

24 February 2012

Dear Investor

Re: Multiplex New Zealand Property Fund (Fund) – Half year update for the period ended 31 December 2011

Following completion of the Fund's interim financial report for the six months ended 31 December 2011 results, the Directors would like to provide an update to investors.

Key messages in this update are:

- net loss after tax of \$4.3 million, which includes:
 - \$5.7 million unrealised losses on revaluations of the property portfolio (2010: unrealised losses \$16.6 million); and
 - \$1.1 million unrealised gains on revaluations of financial derivatives;
- total revenue and other income of \$20.7 million;
- net assets attributable to investors of \$122.1 million (30 June 2011: \$128.5 million);
- net tangible asset (NTA) of \$0.56 per unit (30 June 2011: \$0.59). This decrease is largely due to currency movements and an increase in deferred tax liability. In New Zealand dollar terms, the NTA as at 31 December 2011 was NZ\$0.74 per unit (30 June 2011: NZ\$0.76); and
- portfolio occupancy was 96% with a weighted average lease expiry of 5.05 years.

Status of Property Sales

The Fund's strategy is to reduce gearing by selling properties if an appropriate price can be obtained.

Since 30 June 2011, the Fund has settled the sale of the University Building, Auckland for \$7.6 million (NZ\$9.6 million). Net proceeds from this settlement have been applied to reduce debt.

Agreement has been reached to sell a portion of The Hub in Whakatane for \$5.6 million (NZ\$7.4 million) which is expected to settle on or before 28 February 2012.

The Fund retains ownership of ten properties as at 31 December 2011.

Exit mechanism

In May 2011, the Board resolved to extend the Fund by 12 months. **Investors will be provided with a notice before 30 May 2012**, providing an option to remain invested in the Fund for a further specified period (no more than seven years) or sell or withdraw from the Fund.

Subsequent to investors advising of their decision, the Board will determine the appropriate strategy to meet investor requirements. Properties may need to be sold in order to facilitate investors exiting the Fund. Therefore, the amount to be received by investors and timing of receipt will be subject to market conditions at the time.

Debt facility

During 2011 the Fund entered into a new debt facility with its financiers for a total of NZ\$260.9 million. A key term of this facility includes repayment of debt by 30 August 2012. Also included in the new facility was a revision of covenants to reflect the following loan to value ratio (LVR) requirements:

- 60% by 30 June 2011; and
- 55% by 30 June 2012.

As at 31 December 2011, the Fund LVR was 58.3% and the Fund was in compliance with all facility covenants. The Fund is restricted from paying any management fees until the LVR is below 60%. Management fees have not been paid since March 2008, although they continue to be accrued in the Fund's accounts. The amount accrued at 31 December 2011 is approximately \$15.9 million.

Distributions

Under the revised debt facility, the Fund is restricted from making distributions to investors until the LVR is less than 55% (assuming all other covenants are satisfied).

Excess cash-flow from the Fund's operations and current cash reserves are required to secure re-leasing of the Fund's properties as vacancies arise and to meet ongoing capital expenditure requirements. As the focus remains on securing the capital value of the Fund's properties, it is anticipated that distributions will not be re-introduced in the short term.

Half year financial results

Financial statements for the six month period to 31 December 2011 are available at www.au.brookfield.com. It is recommended that investors review the financial statements.

Future Updates

We will continue to keep investors updated on progress of the Fund during the year. Please refer to www.au.brookfield.com for further information.

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