

# ASX Announcement

27 July 2015

## **Multiplex European Property Fund (ASX: MUE) Chairman's Address**

Please find attached for release to the market the Chairman's address to be made at this morning's Unitholder Meeting of Multiplex European Property Fund ("the Meeting").

The address will be presented to the Meeting by Mr Allan McDonald, Chairman.

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Brookfield Customer Service  
Ph: 1800 570 000

**Chairman's Address to the Unitholder Meeting of Multiplex European Property Fund to be held at  
The Menzies Sydney Hotel, 14 Carrington Street, Sydney on Monday, 27 July 2015 at 10:00am**

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As announced on 1 July 2015, unitholders are being asked to consider a resolution relating to a proposal to sell the remaining 61 properties owned by Multiplex European Property Fund and wind up the Fund.

The Fund's debt facility with its financier, Hypothekbank Frankfurt AG matured without repayment by the Fund's wholly owned German Partnerships in April 2014. The Financier agreed to a standstill in enforcement of its rights under the facility until 15 October 2014 and this was subsequently extended to 31 December 2014 and then to 30 September 2015.

This standstill agreement is subject to ongoing satisfaction of a number of conditions, including implementing a business plan to sell all of the Fund's properties to repay outstanding bank debt. BCML has been pursuing the proposed sale in accordance with the business plan, which also included the sale of the nursing home properties completed in January 2015.

**Consideration of alternatives**

BCML has given consideration to alternative strategies for the Fund. It is considered that the options open to the Fund are limited by the ongoing tax audits of the Fund's wholly owned German Partnerships and BCML does not believe that it is in the best interests of unitholders to pursue a recapitalisation and/ or refinancing in order to repay the Fund's outstanding debt. The status of the tax audits and their potential impact on the German Partnerships are set out in the Explanatory Memorandum dated 1 July 2015. I can confirm that there is no further update in relation to the status of the tax audits as at the date of this meeting.

**What happens if the proposed sale is approved?**

If the Proposed sale is approved, the Fund will proceed with the sale of the remaining 61 properties.

Settlement of the sale of the majority of the properties is expected around 31 August 2015 once certain conditions have been satisfied for each property. The main conditions to be satisfied prior to settlement are associated with providing a clear title to the properties, including releasing the financier security and satisfying potential pre-emption rights held by local governments. We have been advised that as at 24 July 2015, 97% of the 61 properties by value have satisfied these conditions.

Subject to the outcome of the German tax audits, excess cash arising from the sale will be returned to investors periodically as the Fund's offshore subsidiaries are merged and liquidated. The Fund will be wound up at completion of the distribution of cash to Unitholders.

Taking into account the important assumptions set out in the Explanatory Memorandum it is currently estimated that settlement of the proposed sale and wind up of the Fund may result in a total Fund net cash surplus of approximately \$20.7 million or 8.4 cents per unit to be distributed progressively over the period to early 2018.

The timing of repatriation of any excess cash reserves from Germany and the amounts distributed to Unitholders will ultimately be determined by a number of important assumptions which have been set out in the Explanatory Memorandum.

As such, there is no guarantee of the amount of any proceeds that will be available for distribution to Unitholders.

**Suspension and de-listing from ASX**

If the Resolution is approved today, ASX has advised that it may require suspension of the Fund's Units following completion of the sale of the majority of the Fund's properties if it considers that the Fund has ceased to satisfy the requirements to remain listed set out in the ASX Listing Rules. From the date of suspension, Unitholders will not be able to trade their Units on ASX.

It is intended that once the date of completion of the sale of the majority of the properties is known, the Manager will consult with ASX to determine the timing for suspension and subsequent de-listing of the Fund's securities. An announcement will be made on ASX once this has been determined.

**What happens if the proposed sale is not approved**

If the proposed sale does not proceed, the Financier has indicated that it will reserve its rights in relation to the debt facility, which may include the Financier seeking to enforce security against the properties. In these circumstances, BCML would lose control of the property sales and the Fund may not receive an equivalent value for the properties as has been conditionally agreed. BCML believes that a managed sale process, as has been conducted to date, is more likely to optimise value for unitholders than a distressed sale process conducted by the Financier or a receiver.

Further, it may be necessary to halt or suspend trading of the Fund on the ASX pending confirmation from the Financier of its intentions regarding its enforcement rights under the terms of the standstill agreement and the debt facility.

**Recommendation of the Board**

The advantages and disadvantages of the Resolution have been set out in the Explanatory Memorandum.

The Board are not aware of any alternative proposal that is preferable to that being proposed to Unitholders.

Having regard to the potential advantages and disadvantages of the Resolution and the current circumstances of the Fund, and in the absence of an alternative offer which is considered to be superior and in the best interests of Unitholders, the Board is of the opinion that the Resolution is in the best interests of Unitholders and unanimously recommends that you vote in favour of the Resolution.

Ultimately this is a matter for you to decide as independent unitholders. I trust that you have all considered the reasoning behind the advantages and disadvantages of the Resolution. As such, I do not intend to provide any further commentary on the Resolution but will instead open the floor to questions.