

ASX Announcement

30 March 2010

**MULTIPLEX EUROPEAN PROPERTY FUND (ASX: MUE)
UNITHOLDER CORRESPONDENCE – INTERIM REPORT 2010**

In accordance with ASX Listing Rule 3.17 please find attached a copy of the Interim Report 2010 which is being sent to all unitholders.

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For more information please contact:

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Interim Report 2010
Multiplex European
Property Fund

ARSN 124 527 206

Brookfield

Responsible Entity

Brookfield Multiplex Capital Management Limited
ACN 094 936 866, AFSL 223809

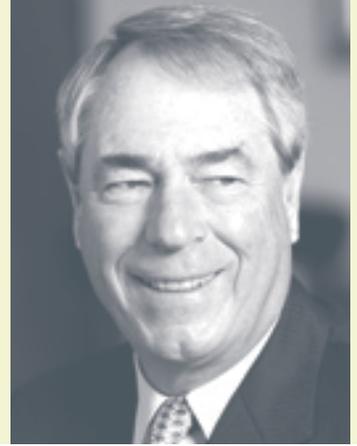


**Interim
Report**

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Message from the Chairman



On behalf of the Board of Brookfield Multiplex Capital Management Limited (BMCML), enclosed are the interim financial results for the six month period to 31 December 2009 for Multiplex European Property Fund (Fund).

Financial results

The Fund reported a net profit of \$13.4 million for the period, which includes a \$9.0 million property valuation decrement and \$13.2 million in financial derivative mark-to-market gains. Key financial results as at 31 December 2009 include:

- Distributions paid or payable of \$3.1 million
- Total property rental income of \$19.8 million
- NTA of \$0.27 per unit

Economic summary

Whilst the Australian economy showed signs of recovery during the period, the European economic recovery stalled on concerns about rising unemployment and the effect of debt and deficit crises in Southern Europe. In Germany, the economic recovery lost momentum as consumption dropped but the economic fundamentals and their outlook still appear positive.

Board and management changes

During the period Peter Morris (Chairman) and Robert McCuaig, both independent directors 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. In addition, Mark Wilson, who was an executive director of the Board resigned.

Joining Brian Kingston and Brian Motteram on the BMCML Board is two new independent directors, Allan McDonald and Barbara Ward, and one executive director, Russell Proutt. The various Board changes took effect on 1 January 2010.

Please visit www.brookfieldmultiplex.com for the Fund's half year financial report. On behalf of the Board, thank you for your ongoing support.

A handwritten signature in black ink, appearing to read 'Allan McDonald'.

Allan McDonald
Chairman

Fund snapshot as at 31 December 2009

Funds under management	\$470 million
Portfolio occupancy	96%
Portfolio weighted average lease expiry	7.0 years
Market capitalisation ¹	\$44.5 million
ASX liquidity (units per day; period average)	88,500
Management fee ²	0.4%
Distributions paid	Quarterly

Notes:

- 1 Market capitalisation as at close of trading on 31 December 2009.
- 2 From 1 October 2008 as outlined in the Chairman's letter dated 14 June 2007. Excluding GST.

Financial results as at 31 December 2009

Net profit/loss	\$13.4 million
Earnings per unit (weighted)	5.40cpu
Distributions per unit	1.25cpu
Total net assets	\$66.60 million
NTA per unit	\$0.27
Fund gearing (total interest-bearing loans/total assets at fund level)	79%

Normalised results as at 31 December 2009¹

Net profit/loss	\$9.5 million
Earnings per unit	3.81cpu
Distributions per unit	1.25cpu
Total adjusted net assets	\$85.79 million
NTA per unit	\$0.39
Fund gearing (total interest-bearing loans/total assets at relevant borrowing level)	84%

Note:

1 Figures exclude fair value adjustments and one-off items.

Fund Manager's Half Year Review

On behalf of Multiplex European Property Fund (MUE or the Fund) and Brookfield Multiplex Capital Management Limited (BMCML), I present the half year review for the six months to 31 December 2009.

The period in summary

The Fund continues to meet expectations amid the economic environment in Europe where concerns around European sovereign debts are continuing to plague economic recovery. The Fund continues to improve its liquidity position and provide unitholders with distributions.

Key financial results for the Fund for the period ended 31 December 2009 are as follows:

- a net profit after tax of \$13.4 million;
- normalised earnings (i.e. excluding fair value adjustments on property and financial derivatives) of \$9.5 million, or 3.8 cents per unit;
- Net Tangible Assets (NTA) of \$66 million or \$0.27 per unit;
- NTA excluding the mark-to-market value of the Fund's financial derivatives of \$85.8 million or \$0.35 per unit;
- total property rental income of \$19.8 million;
- €5.6 (\$9.0) million valuation decrement recorded across the Initial Properties to €275.6 million, which represents a decrease of 2% on the 30 June 2009 valuation of €281.2 million;
- portfolio weighted average lease expiry (by income) of 7.0 years;
- portfolio occupancy of 96%; and
- distributions paid or payable to investors of \$3.1 million, or 1.25 cents per unit;

Financial results

The Fund reported a net profit after tax of \$13.4 million, which includes a \$9.0 million property valuation decrement and \$13.2 million in financial derivative mark-to-market gains. The normalised net profit after tax of \$9.5 million is in line with expectations.

The Fund remains in compliance with its financing covenants.

The introduction of German corporate tax reform continues to impact the financial results of the Fund and is likely to do so going forward. BMCML has waived a portion of its fees in the period so that investors are not adversely impacted under the new German corporate tax regime. This arrangement will continue based on the details outlined in the Chairman's letter to unitholders dated 14 June 2007.

It is expected that, unless the Fund can restructure its operations or there is a change in law, the Fund will continue to be liable for German corporate income tax in the future.

Property portfolio

The Initial Properties were independently valued during the period by DTZ International Property Advisors GmbH in Frankfurt. The valuation of €275.6 million as at 31 December 2009 represents a 2% decline from the 30 June 2009 valuation of €281.2 million. Importantly, most of the properties held their values while some assets increased in value.



The portfolio's weighted average initial yield increased another 14bps to 7.58%, representing a peak-to-trough movement of 141bps. The quality of the Fund's tenants and assets has ensured that its normalised financial results have remained consistent since settlement (April 2007), despite significant changes in its operating environment.

The Fund's Weighted Average Lease Expiry (WALE) is now at 7.0 years. One of BMCML's objectives for 2010 is to pro-actively increase this to ensure that security of income is available to the Fund going forward.

Debt and hedging

The Fund's debt and hedging arrangements remain unchanged from previous periods and the Fund remains in compliance with its covenants.

European Central Bank has recently released some longer-term forecasts suggesting that official cash rates will be maintained at approximately 1% for the majority of 2010. This will mean that the Fund's Interest Rate Swap is likely to remain out-of-the-money for some time, although it may eventually move towards a neutral position over the remaining term of the instrument.

The Fund is currently fully hedged on its net property cash flows. This has insulated unitholders from adverse currency movements (particularly on distribution payments) as the cash flows are hedged via the cross-currency interest rate swap and foreign exchange forward contracts.

Distribution guidance

Despite the positive performance of the Fund, the current uncertainty surrounding Europe's true financial position indicates that distributions will more than likely remain at their current level for the remainder of FY2010.

The Fund's distribution policy is to ensure that it is distributing at least its taxable income each year. This is subject to the level of realised foreign exchange gains/losses that the Fund makes on the realisation of its existing derivative contracts, either in the ordinary course of business or if terminated early.

Estimated distribution rate (cents per unit) details for the remainder of FY2010 are as follows:

Quarter ending 31 March 2010	0.625
Quarter ending 30 June 2010	0.625

Declaration of distributions remains subject to BMCML's assessment of the Fund's operating results, future financial commitments and prevailing market conditions.

Economic outlook

Generally, Germany has continued to attract investors during the later parts of 2009, although most transactions completed were in the residential sector. Likewise, Munich, Hamburg, Frankfurt and Berlin remain favoured European destinations for investors, given their above-average economic and demographic stability. This bodes well for the future performance of the Fund's portfolio, given its large geographic diversification.

Fund Manager's Half Year Review

Future direction

The Fund has continued to accumulate cash in order to partly or fully fund several capital expenditure projects over a number of years. These projects are focused to add value to the portfolio and ensure a continued high level of occupancy.

BMCML considers that the capital position of the Fund is appropriate for the Fund's current and foreseeable circumstances and it will continue to monitor the Fund's capital position to ensure that it is appropriate at all times.

For further information relating to the half year ended 31 December 2009, please refer to the full interim financial results at www.brookfieldmultiplex.com.

On behalf of BMCML, I thank you for your continued support of the Fund.



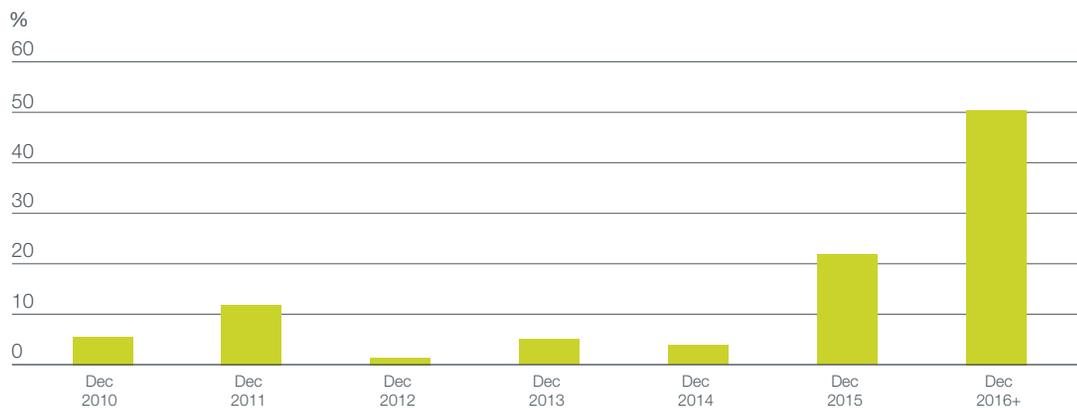
David Newling

Head of Direct Property Funds

High occupancy with long Weighted Average Lease Expiry (WALE)

Description	Occupancy	Major tenants	Years (by income)
55 Retail properties comprising: – discount supermarkets – full supply supermarkets – DIY markets	94.8	EDEKA, REWE, Hornbach	6.9
6 Nursing homes	100.0	Kursana, Phönix	12.3
3 Logistic/warehouses	100.0	Spicers, TNT	3.4
3 Offices	94.8	State of Nord Rhine-Westphalia	3.1
Total portfolio	96.1		7.0

Lease expiry profile by income



Condensed Consolidated Interim Statement of Comprehensive Income

For the half year ended 31 December 2009

	Consolidated six months ended 31 December 2009 \$'000	Consolidated six months ended 31 December 2008 \$'000
Revenue and other income		
Property rental income	19,772	21,677
Interest income	2,926	2,458
Net gain on revaluation of financial derivatives	13,215	–
Other income	416	114
Total revenue and other income	36,329	24,249
Expenses		
Property expenses	2,887	1,439
Finance costs to external parties	9,081	9,934
Management fees	982	1,645
Net loss on revaluation of investment property	8,998	85,638
Net loss on revaluation of financial derivatives	–	89,776
Other expenses	736	1,741
Total expenses	22,684	190,173
Profit/loss before income tax	13,645	(165,924)
Income tax (expense) benefit	(212)	15,313
Net profit/(loss) after tax	13,433	(150,611)
Other comprehensive income		
Currency translation differences	(7,188)	48,824
Other comprehensive income for the period	(7,188)	48,824
Total comprehensive profit/(loss) for the period	6,245	(101,787)
Net profit/(loss) attributable to ordinary unitholders	13,433	(150,611)
Total comprehensive profit/(loss) attributable to ordinary unitholders	6,245	(101,787)
Earnings per unit		
Basic and diluted earnings per ordinary unit (cents)	5.4	(61.0)

The Condensed Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the Notes to the condensed interim financial statements, available at www.brookfieldmultiplex.com.

Condensed Consolidated Interim Statement of Financial Position

As at 31 December 2009

	Consolidated 31 December 2009 \$'000	Consolidated 30 June 2009 \$'000
Assets		
Current assets		
Cash and cash equivalents	24,474	18,735
Trade and other receivables	1,671	2,396
Fair value of financial derivatives	847	308
Total current assets	26,992	21,439
Non-current assets		
Investment properties	441,676	488,988
Fair value of financial derivatives	1,128	–
Total non-current assets	442,804	488,988
Total assets	469,796	510,427
Liabilities		
Current liabilities		
Trade and other payables	6,752	7,324
Distribution payable	1,543	1,543
Provisions	1,203	1,311
Total current liabilities	9,498	10,178
Non-current liabilities		
Interest bearing liabilities	369,334	400,619
Deferred income tax liability	40	44
Fair value of financial derivatives	21,124	32,672
Minority interest payable	3,203	3,476
Total non-current liabilities	393,701	436,811
Total liabilities	403,199	446,989
Net assets	66,597	63,438
Equity		
Units on issue	227,228	227,228
Reserves	9,167	16,355
Undistributed losses	(169,798)	(180,145)
Total equity	66,597	63,438

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the condensed consolidated interim financial statements, available at www.brookfieldmultiplex.com.

Interim Report 2010

Multiplex European Property Fund

Corporate Directory

Responsible Entity

Brookfield Multiplex Capital Management Limited
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Directors

Allan McDonald
Brian Motteram
Barbara Ward
Brian Kingston
Russell Proutt

Company Secretary

Neil Olofsson

Registered Office

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135 King Street
Sydney NSW 2000
Telephone: (02) 9322 2000
Facsimile: (02) 9322 2001

Custodian

ANZ Nominees Limited
Level 25
530 Collins Street
Melbourne VIC 3000
Telephone: 1800 177 254

Stock Exchange

The Fund is listed on the Australian Securities Exchange (ASX Code: MUE).
The Home Exchange is Sydney.

Auditor

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Grosvenor Place
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