Brookfield

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Multiplex New Zealand Property Fund
ARSN 110 281 055

9 March 2011

Dear Investor

RE: Multiplex New Zealand Property Fund (Fund)
Half year update for the period ending 31 December 2010

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides the following update to investors.

Key results for the six month period to 31 December 2010 are:

- a net loss after tax of $9.2 million (Australian dollars unless otherwise indicated), which includes:
  - $16.6 million unrealised losses on revaluations of investment properties (2009: unrealised losses $23.2 million); and
  - $2.1 million unrealised gains on revaluations of financial derivatives.
- total revenue and other income of $27.6 million;
- net assets attributable to investors of $128.2 million (30 June 2010: $148.3 million)
- net tangible asset (NTA) of $0.59 per unit (30 June 2010: $0.68). This is a decrease of 9 cents on the 30 June 2010 NTA and can be attributed to a combination of the appreciation of the Australian dollar against the New Zealand dollar and a decline in property values. In New Zealand dollar terms, the NTA as at 31 December 2010 is NZ$0.78 per unit (30 June 2010: NZ$0.84); and
- portfolio occupancy as at 31 December 2010 is 91.77% with a weighted average lease expiry (WALE) of 4.82 years.

Status of property sales

The strategy for the Fund continues to be to reduce the gearing of the Fund by reducing the size of the property portfolio where an appropriate price can be obtained.

Since 31 December 2010 the Fund has settled the sale of Valley Mega Centre Stages 1 and 2 and the property located at 70 Symonds Street, Auckland. The combined net proceeds from settlement of these three properties is approximately NZ$59 million and has been applied to further reduce debt.

Exit mechanism

The Fund's Constitution sets out the process in relation to the exit mechanism available to investors.

BCML must send a notice to investors asking whether they wish to continue with their investment or withdraw from the Fund. This notice must be provided by 1 June 2011 unless BCML extends the period to provide such notice by up to 12 months where BCML believes that some or all of the assets cannot be sold on terms which are in the best interests of investors within a reasonable time after 1 September 2011. BCML may form this belief for any reason in its discretion and such reasons may include (but are not limited to):

i. unfavourable market conditions such that the value of the assets cannot be realised; or

ii. a sale had been negotiated, but did not proceed to completion and more time is needed to negotiate a new sale.

BCML will consider market conditions and other relevant factors (including the terms of the debt facility) and will communicate its views to investors prior to 1 June 2011.

Extension of debt facility

Documents to amend the terms of the Fund's debt facility have now been executed. A summary of the key terms of the debt facility are as follows:

<table>
<tr><td>Maturity date</td><td>30 August 2012</td></tr>
<tr><td>Interest rate</td><td>Calculated as the base rate plus a margin. Margin is determined according to the LVR.
<table><tr><td>LVR</td><td>Margin (%)</td></tr><tr><td>Less than 50%</td><td>2.60</td></tr><tr><td>50 to 55%</td><td>2.90</td></tr><tr><td>55 to 60%</td><td>3.10</td></tr><tr><td>Greater than 60%</td><td>3.30</td></tr></table>
The margin on commencement is 3.30%. If the Interest Cover Ratio is, or is forecast to be, less than 1.4 times, the margin will be 3.30% regardless of the LVR.</td></tr>
<tr><td>Loan to Value Ratio covenant requirement</td><td>The LVR must not:
– exceed 65% until 29 June 2011;
– exceed 60%from 30 June 2011 to 29 June 2012; and
– exceed 55%from 30 June 2012.</td></tr>
<tr><td>Earnings covenant requirement</td><td>The interest cover ratio (ICR) commences at 1.3 times and increases to 1.4 times by 31 March 2012 (subject to comments below) and to 1.5 times by 30 June 2012.

However, until the ICR and the forecast ICR is at least 1.4 times, NZ$6.5 million (being the rental shortfall required to satisfy an ICR of 1.4 times) is to be held on deposit with a charge provided over the deposit.

If the ICR and forecast ICR is 1.4 times or greater, the rental shortfall placed on deposit may be released back to the Fund but the ICR requirement immediately increases to 1.4 times.</td></tr>
<tr><td>Lease covenant</td><td>Weighted average lease term to be not less than 3 years.</td></tr>
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Gearing covenant	Measured by total liabilities to total tangible assets (excluding deferred management fees). The Gearing Ratio must not: – until 29 June 2011 exceed 75%; – from 30 June 2011 to 29 June 2012 exceed 70%; and – from 30 June 2012 exceed 65%.
Mandatory prepayments	All proceeds from sale of assets (net of taxes and transaction costs) are applied against the facility. In certain circumstances the financiers' consent may be required for sale of an asset.
Distributions	Permitted to be paid where the LVR is and will remain below 55% and no default or potential event of default exists or will occur as a result of the distribution.
Management fees	Permitted to be paid where the LVR is and will remain below 60%. Accrued management fees permitted to be paid where the LVR is and will remain below 55%. In each case no default or potential event of default must exist or occur as a result of the distribution.
Additional review events	In circumstances where investors are provided with a notice prior to 2 June 2011 asking them whether they wish to continue with their investment or withdraw from the Fund, a review event under the facility may arise in circumstances where the financiers are not provided with a satisfactory strategy to facilitate the exit of those investors who wish to withdraw from the Fund prior to 1 September 2011. Review events also exist in relation to the progress of re-leasing in the period to 31 December 2011. If a review event occurs, the financiers have certain rights that they may exercise which may include termination of the facility or a change to the terms and pricing.

Distributions and the impact of the revised debt facility on the Fund and investors

The 12 month extension of the debt facility to 30 August 2012 is an important outcome for the Fund. It allows further consideration to be given to the optimal way investors may exit the Fund and/or for the Fund to maximise proceeds from the disposal of any further properties.

Under the revised facility the Fund is restricted from making distributions to investors until the LVR is less than 55% (assuming all other covenants are satisfied). The Fund is restricted from paying any management fees until the LVR is below 60%. No management fees have been paid since March 2008, although they continue to be accrued in the Fund's accounts.

When taking into consideration the value of the Fund's assets as at 31 December 2010 and the sale of Valley Mega Centre Stages 1 and 2 and 70 Symonds Street, Auckland the LVR would further reduce to approximately 58.8%.

Excess cash-flow from the Fund's operations and current cash reserves are required to secure re-leasing of the Fund's properties as vacancies arise and to meet ongoing capital expenditure requirements. In particular, the Telecom House property in Auckland is now vacant and a key priority is securing a replacement tenant.

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As the focus remains on securing the capital value of the Fund's properties, it is not anticipated that distributions will be re-introduced in the short term.

Christchurch Earthquake

The Fund no longer has any properties in the Christchurch area and was not affected by the recent earthquake.

Half year financial results

The reviewed financial statements for the six month period to 31 December 2010 are available at www.au.brookfield.com.

Future Updates

BCML will continue to keep investors updated on the progress of the Fund during the course of the year. Please refer to www.au.brookfield.com for regular Fund information.

Yours sincerely

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