

21 December 2007

**MULTIPLEX EUROPEAN PROPERTY FUND
PORTFOLIO REVALUATION AND UNITHOLDER CORRESPONDENCE**

The Directors of Multiplex Capital Management Limited, the Responsible Entity for the Multiplex European Property Fund, are pleased to announce an €0.7m (\$A1.15m¹) uplift in the value of the Fund's Initial Properties, resulting from an independent revaluation of the Initial Properties completed as at 31 December 2007.

A letter to unitholders outlining the achievements of the Fund in 2007 was also posted to unitholders today. A copy of this correspondence is attached.

For more information please contact:

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About the Fund

Multiplex European Property Fund is a listed property trust that aims to offer investors attractive income distributions and the potential for capital growth over the medium to long term through a stable and diversified property portfolio in Europe.

The Fund currently owns a 94.9% interest in 67 properties (Initial Properties) located throughout Germany. The Initial Properties are diversified by asset class, tenant and geographical location. Germany was identified as the foundation market for the Fund due to its position as the world's third largest economy and improving economic outlook.

¹ Assumed exchange rate of \$1AUD = €0.59693

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Important update for investors

20 December 2007

Dear Investor

This year has been an exciting one for the Multiplex European Property Fund (Fund). With the Fund approaching the release of its first financial results for the period from allotment to 31 December 2007, we should take time to reflect on what has been achieved in 2007.

The launch of the Fund

In April this year, the Fund settled on the acquisition of 67 properties independently valued at €363.6 million¹ in Germany (Initial Portfolio) from REIT Asset Management GmbH. The Initial Portfolio is diversified across four asset classes, with approximately 200 individual leases.²

The Fund then completed a capital raising, which closed oversubscribed, before successfully listing on the Australian Stock Exchange (ASX) on 3 July 2007.

Portfolio performance

At the time of writing, the Initial Portfolio has performed in line with our expectations and we expect to be able to deliver on the PDS forecast of an 8.5% cent per unit distribution to investors for financial year 2008.³

Since taking ownership of the Initial Portfolio in April 2007, the Fund's management team, along with our Berlin based property manager the Scheven Group, have begun implementing an active asset management strategy that is focussed on balancing both income and capital growth. This has seen us build stronger relationships with our tenants and positions the Fund for future opportunities as our tenants continue to grow.

Many of the initiatives in this strategy are focussed on capitalising upon opportunities to further secure the current income and create additional value with developments, active leasing and refurbishments.

The portfolio's occupancy remains high at 97.5%.⁴ The main vacancy is at the Lorrach Shopping Centre (4,154sqm) where we have interest in 2,300sqm of the space from local tenants. The property requires capital expenditure to improve the shell condition of the building, and these capital works are expected to be finished in the first half of 2008.

There have also been some tenancy changes in the portfolio resulting from merger and acquisition activity in Europe. The significant changes are:

- ▶ The sale by EDEKA of 133 Do-It-Yourself stores to REWE. EDEKA, our largest tenant, has sold 133 Marktkauf stores to Toom BauMarkt, REWE's specialist DIY store chain.

REWE Group is one of the leading German and European trading and travel companies. The firm is the second-largest food trader in Germany (behind EDEKA); it is the number three in Europe and is at seventh place worldwide. In the food trading, specialist store and travel and tourism divisions, REWE Group achieved total turnover of €43.4 billion (net) in Europe in 2006.⁵

Important update for investors

Portfolio
occupancy

97.5%

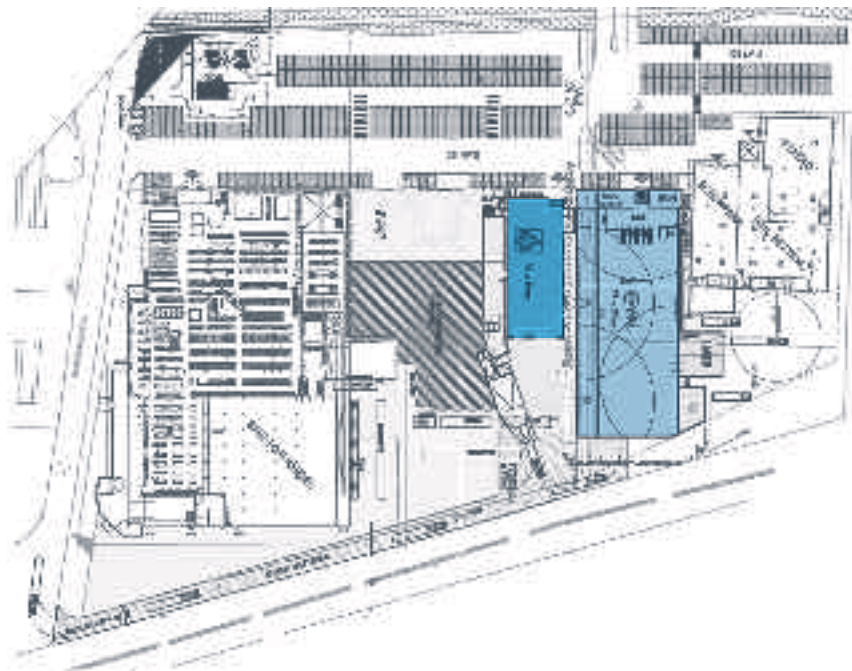
➤ Nursing home consolidation – German local and municipal governments are continuing to privatise nursing homes because of the significant capital expenditure required for older homes. This has seen some of the larger operators acquire both government nursing homes and smaller operators. The changes to our nursing home operators are as follows:

- CURA acquired Maternus (operator of the Wiesbaden asset)
- Korian acquired Phönix (operator of the Erfurt and Gottingen assets).

In both instances, the Fund now has a greater diversity of tenants and improved tenant covenants.

The Fund is also ready to commence its first redevelopment – the Wittmund Shopping Centre. The anchor tenants, Aldi and Combi (both supermarkets), have requested additional space coming up to the expiration of their leases at the end of 2007. To accommodate the proposed changes, an adjacent site will be purchased with preliminary planning permission for the new configuration of the retail park already having been granted. The new premises will be constructed without disrupting the current trading of both tenants. This will mean that no rental loss is expected during the redevelopment of the asset. Completion of the redevelopment is expected by mid-2009. An indicative site plan for the new redevelopment is shown below⁶:

- Aldi
- Combi



The liquidity issue in Europe

At the end of August, reports of the sub-prime crisis in the USA started to resonate through property markets around the world. In Europe, this has resulted in a scarcity of available credit and lower liquidity in property markets forcing yields to begin rising.

The rental stream earned by the Initial Portfolio has not been directly affected by this issue. Furthermore, the conservative hedging strategy of the Fund will ensure that investors are only exposed to the underlying performance of the Initial Portfolio until April 2014.

To this extent, I would again like to reaffirm to investors that the Fund has hedged the following until April 2014⁷:

- 100% of invested equity at an exchange rate of \$AUD1 = €0.5922
- 100% of interest rate exposure on the term facility at an all-in rate of 4.48%pa
- 90% of income from the Initial Portfolio at an exchange rate of \$AUD1 = €0.5476.

Valuation
uplift of

€0.7m

Distribution
return

8.5%pa

I am also pleased to report that the external valuation of the entire Initial Portfolio for 31 December 2007 is €364.3 million, which is above the March 2007 valuation of €363.6 million outlined in the Fund's PDS.⁸ The increase in valuation is a positive for investors in light of the performance of European property markets this year. This is testament to our investment strategy of focussing on quality diversified portfolios and illustrates the benefit of having a local UK office assisting in sourcing transactions.

Brookfield's takeover of Multiplex

This year has also seen a change in the ownership of the Multiplex Group. Brookfield Asset Management (BAM) approached the Multiplex Group in early 2007 before launching a takeover offer for all of the stapled securities of the Multiplex Group in June 2007.

BAM is a company of significant size and strength. It has approximately \$USD90 billion⁹ of assets under management around the world in the areas of property (over \$USD20 billion¹⁰ in core office properties alone) and infrastructure (including electricity generators).

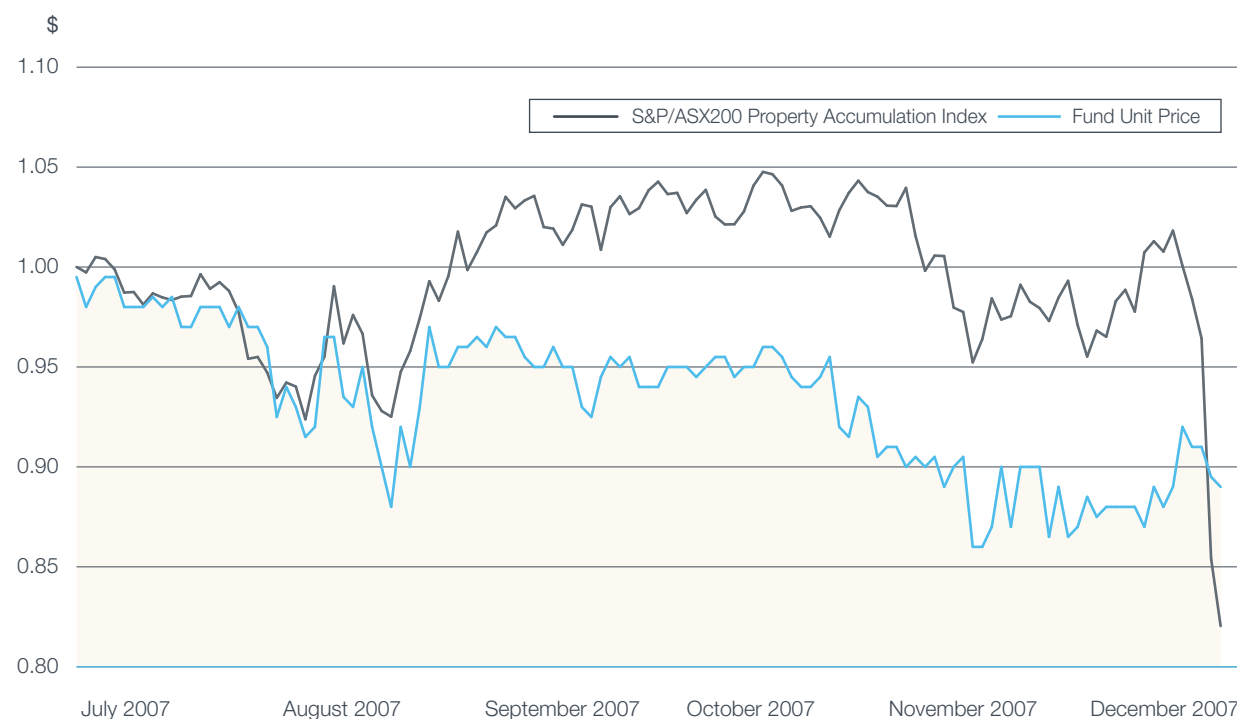
Brookfield is committed to expanding in Europe and committed to the Fund. Furthermore, the London offices of Multiplex Capital and Brookfield Asset Management will merge in January 2008, providing a team of ten professionals focussed on the asset management and future expansion of the Fund.

Unit price performance

The unit price performance of the Fund on the ASX has been impacted by the general fall and volatility in the Listed Property Trust market,¹¹ however the fundamental aspects of the Fund are strong and there are no underlying issues with the performance of the Initial Portfolio.

Commonwealth Securities Limited has recently released a research report on the Fund which is available to download on the Fund's website at www.multiplexcapital.biz. It provides investors with an external view on the Fund from one of Australia's well known stockbrokers.¹²

The graph below shows the share price performance of the Fund compared to the S&P/ASX200 Property Accumulation Index.¹¹



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December 2007 quarter distribution

I am also pleased to advise that the distribution payable to investors for the quarter ending December 2007 is 2.142 cents per unit.

The record date for the distribution is 31 December 2007 and the payment date for the distribution will be 31 January 2008.

Looking forward to next year, we will be reporting the first financial results of the Fund for the period ending December 2007 to investors in February 2008. These results will be released to the ASX on 26 February 2008 and distributed to investors shortly thereafter.

I urge all investors to visit the Fund's website at www.multiplexcapital.biz, or the ASX at www.asx.com.au, to ensure that they are up to date with the latest news regarding the Fund.

On behalf of the Board and all the management team, our best wishes for the festive season and we look forward to your continued support in 2008.

Yours sincerely

Rob Rayner
Chief Executive Officer – Funds Management

- 1 Independent Valuation performed by DTZ dated March 2007 and outlined in the Fund's PDS dated 20 April 2007.
- 2 As at 30 September 2007.
- 3 Financial forecasts, their assumptions, and the Fund's Distribution Policy are outlined in the Fund's PDS dated 20 April 2007.
- 4 As at 30 September 2007.
- 5 REWE Company Statistics <http://www.rewe-group.ch>.
- 6 The draft indicative site plan may not resemble the completed redevelopment as it is subject to further regulatory approvals and changes from service providers.
- 7 Please refer to the Fund's PDS dated 20 April 2007 for full details of the Fund's hedging arrangements.
- 8 The carrying value of the properties in the Fund's accounts will be subject to foreign exchange translation at reporting date which may, or may not, result in a higher or lower value than that outlined in the PDS dated 20 April 2007.
- 9 As at 18 December 2007, Brookfield Asset Management.
- 10 As at 30 September 2007, Brookfield Asset Management Q3/2007 Supplemental Information.
- 11 S&P/ASX 200 Property Trusts Index (XPJ) rebased to the Fund's opening price on listing date. Source: IRESS.
- 12 The research report is prepared by Commonwealth Securities Limited ABN 60 067 254 399, AFSL 238814 and does not take into account the objectives, financial situation or needs of any particular individual. For this reason, any individual should, before acting on the information in this correspondence, consider the appropriateness of the information, having regard to the individual's objectives, financial situation and needs and, if necessary seek appropriate professional advice.

Interests in Multiplex European Property Fund (Fund) ARSN 124 527 206 are issued by Multiplex Capital Management Limited ACN 094 936 866 (AFSL 223 809), the responsible entity of the Fund. A Product Disclosure Statement (PDS) for the Fund dated 20 April 2007 is available which details the terms of the offer as well as the various assumptions on which forecast financial information is based.

Investors who wish to acquire (or continue to hold) an interest in the Fund should first read and consider the PDS and seek their own advice before making any decision about whether to invest. The PDS may be viewed online at www.multiplexcapital.biz. A paper copy of the PDS is available free of charge to any person in Australia by telephoning 1800 570 000. The Fund is listed on the ASX (code MJE). This notice is not intended as personal advice and has been prepared without taking account of any investor's investment objectives, financial situation or needs. For that reason, an investor should, before acting on this advice, consider the appropriateness of the advice, having regard to their investment objectives, financial situation and needs. Every effort has been made to ensure the accuracy of the financial information herein but it may be based on unaudited figures. You may find audited figures, once released, in the most recent annual or half year reports which will be available at www.multiplexcapital.biz.

Investor Services

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