

25 February 2020

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 half year ended 31 December 2019.

Financial Results

As at 31 December 2019, the Fund's Net Asset Value (NAV) was \$5.45 million or \$0.02 per unit (30 June 2019: \$10.22 million or \$0.04 per unit).

The movement in NAV during the period was due to the Fund paying a distribution of 1.8222 cents per unit (approximately \$4.5 million) in September 2019.

The Fund reported a net loss after tax of \$0.1 million due to operational costs and costs incurred in winding up the European structure.

Wind Up Update

Post the streamlining of the Fund's European structure, the Fund has two European subsidiaries to liquidate / dissolve before commencing the wind up of the Fund's Australian subsidiaries. It was anticipated that the liquidation of one of the European subsidiaries would have completed by this time, if not for the slower than expected response time from the Malta tax authority. The delays are procedural as part of the liquidation process.

VAT Audit / General Tax Audit

The German tax authority provided their VAT assessment for the years ending 2014 and 2015. The VAT assessment was one component of the ongoing general tax audit. The VAT assessment was in line with the preliminary audit findings and payment of the assessed amount was made by the Fund.

With regards to the balance of the general tax audit, the German tax authority has not yet provided their conclusion, despite continuous follow ups by the Fund's tax advisors. The Fund's tax advisors maintain that the tax issues noted in the year end 30 June 2019 investor update are unlikely to have an adverse tax impact on the Fund.

BCML is working with the Fund's tax advisors to close out all outstanding tax issues to enable the Fund to implement its complete exit from Europe.

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Multiplex European Property Fund

ARSN: 124 527 206

Revised Net Asset Value

The Fund's 31 December 2019 NAV of ~\$5.5 million excludes ~\$3.4 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 31 December 2019.

The revised estimated NAV to be distributed during the wind up is approximately 0.8 cents per unit:

	\$ million	CPU
Net asset value as at 30 June 2019	5.4	2.2
Australian operating costs	(0.1)	(0.1)
Non-Australian operating costs (including taxes)*	(3.0)	(1.2)
Wind up costs (Australia and Europe)	(0.3)	(0.1)
Revised NAV on wind up	2.0	0.8

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

Cash distributed on completion of wind-up may be higher or lower than the current forecast of 0.8 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 audited financial report for the half year ended 31 December 2019 is available at www.au.brookfield.com and we recommend that investors review this document.

Yours sincerely

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