

12 August 2016

Dear Investor

**Re: Multiplex European Property Fund (MUE) – Investor Update**

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides the following update to investors.

**German tax audit 2007 to 2010**

Final audit findings have been received in relation to the last of the Fund's German partnerships and confirm no assessment for Trade Tax for 2007 to 2010. These findings are consistent with the previous audit findings for the Fund's other six German partnerships in relation to Trade Tax confirming that no place of management was considered to be in existence in Germany in the 2007 to 2010 years.

In addition, the documents received indicate a liability of approximately €0.2 million (A\$0.3million) for corporate income tax which would be payable by the Fund's subsidiaries who are partners in the partnerships. There is no liability for VAT payable. It is not the current intention to contest this liability and the tax will be paid in due course.

Payment of this assessment will complete the tax audit of all seven partnerships for 2007 to 2010. Once the relevant liability is paid the German tax office will generally be unable to re-assess or make any further amendments for those years.

**Distribution**

BCML has resolved to distribute an amount of 1.6 cents per unit on or around 19 August 2016 from cash held in Australia. The following dates apply to the distribution:

Record date: 12 August 2016  
Payment date: 19 August 2016

**Future distributions and net assets**

BCML is working with German advisers to release additional cash held in the German partnerships to enable further distributions. Investors will be advised of further distributions in due course.

The audited financial statements for the year ended 30 June 2016 are planned for release in late August 2016.

The wind up of the Fund's subsidiaries will continue in line with the strategy advised in July 2015 and the amount of distributions to be ultimately paid to investors will continue to be subject to a number of factors including:

- Further movements in exchange rates;
- Claims on warranties for the sale of the Fund's properties;
- Changes in previous interpretation of German tax laws or laws in other jurisdictions; and
- Increased costs through delay in any required restructuring or wind up.

We will continue to keep you informed of updates in relation to the Fund.

**Yours sincerely**

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