

14 June 2007

Dear Investor

As foreshadowed in the PDS for the Multiplex European Property Fund (the Fund) dated 20 April 2007 (the PDS), information relating to the offer of units in the Fund may change from time to time. In accordance with ASIC Class Order 03/237 (the Class Order), if this information is not materially adverse information, it may be updated and made available via the website of the Fund's responsible entity, Multiplex Capital Management Limited (Responsible Entity). This letter is being issued in accordance with the Class Order.

Terms and expressions defined in this letter have the meanings given to them in the PDS.

There have recently been developments in relation to two matters, both of which were outlined in the PDS, which the Responsible Entity believes are not materially adverse, but in respect of which the Responsible Entity wishes to provide an update. Those two matters are the:

- (1) approach made by Brookfield Asset Management Inc (Brookfield) to the Multiplex Group to acquire all of the stapled securities in the Multiplex Group; and
- (2) proposed reform of the German tax system with effect from 1 January 2008.

### **Brookfield**

We refer to the announcement made by Multiplex Limited on 12 June 2007 in relation to the proposed off-market takeover offer (Offer) by Brookfield for Multiplex Group stapled securities. The Offer is subject to a number of conditions, including Brookfield obtaining a relevant interest in 50.1% of the stapled securities. If the proposed Offer is successful Brookfield will control the Multiplex Group, including Multiplex Capital (of which the Responsible Entity and the Fund Manager are part).

As referred to in sections 8.2.5 and 8.3.2 of the PDS, the €231.4 million Term Facility contains a right for Eurohypo AG (Eurohypo Bank) to require prepayment of the facility on a change of control of Multiplex Group unless Eurohypo Bank is satisfied, acting reasonably, that control of the Responsible Entity will be held by a professional and reputable fund manager of equal standing to Multiplex Limited in the relevant market. Confirmation will be sought by the Responsible Entity from Eurohypo Bank that it is satisfied that, if the Offer is successful, Eurohypo Bank will not require prepayment of the facility. The Responsible Entity has commenced discussions with Eurohypo Bank in relation to this. Information in relation to Brookfield may be obtained from [www.brookfield.com](http://www.brookfield.com).

The Offer by Brookfield does not affect the Responsible Entity's intention to proceed with the capital raising, nor the Fund's investment mandate, as outlined in the PDS.

We refer to the announcement made by Brookfield on 11 June 2007 in relation to the Offer. Brookfield views the Multiplex Group as an integral part of its international growth strategy and intends to use the Multiplex Group and its local management team to grow in the regions that the Multiplex Group operates in.

**German Tax Legislation**

As referred to in the Key Risks page and section 8.4.2 of the PDS, the German Government is proposing changes to the German tax system with effect from 1 January 2008. On 25 May 2007 the bill for the German *Tax Reform Act 2008* (the Bill) was passed by the Bundestag (the first parliamentary chamber in Germany) and it is expected that the Bill will be voted on by the German Bundesrat (the second Parliamentary chamber in Germany) on 6 July 2007. It is expected the legislation will in principle take effect from 1 January 2008 if passed by the Bundesrat.

The Bill, as it is currently drafted, has a number of effects, including a reduction of the corporate income tax rate from 26.375% to 15.825% (each rate including a solidarity surcharge of 5.5%) and limiting the amount of interest expense that is deductible for tax purposes. Business taxpayers will in principle be allowed to deduct net interest expense i.e. interest expenses exceeding interest income, only in an amount not exceeding 30% of a given year's tax specific earnings before interest, tax, depreciation and amortisation.

The Responsible Entity will continue to monitor the impact of the new legislation on the profitability of the Fund and the distributions forecast to be paid to Unitholders. Whilst the Responsible Entity explores the options available to the Fund to counterbalance the potential adverse impact of the new legislation, it has agreed that it will waive part of its base management fee in relation to the Initial Portfolio to the extent necessary to ensure Unitholders are not disadvantaged solely by reason of these proposed tax changes, provided that the base management fee in relation to the Initial Portfolio will be no less than 0.41% (including GST, less any reduced input tax credits) per annum of those assets. Unless otherwise agreed by the Responsible Entity, the base management fee charged in relation to any future assets will be levied at the rate of 0.615% (including GST, less any reduced input tax credits) per annum of those assets. These arrangements replace the base management fee deferral arrangements described in section 7.3.6 of the PDS.

The proposed changes to the law are not expected to have an impact on the forecast cash distributions.

Assuming that the base management fee is charged at the lowest rate of 0.41% per annum (including GST, less any reduced input tax credits) in respect of the first two years after the Allotment Date, and assuming further that no additional assets are acquired during that period, the Base Fee in Tables 1 and 2 in section 7.2 of the PDS would be \$547.73 and \$547.73 respectively and the Cost of Fund dollar amount in those tables would be \$6,348.17 to \$6,618.41 and \$725.58 to \$995.82 respectively.

The Responsible Entity and the Fund Manager will enter into a deed to reflect the revised fee arrangements.

In conclusion, a paper copy of this letter is available free on request. Please contact Multiplex Capital Customer Service on 1800 570 000 if you would like a copy of this letter provided to you or if you have any other queries. You should consider the PDS in its entirety in deciding whether to apply for units in the Fund. In addition to being located on this website, a hard copy of this letter may be obtained by contacting NAB on 1800 652 669 or the Registry on 1800 709 611.

Yours sincerely



**Peter Morris**  
Chairman  
Multiplex Capital Management Limited