

27 September 2011

Dear Investor

## **RE: Proposed sale of assets, termination and wind up of Multiplex Property Income Fund**

The directors of Brookfield Capital Management Limited (ABN 32 094 936 866) (**BCML**) as responsible entity of Multiplex Property Income Fund (ARSN 117 674 049) (**Manager**) have received a conditional offer (**Offer**) from BCML as responsible entity of Brookfield Australian Opportunities Fund (ARSN 104 341 988) (**BAO**) to buy nine property security investments owned by the Fund (**Sale Assets**).

This Offer, subject to unitholder approval, provides an opportunity for the Fund to exit these largely illiquid investments and return cash back to unitholders within 30 days of unitholder acceptance.

### **Key messages**

- BAO has offered to buy nine property security investments from the Fund for a total price of \$12,187,471 (**Sale Price**). The price represents a 20% discount to the carrying value of the Sale Assets in the Fund's financial statements as at 30 June 2011.
- The offer is subject to conditions that include terminating and winding up the Fund.
- A meeting of Fund unitholders will be held in November to vote on the Offer and associated conditions (which include amending the Fund's constitution to commence termination and wind up of the Fund, and removing the Distribution Stopper<sup>1</sup>) (**Proposal**).
- A Notice of Meeting and Explanatory Memorandum outlining the Proposal and consequences for unitholders will be sent in October 2011.

### **Potential impact on the Fund and unitholders**

If the Proposal is approved by both the Fund's unitholders and BAO's unitholders, the following consequences will arise:

- The Manager will also monetize its liquid investments and together with the proceeds from the Sale Assets return approximately 36 cents per unit to unitholders within 30 days of the meeting;
- the Fund will terminate and wind up;
- the Fund will realise the balance of its assets and will make further returns of cash to unitholders until all assets have been realised; and
- removal of the Distribution Stopper which currently restricts BAO from making certain distributions to its investors.

### **Process for review of the Proposal**

As well as being the responsible entity of the Fund, BCML is the responsible entity of BAO. Recognising the possibility for conflicts that may arise in considering the Proposal, BCML has established two separate board sub-committees to represent the interests of the Fund and BAO<sup>2</sup>.

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<sup>1</sup> Details of the Distribution Stopper are outlined in the Fund PDS, dated 13 March 2007.

## Details of Conditions precedent

On 27 September 2011, the Manager and BAO entered into an implementation deed (**Implementation Deed**) to transfer the Sale Assets. The Implementation Deed contains several conditions precedent, including:

- obtaining approval from Fund unitholders to:
  - amend the Fund's constitution to commence termination and wind up of the Fund on and from the Business Day after the meeting;
  - complete the transfer of Sale Assets to BAO for the Sale Price;
  - remove the Distribution Stopper; and
  - include an additional clause in the Terms of Issue of Income Units to reflect removal of the Distribution Stopper;
- BAO unitholders approval;
- obtaining all regulatory approvals required to give effect to the Proposal;
- no Courts or regulatory authority has issued an order to prevent the Proposal from taking place;
- both the Fund's and BAO's independent experts have provided independent expert opinions that are satisfactory to the Manager and BAO respectively; and
- BAO obtaining FIRB approval.

## Timetable and approvals

The Manager intends to circulate a Notice of Meeting and Explanatory Memorandum to Fund unitholders in October 2011 which will provide a detailed explanation of, and information about, the Proposal, together with a copy of the Independent Expert's report prepared by BDO Securities (NSW-VIC) Pty Limited. The Explanatory Memorandum will set out the implications for Fund unitholders in accepting or rejecting the Proposal and will detail the voting process to be undertaken.

In the absence of a superior proposal and subject to the Independent Expert's opinion, the Independent Director of the Manager recommends the Proposal.

## Next steps

The directors of BCML will provide investors with further information in relation to the Proposal as soon as it becomes available.

Yours sincerely



Sue Ly  
**Fund Manager**

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<sup>2</sup> The Fund's sub-committee is comprised of a sole director, being Ms Barbara Ward who is an Independent Director. The BAO sub-committee comprises two independent directors, being Mr Brian Motteram and Mr Allan McDonald.