

26 August 2016

Dear Investor

**RE: Multiplex Property Income 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's net assets were \$1.5 million (30 June 2015: \$4.1 million) or 3 cents per unit (30 June 2015: 8 cents per unit). The decrease reflects distributions and capital returns made during the period.

A summary of the Fund's performance is as follows:

	<b>As at 30 June 2016</b>	<b>As at 30 June 2015</b>
Total assets (\$'000)	2,572	4,174
Total liabilities (\$'000)	1,073	35
Net assets (\$'000)	1,499	4,139
Number of Income Units ('000)	52,791	52,791
Number of Ordinary Units ('000)	30,076	30,076
NAV Income Units (\$)	0.03	0.08
NAV Ordinary Units (\$)	Nil	Nil
	<b>For the full year ended 30 June 2016</b>	<b>For the full year ended 30 June 2015</b>
Total revenue (\$'000)	570	517
Total expenses (\$'000)	178	188
Net profit / (loss) for the period (\$'000)	392	329
Distributions and return of capital (cents per unit)	5.6228	6.6596

**Investment Portfolio Update**

As at 30 June 2016, the Fund held units in two ASX listed REITs and seven unlisted investments including four investments which are in wind up. No value is expected for three of the investments in wind up. Six investments; APN Poland Retail Fund, Charter Hall Diversified Property Fund, Charter Hall Umbrella Fund, FCL European Property Fund, Rubicon Japan Trust and Rubicon America Trust wound up during the period.

In determining the value of the Fund's assets, the carrying value of unlisted investments is assessed using the Net Asset Value (NAV) provided on 30 June 2016, or, when the unlisted fund is in wind up, the anticipated NAV less wind up costs. Listed investments are shown at the ASX closing price on 30 June 2016.

## Unlisted Investments

### **APN Regional Property Fund (Regional Property Fund)**

Regional Property Fund is listed on the National Stock Exchange of Australia (NSX), however it is too thinly traded to enable MPIF to exit at an acceptable value. APN is currently reviewing its long term strategy for Regional Property Fund. Regional Property Fund currently pays a distribution of nine cents per unit per annum which equates to a yield of 8.2% on the December 2015 net asset value.

### **BGP Holdings**

BGP's Board decided not to proceed with the options to monetise its remaining assets, as it did not consider the options extracted the best value for the company. The residential property market in Germany is improving and significant volumes of mergers and acquisitions have taken place. This may see renewed enquiries to acquire the BGP investment. No value continues to be attributed to the BGP holding.

### **Blackwall Telstra House Trust (BWTHT)**

The Fund accepted an offer to swap its 330,998 BWTHT units for ASX listed units in Blackwall Property Trust (BWR). This provides the Fund with an option to monetise the majority of its investment, as no liquidity facility or exit mechanism was available for the BWTHT investment. BWTHT was also affected by leasing and re-financing risks.

MPIF received 264,791 BWR units for its 383,946 BWTHT units.

On 29 June 2016, BWR transferred its investment in Pelathon Pub Group (PPG) pro rata to all BWR unitholders. PPG is a small unlisted fund that owns three pubs in regional NSW. MPIF held 264,791 BWR units on 29 June 2016 and received 657,135 PPG units valued at \$42,714.

### **Multiplex New Zealand Property Fund (MNZPF)**

During the year, MNZPF completed the sale of its last three office assets. MNZPF paid a distribution of 4.0 cents per unit on 29 June 2016 and 18.0 cents per unit on 6 July 2016 from which MPIF received \$45,016 and \$202,572 million respectively.

MNZPF continues to be in wind up. We expect it will take approximately 12 months and during that time any remaining cash will be distributed to investors.

### **Listed REITs**

As at 30 June 2016, MPIF's ASX listed REIT portfolio comprised:

- BlackWall Property Trust (BWR) - MPIF received 264,791 BWR units in a swap for its 383,946 BWTHT units; and
- National Storage REIT (NSR) - during the period, 600,000 units were disposed of at an average price of \$1.84 per unit realising net proceeds of \$1.0 million. The Fund holds 75,234 units as at 30 June 2016.

MPIF intends to divest its REIT portfolio when it considers an optimal return can be achieved.

## Further information and full year financial results

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

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

Yours sincerely



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## APPENDIX: FUND'S INVESTMENT SUMMARY

The Fund's investment portfolio as at 30 June 2016 (excluding investments in wind up and for which no value is expected) is as follows:

<b>Listed Property Securities</b>	<b>Investment Value (\$m)</b>	<b>Percentage of total investment (%)</b>
BlackWall Property Trust	0.33	25
National Storage REIT	0.13	9
<b>Unlisted Property Securities</b>		
APN Regional Property Fund	0.60	45
BGP Holdings Beneficial Interest Share	0.00	0
Multiplex New Zealand Property Fund	0.25	18
Pelathon Pub Group	0.04	3
<b>Total Investment Value</b>	<b>1.35</b>	<b>100</b>