Brookfield MULTIPLEX | CAPITAL

Level 1
1 Kent Street
Sydney NSW 2000

GPO Box 172
Sydney NSW 2001

Telephone: +61 2 9256 5700
Facsimile: +61 2 9256 5188
www.brookfieldmultiplexcapital.com

Brookfield Multiplex Capital Management Limited
(ACN 094 936 866)

ASX Announcement

28 August 2008

MULTIPLEX EUROPEAN PROPERTY FUND (ASX: MUE)
2008 ANNUAL RESULTS ANNOUNCEMENT
EARNINGS IN LINE WITH PDS; FY09 DISTRIBUTION GUIDANCE

Multiplex European Property Fund (Fund) is pleased to announce a net profit of $6.84 million for the period ended 30 June 2008. The result includes $39.24 million valuation decrement on the property portfolio and $26.10 million in fair value adjustments on the Fund's derivative instruments, both of which are non-cash items.

Some of the significant events for the Fund during the period are as follows:

- Total revenue and other income, including fair value adjustments on the valuation of investment property and financial derivatives, was $85.01 million;
- Net profit after tax attributable to unitholders, including fair value adjustments to the carrying value of investment properties and financial derivatives, totalled $6.84 million;
- Annualised normalised earnings per unit (EPU) of 8.35 cents are in line with the equivalent forecasted earnings outlined in the Fund's PDS[1];
- Distributions paid or payable per unit (DPU) of 8.59 cents are in line with the equivalent forecasted distributions outlined in the Fund's PDS. This excludes the distribution paid to related parties prior to the allocation of units under the Fund's PDS;
- NTA per unit at 30 June 2008 of $0.82 compared to forecast NTA at allotment of $0.96 as at April 2007, primarily as a result of the property valuation decrement and marking-to-market values of derivatives;
- €24.27 ($39.24) million valuation decrement recorded across the property portfolio to €340.01 million, which represents a decrease of 4.23% on the acquisition price of €355.00 million; and
- The portfolio weighted average lease expiry (by income) remains strong at 8.6 years.

Property portfolio

The Initial Properties were independently valued for the third time since April 2007.

The Initial Properties were revalued down to €340.01 million from €364.28 million as at 31 December 2007 as capitalisation rates and market rents continue to attract upward pressure throughout Germany (and Europe). The portfolio's average initial yield has increased by 41bps to 6.22%, and there have been revisions to market rents on some assets.

The weighted average lease expiry (by income) remains strong at 8.6 years.

[1] Management fee deferrals have been excluded from the analysis as the Responsible Entity will waive not defer management fees for the effects of the new German corporate tax reform on the Fund as outlined in the Chairman's letter dated 20 June 2007. This letter was released subsequent to the Fund's PDS dated 20 April 2007.

Debt and Hedging

The Fund has maintained its hedging strategy during the period, and has hedged the following until April 2014:

- 100% of interest rate exposure on the term facility at an all-in rate of 4.48% per annum
- 100% of invested equity at an exchange rate of $AUD1 = €0.5922
- Approximately 90% of income from the Initial Portfolio at an exchange rate of $AUD1 = €0.5476

This strategy has protected unitholders against the continued strengthening of the Australian dollar against most of the major currencies during the year, and the increased interest rates and borrowing margins now present in debt markets around the world. Accordingly, the value of the Fund's derivatives has increased during the year to be $26.09 million "in-the-money" at 30 June 2008.

The Fund has in place a fully drawn term facility with Eurohypo AG that expires in April 2014. No part of that facility is due to be refinanced before expiry. At balance date, the Fund's gearing stands at 68.05% at the relevant borrowing level. At a Fund level, gearing stands at 63.08%. These measures are significantly below the loan-to-value ratio required by Eurohypo AG.

Economic Outlook

The fallout from the crisis in the real estate and financial sectors in the USA has impacted financial markets and economies around the world. In reflecting on Germany's position, economic growth forecasts have continued to be revised downwards from 3.40% to 1.80% GDP growth for 2008[2]. Whilst still positive, this is a significant decrease from earlier forecasts.

Germany, as a net exporter, may continue to come under pressure to provide the above GDP growth forecast in the coming year as the combination of a weaker global economy, stronger value of the Euro currency against the other major currencies, and inflationary pressures (particularly in petroleum and foodstuffs), combine to form tough operating conditions for businesses. This is in addition to changes in the financing environment which have caused banks to differentiate their risk premiums more strongly than 6 to 9 months ago.

All these factors may have an impact on the Fund's operations in the future.

Distribution guidance for Financial Year 2009

The Fund finds itself amongst a continued period of uncertainty in the world's economic, financial and property markets. In context of the forecasts outlined, the Responsible Entity has decided to revise the distribution target of the Fund for Financial Year 2009 (FY09).

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2 As provided by Statistisches Bundesamt Deutschland; Figures representative of change in forecasted GDP on the corresponding quarter of the previous year in % terms

The Responsible Entity has set the distribution target for FY09 at 7.50 cents per unit. This is a reduction of 1.20 cents per unit from the PDS forecast for FY09 of 8.70 cents per unit. The 14% reduction in the distribution target reflects the following:

- Higher level of property expenditure required to preserve the value of the assets in the current market
- Desire to establish cash and working capital reserves to promote liquidity and the longevity of the Fund
- Slowing ability to enforce rental uplifts on smaller tenants without disrupting continuity of income
- Higher level of compliance and operating costs
- A number of conservative assumptions surrounding the long-term cashflow forecast of the Fund

There are no other changes to the distribution policy.

In conclusion

In announcing the Fund's first annual results, Mr David Newling, Fund Manager, said "The Fund has met all its earnings and distribution targets for its first year of operations. However, looking forward, it is unlikely that the Fund will be immune to the events that are happening in the current global environment. In light of this and in the long term interests of unitholders, revising the distribution level for FY09 will allow the Fund to concentrate on preserving the value of the Fund's assets and to establish some liquidity in the Fund."

Further information in relation to the Fund's interim results can be found in the Results Presentation also lodged with the ASX today.

For more information please contact:

David Newling
Fund Manager
(02) 9256 5348

About the Fund

Multiplex European Property Fund is a listed property trust that aims to offer investors attractive income distributions and the potential for capital growth over the medium to long term through a stable and diversified property portfolio in Europe.

The Fund currently owns a 94.9% interest in 67 properties (Initial Properties) located throughout Germany. The Initial Properties are diversified by asset class, tenant and geographical location.