

20 February 2015

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 2014.

**Financial results** (Australian Dollars)

Key messages:

- net profit after tax of \$3.0 million (2013: \$11.0 million);
- net assets of \$67.0 million (30 June 2014: \$108.3 million) and net assets per unit of \$0.31 (30 June 2014: \$0.50);
- cash distributions to investors of \$46.9 million or 21.5 cents per unit; and
- weighted average lease term to expiry of approximately 2.5 years (30 June 2014: 2.8 years) and a portfolio occupancy rate of 60.3% (30 June 2014: 81.1%).

**Decrease in NTA**

The decrease in NTA per unit from \$0.50 to \$0.31 is largely due to cash distributions to investors of \$0.215 offset in part by appreciation of the New Zealand dollar against the Australian dollar.

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 the orderly sale of Fund assets. The sale of the Fund's two remaining Auckland properties (8 Hereford Street and The Plaza) was completed in December 2014 for gross proceeds of NZ\$47 million; with net proceeds being distributed to investors.

**Current status of the Fund and its properties**

Three properties located in Wellington remain to be sold (HP House, Conservation House and 143 Willis Street). These have a combined value of \$54.8 million as at 31 December 2014.

The focus remains on positioning these properties for sale. This includes negotiating with existing tenants to extend lease terms, securing new tenants for the vacancies which exist and completing seismic upgrade works that will see the buildings achieve a market accepted seismic rating. 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.

Ongoing discussions with potential purchasers of the Wellington properties continue and investors will be advised of the outcome in due course. It is the intention of BCML to sell the properties in an orderly manner, but it is not possible to predict when the sale process will be completed and when future distributions will be paid.

## **Further information and financial results**

The Fund's financial report for the half year ended 31 December 2014 is available at [www.au.brookfield.com](http://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

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