

25 February 2014

Dear Investor

RE Multiplex New Zealand Property Fund (Fund) – Investor Update

Brookfield Capital Management Limited (BCML), as responsible entity of the Fund, provides the following update to investors for the half year ended 31 December 2013.

Key financial results are (Australian dollars):

- Net profit after tax of \$11.0 million (2012: net loss after tax of \$2.9 million);
- Net assets of \$146.9 million (30 June 2013: \$128.5 million) and net assets per unit of \$0.67 (30 June 2013: \$0.59);
- Weighted average lease term to expiry of approximately 2.95 years (30 June 2013: 3.09 years) and a portfolio occupancy rate of 96.6% (30 June 2013: 95.4%); and
- Loan to Value Ratio of 19.4% (30 June 2013: 28.3%).

Increase in net assets

The increase in net assets per unit from \$0.59 to \$0.67 is largely due to an appreciation of the New Zealand dollar against the Australian dollar and the retention of net operating cashflow.

As the investment and underlying cash-flows are not hedged, future movements in the New Zealand currency will impact returns to investors.

Sale of the Fund's properties

As advised to investors in November 2012, the Fund is in wind up. The Board has mandated an orderly sale of the Fund's original eight assets. Mangere Distribution Centre sold in June 2013 and The Hub sold in August 2013 and net proceeds were used to reduce debt and pay New Zealand income tax. Six properties remain to be sold; three located in Wellington and three located in Auckland.

The portfolio book value at 31 December 2013 was \$185.5 million and the balance of bank debt was \$35.9 million.

Current status of the Fund's properties

Independent engineer assessments of the Wellington properties were undertaken to review damage that may have been caused by recent earthquake activity. No apparent reduced capacity has been observed, which concludes that the buildings appear to be in the same condition as before the earthquake.

Ongoing stairwell seismic retrofit at Conservation House and 143 Willis Street and seismic upgrading at HP House continue. This will increase the seismic rating at the three properties as per the New Building

Standard. All three properties remain open. Cash reserves are in part being used to fund necessary capital expenditure. Management continues negotiations to secure long and short term leasing on vacant space.

Distributions and asset sales

During the period, BCML obtained financier consent to make a distribution from cash reserves of 2.2 cents per unit. This was paid on or around 10 September 2013.

When further properties are sold and the Fund's debt facility requirements have been satisfied, investors will receive additional distributions. However, it is not possible to predict when the sale process will be completed and when distributions will be paid.

Ongoing discussions with potential purchasers of the properties continue and investors will be advised of the outcome in due course.

Further information and financial results

The Fund's financial report for the half year ended 31 December 2013 is available at www.au.brookfield.com and we recommend that investors review this document.

BCML will continue to update investors with further information in the future.

Regards

Brookfield Customer Service

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