

ASX Announcement

20 December 2013

Multiplex European Property Fund (ASX: MUE) Fund Update

Brookfield Capital Management Limited (BCML), as Responsible Entity for Multiplex European Property Fund (the Fund), provides the following update to investors.

Update on discussions with financier regarding the debt facility

The Fund currently has a 94.9% interest in certain German partnerships (Monti Partnerships).

The debt facility provided by Hypothekbank Frankfurt AG (formerly known as Eurohypo AG) (Financier) to the Monti Partnerships is due to mature on 15 April 2014.

Management of the Monti Partnerships has been in ongoing discussions with the Financier regarding an extension to the debt facility. Such an extension remains important in supporting the solvency of a number of European subsidiaries of the Fund.

Correspondence has been received from the Financier detailing terms and conditions on which the Financier is, in principle, prepared to extend the facility beyond the current expiry on 15 April 2014.

The Financier is proposing an initial six month extension of the facility to 15 October 2014 with a further extension to 31 December 2014 to be 'favourably considered'. Any extension beyond 15 October 2014 is at the sole discretion of the Financier.

Conditions to be satisfied for the initial extension to the facility to 15 October 2014 proposed by the Financier include:

- extension of the asset and property management agreement with the existing manager, Corpus Sireo Asset Management GmbH (Corpus Sireo), to at least 31 December 2014;
- provision of a business plan to the Financier for the period 1 January 2014 to 31 December 2016 setting out the sale of the Fund's properties over that period;
- execution of a mandate with Corpus Sireo or other sales agent to sell the properties;
- execution of a standstill agreement with the Financier containing various provisions including those governing the use of sales proceeds from selling the properties; and

- no default occurs under the facility nor is there any change in circumstances which detrimentally affects the Financier's position against the borrowers under the debt facility.

At this time BCML has made no determination as to whether to accept the conditions proposed by the Financier and extend the debt facility past the current expiry of 15 April 2014.

BCML intends to review the proposed terms with its advisers and will provide further updates to investors when available.

Call option over remaining interests in the Monti Partnerships

A subsidiary of the Fund has exercised the call option over the 5.1% interest in the Monti Partnerships that it does not currently own. The option was due to expire on 2 January 2014.

Reflecting the current financial position of Monti Partnerships, the 5.1% interest is considered to have nominal value. If the value of the 5.1% interest cannot be agreed between the parties, it will ultimately be determined by an independent valuer.

BCML considers that exercising the option will expedite decision making in the Monti Partnerships regarding any strategy to be adopted for the properties. It is not anticipated that exercising the option will have a material impact on the Fund's net asset position.

Impact on the Fund and its Australian subsidiaries

The Fund's Australian vehicles are not party to the debt facility and the Financier has no recourse to the assets of the Fund held in Australia.

The Fund currently retains net cash of approximately A\$7.5 million (3 cents per unit) in Australia. Expenses incurred by the Fund outside of Europe are currently being met largely from earnings on the cash retained in Australia and net proceeds of the forward foreign exchange contracts which remain in place until April 2014.

German tax audit

No response has been received from the German tax authorities in relation to the objection lodged against the Trade Tax assessment raised for the 2004 to 2006 income years. The tax audit by the German tax authorities of the 2007 to 2010 income years continues.

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Brookfield Customer Service
Ph: 1800 570 000
Email: clientenquiries@au.brookfield.com