 2009.

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

A handwritten signature in purple ink, appearing to read 'Mark Wilson', is positioned above the printed name and title.

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 the responsible entity of Multiplex European Property Fund

I declare that, to the best of my knowledge and belief, in relation to the review for the interim period ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Tanya Gilerman
Partner

Sydney

25 February 2009

Consolidated Interim Income Statement

Multiplex European Property Fund

For the half year ended 31 December 2008

7

	Note	Consolidated Six months ended 31 December 2008 \$'000	Period from 2 April 2007 to 31 December 2007 \$'000
Revenue			
Property rental income		21,677	29,767
Interest income		2,458	5,063
Net gain on revaluation of financial derivatives		–	7,907
Other income		114	216
Total revenue and other income		24,249	42,953
Expenses			
Property expenses		1,439	4,711
Finance costs to external parties		9,934	12,998
Management fees		1,645	2,021
Net loss on revaluation of investment property	7	85,638	1,094
Net loss on revaluation of financial derivatives		89,776	–
Other expenses		1,741	540
Total expenses		190,173	21,364
Profit before income tax		(165,924)	21,589
Income tax benefit/(expense)		15,313	(5,804)
Net (loss)/profit after tax		(150,611)	15,785
Earnings per unit			
Basic and diluted earnings per ordinary unit (cents)		(61.0)	8.79

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

Consolidated Interim Balance Sheet

Multiplex European Property Fund

8

As at 31 December 2008

	Note	Consolidated 31 December 2008 \$'000	30 June 2008 \$'000
Assets			
Current assets			
Cash and cash equivalents		18,229	15,442
Trade and other receivables		1,765	2,010
Fair value of financial derivatives		–	706
Total current assets		19,994	18,158
Non-current assets			
Investment properties	7	605,928	557,020
Fair value of financial derivatives		–	25,729
Deferred income tax asset		10,883	–
Total non-current assets		616,811	582,749
Total assets		636,805	600,907
Liabilities			
Current liabilities			
Trade and other payables		8,974	7,120
Distribution payable	6	4,630	5,191
Fair value of financial derivatives		897	–
Provisions		1,687	1,500
Total current liabilities		16,188	13,811
Non-current liabilities			
Interest bearing liabilities	8	468,168	377,107
Deferred income tax liability		–	4,032
Fair value of financial derivatives		56,795	–
Minority interest payable		4,021	3,277
Total non-current liabilities		528,984	384,416
Total liabilities		545,172	398,227
Net assets		91,633	202,680
Equity			
Units on issue	9	227,228	227,228
Reserves		43,111	(5,713)
Undistributed (losses)/income		(178,706)	(18,835)
Total equity		91,633	202,680

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

Consolidated Interim Statement of Changes in Equity

Multiplex European Property Fund

9

For the half year ended 31 December 2008

		Consolidated Six months ended 31 December 2008 \$'000	Period from 2 April 2007 to 31 December 2007 \$'000
	Note		
Opening equity		202,680	-
Movement in units on issue			
Issue of units to related parties	9	-	222,500
Redemption of units	9	-	(160,000)
Issue of units under the Product Disclosure Statement	9	-	184,450
Issue costs	9	-	(19,722)
Movement in foreign currency translation reserve			
Movement due to changes in foreign exchange rates		48,824	(813)
Movement in undistributed (losses)/income			
Net profit/(loss)		(150,611)	15,785
Distributions	6	(9,260)	(15,265)
Closing equity		91,633	226,935

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

Consolidated Interim Cash Flow Statement

Multiplex European Property Fund

10

For the half year ended 31 December 2008

	Note	Consolidated	
		Six months ended 31 December 2008 \$'000	Period from 2 April 2007 to 31 December 2007 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		23,635	29,762
Cash payments in the course of operations		(6,160)	(1,546)
Interest received		2,926	4,095
Financing costs paid		(8,808)	(8,986)
Net cash flows from operating activities		11,593	23,325
Cash flows from investing activities			
Payments for purchase of, and additions to, investment properties	7	(327)	(612,521)
Net cash flows used in investing activities		(327)	(612,521)
Cash flows from financing activities			
Proceeds from issue of units	9	–	406,950
Payments for redemption of units	9	–	(160,000)
Issue costs paid	9	–	(19,722)
Proceeds from interest bearing liabilities	8	–	390,746
Debt establishment costs paid		–	(2,460)
Distributions paid	6	(9,821)	(9,975)
Net cash flows (used in)/from financing activities		(9,821)	605,539
Net increase in cash and cash equivalents		1,445	16,343
Impact of foreign exchange		1,342	359
Cash and cash equivalents at beginning of period		15,442	–
Cash and cash equivalents at 31 December		18,229	16,702

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

Condensed Notes to the Consolidated Interim Financial Statements continued Multiplex European Property Fund

11

For the half year ended 31 December 2008

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 six months ended 31 December 2008 comprise the Fund and its subsidiaries.

2 Basis of preparation

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting*. The consolidated interim financial report does not include all the information required for a full year report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the period 2 April 2007 to 30 June 2008.

The Fund was constituted on 16 November 2006 and it was registered as a Managed Investment Scheme on 3 April 2007. The comparative period is therefore comprised of the period 2 April 2007 to 31 December 2007.

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

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

3 Significant accounting policies

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

4 Segment reporting

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

5 Estimates

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

Refer to Note 7, Investment Properties, for further detail on the use of judgements, estimates and assumptions in valuing the Consolidated Entity's investment property portfolio.

6 Distributions

Distributions paid/payable to unitholders were as follows:

	Cents per unit	Total amount \$'000	Date of payment
Ordinary units			
September 2008 distribution	1.875	4,630	31 October 2008
December 2008 distribution	1.875	4,630	30 January 2009
Total distribution for the six months ended 31 December 2008	3.750	9,260	
Ordinary units			
Period ended 26 June 2007 distribution	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
Total distribution for the period from 2 April to 31 December 2007	6.380	15,265	

Condensed Notes to the Consolidated Interim Financial Statements continued Multiplex European Property Fund

12

For the half year ended 31 December 2008

7 Investment properties

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

Description	Cost including additions \$'000	Consolidated		June 2008 book value \$'000
		Latest external valuation \$'000	December 2008 book value \$'000	
Total retail investment properties	354,773	358,185	358,185	322,789
Total commercial investment properties	69,855	66,009	66,009	61,214
Total logistics investment properties	61,542	55,051	55,051	53,604
Total nursing home investment properties	127,715	126,683	126,683	119,413
Total investment properties	613,885	605,928	605,928	557,020

Included in the cost of investment properties is \$13,756,990 of acquisition costs.

The initial cost of investment properties has been converted at the foreign exchange rate at which the settlement occurred, or €0.5922 to \$1.00. Subsequent additions for capital expenditure or other property works have been converted at the prevailing foreign exchange rate when incurred.

Book value at the reporting date represents the latest external valuation. December 2008 book value and latest valuation in Euro is converted at the 31 December 2008 exchange rate, or €0.4919 to \$1.00.

Independent valuations

The Consolidated Entity's policy is to value properties at each reporting date internally or externally. When internal valuations performed indicate a change in carrying value greater than 5%, or whenever it is believed that the fair value of a property differs significantly from its carrying value, based on a material change to the assumptions and market conditions underlying the valuation, external valuations are obtained. External valuations are obtained at least every 3 years. Generally, all external valuations are adopted as the fair value of the investment property at the relevant reporting date. When internal valuations indicate a change from the carrying value between 2% and 5% the internal valuation is adopted.

The entire property portfolio has been independently valued at 31 December 2008 by DTZ International Property Advisors. The valuations were prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A multiplier which reflects the specific risks inherent in the net cash flows is then applied to the annual rentals to arrive at the property valuation. Valuations reflect, where appropriate, the type of tenants, future rent reviews and market conditions. Any change in any of these factors could have a significant impact on the value of the Consolidated Entity's property investments. Any gain or loss from a change in fair value is recognised in the income statement pursuant to accounting standards. It should be noted that the external valuers have, following the issuance of Guidance Note 5 of the Royal Institute of Chartered Surveyors Valuation Standards, declared that they are in the opinion that 'abnormal' market conditions currently prevail and that there is likely to be a greater than usual degree of uncertainty in respect of the valuation figures. Until the number and consistency of comparable transactions increases, this situation is likely to remain.

	Consolidated 31 December 2008 \$'000
Reconciliation of the carrying amount of investment properties is set out below:	
Carrying amount at beginning of period	557,020
Capital expenditure	327
Net loss from fair value adjustments to investment properties	(85,638)
Foreign currency translation exchange adjustment	134,219
Carrying amount at end of period	605,928

Foreign currency translation exchange adjustments arise due to changes in opening and closing foreign exchange rates. Euro balances at 31 December 2008 have been translated at a rate of \$1AUD = € 0.4919.

Condensed Notes to the Consolidated Interim Financial Statements continued Multiplex European Property Fund

13

For the half year ended 31 December 2008

	Consolidated 31 December 2008 \$'000	30 June 2008 \$'000
8 Interest bearing liabilities		
Non-current		
Secured bank debt	470,421	379,096
Debt establishment fees	(2,253)	(1,989)
Total interest bearing liabilities	468,168	377,107

	Expiry Date	Consolidated 31 December 2008 \$'000	30 June 2008 \$'000
Finance arrangements			
Facilities available			
Bank debt facility	April 2014	470,421	379,096
Less: Facilities utilised		(470,421)	(379,096)
Facilities not utilised		-	-

The bank debt facility consists of a €231,400,000 facility financed by Eurohypo AG. At 31 December 2008, the facility was fully drawn with €231,400,000 drawn (30 June 2008: fully drawn with €231,400,000 drawn). The movement in the balance above between 30 June 2008 and 31 December 2008 is solely due to changes in foreign exchange rates. The 31 December 2008 debt balance has been translated at the 31 December 2008 foreign exchange rate, or €0.4919 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.

At 31 December 2008, the Fund was in compliance with its loan covenant ratios.

	Six months ended 31 December 2008 \$'000	Six months ended 31 December 2008 Units	Period from 2 April 2007 to 31 December 2007 \$'000	Period from 2 April 2007 to 31 December 2007 Units
9 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

10 Related parties

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

11 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2008 (30 June 2008: nil).

12 Capital and other commitments

The Consolidated Entity had no capital or other commitments at 31 December 2008 (30 June 2008: nil).

13 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

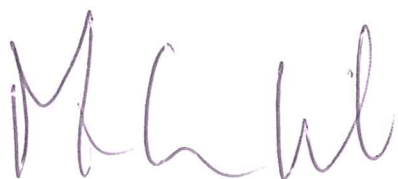
For the half year ended 31 December 2008

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

- a The consolidated interim financial statements and notes, set out in pages 7 to 13, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

Dated at Sydney, this 25th day of February 2009.



Mark Wilson
Director

Brookfield Multiplex Capital Management Limited



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

Report on the financial report

We have reviewed the accompanying interim financial report of Multiplex European Property Fund (the "Fund"), which comprises the interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and the cash flow statement for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 13 and the directors' declaration of the Consolidated Entity comprising the Fund and the entities it controlled at the period's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of Brookfield Multiplex Capital Management Limited (the Responsible Entity) are responsible for the preparation and fair presentation of the interim 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 interim 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Multiplex European Property Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Multiplex European Property Fund is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Tanya Gilerman
Partner

Sydney

25 February 2009