Brookfield Multiplex Limited

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2010 Interim Results - Multiplex European Property Fund

22 February 2010

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Agenda

- Performance summary
- Financial results summary
    - Income Statement
    - Normalised Results
    - Balance Sheet
- Financial and capital management
- Property and valuation summary
- Economic and operating environment
- Distribution policy
- Conclusion
- Contact details

Performance summary

Key Highlights

- EPU of 3.81cpu* (normalised); 3.75cpu for PCP09**
- DPU of 1.25cpu; 3.75cpu for PCP09

- FY10 Net Property Income (NPI) impacted by reclassification of prior period expenditure
- Cash holdings have increased by approximately $6 million over the period
- 11% relative outperformance against the S&P/ASX 300 A-REIT Index during 2009

- Valuation decrement has slowed to 2% for the period (from 6% at June 2009)
- WALE and occupancy remain high across the portfolio at 7.04 years and 96% respectively

- The Fund remains in compliance with all financial covenants
- No changes to distribution policy in the short term

* Normalised results is net profit after tax excluding non-cash items

** PCP09 is the Previous Corresponding Period ending 31 December 2009

Financial results summary

- Revenue from operations continues to be consistent with prior periods
  - Rent receivables total €0.3 million; only €70k relate to >30 days
- 11% relative outperformance against the S&P/ASX 300 A-REIT Index during 2009
  - 12% cumulative underperformance since inception against S&P/ASX 300 A-REIT Index
- Brookfield Multiplex remains supportive of the Fund
  - Continues to retain IPO holding of 20% of units on issue
  - Continuing to proportionately waive management fees

Financial results summary

- European economic prospects influenced by resolution of lower-tier EU-member countries' problems
  - Top-tier countries (like Germany) expected to assist to ensure stability and restore confidence throughout the region
  - Currency volatility expected to continue in the short-medium term

- Operating expenses have been targeted and reduced during the period
  - Reflective of tighter control over external service provider spending
  - No setup or establishment works completed (as opposed to PCP09)

Income Statement

	Consolidated 31 December 2009 ($'000)	Consolidated 31 December 2008 ($'000)
Property rental income	19,772	21,677
Interest income	2,926	2,458
Other income	416	114
Net unrealised (loss)/gain on revaluation of financial derivatives	13,215	(89,776)
Total revenue and other income	**36,329**	**(65,527)**
Property expenses	2,887	1,439
Net fair value adjustment in investment property	8,998	85,638
Finance costs to external parties	9,081	9,934
Responsible Entity fees	982	1,645
Other expenses	736	1,741
Total expenses	**22,684**	**100,397**
Net (loss)/profit before income tax	**13,645**	**(165,924)**
Income tax benefit/(expense)	(212)	15,313
Net profit after tax	**13,433**	**(150,611)**

Normalised Results

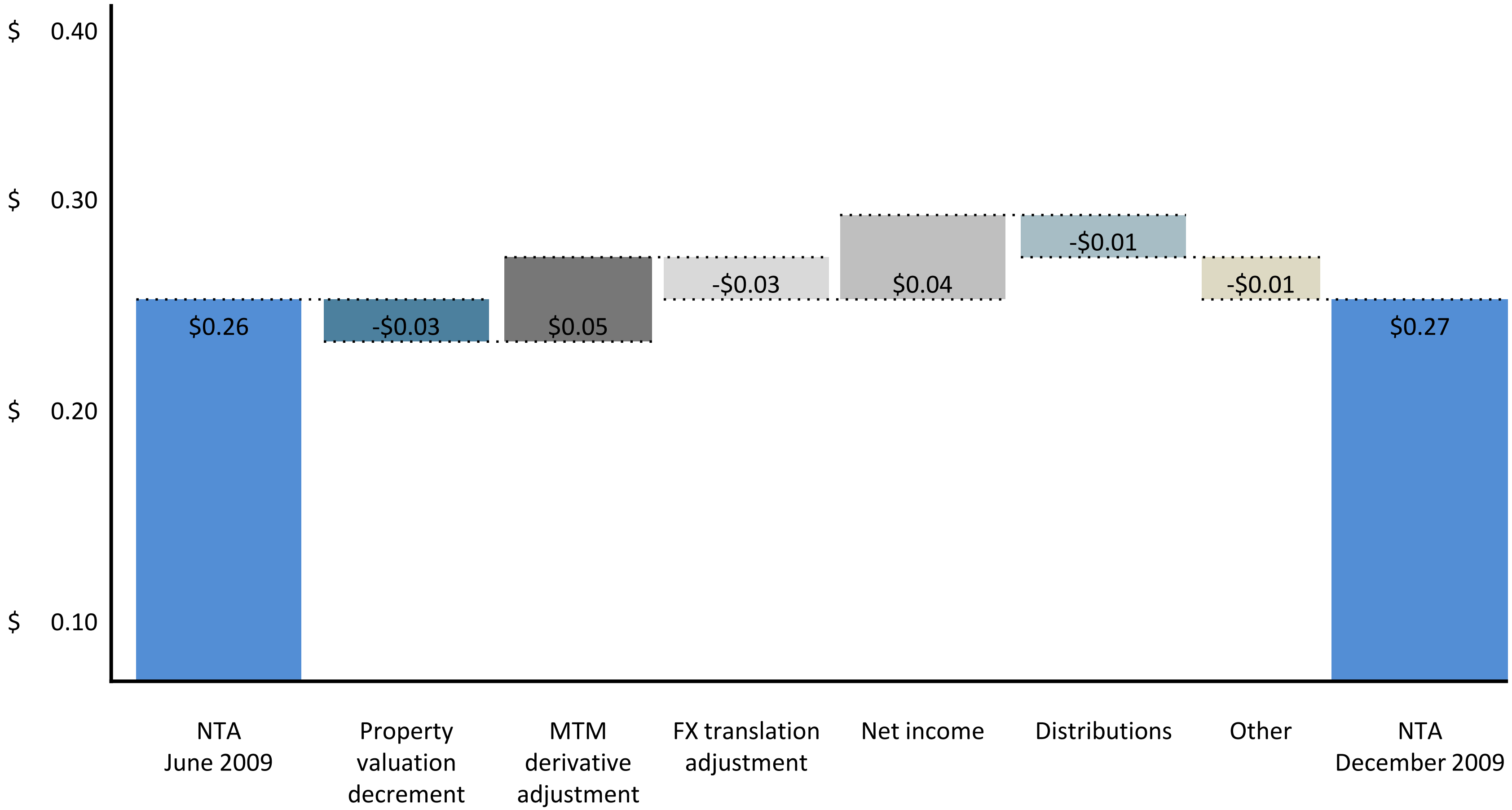
	Consolidated 31 December 2009 ($'000)	Consolidated 31 December 2008 ($'000)
Net profit after tax	**13,433**	**(150,611)**
Adjustments:		
- Unrealised gain on mark-to-market value financial derivatives	(13,215)	89,776
- Net fair value adjustments to investment property	8,998	85,638
- Deferred income tax expense/(benefit)	4	(15,747)
- Amortisation of borrowing costs	176	193
Normalised net profit	**9,396**	**9,249**
Equivalent cents per unit available for distribution	**3.81 cents per unit**	**3.75 cents per unit**

Balance Sheet

	Consolidated 31 December 2009 ($'000)	Consolidated 30 June 2009 ($'000)
Total current assets	26,992	21,439
Total non-current assets	442,804	488,988
Total assets	**469,796**	**510,427**
Total current liabilities	9,498	10,178
Total non-current liabilities	393,701	436,811
Total liabilities	**403,199**	**446,989**
Net assets	**66,597**	**63,438**
Net Tangible Assets (NTA) per unit	$0.27	$0.26
Impact of mark-to-market value of financial derivatives	($0.08)	($0.13)
Fund Gearing (total interest-bearing loans/ total assets at fund level)	79%	78%

Financial and capital management

NTA Waterfall Illustration



Financial and capital management

Impact of financial derivatives on balance sheet

- NTA continues to be affected by the ‘mark-to-market’ value of the Fund’s derivatives as required by current accounting standards
  - Impact has reduced compared to prior periods
- Volatility in the AUD/EUR exchange rate and swap rates
  - Impacts both spot rates and yield curves which continually changes monetisation values and reporting valuations at each reporting date

Instrument	December 2009 ($’000s)	June 2009 ($’000s)	December 2008 ($’000s)
Interest Rate Swap	(18,587)	(18,527)	(13,416)
Cross Currency Interest Rate Swap	(2,537)	(13,478)	(38,757)
FX Forward Exchange Contracts	1,974	(359)	(5,519)
Total mark-to-market position	**(19,150)**	**(32,364)**	**(57,692)**
NTA impact per unit	(7.8cpu)	(13.1cpu)	(23.3cpu)

Financial and capital management

Summary of debt facilities and financial derivatives

Liquidity

- Increased (interest bearing) liquidity at the Australian level

Debt facility

- €231.4 million term facility with Eurohypo AG
- 7 year fully drawn interest only facility expiring 15 April 2014
- No portion is required to be refinanced before expiry
- The Fund remains in compliance with all financial covenants
- ICR is 2.06x; LVR 84% at borrowing level* (ICR covenant >1.3x; LVR covenant <95%)

Interest rate management

- 100% interest rate hedging for duration of term facility (facility requirement)
- Fixed cost of borrowing at 4.48% per annum (incl. effect of financial derivatives)
- Borrowing margin is 69bps

Foreign exchange hedging

- Approximately 95% of original forecast distributable income and 100% invested equity hedged for duration of term facility
- However, Fund is now fully hedged and the Responsible Entity may reduce derivative program on an opportunistic basis

* Covenants as at 15 January 2010

Financial and capital management

MUE ASX unit price v S&P/ASX 300 Property Accumulation Index

Source: IRESS

Financial and capital management

Trading Summary

- 11% relative outperformance (including distributions) against the S&P/ASX 300 A-REIT Index during 2009
- Cognisant that there will be no quick recovery to historical levels
  - Objective remains to ensure continuity and reliability of distributions
  - Minimal trading turnover can inhibit positive momentum (average of 88,500 units traded per day)

- Capital management initiatives that may be considered during 2010
  - Partial or full termination of any of the Fund’s derivative instruments on an opportunistic basis
  - Any termination may impact distributions if the Fund has not distributed at least its taxable income for the year

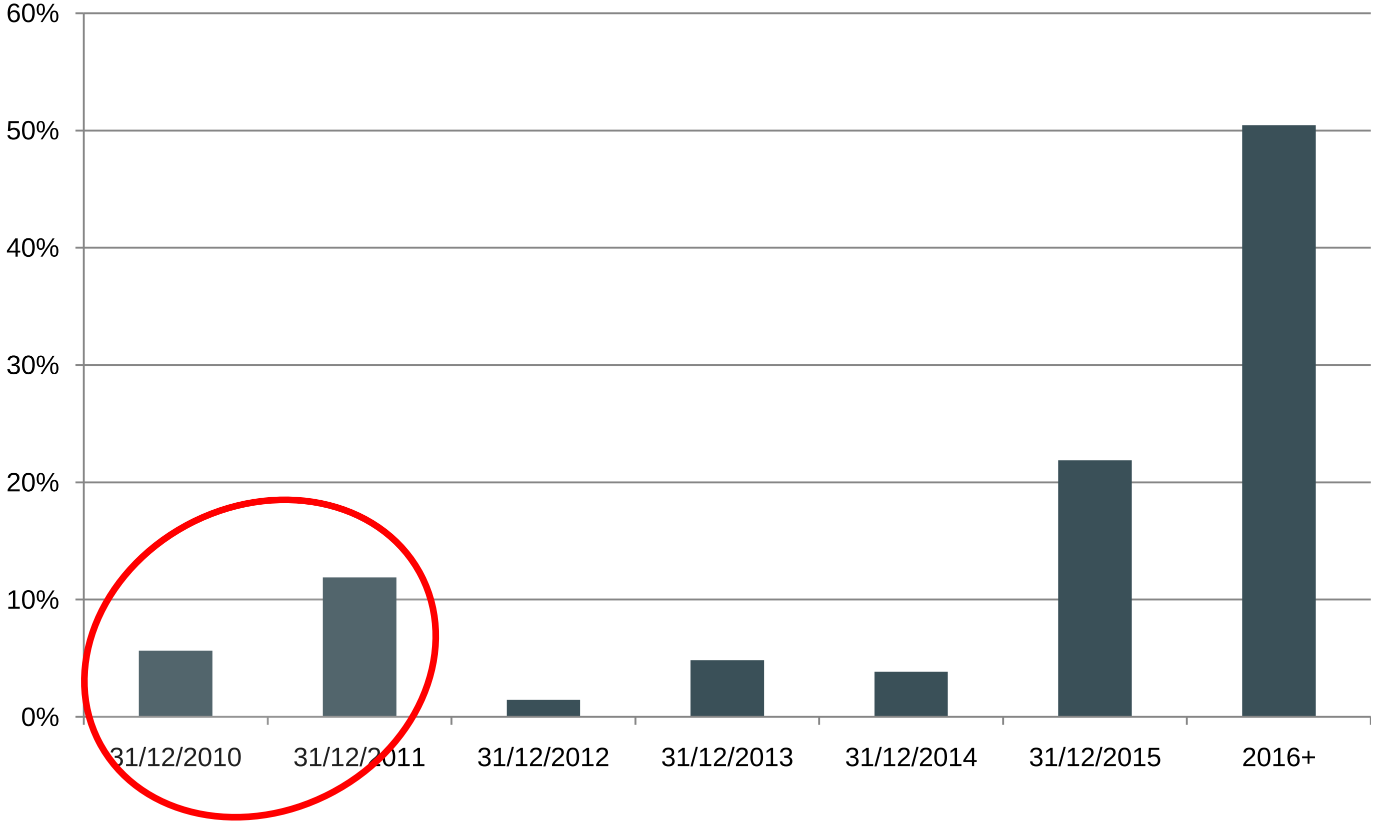
Property and Valuation summary

- Weighted average initial yield for the portfolio has increased by 19bps to 7.58% (7.39% at June 2009)
- Expectation is that valuations are approaching, or have reached, the bottom of the cycle but that recovery is expected to be slow
  - Existing EU concerns and constrained credit markets will make transactions difficult in the future
  - The portfolio's valuation will be subject to any changes in current tenancy profile
  - Key leases need to be renegotiated over the next 18 months to secure rental stream beyond 2014
- Post year end, small increases in CPI have allowed some minor rental increases (primarily with smaller tenants) although no material impact on NPI is expected from these increases

Sector	31 December 2009 valuation (€)	31 December 2008 valuation (€)	% change
Retail	161,950,000	176,190,000	(8.1)
Nursing homes	59,040,000	62,315,000	(5.3)
Logistics	24,990,000	27,080,000	(7.3)
Office	29,670,000	32,470,000	(8.7)
Total	**275,650,000**	**298,055,000**	**(7.6)**

Property and Valuation summary

Lease expiry by income



Key lease expiries primarily represent the following assets:

- Woldegk, Halle in 2010;

- Hallbergmoos, Dusseldorf in 2011

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Economic and operating environment

- Significant concerns over the European Union’s sovereign debt problems
  - Primarily with Greece at the moment
  - This may spread to Portugal, Spain, Ireland and Italy

- Germany continues to be a favoured investment destination in Europe
  - Hamburg, Munich, Berlin and Frankfurt favoured for their economic stability and diversification
  - Strong rebound in residential transactions by open-ended German funds

- ECB has maintained official cash rates at 1%*
  - Forecast is that rates may remain at this level for the majority of 2010
  - Will result in the Fund’s IRS continuing to be “out of the money” in the short-term

- Transaction levels remain down on previous years as credit conditions remain tight

* As at 22 February 2010

Distribution policy

- No change to existing policy for the remainder of FY10
  - Subject to the Responsible Entity’s assessment of the Fund’s operating results, future financial commitments and prevailing market conditions.

- Distributions may change if the Fund terminates any (in part or in entirety) of its derivative positions and has not paid out its taxable income for FY10 (as determined by the Responsible Entity)

Conclusion

Looking forward

- Financial results for FY10 likely to be lower than FY09
  - Result of higher non-recoverable expenditure
    - Progressive capital works and lease incentives to enhance tenant occupancy
    - Higher R&M to maintain property values
    - Tenants wanting to stay but looking for partial rental relief (either outright or traded off for lease extensions)
  - Unlikely to complete any relocation of some management functions to Luxembourg
    - Dependent on completion of German KG restructure

- No quick road to recovery
  - Expected that recovery will be long and slow but will be positive
  - No material increase in income expected from German indexation

Contact Details

David Newling
Head of Direct Property Funds
Brookfield Multiplex Limited

Level 22, 135 King Street
Sydney NSW 2000

Ph: +61 2 9322 2000
Fax: +61 2 9322 2188

Email: david.newling@au.brookfield.com