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Brookfield Multiplex Capital Management Limited
(ACN 094 936 866)

24 February 2009

Dear Valued Investor

Re: Multiplex New Zealand Property Fund (ARSN 110 281 055)

Brookfield Multiplex Capital Management Limited (BMCML) as responsible entity for Multiplex New Zealand Property Fund (Fund) provides the following update for investors.

The key messages in this update are as follows:

- the Fund's portfolio has been externally re-valued as at December 2008 at NZ$867.96 million, which represents a circa 6% decline from the latest external valuations at 30 June 2008 of NZ$927.6 million;
- based on the Fund's 31 December 2008 balance sheet, the Total Tangible Assets (TTA) Ratio (being unitholders funds to total assets) has not been met. The Fund is in active dialogue with its financiers in relation to this issue. All other financial loan covenants are in compliance;
- as at 31 December 2008, the Fund's NTA is AUD$0.88;
- it is unlikely that distributions will be paid in the March or June 2009 quarters;
- the Liquidity Facility will be made available to investors again in September 2009 in accordance with the provisions stated in Section 2.11 of the Fund's Product Disclosure Statement; and
- the asset sale program to reduce the loan to value (LVR) ratio is progressing well.

The global financial crisis and the impact on the Fund

As investors are aware, the global financial crisis has had many impacts on commercial property markets. Whilst previous property cycles have been characterised by over-supply of space, higher vacancy levels and reduced tenant demand, the current cycle is predominantly a result of the restriction in credit and lack of liquidity in capital markets.

The impact of current market conditions has had an adverse impact on the key financial covenants of the Fund as three of the Fund's ratios take into account the balance of debt drawn and the value of the overall assets. Our September 2008 issue of *Capital* magazine noted that the Fund's LVR was at 60.5% against a covenant limit of 65%. Reductions in the value of the property portfolio and increases in the loan balance have moved and will continue to move the LVR closer to the covenant limit.

The table below provides a summary of the Fund's key financial metrics. The loan balance increased over time to fund the capital expenditure requirements of the portfolio and partly to fund previous distributions as contemplated in the Fund's Product Disclosure Statement.

Date	**24 February 2009**
Loan balance (NZ$)	$546.02 million*
Independent valuations (NZ$)	$842.86 million**
LVR	64.78%

* Includes re-payment of net proceeds from the sale of several properties, including Oamaru net proceeds which will be applied to pay down debt on 24 February 2009.
** Independent valuations reflect the most recent external valuations (December 2008) as adjusted to reflect reduction in overall portfolio value for properties sold between 31 December 2008 and 24 February 2009.

As noted above, an increase in the loan balance and reduction in the total tangible assets (primarily as a result of the reduction in the portfolio valuations) has resulted in a breach of the TTA. The likely impacts of this are summarised in this letter.

Valuation Update

Independent valuations over the entire portfolio at December 2008 totalled NZ $867.96 million and were finalised in February 2009. This represents a circa 6% decline from the latest external valuations at 30 June 2008 of NZ$927.60 million. The main reasons for the portfolio valuation reduction were due to softening yields and reduced rental growth forecasts. In accordance with accounting standards, the portfolio value adopted in the financial report is NZ$859.61 million. Further detail can be found in note 7 to the financial report.

By overall percentage terms, the largest valuation reduction related to the industrial properties due to a softening of core yields of the Mangere and Christchurch industrial centres.

Debt Update

At the date of this letter, the Fund continues to be in discussions with the financiers of the Fund's NZ$599 million debt facility (currently drawn to NZ$546 million following a repayment today), which is due for repayment in August 2009 and with regard to the non-compliance of the TTA Ratio.

The facility has four financial loan covenants: the interest coverage ratio (ICR), the loan to value ratio (LVR), a gearing covenant and the TTA ratio. At 31 December 2008, in the opinion of management, the Fund was in compliance with the ICR, the LVR and the gearing covenants. Based on the 31 December 2008 balance sheet, the TTA is not met. Management has informally advised the financiers of its non-compliance with this covenant. As a worst case scenario, the financiers will have the right to enforce their securities and require immediate repayment of the facility, however, it is management's expectation that the consequences of a breach will include additional interest charges and the levy of penalties upon the Fund. Therefore, at this time, it is not possible to draw further on this facility to fund either distributions or capital expenditure.

The LVR covenant specifies that the amount drawn on the facility cannot exceed 65% of the value of the external valuations adopted by the financiers. At the date of this report the financiers have yet to formally adopt the external valuations, however nothing has come to light to suggest this will not be the case.

Discussions have taken place with the financiers over a period of time which, in the opinion of management, were positive. This included the presentation of strategies for the future capital structure of the Fund. Early indications are that it is likely that the financiers may seek a lower LVR if the facility is to be refinanced. BMCML has proposed broad indicative terms and conditions for renewal of the debt facility and these are being considered by the financiers.

Net Tangible Assets (NTA)

The NTA as at 31 December 2008 is AUD$0.88, representing a reduction of AUD$0.31 on the 30 June 2008 NTA of AUD $1.19. The NTA has been impacted by property valuation decrements and changes in the fair value of the financial derivatives (interest rate swaps).

Reconciliation of movement in NTA	**$'000**	**$ per unit**
Net assets at 1 July 2008	258,310	1.19
Foreign exchange impact *	15,011	0.07
Tax benefit **	2,052	0.01
Property valuation decrements	(62,727)	(0.29)
Changes in fair value of derivatives	(27,505)	(0.12)
Decrease in distributions	5,174	0.02
Other	878	0.00
Net assets at 31 December 2008	**191,193**	**0.88**

* Included in the foreign exchange impact is $4.1 million ($0.02 per unit) relating to the value of derivatives
** Tax benefit recognised on out of the money derivative positions

Distribution Update

As outlined in our letter dated 17 December 2008, BMCML resolved to suspend distributions for the December 2008 quarter and it is unlikely that distributions will be paid in the March or June 2009 quarters because cash retained from not paying distributions will be used to repay debt and/or fund essential maintenance capital expenditure where necessary.

Asset Sale Update

In order to aid with the refinancing of the facility, a number of retail assets were marketed for sale in the latter part of 2008. The proceeds from sale of these properties have been used to repay debt in order to reduce the amount of debt drawn.

In November 2008 the Fund settled on the sale of the office property at 12 Whitaker Place, and in January 2009 the Fund settled on the sale of the Howick Shopping Centre and Woolworths Te Awamutu properties. The net proceeds of these sales were used to repay NZ$17.76 million off the debt balance drawn on the existing facility.

Furthermore, Woolworths Putararu and Countdown Oamaru settled in February 2009 with net proceeds of $6.05 million further paying down the loan balance.

At the date of this letter, the Fund has entered into an unconditional contract to sell Foodtown Pukekohe for NZ $8.0 million. Settlement of this property is due prior to 31 March 2009. Conditional contracts have also been exchanged on four other properties for a total sales price of NZ$41.25 million. These properties are expected to settle before 30 June 2009. The net proceeds of these settlements will also be used to repay the debt balance drawn on the existing facility.

Status of Property Portfolio

The underlying property portfolio is characterised by:

- high occupancy of 99.4% at 31 December 2008;
- weighted average lease term to expiry of around 6.5 years;
- quality tenant covenants including Woolworths, Telecom NZ, EDS, the (New Zealand) Department of Conservation, ASB Bank, New Zealand Police and the New Zealand Inland Revenue department; and
- 152 tenants located in a diversified (by asset class and geographic location) portfolio.

Based on the assets currently under contract, the Fund expects to retain similar characteristics following the expected completion of the sales of those assets by 30 June 2009.

Liquidity Facility

The annual liquidity facility offer was made to investors in September 2008. The offer closed oversubscribed and accordingly the redemption requests were dealt with on a pro-rata basis. The offer of up to $5.0 million will be made available to investors again in September 2009 in accordance with the provisions stated in section 2.11 of the Fund's Product Disclosure Statement.

Financial Results as at 31 December 2008

The financial statements for the six month period to 31 December 2008 have been reviewed by KPMG and provide further information with regard to the current status of the Fund's activities. This report is now available on our website www.brookfieldmultiplexcapital.com.

Future Direction

The gearing and TTA ratios have, and will continue to have, an impact on the Fund. The changed financing environment requires that the Fund reduce its gearing over the short and long term.

BMCML continues to assess the capital structure of the Fund with a view to ensuring that the Fund will be able to withstand any future valuation decrements and additional lending restrictions that may be imposed by its financiers either now or in the future. The options may include introducing debt which is subordinated to the existing loan facility or a form of equity raising. Unless it is possible to introduce a significant sum of equity into the Fund, it will be necessary to undertake a program of further asset sales in order to reduce gearing within the Fund. Currently, the Fund has not approached other financiers regarding negotiation of a new debt facility which serves as an option available to the Fund.

Any longer term strategy will have regard to the review date of the Fund scheduled for September 2011.

If you have any questions or wish to discuss this matter, please don't hesitate to contact Brookfield Multiplex Capital Customer Service on 1800 570 000, or email clientservices@brookfieldmultiplex.com. For regular Fund updates, please refer to our bi-annual *Capital* magazine, or our website www.brookfieldmultiplexcapital.com.

Yours sincerely

Tina Raftopoulos
Fund Manager
Multiplex New Zealand Property Fund