Brookfield

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Multiplex New Zealand Property Fund
ARSN 110 281 055

24 January 2011

Dear Investor

Multiplex New Zealand Property Fund (Fund) – Investor Update

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

Revised terms to extend debt facility

Subject to formal documentation and satisfaction of conditions precedent, BCML has agreed to revise a number of key terms in the Fund's existing debt facility including an extension to the facility by 12 months to 30 August 2012 in accordance with a terms sheet provided by the Fund's financiers.

Under the existing debt facility the Fund was required to reduce its Loan to Value Ratio (LVR) to 55% by 31 December 2010. The financiers have agreed to provide a waiver in relation to this requirement until 28 February 2011, by which time the revised facility is required to be formally documented. This documentation process is underway.

A summary of the key revised terms of the debt facility are set out below and further information will be provided upon completion of the documentation process:

<table>
<tr><td>Maturity date</td><td>30 August 2012</td></tr>
<tr><td>Interest rate</td><td>Margin determined according to the LVR
<table><tr><td>LVR</td><td>Margin (%)</td></tr><tr><td>Less than 50%</td><td>2.60</td></tr><tr><td>50 to 55%</td><td>2.90</td></tr><tr><td>55 to 60%</td><td>3.10</td></tr><tr><td>Greater than 60%</td><td>3.30</td></tr></table>
The margin on commencement is 3.30%. If the Interest Cover Ratio is or is forecast to be less than 1.4 times, the margin will be 3.30% regardless of the LVR.</td></tr>
<tr><td>Loan to Value Ratio covenant requirement</td><td>– 65% on commencement
– 60% by 30 June 2011
– 55% by 30 June 2012</td></tr>
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Earnings covenant requirement	– Measured by cash earnings before interest and tax (EBIT) divided by total interest expense for the same period and tested on a rolling 6 month historical basis. – Commences at 1.3 times and increases to 1.4 times by 31 March 2012 and to 1.5 times by 30 June 2012. – If the forecast ICR is less than 1.4 times, the rental shortfall required to satisfy an ICR of 1.4 times is to be held on deposit with a charge provided over this deposit in favour of the Financiers.
Lease covenant	Weighted average lease term to be not less than 3 years.
Gearing covenant	– Measured by total liabilities to total tangible assets (excluding deferred management fees). – Commences at no greater than 75%, reducing to 70% by 30 June 2011 and 65% by 30 June 2012.
Mandatory prepayments	All proceeds from sale of assets (net of taxes and transaction costs) are applied against the facility.
Distributions	Permitted to be paid where the LVR is and will remain below 55%.
Management fees	Permitted to be paid where the LVR is and will remain below 60%. Accrued management fees permitted to be paid where the LVR is and will remain below 55%.

Impact of the extended facility on the Fund and investors

The 12 month extension to 30 August 2012 is an important outcome and allows further consideration to be given to the optimal means by which investors may be given the opportunity to exit the Fund and/or for the Fund to maximise proceeds from the disposal of any further properties.

Under the revised facility the Fund is restricted from making distributions to investors until the LVR is less than 55%. The Fund is restricted from paying any management fees until the LVR is below 60%. No management fees have been paid since March 2008, although they continue to be accrued in the Fund's accounts.

Using the valuation of assets as at 30 June 2010, the LVR is estimated to be 61.4%. The financiers have agreed to waive the breach that would otherwise arise under the existing facility, provided that documentation of the revision of the facility is executed by 28 February 2011.

A number of the Fund's properties are subject to sale agreements that are planned to settle in 2011 (refer below). Proceeds from the sale of these assets will be used to repay debt. Details of the valuation of the Fund's assets at 31 December 2010 will be available to investors upon finalisation of the Fund's half year accounts expected in February 2011.

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Excess cash-flow from the Fund's operations is currently required to secure re-leasing of the Fund's properties as vacancies arise and to meet ongoing capital expenditure requirements. In particular, the Telecom House property in Auckland is now vacant and a key priority is securing a replacement tenant for the property.

Further information in relation to the financial position of the Fund will be provided upon finalisation of the 31 December 2010 accounts.

Status of Property Sales

As communicated to investors previously the strategy for the Fund remains to reduce the gearing of the Fund by reducing the size of the property portfolio where an appropriate price can be obtained.

Since 30 June 2010 the Fund has settled the sale of two assets being 180 Molesworth Street, Wellington and ANZ Business Centre, Auckland at combined gross proceeds of $56.7 million, bringing total settled proceeds for 2010 from the sale of three properties to $90.7 million. At 31 December 2010 the balance owing under the facility is $330 million.

In addition, the Fund holds an unconditional sale agreement for Valley Mega Centre Stage 1,New Plymouth, which is due to settle February 2011, and has conditional contracts for Valley Mega Centre Stage 2, New Plymouth, and 70 Symonds Street, Auckland, which if declared unconditional are targeted to settle in February and March 2011 respectively. The combined net proceeds from settlement of these three properties are expected to be $59.2 million which will be applied to further reduce debt.

Review of your investment in the Fund

The Fund's Constitution sets out the process in relation to the exit mechanism available to investors. At least three months prior to 1 September 2011 BCML will send a notice to investors giving them an option to withdraw from the Fund.

Alternatively, BCML may extend the period to provide such notice by up to 12 months to 1 September 2012, if BCML believes that some or all of the assets cannot be sold on terms which are in the best interests of the investors within a reasonable time after the end of the period. BCML may form this belief for any reason in its discretion and such reasons may include (but are not limited to):

(i) Unfavourable market conditions such that the value of the assets cannot be realised.

(ii) A sale had been negotiated, but did not proceed to completion and more time is needed to negotiate a new sale.

BCML will consider market conditions and other relevant factors and will communicate its views to investors in advance of 1 June 2011.

Future Updates

BCML will continue to keep investors updated on the progress of the Fund during the course of the year.

Yours sincerely

Brookfield Client Services
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