

6 September 2011

Dear Investor

RE: Multiplex Property Income Fund (Fund) Investor Update for the Year Ended 30 June 2011

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provide this update to investors for the year ended 30 June 2011.

Key messages in this update are:

- Net profit of \$1.3 million (30 June 2010: \$ 6.3 million net loss);
- Distributions per unit up 36% to 4.1959 cents per unit (30 June 2010: 3.1428 cents per unit);
- Total assets of the Fund up 4% to \$41.2 million (30 June 2010: \$39.5 million); and
- NTA per Income Unit up 5% to \$0.78 (30 June 2010: \$0.74).

Key financials

A summary of Fund performance follows:

	As at 30 June 2011	As at 30 June 2010	Six month movement
Total Asset (\$'000)	41,178	39,527	4% increase
Total Liabilities (\$'000)	208	281	26% decrease
Net Assets (\$'000)	40,973	39,246	4% increase
Number of Income Units ('000)	52,791	52,791	No Change
Number of Ordinary Units ('000)	30,076	30,076	No Change
NTA Income Unit (\$)	\$0.78	0.74	5% increase
NTA Ordinary Units	nil	nil	n/a
	For the year ended 30 June 2011	For the year ended 30 June 2010	Variance
Total Revenue(\$'000)	2,579	1,843	40% Increase
Total Expenses (\$'000)	1,278	8,062	84% decrease
Net Profit / (Loss) for the period (\$'000)	1,301	(6,219)	
Distributions (cents per unit)	4.1959	3.1428	36% increase

Investment Portfolio Update

As at 30 June 2011, the Fund's portfolio consisted of 40 investments with 12% (by value) of the investments held in AREIT's and the balance in unlisted securities.

The value of the Fund's underlying investment portfolio has increased by 4.2% to \$41.2 million as at 30 June 2011 and now reflects an NTA of \$0.78 per Income Unit. Ordinary units in the Fund held by Brookfield Australian Opportunities Fund (BAO) (previously Multiplex Acumen Property Fund) have an NTA of nil.

In determining the NTA of the Fund, the carrying value of the unlisted investments is assessed using the last reported NTA for each underlying investment (generally as at 30 June 2011). In the case of P-REIT (formerly RP Trust) the NTA has been reduced to reflect uncertainty associated with its imminent listing on the ASX. The AREITs (listed investments) are shown at the ASX closing price on 30 June 2011.

The major contributor to the improvement in NTA was reinstatement of the carrying value of the Fund's investment in APN Vienna Retail Fund. Since 30 June 2010 this investment has reported an improved financial position with increased value of underlying property assets and reduced threat of default under its financing arrangements as a result of a breach of its debt covenants.

During the quarter ending June 2011, the Fund sold all of its investment in Charter Hall Office Trust (CQO) and reinvested \$0.5 million in Commonwealth Property Fund. The Fund realised a gain of circa \$0.2 million on disposal.

The Fund's investment portfolio is as follows:

Unlisted Property Securities	Percentage of investment portfolio (%)	Cash Distribution Yield to the Fund⁽¹⁾ (%)
APN Champion Fund	13.39	4.1
APN National Storage	2.92	2.3
APN Regional Property Fund	1.22	3.6
APN UKA Poland Retail Fund	0.00	0.0
APN UKA Vienna Retail Fund	3.49	5.3
Australian Unity Diversified Property Fund	1.49	7.4
BGP Holdings Beneficial Interest Share	0.00	0.0
BlackWall Property Funds Limited	0.00	0.0
BlackWall Telstra House Trust (formerly Pelorus Telstra House)	0.85	8.9
Centro MCS 21 Roseland Investment Trust	2.67	0.8
Centro MCS 22 Kidman Park Investment Trust	2.56	15.8
Centro MCS 28 Investment Unit Trust	2.35	1.9
Charter Hall Diversified Property Fund	8.31	4.5
Charter Hall Umbrella Fund	7.70	5.9
Investa Diversified Office Fund	6.47	5.4
Investa Fifth Commercial Trust	7.03	4.3
MAB Diversified Property Trust	3.56	5.8
Multiplex New Zealand Property Fund	1.63	0.0
Pengana Credo European Property Trust	0.00	0.0
PFA Diversified Property Trust	5.90	7.6
P-REIT (formerly RP Trust)	2.84	0.0
Rimcorp Property Trust No.3	1.39	9.9
Stockland Direct Office Trust No.3	1.18	0.0
The Childcare Property Fund	4.62	8.4
The Essential Healthcare Trust	0.04	0.0
Cash Asset	6.90	5.8

Listed Property Securities	Percentage of investment portfolio (%)	Cash Distribution Yield to the Fund ⁽¹⁾ (%)
Abacus Property Group	0.43	7.5
Aspen Group	0.40	9.6
Australand Property Group	0.41	7.4
Challenger Diversified Property Group	0.65	7.2
Charter Hall Retail REIT	1.15	7.8
Colonial First State Retail Property Trust	0.32	7.0
Commonwealth Property Office Fund	2.17	3.5
Dexus Property Group	1.69	5.7
GPT Group	0.57	6.2
Investa Office Fund (formerly ING Office Fund)	1.92	4.3
Mirvac Group	1.17	5.2
Stockland	0.61	7.1
Total	100.00	5.4

⁽¹⁾ Distribution yield to the Fund is calculated based on the distributions (excludes return of capital) received by the Fund divided by the investment carrying value as at 30 June 2011.

Distributions

The Fund paid distributions of 4.1959 cents per unit for the twelve months to 30 June 2011. This equates to an annualised distribution yield of 4.2% on an issue price of \$1.00 and 5.4% on the Fund's NTA. This increase in distribution rate is largely due to a number of the Fund's underlying investments recommencing distribution payments. Major contributors are:

- APN Vienna Retail Fund declared a one off distribution payment of 3.11 cents per unit which was paid in April 2011. This reflects a \$74,640 payment to the Fund. Distributions had been suspended since June 2008 as part of the fund's capital management strategy; and
- APN National Storage Fund reinstated distributions from the March 2011 quarter which contributed \$27,071 to the Fund. Distributions had been suspended in this fund since June 2009. Future distribution rates will be reviewed quarterly.

Return of capital

As highlighted previously, Orchard's Essential Health Care Trust paid \$1.2 million in distributions and other proceeds for the wind up of the fund.

The Fund also received \$0.3 million from the wind up of Gordon Property Trust and participated in withdrawal offers from Multiplex New Zealand Property Fund for \$0.05 million and Australian Unity Diversified Property Fund for \$0.2 million.

MAB Diversified Property Fund is currently in wind up and recently announced a decline in demand for its investment properties. As a result, the Fund is now reviewing its strategy for the sale of uncontracted properties. This may include postponing the sale program or specific asset management strategies to achieve a superior outcome for investors.

The responsible entity of Centro MCS 21 syndicate has notified investors that the syndicate is approaching the end of its investment term and is proposing a termination on 31 July 2012.

The Fund continues to actively engage with all managers of the unlisted portfolio and, to the extent possible, exert influence to the maximum benefit of unitholders. This includes discussions regarding distributions, return of capital, as well as potential further investments.

Priority Distribution Payment

Despite the increased distribution rate at 30 June 2011, the Fund did not meet the targeted monthly priority distribution payment (PDP) to Income Unitholders. The PDP is calculated on a 12 month rolling basis with reference to a margin of 2.5% per annum above the distribution yield on the S&P/ASX 200 Property Trust Index (with a minimum distribution of 7.5% per annum and a maximum of 8.5% per annum). The shortfall in PDP for the year ended 30 June 2011 was \$2.1 million. Therefore, BAO, as the holder of the ordinary units in the Fund, is prevented from making a distribution payment to its investors unless the shortfall has been met. The distribution stopper will remain in place until any shortfall in the PDP for the preceding 12 months has been paid to Income Unitholders.

Financial results

The audited financial statements for the year ended 30 June 2011 are available at www.au.brookfield.com. It is recommended that investors review the financial statements.

Future Direction and Redemption Policy

BCML is committed to preserving the capital value of the Fund and will continue to pursue the Fund's investment policies in accordance with the Product Disclosure Statement.

BCML will also continue to provide updates via our website to investors regarding earnings of the Fund as well as timing and quantum of distributions.

Yours sincerely



Sue Ly
Fund Manager
Multiplex Property Income Fund