

ASX Announcement

12 June 2012

Multiplex European Property Fund (ASX: MUE) German Tax Audit

The Directors of Brookfield Capital Management Limited (BCML), as Responsible Entity for Multiplex European Property Fund (Fund) announce that a subsidiary entity of the Fund has received a notice that an assessment from the German tax authorities will be issued in the near future.

The assessment will be in the amount of approximately € 2.03 million and will be issued to a German partnership in which the Fund presently holds a 94.9% interest. The assessment relates to trade tax payable for the 2004-06 income years and will include interest and penalties accrued to the current date.

In line with independent advice received BCML intends to lodge an objection in relation to the assessment and to seek a deferral of payment of the liability pending determination of the objection. The independent advice remains that in the event that the matter was pursued through to court appeal that the Fund is more likely than not to successfully defend its position and that no trade tax would be payable.

In the event that the request for deferral is unsuccessful and the liability of € 2.03 million is due and payable such liability would fall to be paid by the German partnership and ultimately its partners. The assets of this partnership and its partners are limited to the value of the interests held in the partnership's German property portfolio related operating cashflows and the nominal capital of the partners. As notified previously the German partnerships in which the Fund holds a 94.9% interest are in a cash lock-up position as a result of a fall in values of the properties and cash reserves and net operating cashflow cannot be repatriated or disbursed without consent of the financier.

In the event that the assessment becomes due and payable it is intended to pay the assessment from net rental proceeds or to seek the approval of the financier for the payment of the liability from the cash reserves subject to lock-up (which currently amount to approximately € 7 million). Discussions will be undertaken with the financier to confirm the possible use of these reserves if required, but if the financier does not consent to use of the reserves this may give rise to an event of default under the debt facility.

The income years after 2006 are not currently subject to tax audit by the German tax authorities. In the event that the German tax authorities adopted a similar view of the trade tax position of the German partnerships for the 2007 year it is estimated that a liability in the order of € 26.7 million (including interest and penalties) may be payable for that year. Consistent with the 2004-06 years the independent advice remains that in the event that the matter was pursued through to court appeal for the 2007 year that the Fund is more likely than not to successfully defend its position and that no trade tax would be payable.

The Fund retains cash reserves in Australia of approximately \$ 30 million. These cash reserves are not provided as security for the Fund's debt facility and do not form part of the assets of the German partnerships.

BCML will continue to provide updates in relation to the tax audit process when appropriate to do so.

Distributions

As advised on 15 March 2012 declaration of any future distributions will remain subject to ongoing discussions with the Fund's financier, BCML's assessment of the Fund's operating results, future financial commitments, operating and/or market conditions in Europe and Australia and taxation requirements. As such no further distributions will be made for the year ended 30 June 2012.

Further information in this regard will be provided to investors in due course.

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