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Multiplex Prime Property Fund
(ARSN 110 096 663)

Brookfield Multiplex Capital Management Limited
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ASX Announcement

17 December 2008

Multiplex Prime Property Fund (ASX: MAFCA)
Revised FY09 Distribution Guidance and Fund Update

The Directors of Brookfield Multiplex Capital Management Limited (BMCML) as Responsible Entity for Multiplex Prime Property Fund (MAFCA or the Fund) today provide a detailed Fund update, as well as measures to respond to the pressures of the current global financial crisis and to strengthen the Fund's balance sheet.

The key messages of the announcement are as follows:

- Revaluation of the Fund's A-grade property portfolio as at 31 December 2008 resulting in a 3.9% decrease in value to $615.1 million from 30 June 2008;
- Expected compliance with all debt covenants as at 31 December 2008, therefore no trigger to the acceleration of the final instalment of $0.40 per unit;
- No distribution to be paid for the December 2008 quarter and revision to the Fund's distribution policy; and
- BMCML is currently exploring various alternatives to strengthen the Fund's capital position.

Background

MAFCA owns a portfolio of four CBD property assets (including a 50% share in the Ernst & Young Centre, Sydney; a 25% share in the Southern Cross Tower, Melbourne; Defence Plaza, Melbourne; and the American Express Building, Sydney) and a diversified portfolio of listed property trust investments.

Property Revaluation Update

Independent revaluations have been completed for the Fund's four direct properties as at 31 December 2008. These revaluations have resulted in a 3.9% decrease in the carrying value of the portfolio from $640.4 million (30 June 2008) to $615.1 million.

Although the value of the assets has declined over the past 12 months, the current valuation of the portfolio remains above the original purchase price of $576.75 million at the commencement of the Fund in September 2006.

Cashflows from the Fund's high quality assets continue to be a secure source of income for the Fund as demonstrated by the following characteristics:

- 100% portfolio occupancy
- No major lease expiry until FY11
- Approximately 75% of property income derived from government and major corporate tenants
- 80% of property income subject to fixed rent reviews averaging 4.0% per annum

Details of the independent valuations are summarised in the table below:

Property	Fund share (%)	Valuation date	Valuation ($m)	Valuation cap rate (%)	Previous valuation ($m)	Previous cap rate (%)
Ernst & Young Centre, Sydney	50	31/12/08	282.25	6.63	290.00	6.25
American Express Building, Sydney	100	31/12/08	130.00	6.50	137.00	6.00
Southern Cross Tower, Melbourne	25	31/12/08	136.25	6.50	138.75	N/A*
Defence Plaza, Melbourne	100	31/12/08	66.60	7.25**	74.60	7.25
Total			**615.10**	**6.64**	**640.35**	

* Internal valuation completed as at 30 June 2008. Therefore, no external capitalisation rate can be provided for comparison.

** The capitalisation rate for Defence Plaza has remained unchanged from the 30 June 2008 valuation due to additional capital expenditure costs being assumed for the refurbishment and relet of the building.

The above valuations have been issued by the Fund's external valuers as at 31 December 2008. These amounts have been considered by the Directors of BMCML as at the date of this announcement. BMCML will carry out a further review of these valuations prior to the 31 December 2008 reporting date (expected to be in February 2009) to determine if any material changes in market conditions have occurred since the date of this release. Should BMCML adopt valuations at the 31 December 2008 reporting date which materially differ from those detailed above, an announcement will be released to the market.

Debt and Financial Covenant Update

Based on the value of the property portfolio as at 31 December 2008 of $615.1 million and the market value of the A-REIT portfolio as at 16 December 2008 of $4.1 million (representing a circa 70% fall in value from $13.8 million as at 30 September 2008), the Loan to Value Ratio (LVR) of the Fund is expected to remain within its debt covenant limits as at 31 December 2008.

The Fund's Interest Cover Ratios (ICRs) are also expected to be within the covenant limits at this date.

Therefore, the Fund is expected to be in compliance with its financial covenants as at 31 December 2008.

BMCML advises that at present, no events have occurred to cause the final instalment of $0.40 per unit to be accelerated.

The Fund's interest expense is 99% hedged until June 2011 and the debt facilities do not mature in the ordinary course until December 2011.

Revised Distribution Guidance and Policy

In light of possible further deterioration in the A-REIT sector which may result in additional distribution downgrades and the decline in the market value of the Fund's investments, BMCML believes it is prudent not to declare a distribution for the December 2008 quarter, in order to preserve the capital position of the Fund.

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The table below outlines the distribution details for the quarter ended 31 December 2008:

ASX code	MAFCA
Estimated distribution rate (cents per unit)	Nil

The Board will assess the payment of distributions for the second half of FY09 after considering prevailing market conditions and the financial position of the Fund at that time.

The Fund's distribution policy has been amended to align future distributions with the net operating income of the Fund, less maintenance capital expenditure on the direct property assets. The policy has been revised to reduce pressure on the Fund's debt covenants and to reset distributions to a sustainable level.

Net Tangible Assets (NTA)

Following the 31 December 2008 property revaluations, the unaudited NTA per unit of the Fund is forecast to be $0.34 (excluding) and $0.18 (including) the mark to market of the interest rate swaps (assuming swap rates as at 30 November 2008).

Changes in the value of the interest rate hedges do not affect the cashflow of the Fund. However, international accounting standards require the changes in the mark to market of financial derivatives to be recorded on the Fund's balance sheet.

Future Direction

In addition to revising the distribution policy, BMCML is considering a number of options available in order to strengthen the Fund's capital position and to increase investor returns. BMCML expects to be in a position to provide an update to investors in the first quarter of 2009.

The Board wishes to assure investors that they are committed to the best possible long term outcome for investors in these unprecedented times.

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