

# Multiplex European Property Fund Overview

**MULTIPLEX**  
CAPITAL

April 2007

Multiplex European Property Fund (Fund) is a unit trust proposing to be listed on the ASX (ASX code: MUE) which owns a 94.9% interest (Initial Portfolio) 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.

## Forecast Returns<sup>1</sup>

	Allotment Date to 30 June 2008	Year ending 30 June 2009
Cash distribution per Unit (cents)	8.5	8.7
Cash distribution yield (%)	8.5*	8.7
Tax Deferred component (%)	65	69
Interest payable on early applications <sup>2</sup>		

\* annualised

## Fund Snapshot

Book value of Initial Properties	€355.0 million (\$599 million)
Valuation	€363.6 million (\$614 million)
Portfolio occupancy	98.4%
Distributions	Expected to be quarterly
Application price	\$1.00 per unit
Minimum investment	5,000 units

## Important Dates<sup>3</sup>

Offer open date	27 April 2007
Offer close date	20 June 2007
Allotment date	27 June 2007
Quotation on ASX	3 July 2007

## Call

Multiplex Capital Customer Service  
**1800 570 000**

## Visit

[www.multiplexcapital.biz](http://www.multiplexcapital.biz)

# Key Features

## Key Features

### Forecast cash distribution<sup>1</sup>

The Fund's forecast cash distributions (which includes both income and capital) are:

- 8.5% (annualised) for the period from the allotment date to 30 June 2008; and
- 8.7% for the financial year ending 30 June 2009.

Distributions are expected to be paid quarterly.

### Tax Deferred distributions<sup>1</sup>

Distributions are forecast to be:

- 65% tax deferred for the period from the allotment date to 30 June 2008; and
- 69% tax deferred for the financial year ending 30 June 2009.

### Initial Portfolio purchased at a discount to valuation

The Fund acquired the Initial Portfolio on 2 April 2007 (settlement date) based on the Initial Properties' book value of €355.0 million, which represents a 2.4% discount to independent valuation of €363.6 million.

### Exposure to world's third largest economy

The Initial Properties are located in Germany, the third largest economy in the world and the largest population within Europe.

### European mandate with a weighting to retail assets

The Fund has a mandate to invest across Europe in all main property asset classes. The Responsible Entity intends, over the medium to longer term, to maintain a minimum weighting of 45% (of Fund assets) towards the retail sector, with the remaining Fund assets to be primarily invested in office and industrial property sectors. Over the medium to longer term, no greater than 20% of Fund assets may be invested in alternative asset classes such as the residential, health and hospitality sectors.

### Strong and secure rental income plus high occupancy rate

As at the date of the PDS, greater than 75% of rental income from the Initial Properties is earned from national tenants with Germany's largest supermarket chain operator, EDEKA, currently accounting for 27% of the rental income earned. The occupancy rate of the properties is 98.4% (by estimated rental value) with a weighted average lease term to expiry of 9.8 years (by income).

### Income and asset diversification

As at the date of the PDS, no single tenant, excluding EDEKA, represents more than 9% of rental income and no single property accounts for more than 8% of the total value of the Initial Properties.

### Rental growth

As at the date of the PDS, the large majority of rent reviews within the leases are indexed to CPI by an agreed formula

which results in rents increasing between 60% and 100% of the cumulative CPI change each time the cumulative CPI increases by 10% from lease commencement or last rent review. This rent review structure is common throughout many German property leases.

### Modern portfolio

90% of the Initial Properties (by value) have been constructed or redeveloped since 1997. The Initial Properties are therefore expected to have low capital expenditure requirements during the Forecast Period.

### Interest rate protection

The interest rate on the term facility is 100% hedged for the period from the settlement date to 15 April 2014.

### Foreign exchange protection

The Fund has entered into hedges to protect Unitholders from adverse movements between the Australian dollar and the Euro. The hedges cover:

- 100% of invested equity for the period from the settlement date to 15 April 2014; and
- approximately 95% of the Fund's initial expected net property cash flows for the period from the settlement date to 15 April 2014.

### Alignment of interests

At allotment, Multiplex Property Trust (MPT) will have an interest of 20.15% in the equity of the Fund and Multiplex Acumen Property Fund (MPF) will have an interest of 5.16%. The MPT holding is in line with Multiplex Group's current strategy of maintaining a core holding in the funds it manages of circa 20% to 30% of fund equity, thereby representing a strong alignment of interest between Multiplex Group and investors.

### Management experience

As at the date of the PDS, Multiplex Capital, the funds management division of the Multiplex Group, has funds under management of over \$6.7 billion. Both the Responsible Entity and Fund Manager are part of the Multiplex Capital division. Importantly, Multiplex Capital has a London-based team who will assist in identifying further assets which may be suitable for the Fund to acquire.

### Risks

The forecasts within this overview and the PDS have been prepared on the basis of the key financial forecast assumptions set out in Section 6.7 of the PDS and are subject to the risk factors set out in Section 8 of the PDS. In addition, sensitivities to forecast assumptions are set out in Section 6.8 of the PDS. There is no guarantee that the forecast results will be achieved. The Investigating Accountant's Report is contained in Section 9.1 and the Taxation Report, which contains further information on the tax consequences of investing in the Fund, is contained in Section 9.2 of the PDS.

Investors should consider this information in deciding whether to invest.

# The Initial Portfolio

## The Initial Portfolio

The Fund owns a 94.9% interest in the seven German Partnerships which own a portfolio of 67 properties located throughout Germany.

The key characteristics of the purchase of the Initial Portfolio are:

Settlement Date	2 April 2007
Book value of Initial Properties	€355.0 million
Valuation	€363.6 million
Initial Gearing level for the Monti Partnerships	63.6%
Discount to valuation	2.4%
Acquisition yield	6.17%

## Minimal concentration

No single asset accounts for more than 8% of the total value of the Initial Properties. The largest five assets in the portfolio are all anchored by national tenants.

Location	Property type	Anchor tenant	Current rental income per annum (€ million)	Net market value (€ million)	Percentage portfolio value (%)	Lease expiry
Bochum	Retail	EDEKA	1.560	27.40	7.53	February 2022
Lorrach	Retail	EDEKA	1.080	22.22	6.11	July 2022
Chemnitz	Retail	Hornbach	1.350	21.24	5.84	March 2015
Frankfurt/Main	Office	Telecity	1.225	18.39	5.05	February 2015
Gottingen	Nursing homes	Phönix	1.156	17.65	4.85	June 2022

## High occupancy with long weighted average lease expiry (WALE)

Description	Occupancy (%)	Major tenants	WALE by income (years)
55 retail properties comprising: – discount supermarkets – full supply supermarkets – DIY markets	97.4	EDEKA, Hornbach, Rewe	9.7
6 Nursing homes	100.0	Kursana, Phönix	14.5
3 Logistic/warehouses	100.0	Spicers, TNT	6.4
3 Offices	99.2	State of Nord Rhine – Westphalia	4.9
<b>Total portfolio</b>	<b>98.4</b>		<b>9.8</b>

## Major tenants

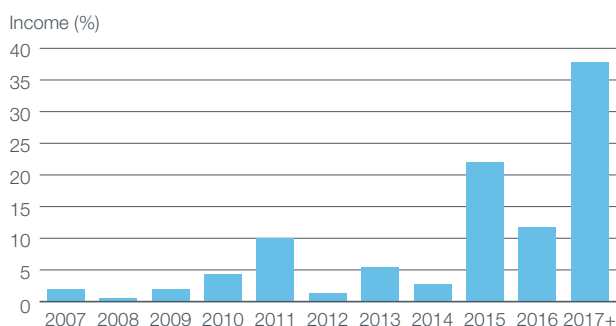
An overview of some of the largest tenants (by sector) is provided below.

	Rental income (%)	Business description
<b>EDEKA</b> Retail – supermarkets	27.4	The EDEKA Group is the largest German supermarket corporation, currently holding a market share of 26%. There are approximately 4,100 stores with the EDEKA brand that range from small corner stores to hypermarkets. The EDEKA Group is rapidly expanding with 2005 turnover up 20.6% on 2004 to €38.1 billion.
<b>Phönix AG</b> Nursing homes	8.5	Phönix (Senioren- und Pflegezentren) currently operate 15 senior and care centres offering 1,950 care places throughout Germany. Established more than a decade ago, Phönix is an independent privately owned and operated group that combines real estate amongst its diverse activities.
<b>Hornbach</b> Retail – home improvement centres	5.9	Hornbach is a German publicly listed company and leading supplier of home improvement products and materials, supplying both retail and trade customers. Sales for 2005/6 were up 6.6% to €2.37 billion.
<b>Kursana</b> Nursing homes	5.1	Kursana is Germany's foremost nursing home operator. It is owned by the Dussmann Group, Europe's largest facilities management and service provider, with 50,500 employees across 28 countries. Turnover in 2005 was up 5.3% to €1.06 billion. Kursana operates two of the nursing home assets.
<b>TNT</b> Logistics	4.5	TNT is one of the world's foremost providers of global mail and parcel delivery services. TNT operates in more than 200 countries and employs around 127,000 people. In the first nine months of 2006, TNT reported €7.3 billion in revenues. TNT is publicly listed on the stock exchanges of Amsterdam and New York.
<b>German Government</b> Offices	4.1	State of Nord Rhine – Westphalia.

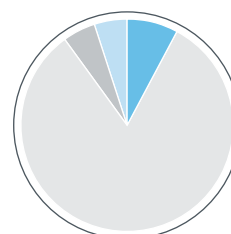
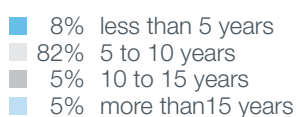
## Lease expiry profile

The Initial Properties have a weighted average lease term (by income) of 9.8 years which provides the Fund with a stable, long-term rental stream. No more than 10% of leases expire in any one year until 2011 and less than 5% of the leases expire before 2010.

### Lease expiry profile (by income)



### Age of properties



# Initial Property Locations



## Multiplex Capital

Multiplex Capital is the property funds management division of Multiplex Group. Multiplex Capital manages a diversified range of listed and unlisted property funds. Both the Responsible Entity and the Fund Manager form part of Multiplex Capital.

The division employs over 50 people that among them have experience in many areas of the property funds management industry. Total funds under management (FUM), as at 31 December 2006, exceeded \$6 billion. With the addition of the assets of the Fund, total FUM as at the date of the PDS will exceed \$6.7 billion.

FUM (\$m)  
as at 31 Dec 2006

### Listed funds

Multiplex Acumen Property Fund	322
Multiplex Property Trust	3,097
Multiplex Prime Property Fund	671
AMP NZ Office Fund <sup>4</sup>	943

### Unlisted funds

Multiplex New Zealand Property Fund	804
Multiplex Development and Opportunity Fund	149
Multiplex Property Income Fund <sup>5</sup>	n/a
Multiplex Diversified Property Fund <sup>5</sup>	n/a

### Property syndicates

Multiplex Acumen Vale Syndicate Limited	68
<b>Total FUM</b>	<b>6,054</b>

Information about each Multiplex fund can be found at [www.multiplexcapital.biz](http://www.multiplexcapital.biz).

## Investor Services

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## Distribution Team

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#### Notes:

- 1 All figures are forecasts only and are subject to assumptions and risks disclosed in the Product Disclosure Statement.
- 2 Successful applicants whose applications and cleared application monies have been received by the Registry before 23 May 2007 will receive interest on their application monies for the period from 23 May 2007 until allotment, paid from the application account.
- 3 These dates are indicative and may be changed by the Responsible Entity in consultation with the joint lead managers.
- 4 Multiplex owns 50% of the manager. This fund is listed on the New Zealand Stock Exchange. The FUM number shown is the total assets under management for this fund.
- 5 Multiplex Capital launched these open ended funds in March 2007.

Important notice: 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](http://www.multiplexcapital.biz). A paper copy of the PDS is available free of charge to any person in Australia by telephoning 1800 570 000. Applications must be made by completing the application form in or accompanying the PDS. 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.