

2 March 2011

Dear Investor

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

The Directors of Brookfield Capital Management Limited (BCML), provide the following update to investors for the six month period to 31 December 2010.

Key financial results for the period are:

- net profit up 114% to \$0.8 million (31 December 2009: \$5.7 million of net loss);
- distributions per unit up 136% to 1.653 cents per unit (31 December 2009: 0.7004 cents per unit);
- total assets of the Fund up 3.4% to \$40.9 million (30 June 2010: \$39.5 million); and
- Net Tangible Asset (NTA) per Income Unit up 4% to \$0.77 (30 June 2010: \$0.74).

**Investment Portfolio Update**

As at 31 December 2010, the Fund's portfolio consisted of 42 investments with 11% (by value) of the investments held in listed securities and the balance in unlisted securities.

The value of the Fund's underlying investment portfolio increased by 9.8% to \$38.9 million as at 31 December 2010 and now reflects an NTA of \$0.77 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.

The main contributor to an improved NTA is the re-instatement of the carrying value of the Fund's investment in APN Vienna Retail Fund which has an underlying NTA of \$1.3 million. This investment reported improved trading performance and has retained cash reserves to mitigate financing risks as part of its capital management strategy.

During the period the Fund took the opportunity to utilise cash reserves to increase its holding in a number of listed property securities by purchasing circa \$2.4 million of largely commercial property related securities which provide cash yield and capital growth opportunities.

In addition, the opportunity was taken to monetise part of the Fund's investment in two unlisted Property Funds, as follows:

- 76,294 units redeemed at \$0.6499 per unit from Multiplex New Zealand Property Fund; and
- 280,207 units redeemed at \$0.7989 per unit from Australian Unity Diversified Property Fund.

The Fund currently has the following investment portfolio:

Listed Property Securities	% of investment portfolio	Forecast distribution yield to the Fund <sup>(1)</sup> (%)
Abacus Property Group	0.44	7.5
Aspen Group	0.46	8.8
Australand Property Group	0.44	7.2
Challenger Diversified Property Group	0.62	8.0
Charter Hall Office REIT	1.13	6.0
Charter Hall Retail REIT	1.10	8.2
Colonial First State Retail Property Trust	0.33	7.2
Commonwealth Property Office Fund	0.45	6.6
Cromwell Group	0.64	8.6
Dexus Property Group	1.49	6.5
GPT Group	0.56	6.4
ING Office Fund	1.62	5.3
Mirvac Group	1.20	5.3
Stockland	0.68	6.1
<b>Listed Investments subtotal</b>	<b>11.14</b>	<b>6.7</b>
<b>Unlisted Property Securities</b>		
APN Champion Fund	13.28	4.3
APN National Storage	2.80	1.1
APN Regional Property Fund	1.26	4.4
APN UKA Poland Retail Fund	0.0	0.0
APN UKA Vienna Retail Fund	3.29	0.0
Australian Unity Diversified Property Fund	1.52	7.0
BGP Holdings Beneficial Interest Share <sup>(2)</sup>	0.00	0.0
Charter Hall Diversified Property Fund	8.63	4.6
Charter Hall Umbrella Fund	8.12	5.9
Centro MCS 21 Roseland Investment Trust	2.63	0.8
Centro MCS 22 Kidman Park Investment Trust	2.74	15.6
Centro MCS 28 Investment Unit Trust	1.87	2.5
Gordon Property Investment Trust	0.70	4.0
Investa Diversified Office Fund	6.80	4.9
Investa Fifth Commercial Trust	7.43	4.6
MAB Diversified Property Trust	4.37	2.5
Multiplex New Zealand Property Fund	1.70	0.0
Pengana Credo European Property Trust	0.00	0.0
Pelorus Telstra House	0.88	9.1
PFA Diversified Property Trust	6.29	7.4
Rimcorp Property Trust No.3	1.46	9.9
RP Trust	4.35	0.0
Rubicon America Trust <sup>3</sup>	0.00	0.0
Rubicon Europe Trust Group <sup>3</sup>	0.00	0.0
Rubicon Japan Trust <sup>3</sup>	0.00	0.0
Stockland Direct Office Trust No.3	1.11	0.0
The Childcare Property Fund	4.52	8.4
The Essential Healthcare Trust	3.11	4.5
<b>Unlisted Investments subtotal</b>	<b>88.86</b>	<b>4.7</b>
<b>TOTAL</b>	<b>100.00</b>	<b>4.9</b>

- Forecast yield to the Fund is calculated based on investment carrying value as at 31 December 2010. The forecast distribution yields to be received by the Fund are estimates based on discussions with the underlying investments fund manager. This may change from time to time and will be subject to market conditions.
- BGP Holdings Beneficial Interest Share do not carry any value. These were issued to the Fund from GPT as an in-specie transfer of shares.
- All Rubicon Trusts are in voluntary administration.

## Distributions

The Fund has paid distributions of 1.6532 cents per unit for the six months to 31 December 2010 (excluding the month of December 2010 which was paid in January 2011). This equates to an annualised distribution yield of 3.3% on an issue price of \$1.00 and a yield of 4.3% on the NTA of the Income Unit of \$0.77.

The increase in distribution rate from the comparative period is largely due to a number of the Fund's underlying investments re-commencing distribution payments. A summary of the major contributors are:

- The Childcare Property Fund declared a yearly distribution of 2.65 cents per share contributing \$53,000 to the Fund;
- Investa Fifth Commercial Trust recommenced paying distribution in the March 2010 quarter contributing \$33,000; and
- APN Champion declared a half year distribution of €1.4 contributing \$224,000 to the Fund.

The Fund has a circa 20% investment in APN Champion Fund. This investment is deferring payment of any distribution for the half year to 31 December 2010 in order to manage any weakness or uncertainty being by economic issues in Greece. It is currently not known when distributions will be received from this investment.

Despite an increased distribution rate as at 31 December 2010, 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). Therefore, BAO as the holder of 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.

BCML will continue to provide monthly updates via [www.au.brookfield.com](http://www.au.brookfield.com) regarding Fund earnings as well as timing and quantum of distributions.

## Key Financials Update

	As at 31 December 2010	As at 30 June 2010	Six month movement
Total Asset (\$'000)	40,863	39,527	3.4% increase
Total Liabilities (\$'000)	0	281	100% decrease
Net Assets (\$'000)	40,863	39,246	4.1% 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 (\$)	\$0.77	0.74	4.1% increase
NTA Ordinary Units	nil	nil	n/a

	For the interim period ended 31 December 2010	For the interim period ended 31 December 2009	Variance
Total Revenue(\$'000)	1,245	723	72% Increase
Total Expenses (\$'000)	470	6,378	93% decrease
Net Profit / (Loss) for the period (\$'000)	775	(5,655)	114% increase
Distributions (cents per unit)	1.6531	0.7004	136% increase

## 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.

As previously communicated, redemptions will remain suspended and further consideration will be given to reopening redemptions when the value of the underlying investment portfolio increases to \$1.00 per Income Unit. As this may take some time, BCML continues to review the strategy for the Fund and in particular, the Fund's relationship with the holder of the Ordinary Units in the Fund, BAO. Any proposals arising from this review will be communicated to investors.

## Half Year Financial Results

The reviewed financial statements for the six month period to 31 December 2010 are available at [www.au.brookfield.com](http://www.au.brookfield.com).

## Future Updates

We will continue to keep investors informed of updates in relation to the Fund. Alternatively, please refer to [www.au.brookfield.com](http://www.au.brookfield.com) for regular Fund information.

Yours sincerely



**Sue Ly**  
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