

27 February 2018

Dear Investor

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

Brookfield Capital Management Limited (BCML), as responsible entity of the Fund, provides an update to investors for the half financial year ended 31 December 2017.

Financial Results

As at 31 December 2017, the Fund's net asset value was \$10.0 million (30 June 2017 : \$9.8 million) or 4.0 cents per unit (30 June 2017 : 4.0 cents per unit).

The Fund reported a net loss after tax of \$0.1 million due to costs incurred in operating the Fund and winding up the Fund's offshore subsidiaries.

Wind Up Update

As noted in the Fund's 30 June 2017 investor update, the next step of the wind up process required the collapse of the remaining European subsidiaries. During the six months to 31 December 2017, a number of the Fund's European subsidiaries were rationalised, resulting in the merger and dissolution of some subsidiaries. The dissolution of the Luxembourg subsidiaries took longer than anticipated due to the time taken by the Luxembourg tax authority to provide final tax clearance.

Wind up of the balance of the European subsidiaries continues, on completion of that the wind up of the Australian subsidiaries will commence.

VAT Audit / General Tax Audit

As noted in the 30 June 2017 update, despite the tax authority completing a special VAT audit, the matter is yet to be finalised as a result of commencing the general tax audit. The general tax audit is ongoing and information requested has been provided; and no findings have been announced by the tax authorities.

Revised Net Asset Value

The Fund's 31 December 2017 NAV of \$10.0 million (4.0 cents per unit) excludes \$4.1 million of forecast wind up costs and taxes yet to be incurred. These costs are not able to be recognised in the financial statements as a liability or provision under the relevant accounting standards as there is no obligation as at 31 December 2017.

The revised estimated NAV to be distributed during the wind up is approximately 2.4 cents per unit (CPU):

	\$ million	CPU
Net asset value as at 31 December 2017	10.0	4.0
Australia operating costs	(0.2)	(0.1)
Non-Australia operating costs (including taxes)	(3.3)	(1.3)
Wind up costs (Australia and Europe)	(0.6)	(0.2)
Revised NAV on wind up	5.9	2.4

Wind up of the Fund's subsidiaries will continue in line with the strategy advised in July 2015. Cash distributed during wind up may be higher or lower than current expectations of 2.4 cents per unit. Future distributions are subject to:

- movements in exchange rates;
- 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.

Further Information and Financial Results

The Fund's financial report for the half year ended 31 December 2017 is available at www.au.brookfield.com and we recommend that investors review this document.

BCML will continue to provide investor updates via the website including information regarding the timing and quantum of distributions.

Yours sincerely

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