

# ASX Announcement

7 September 2011

## **Multiplex European Property Fund (ASX code: MUE) - Fund Update**

The Directors of Brookfield Capital Management Limited (BCML), as Responsible Entity of Multiplex European Property Fund (Fund), provide an update to unitholders. Key messages are:

- BCML has completed the unwind of the Fund's Cross-Currency Interest Rate Swap (CCIRS) for total proceeds of \$34.8 million (net of all transaction costs); and
- BCML is carrying out a review of capital and operational requirements for the Fund and its property portfolio and will advise the outcome of that review and the possible payment of a special distribution in due course.

### **The Fund's Hedging Position**

Due to a decline in the net equity value of the property portfolio, the Fund has been in a significant over-hedged position. Typically, such an over-hedged position would not be maintained, however, under the terms of the CCIRS, the Fund required financier counter-party consent in order to unwind the transaction. This consent has now been provided ahead of the 2014 maturity on the condition that the CCIRS was terminated in full.

### **Impact on the Fund**

As a result of unwinding the CCIRS, the Fund currently has total cash reserves of approximately \$74.8 million (30 cents per unit (cpu)) which provides flexibility in managing its operating and capital requirements.

Unwinding the CCIRS will mean that the net equity position of the Fund's investment in the property portfolio is not hedged. Therefore, the Fund may be impacted by movements between the Australian Dollar and the Euro. There has been no change to the Fund's other derivative instruments.

Unwinding the CCIRS will also result in a reduction in cash flow to the Fund on an annual basis. For the year ended 30 June 2011, this cash flow was approximately \$5.4 million per annum.

Upon reviewing capital and operational requirements of the Fund and property portfolio, BCML will give consideration to paying a special distribution to unitholders. Declaration of any future distributions will remain subject to BCML's assessment of the Fund's operating results, future financial commitments, operating and/or market conditions in Europe and Australia and taxation requirements. Further information in this regard will be provided to unitholders in due course.

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