Brookfield

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14 August 2012

Dear Unitholder

RE Update regarding your decision to remain invested, or dispose of your investment, in Multiplex New Zealand Property Fund (Fund)

We refer to the previous correspondence regarding your decision to continue to remain invested or dispose of units in the Fund (by way of sale or withdrawal). Brookfield Capital Management Limited, (BCML or Manager) as responsible entity of the Fund, provides investors with further information to assist with that decision.

This update provides new information about the Fund's financial position including:

- net asset value per unit and New Zealand tax losses;
- property portfolio;
- the new debt facility;
- prospects for the payment of distributions; and
- additional information about the calculation of performance fees.

Also, included is information provided previously on fees payable to the Manager, intentions of BCML and its related entities, calculation of unit prices, potential consequences of remaining invested in the Fund and the potential for the Fund to wind up.

Unitholders should refer to the Notice dated 29 May 2012 for other relevant information which has not changed, including information about the risks associated with an investment in the Fund, taxation issues relevant to investors, information about particular properties, information about the valuation methodology of the Fund and a report on the New Zealand property market.

Other than the release of audited accounts for the year ended 30 June 2012, BCML does not expect further material information for Unitholders before the Election Form is due to be returned. Therefore, we encourage you to complete and return the Election Form as soon as possible. Audited accounts for the year ended 30 June 2012 should be completed by the end of this month and will be available for Unitholders at www.au.brookfield.com.

To assist with your decision, please note the following:

- Unitholders may dispose of some or all of their current investment or remain invested in the Fund;
- It is important that Unitholders **return the Election Form by 5.00pm Monday, 17 September 2012**; and
- If the Election Form **IS NOT** returned by 5.00pm Monday, 17 September 2012, your investment will be re-invested for a period up to three years.

PREVIOUSLY RETURNED ELECTION FORMS

If you returned the previous Election Form and you **DO NOT** wish to change your previous election, you do not need to do anything. Your previous response will be accepted.

If you returned the previous Election Form and you **DO** wish to change your previous election, please return the enclosed Election Form. Your previous response will be disregarded.

NOT RETURNED ELECTION FORMS

If you have **not returned the previous Election Form,** please use the enclosed Election Form to provide your decision.

Note:

1. Read the attached information carefully;
2. Seek independent advice prior to completing the attached Election Form;
3. Unless otherwise indicated, the information is current as at the date of this update; and
4. All dollar amounts are in Australian dollars, unless otherwise indicated.

Further information in relation to the Fund and its properties is provided in the Notice dated 29 May 2012 and at www.au.brookfield.com.

If you have any enquiries concerning your unitholding or completing the Election Form, please telephone 1800 766 011 between 8.30am and 5.30pm AEST time Monday to Friday.

Regards

Brookfield Client Services

Additional information to assist with your decision

The following information is provided in addition to the information provided on 29 May 2012. In particular, please carefully consider the risks associated with investment in the Fund. All information should be considered prior to making your decision.

The following information is provided to assist Unitholders with their decision making. The information provided is from sources believed to be accurate at the date of this letter. However, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinion or conclusion contained in this letter derived from third party sources. To the maximum extent permitted by law, neither the Manager nor any of its directors, officers, employees, agents, advisers or intermediaries, nor any other person, accepts any liability for any loss arising from the use of this letter or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence on their part.

Historical information in this letter is, or is based upon, information that is available to Unitholders at the Fund's website at au.brookfield.com. The information should be read in conjunction with the Fund's other periodic and continuous disclosure announcements, including the Fund's full year financial results for the year ended 30 June 2011 and the Fund half year financial results for the period ended 31 December 2011. Audited accounts for the year ended 30 June 2012 should be completed prior to 31 August 2012 and Unitholders should consult the Fund website www.au.brookfield.com.

The information is not represented as being indicative of BCML's views on the future financial condition and/or performance of the Fund.

Fund Update

On 19 July 2012, BCML advised that agreement had been reached to sell the ASB Bank Centre, Auckland for NZ$104 million. Since that date, BCML has continued discussions regarding the sale of other properties in the Fund. At present, no agreement has been reached regarding to the sale of any further assets.

BCML advises that agreement has been reached, subject to formal documentation, for a new debt facility for 3 years to replace the current debt facility which is due to expire on 30 August 2012.

Financial Position of the Fund

Below is an unaudited balance sheet as at 30 June 2012 adjusted for the sale of ASB Bank Centre which shows net assets attributable to Unitholders of $124.3 million and a net tangible asset (NTA) per unit of $0.57.

Multiplex New Zealand Property Fund
Pro-forma balance sheet

	Consolidated Pro-forma positions 30 June 2012 $'000	Notes (a)
• Assets		
Current assets		
Cash and cash equivalents	24,270	(d)
Trade and other receivables	649	
Held for sale investment properties	-	(b)
Total current assets	**24,919**	
• Non-current assets		
Investment properties	254,405	(b)
Deferred tax asset	6,447	
Total non-current assets	**260,852**	
Total assets	**285,771**	
Liabilities		
Current liabilities		
Trade and other payables	25,703	(c)
Interest bearing liabilities	117,314	(d)
Total current liabilities	**143,017**	
Non-current liabilities		
Deferred tax liability	18,449	(e)
Total non-current liabilities	**18,449**	
Total liabilities	**161,466**	
Net assets	**124,305**	

Assumptions

(a) The pro-forma positions at 30 June 2012 presented in the table above represents unaudited 30 June 2012 positions adjusted to reflect certain known and expected balances as the date of this letter. All adjusting positions have been retranslated at the 30 June 2012 NZD/AUD spot rate (NZ$1.2771=A$1), where applicable.

(b) The investment properties balance reflects the valuation adopted at 30 June 2012, adjusted for the disposal of one property, being ASB Bank Centre. Gross proceeds from sale were NZ$104.0 million or A$81.4 million.

(c) Management fees accrued for the month of June 2012 has been adjusted for the impact from the disposal of ASB Bank Centre.

(d) Upon disposal of ASB Bank Centre, the net proceeds of NZ$103.7 million or A$81.2 million has been used to repay debt. Post settlement adjustment and repayment of debt, NZ$0.2 million or A$0.2 million of cash remains to fund related sales costs.

(e) The deferred tax positions above have been presented gross, adjusted for the impact of the sale of ASB Bank Centre.

Tax Losses

In accordance with accounting standards the Fund currently recognises on its balance sheet a deferred tax asset of approximately $6.4 million representing tax losses which are available to reduce New Zealand tax that may otherwise be payable.

These losses may not be available to the Fund in the event the sale or withdrawal process results in the Fund being unable to demonstrate that the same group of persons held an aggregate of at least 49% of the minimum voting interests in the Fund in respect of each available loss. In such circumstances the deferred tax asset would be written off with a resultant decrease of up to $6.4 million or 3 cents per unit in the net asset position of the Fund.

Further, a potential purchaser of units in the Fund may discount a purchase price for the units in the event that such tax losses were not available in future periods.

Fund's Property Portfolio

As at the date of this letter, the Fund's portfolio consists of:

- seven commercial assets valued at NZ$228.7 million;
- one retail asset valued at NZ$26.3 million; and
- one industrial asset valued at NZ$70 million.

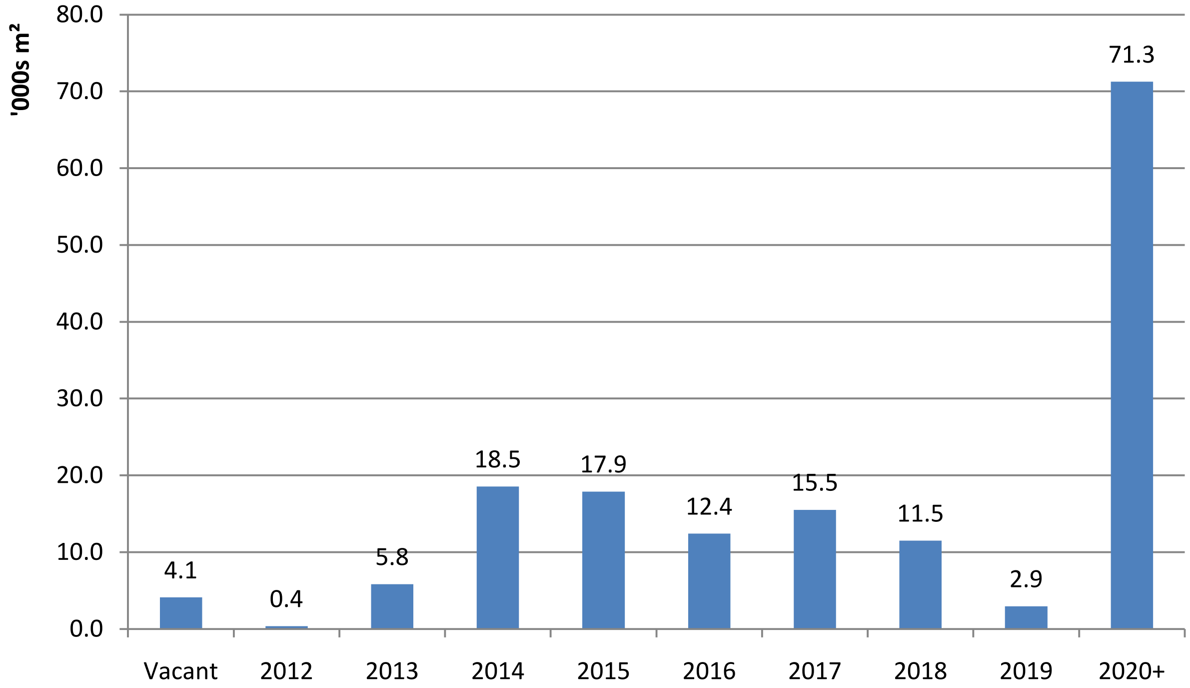
Independent Valuations as at 30 June 2012:

Investment Properties	Purchase Date	Purchase Price NZ$ million	Independent Value June 2012 NZ$ million
Chorus House	May 2005	63.7	80.0
8 Hereford Street	May 2005	55.5	45.0
Conservation House	June 2007	37.7	31.0
HP House	April 2006	26.1	24.0
The AIA Building	May 2005	24.6	27.0
143 Willis Street	June 2007	19.0	11.3
The Plaza	May 2005	10.5	10.4
Office sub-total		**237.1**	**228.7**
The Hub	September 2006	35.3*	26.3
Retail sub-total		**35.3**	**26.3**
Mangere Distribution Centre	September 2004	55.5	70.0
Industrial sub-total		**55.5**	**70.0**
Portfolio Total		**327.9**	**325.0**

*adjusted for the sale of part of the property

The weighted average lease term of the portfolio is 5.6 years and portfolio occupancy rate is 97.5 % by area as at 30 June 2012 (adjusted for the sale of ASB Bank Centre).

The Fund's lease expiry profile calculated as at 30 June 2012 (adjusted for the sale of ASB Bank Centre) for the next eight years is:



Fund’s Debt Facility

Key terms of the new facility include the following:

<table>
<tr><td>Total Facility Limit</td><td>NZ$150,000,000</td></tr>
<tr><td>Facility Maturity Date</td><td>Three years from date of execution.</td></tr>
<tr><td>Interest Rates</td><td>Interest is calculated on the aggregate of:

– the rate equal to the NZ bank bill reference rate (BKBM) for the Interest Period;
– the Margin.

The commencing Margin will be 2.50% and will take effect from the drawdown date. At any time prior to the Facility Maturity Date the following margin matrix will apply to the Facility:

<table>
<tr><th>LVR</th><th>Margin</th></tr>
<tr><td>50% - 55%</td><td>2.70%</td></tr>
<tr><td>45%-50%</td><td>2.50%</td></tr>
<tr><td>40% - 45%</td><td>2.30%</td></tr>
<tr><td>< 40%</td><td>2.10%</td></tr>
</table>
</td></tr>
<tr><td>Establishment Fee</td><td>0.45% calculated on the Total Facility Limit</td></tr>
<tr><td>Mandatory Repayment of the Facility</td><td>If the Fund is not subject to a wind up, net proceeds equivalent to a minimum 75% of net sale proceeds from the sale of any property will be utilised for debt reduction as long as the loan to value ratio (LVR) remains less than 50%. If LVR is greater than 50% the application of the net sale proceeds will be assessed on a case by case basis.
If the Fund is subject to a solvent wind up, then 100% of net sale proceeds from property sales will be utilised to reduce debt (subject to any requirement to retain funds for tax purposes).</td></tr>
<tr><td>Key Financial Covenants</td><td>The following financial covenants will apply for the term of the Facility:

1. The LVR on commencement and at all times is not to exceed 55%.
2. The interest cover ratio is to not be less than 1.50 times at all times.</td></tr>
<tr><td>Distributions</td><td>Whilst the Fund is not being wound up, distributions will be permitted to be paid in the following circumstances:

– Where the LVR ratio is below 55% and the paying of distributions will not result in an event of default or a potential event of default; or
– Where distributions are required to be paid to facilitate the distribution of Australian taxable income by the Fund.

In the event that the Fund is wound up, a once off distribution may be permitted along with any necessary distributions so the trustee can preserve its flow through status for tax purposes. At all other times no distributions will be permitted to be declared or paid.</td></tr>
</table>

Prospects for Payment of Distributions

The Fund’s new debt facility permits distributions in circumstances:

- where distributions are required to be paid to facilitate the distribution of Australian taxable income; or
- where the LVR is below 55%.

Based on current valuations, the LVR is approximately 46%.

However, it is not possible at the current time to estimate distributions that may be payable to unitholders who choose to remain invested in the Fund for the following reasons:

- It may be necessary to sell one or more properties to facilitate the exit of those investors who wish to dispose of their investment in the Fund. As it is not possible to determine which properties may be required to be disposed it is not possible to determine what impact these sales may have on future cashflow of the Fund and the capacity to pay distributions; and
- The Fund may be wound up and should this occur distributions are restricted under the debt facility.

Fees

The Product Disclosure Statement dated 7 September 2004 (PDS) and the Fund’s constitution set out the fees payable to the Manager.

As at the date of this Notice, the Fund has a liability for deferred management fees to the Manager of approximately $17 million. These have been accrued in the Fund’s balance sheet and reflected in the Fund’s Current NTA.

In the event that the Fund continues for a period of up to 3 years, the Fund's constitution provides that performance fees may be payable to the Manager at the end of that period on the following basis:

- 2% of the total value of the assets of the Fund to the extent the net asset value at the end of the period exceeds the net asset value at commencement of the period (less any capital returns other than amounts returned as a distribution of operating cashflow); and
- An additional fee of 2% of the total value of the assets of the Fund is payable provided Unitholders have achieved a 50% premium on the net asset value at commencement of the period (less any capital returns).

The information provided above about the performance fees is a summary of the terms of the Fund's constitution. Please refer to the Fund's constitution for a full description of those fees.

What are BCML and related entities intending to do with their holdings in the Fund?

Subsidiaries of Brookfield Australia Investments Limited hold interests in the Fund of approximately 31.5%.

In addition BCML, as responsible entity of Brookfield Australian Opportunities Fund (ASX: BAO), holds approximately 20% in the Fund. BAO is listed on the Australian Securities Exchange (ASX) in which subsidiaries of Brookfield Australia Investments Limited holds an interest of approximately 62%. BCML, as responsible entity of Multiplex Property Income Fund (an unlisted fund) also holds an interest of approximately 0.5% in the Fund.

At present no confirmation has been provided by these Unitholders in relation to their intentions in continuing to remain invested in the Fund.

What investors need to do

PREVIOUSLY RETURNED ELECTION FORMS

If you returned the previous Election Form and you **Do Not** wish to change your previous election, you do not need to do anything. Your previous response will be accepted.

If you returned the previous Election Form and you **Do** wish to change your previous election, please return the enclosed Election Form. Your previous response will be disregarded.

NOT RETURNED ELECTION FORMS

If you have **not returned the previous Election Form,** please use the enclosed Election Form to provide your decision.

The enclosed Election Form asks Unitholders to advise whether or not they want to continue to hold their units or dispose of them. You can dispose of all or part of your holding. If you wish to dispose of all your holding, you will need to select this on the enclosed Election Form. If you wish to dispose of part of your holding, you must indicate the number of units being disposed on the Election Form and continue to own an investment of at least 10,000 units otherwise BCML may choose to treat the election as a request to dispose of all of your units.

Under the Fund's constitution, Unitholders have irrevocably appointed BCML as their attorney for the purpose of offering their units for sale or submitting a withdrawal request.

If you DO NOT return your Election Form by Monday, 17 September 2012, you will be taken to be in favour of continuing to remain an investor in the Fund holding the units for a further period of three years.

Please submit your Election Form (and any Power of Attorney under which it is signed) using the reply paid envelope enclosed.

Brookfield

Forms must be received at the address below by 5.00pm Monday, 17 September 2012.

BY MAIL	Unit Registry Boardroom (Victoria) Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
BY FAX	+ 61 2 9290 9655
IN PERSON	Unit Registry Boardroom (Victoria) Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Australia

What Price Will be Paid for Units?

For Unitholders who wish to dispose of their units the price of each unit will be the Withdrawal Price (as defined in the Fund's constitution) or any lesser amount agreed by the Unitholder.

Note that entities in Brookfield Group or their associates may be a purchaser of units from Unitholders who wish to sell their units.

BCML will seek to sell the units at the Withdrawal Price calculated at the time the units are sold. This may therefore be different to the Withdrawal Price calculated at 30 June 2012 (adjusting the sale of the ASB Bank Centre) as set out below.

If a buyer at the Withdrawal Price cannot be located, a sale at a lower price will only occur with your consent. BCML will contact you if a purchaser at a price less than the Withdrawal Price exists. You will not be required to accept a sale price less than the Withdrawal Price and you will then have your units redeemed.

In the event that your units cannot be sold, the Manager is required under the Fund's constitution to facilitate your exit from the Fund by way of withdrawal (redemption). To do this, the Manager will be required to sell sufficient properties of the Fund in an orderly manner within a reasonable time in order to redeem those Unitholders choosing to withdraw, and the Withdrawal Price will then be the price prevailing at the time of the withdrawal.

In practical terms, a withdrawal will be effected and money returned to you when the Fund has accumulated sufficient cash reserves to facilitate the required redemptions. The number of assets required to be realised, if any, cannot be determined until the requirements of all Unitholders have been assessed and the requirements of the Fund’s debt facility have been satisfied.

If properties are not sold at their current value or the New Zealand dollar fluctuates, the Withdrawal Price may be higher or lower than the current calculated Withdrawal Price utilizing existing property valuations. In addition, the conditions of the New Zealand property market and the ability of the Manager to source a purchaser at an appropriate price will dictate this process. It may take time to sell the assets necessary to facilitate the redemptions and the timing of receipt of your redemption proceeds cannot be accurately determined at the present time.

Calculating the Withdrawal Price

The Withdrawal Price is calculated as follows:

$$\frac{NAV - AI - TC}{\text{Units on issue}}$$

Where:

NAV	The net asset value of the Fund at the withdrawal date.
AI	Accrued income. This is deducted because Unitholders are separately entitled to that income pro rata on a daily basis for the number of days of the income period for which units are held.
TC	The transaction costs the Fund would incur if all of the Fund's assets were sold. This must be deducted to ensure the remaining Unitholders are not disadvantaged by bearing all of the disposal costs. The transaction costs will therefore include fees that would be paid to lawyers and consultants, any fee payable to the Manager on the sale of an asset by the Fund, break costs on debt facilities relating to the asset and other selling costs. This transaction cost amount is not paid to the Manager as a fee. Rather, the deducted amount remains in the Fund for the benefit of the remaining Unitholders.
Units on issue	The total number of units which are on issue at the time the withdrawal is effected.

When a withdrawal opportunity arises, the Withdrawal Price will be published on www.au.brookfield.com

Withdrawal Price as at 30 June 2012

On an unaudited basis, the Fund's net assets as at 30 June 2012 (adjusting the sale of the ASB Bank Centre) were approximately $124.3 million or $0.57 per unit. As no distributions are payable at present, Accrued Income is not required to be adjusted in the calculation. Transaction costs are estimated to be generally in the range of 1.25% to 1.75% of the gross property values. Taking this into account, the Withdrawal Price calculated based on the 30 June 2012 net asset value is estimated to be $0.55 per unit.

What Could Happen if I Remain Invested in the Fund?

In accordance with the Fund's constitution, BCML has determined that the Fund will continue to operate for another **three years**. In reaching this decision a number of factors including availability of financing, prospects for the Fund's properties over the short to medium term, access to liquidity, and economic conditions in New Zealand were considered.

If Unitholders remain invested in the Fund, BCML must provide a further right to withdraw on the same terms within another three years. It does not prevent BCML offering other withdrawal opportunities throughout the term of the Fund, provided those opportunities occur within the terms of the Fund's constitution and the Corporations Act 2001.

Please note, if investors decide to remain invested in the Fund, BCML may realise further properties or wind up the Fund at any time if it is considered to be in the best interests of Unitholders. The value of your interest in the Fund may also be affected by the requirements of other Unitholders who dispose of their investment in the Fund.

In the event that the Fund's property assets are realised to facilitate redemptions, the sale price of such assets may be different to the current value of the assets. As such, the value of a Unitholder's interest in the Fund and the profile of the assets representing their interest may be different to those currently existing in the Fund.

In making a decision to remain invested in the Fund, Unitholders should carefully consider the additional information including associated risks set out in the Notice dated 29 May 2012.

Potential for Fund wind up AFTER receipt of Election Forms

If properties are required to be sold, it may not be possible for BCML to balance the interests of Unitholders who wish to dispose of part or all of their investment and those who wish to remain in the Fund. In these circumstances, BCML may determine to wind up the Fund and distribute net proceeds to all Unitholders in accordance with the constitution.

BCML will review the election results made by Unitholders and will assess options available to meet the requirements of those Unitholders wishing to dispose of part or all of their investment. In the event that no buyer can be found for the units at the Withdrawal Price, it may be necessary for the Manager to realise a number of the Fund's properties in order to facilitate the withdrawal of those wishing to dispose of their units.

As the Fund owns substantial property assets, it may take a number of years to realise the assets at values it considers to be in the best interests of Unitholders. If the Fund is winding up, the debt facility requires proceeds of asset sales be paid to the financier before any capital can be returned to Unitholders (other than a once off distribution that is dependent on cash reserves and may be payable upon winding up).

It is not possible, at this stage, to estimate the likely net proceeds to be distributed upon a winding up or the timing of such distributions.