

11 February 2010

Dear investor

**Re: Multiplex New Zealand Property Fund (Fund) – Update**

Further to our 14 September 2009 investor correspondence, please find following an update on the Fund.

**Board and Management Changes**

Peter Morris (Chairman) and Robert McCuaig, both independent directors, have retired from the Board of BMCML after overseeing the restoration of a number of Brookfield Multiplex's retail funds to a more stable financial position following the global financial crisis. During their eight years of service on the Board, Peter and Robert each made significant contributions on behalf of the various funds' unitholders and Peter led the Board with great energy during this period.

In addition, Mark Wilson, who was an executive director of the Board, resigned as a director of BMCML following the restructuring of BMCML's funds business.

Brian Motteram, the third independent director, will remain on the Board and will continue to act as Chairman of the Board's Audit Committee.

Joining Brian Kingston and Brian Motteram on the BMCML Board will be two new independent directors, Allan McDonald and Barbara Ward, and one executive director, Russell Proutt.

Allan will be appointed as Independent Chairman and currently performs that role for Brookfield Multiplex Funds Management Limited. Allan's other public directorships are Babcock & Brown Japan Property Management Limited (responsible entity of Astro Japan Property Trust), Billabong International Limited and Ross Human Directions Limited.

Barbara is a non-executive director of Brookfield Multiplex Funds Management Limited, is Chairman of Country Energy, and is a director of Qantas Airways Limited.

Russell is currently Chief Financial Officer of Brookfield Australia and his appointment, coupled with the continuing appointment of Brian Kingston (Chief Executive Officer of Brookfield Australia), demonstrates the ongoing commitment of Brookfield Multiplex to the success of the Brookfield Multiplex funds.

The various Board changes took effect on 1 January 2010. Mark's cessation of his management responsibilities occurred at the end of January 2010 following completion of an orderly transition.

**Debt Management Update**

The Fund completed an extension of its debt facility of NZ\$419 million in December 2009. The financiers continue to be ANZ (50%) and CBA (50%).

Key terms of this facility are:

- Tranche A: NZ\$350 million at a margin of 3.75% to be repaid by 30 August 2011
- Tranche B: NZ\$69 million at a margin of 5.00% to be repaid by 31 October 2010
- Loan to value ratio (LVR) covenants: 65% on commencement, 55% by 31 December 2010, 50% by 30 June 2011
- Interest Cover Ratio (historical): Greater than 1.4 times
- Interest Cover Ratio (forward): Greater than 1.3 times
- No payment of distributions unless financiers consent
- Management fees only to be paid when Tranche B is fully repaid and LVR is less than 50%

While the terms of the facility are challenging, they provide the Fund financial stability and maximise opportunities for any future improvement in the market.

### **Distribution Update**

As a result of the restrictions imposed by the Fund's financiers as outlined above and the need to ensure there is sufficient cash reserves to meet its obligations, it is unlikely distributions will be paid during the 2010 calendar year.

### **Sales Update**

The Wiri Distribution Centre was sold in October 2009 for a gross sale price of NZ\$19 million being a 7.3% discount to its original acquisition price. It is likely further asset sales will occur to ensure the Fund continues to meet the covenants imposed under its debt facility.

### **Portfolio and Financial Update**

Portfolio occupancy continues to remain high at 98.3% with a weighted average lease expiry of 5.1 years as at 31 December 2009. The last reported NTA per unit for the Fund was \$0.79 as at 30 September 2009. The audited accounts for the Fund as at 31 December 2009 are currently being finalised and we anticipate the Fund's financials, updated NTA per unit and portfolio details will be made available at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com) by the end of February 2010.

### **Future Direction**

The Fund's primary objective over the next 12 months is to reduce gearing levels in order to comply with its debt covenants as well as maintaining sufficient cash reserves to meet its financial commitments.

The Fund's focus continues to be on asset management with the objective of maximising unitholder value. In assessing any strategy the Fund also has regard to the first scheduled review date of 1 September 2011.

If you have any questions or wish to discuss your holding, please don't hesitate to contact Registries Limited on 1800 766 011.

Yours sincerely



**Leon Boyatzis**  
Fund Manager  
Multiplex New Zealand Property Fund