

26 August 2016

Dear Investor

RE: Multiplex European Property Fund (Fund) – Investor Update

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides an update to investors for the year ended 30 June 2016.

Financial Results

As at 30 June 2016, the Fund had \$29.5 million of assets under management (30 June 2015: \$283.7 million). The Net Asset Value (NAV) for the Fund was \$26.9 million or 10.9 cents per unit (30 June 2015: \$30.1 million or 12.2 cents per unit).

Subsequent to 30 June 2016, the Fund paid a distribution of \$4.0 million (1.6 cents per unit) on 19 August 2016.

Revised Net Asset Value

The Fund's 30 June 2016 NAV of \$26.9 million (10.9 cents per unit) excludes \$4.1 million of forecast costs and taxes yet to be incurred in Australia and Europe to complete the Fund wind up. These costs are not able to be recognised in the financial statements as a liability or provision under relevant accounting standards as there is no present obligation as at 30 June 2016.

The revised estimated NAV to be distributed during wind up is approximately 9.1 cents per unit:

	\$ million	CPU
Net assets as at 30 June 2016	26.9	10.9
Australian operating expenses	(0.3)	(0.1)
Non-Australian operating expenses (including taxes)	(2.8)	(1.2)
Management fees	(0.1)	(0.1)
Wind up costs	(0.9)	(0.4)
Revised estimate of cash to be distributed during wind up	22.8	9.1

Wind up of the Fund's subsidiaries will continue in line with the strategy advised in July 2015 and cash distributed during wind up may be higher or lower than current expectations of 9.1 cents per unit. Distributions are subject to:

- Further movements in exchange rates;
- Claims on warranties for the sale of the Fund's properties;
- Changes in previous interpretation of German tax laws or laws in other jurisdictions; and
- Increased costs through delay in any required restructuring or wind up.

German tax audit 2007 to 2010

Final audit findings have been received in relation to the last of the Fund's German partnerships and confirm no assessment for Trade Tax for 2007 to 2010. These findings are consistent with the previous audit findings for the Fund's other six German partnerships in relation to Trade Tax confirming that no place of management was considered to be in existence in Germany in the 2007 to 2010 years.

In addition, the documents received indicate a liability of approximately €0.2 million (A\$0.3 million) for corporate income tax which would be payable by the Fund's subsidiaries who are partners in the partnerships. There is no liability for VAT payable. It is not the current intention to contest this liability and the tax will be paid in due course.

Payment of this assessment will complete the tax audit of all seven partnerships for 2007 to 2010. Once the relevant liability is paid, the German tax office will generally be unable to re-assess or make any further amendments for those years.

Future distributions

BCML is working with German advisers to release additional cash held in the German partnerships to enable further distributions. Investors will be advised of further distributions in due course.

Further information and financial results

The Fund's audited financial report for the full year ended 30 June 2016 is available at www.au.brookfield.com and we recommend that investors review this document.

BCML will continue to provide investor updates via the website including information regarding the timing and quantum of distributions.

Yours sincerely

Brookfield Client Services Team
Phone: 1800 570 000
Email: clientenquiries@au.brookfield.com