

ASX Announcement

7 October 2014

Re: Multiplex European Property Fund (ASX: MUE) - Sale of Nursing Homes and Extension of Standstill with Financier

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

Sale of Nursing Homes

Agreements have been executed for the sale of five nursing home properties owned by the Fund.

Key messages in relation to this transaction are:

- Gross sale price of €56 million with expected net sale proceeds of approximately €54 million;
- Net sale price is €5.7 million higher than carrying value of the properties in the Fund's financial statements as at 30 June 2014;
- An amount of €2.5 million from net proceeds to be placed in escrow for a period of up to 15 months after settlement to support warranties provided to the purchaser; and
- Net proceeds not required to be held in escrow will be used to pay down the Fund's debt facility.

Settlement of the sale is expected within the next three months, subject to meeting customary conditions relating to providing clear title to the properties. In the event that these conditions are not satisfied by 31 March 2015 the sale will not proceed, however, BCML understands that all conditions should be capable of satisfaction before that date. Investors will be advised when all conditions have been satisfied and settlement has taken place.

BCML continues to review the German property market and assess the potential for other property sales in line with the business plan prescribed in the agreement with Hypothekbank Frankfurt AG (Financier).

Extension of Standstill with Financier

The debt facility provided by the Financier to certain German subsidiaries of the Fund (Monti Partnerships) matured on 15 April 2014 without repayment by Monti Partnerships. Notwithstanding, a standstill agreement was signed and the Financier agreed to:

- waive any "event of default" which would otherwise have arisen following non-payment of the debt on the maturity date; and

- not take enforcement action,

until 15 October 2014 (Standstill Period).

BCML advises that the Financier has agreed to extend the Standstill Period to 31 December 2014. Further, the Financier will favourably consider an extension past this date if the standstill has not been terminated by 31 December 2014. Any extension remains at the discretion of the Financier.

The conditions of the standstill agreement previously announced remain in effect. In particular, these conditions require implementation of a business plan that will see all of the Fund's properties sold to repay outstanding bank debt.

Investors will be further updated in due course.

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