

27 August 2019

Dear Investor

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

Brookfield Capital Management Limited, as responsible entity of the Fund provides an update to investors for the year ended 30 June 2019.

Financial Results

As at 30 June 2019, the Fund's Net Asset Value (NAV) was \$10.22 million or \$0.04 per unit (30 June 2018: \$10.26 million or \$0.04 per unit).

The Fund reported a net loss after tax of \$0.3 million due to operational costs and costs incurred in winding up the European structure.

Wind Up Update

Progress has been made to streamline the European structure, resulting in several subsidiaries being merged. A few more European subsidiaries need to be dissolved before the wind up of the Australia structure can commence.

VAT Audit / General Tax Audit

The German tax auditor has provided their preliminary audit report. The report identified an assessable amount of €8,585.49 (plus late payment interest) payable for VAT and a discrepancy in the approach taken by the tax auditor in calculating the equity position of a European subsidiary of the Fund. Our advisors are currently clarifying the approach with the auditors.

Another tax issue was raised in the audit report. The issue was in relation to a capital gain made by the previous owner when it disposed of its interest in the partnership to the Fund. This matter is not directly related to the Fund. However, as the tax audit is for the period during which the Fund was a party to the partnership, the tax auditor will not provide the Fund a final tax assessment until the capital gain issue with the previous owner is resolved. The tax auditor is dealing directly with the previous owner on this matter. The Fund will not be a party to the discussions. Our advisors believe that this issue is unlikely to have an adverse tax impact on the Fund.

Management is working with the Fund's tax advisors to have the tax office finalise the Fund's tax assessment.

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Multiplex European Property Fund

ARSN: 124 527 206

Revised Net Asset Value

The Fund's 30 June 2019 NAV of \$10.22 million excludes \$3.83 million of forecast wind up costs and taxes yet to be incurred. Under the accounting standards, these costs are unable to be recognised in the financial statements as a liability or provision as there is no present obligation as at 30 June 2019.

The revised estimated NAV to be distributed during the wind up is approximately 2.6 cents per unit:

	\$ million	CPU
Net asset value as at 30 June 2019	10.22	4.1
Australian operating costs	(0.10)	(0.1)
Non-Australian operating costs (including taxes)*	(3.20)	(1.2)
Wind up costs (Australia and Europe)	(0.53)	(0.2)
Revised NAV on wind up	6.39	2.6

*A portion of Malta costs have been reallocated into Australian operating costs, as these costs are now paid out of Australia.

Wind up of the Fund's subsidiaries continues in line with the strategy contained in the Notice of Meeting (NOM) issued in July 2015. It has taken longer than anticipated to progress the wind-up the European subsidiaries due to the pending finalisation of the tax assessment by the tax auditors. To date, approximately 6.0 cents per unit of the 8.4 cents per unit forecast in the NOM has been returned to investors.

Cash distributed on completion of wind-up may be higher or lower than the current forecast of 2.6 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.

Distribution

Given the preliminary tax assessment provided in the audit tax report and in consultation with our tax advisors, BCML declares a distribution of 1.8222 cents per unit (equating to approximately \$4.5 million) to be paid on or around 13 September 2019. The distribution payment represents approximately 70% of the net realisable value as at 30 June 2019. Post the distribution payment, the pro-forma net realisable value will reduce to 0.8 cents per unit.

Please refer to section under '**Updating your details**' to ensure you banking details are up to date for this distribution payment.

Further Information and Financial Results

The Fund's audited financial report for the year ended 30 June 2019 is available at www.au.brookfield.com and we recommend that investors review this document.

Yours sincerely

Brookfield Customer Service

Phone: 1800 570 000

Email: clientserviceenquiries@brookfield.com

Updating your details

Bank Account

The Fund's share registry provider Link Market Services (Link) will be responsible for processing distributions to investors. In order to receive your distributions, it is essential to ensure that Link has the correct bank account details for the crediting of your distribution.

Tax File Number (TFN) or Australian Business Number (ABN)

If you are an Australian investor or subject to Australia's taxation laws, it is in your interest to provide us with your Tax File Number (TFN) or Australian Business Number (AB) or Exemption Notification. Please note that we are obliged to deduct tax at the highest marginal tax rate in the absence of a valid TFN, ABN or exemption.

You can update your bank account and TFN/ABN on the Link website www.linkmarketservices.com.au, see detail instructions below.

- Visit www.linkmarketservices.com.au and click on 'Investor Login'
- Login using the Single Holding login or (if you have established one) your Portfolio login
- Enter 'Multiplex European Property Fund' in the Issuer Name field
- Enter your Securityholder Reference Number (RN) this can be located in the enclosed forms.
- Enter your postcode, or if your registered address is overseas, select Outside Australia link to look up your country of residence
- Type in the security code
- Click on the box confirming you agree to the terms and conditions
- Click on Login
- Click on the Payment & Tax
- Click on Payments instructions to update your bank account
- Click on Tax Details to update TFN/ABN

Alternatively, you can complete the enclosed forms and return it in the reply-paid envelope. As mentioned above the distribution is anticipated to be paid on or around 13 September 2019, please ensure your details are updated by no later than Wednesday 11 September 2019. If you have any queries you can contact Link on +61 1800 115 044 or email registrars@linkmarketservices.com.au