

24 February 2016

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 2015.

Financial results (Australian dollars)

Key messages:

- net assets of \$59.0 million (30 June 2015: \$62.1 million) and net assets per unit of \$0.27 (30 June 2015: \$0.28);
- weighted average lease expiry (WALE) of approximately 11.4 years (30 June 2015: 3.6 years) and a portfolio occupancy rate of 55% (30 June 2015: 58%);
- net loss after tax of \$6.6 million (31 December 2014: net profit after tax of \$3.0 million) largely attributed to the write off of capital expenditure not reflected in current market valuations of the properties; and
- cash of \$17.4 million (30 June 2015: \$16.6 million).

As at 31 December 2015, the Fund had a cash balance of \$17.4 million. The majority of cash is required to complete seismic strengthening works at HP House, Conservation House and 143 Willis Street (which shares common structural elements with Conservation House).

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

Property Portfolio

Three office properties located in Wellington remain in the portfolio. HP House was internally valued and Conservation House and 143 Willis Street were externally valued as at 31 December 2015 for a combined portfolio value of NZ\$60.4 million.

HP House, 8 Gilmer Terrace, Wellington

As at 31 December 2015, HP House had an occupancy rate of 61% and WALE of 4.1 years. HP House was valued at 31 December 2015 for NZ\$16.2 million (30 June 2015: NZ\$17.2 million).

During the period, roof replacement and seismic strengthening works progressed and are forecast to be completed in March 2016 and December 2016 respectively. On completion of the works, the building will achieve a seismic rating of 100% New Building Standard (NBS). Negotiations are in progress with a potential purchaser of the property.

Conservation House, 18 Manners Street, Wellington

As at 31 December 2015, Conservation House had an occupancy rate of 91% and WALE of 15.9 years. Conservation House was valued at 31 December 2015 for NZ\$35.6 million (30 June 2015: NZ\$31.4 million).

A new 14 year lease to the Department of Conservation commencing October 2018 has been executed by the Fund. A condition of the lease is to complete capital works including seismic strengthening which commenced in December 2015 and are forecast to be completed by July 2017. Marketing for the sale of this property is expected to commence during the second quarter of 2016.

143 Willis Street, Wellington

At 31 December 2015, 143 Willis Street had an occupancy rate of 9.6% and WALE of 0.2 years. The property was valued as at 31 December 2015 for NZ\$8.6 million (30 June 2015: NZ\$8.0 million). The one remaining tenant will vacate the premises during the first quarter of 2016.

Conservation House and 143 Willis Street are part of a single complex with common structural elements. Seismic upgrade works at 143 Willis Street are required and commenced in December 2015. BCML expects these works will complete by July 2016.

Sale of the Fund's properties

As advised to investors in November 2012, the Fund is in wind up and the Board has mandated an orderly sale of Fund assets.

Continued asset management initiatives such as the lease extension for Conservation House and seismic upgrades will maximise the competitiveness of the properties in a challenging market. 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 2015 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

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