

**Brookfield Multiplex Capital Management Limited**  
(ACN 094 936 866)

**Multiplex Prime Property Fund**  
(ARSN 110 096 663)

# ASX Announcement

9 October 2009

## **Multiplex Prime Property Fund (ASX: MAFCA) Market Update**

Brookfield Multiplex Capital Management Limited (BMCML) today provides further details regarding:

- the status of a proposal that was recently received by the Independent Directors (the Conditional Proposal), as announced at the MAFCA unitholder meeting on 7 October 2009; and
- the status of the Entitlement Offer, for which offer documentation was lodged on 8 October 2009.

### **Conditional Proposal**

On 2 October 2009, Oaktree Capital Management Pte Ltd and Grocon Investment Management Pty Ltd (the Consortium) submitted the Conditional Proposal to the Independent Directors of BMCML. The Conditional Proposal is a recapitalisation proposal that was stated by the Consortium as being non-binding, incomplete and conditional on a number of matters including those set out below:

- Obtaining the relevant unitholder approvals;
- Receiving the support of the financiers;
- The appointment of Grocon (or its nominee) entity as responsible entity;
- Removal of BMCML as responsible entity and dissolution of the Fund's Management Services Agreement with a member of the Brookfield Multiplex Group;
- Execution of an implementation agreement, a draft of which has not as yet been submitted for review;
- Satisfactory completion of further due diligence; and
- Corporate and regulatory approvals.

Many of these conditions are outside of the control of BMCML and there is neither any assurance that the proposal could be implemented nor, if it could, any clarity around the time that would be required for implementation.

Following receipt of the Conditional Proposal, the Independent Directors commenced an assessment of the Proposal and held a number of discussions with representatives of the Consortium and their advisers to seek clarification of certain elements of the Proposal, to seek certain enhancements to the Proposal and to facilitate satisfaction of certain of the conditions including the co-operation of key stakeholders. The Independent Directors have also held further discussions with other stakeholders, including the Fund's financiers.

In undertaking the review of the Conditional Proposal and the discussions with representatives of the Consortium, the Independent Directors have been mindful of the critical importance of the Fund curing its 30 June 2009 covenant breaches by 16 November 2009, which is the timeframe imposed by the Fund's financiers under the terms of the covenant waiver. In the event that the breaches are not cured by that date, there are potentially significant adverse consequences for all unitholders as previously set out in the Notice of Meeting and Explanatory Memorandum dated 14 September 2009 and as discussed at the unitholder meeting on 7 October 2009.

During the discussions with the Consortium's representatives, the Consortium has been unable to demonstrate that it has the support of the Fund's existing Financiers or has been able to procure new sources of debt funding to provide funding certainty to its proposal. As a result, the Independent Directors do not believe the Conditional Proposal is currently capable of being implemented. This view and the reasons for it have been communicated to the Consortium. The Consortium has been advised that unless and until this fundamental uncertainty is resolved, the Independent Directors are not in a position to consider the Conditional Proposal further but remain prepared to do so if the Consortium can achieve this.

### **Status of Entitlement Offer**

A meeting of MAFCA unitholders was held on 7 October 2009, which resulted in unitholders approving the Entitlement Offer and lodgement of the Entitlement Offer Booklet followed on 8 October 2009.

The Entitlement Offer will proceed and the Independent Directors continue to believe the Entitlement Offer is in the best interests of unitholders because it recapitalises the Fund and importantly, is the only proposal that provides certainty to unitholders in relation to the Fund's current financial position within the timeframe provided by the Fund's financiers.

The structure of the Entitlement Offer provides flexibility to unitholders in that each investor has the option to participate in the rights issue and maintain their interest in the Fund, or retain a smaller interest in the fund (and a significantly smaller instalment liability) or exit the Fund altogether. The Entitlement Offer also has the support of the Fund's lenders and other key stakeholders allowing certainty of execution in a short time frame. For these reasons, the Independent Directors endorse the Entitlement Offer and encourage unitholders to participate in the capital raising, having regard to their personal circumstances and the options made available to them under the Entitlement Offer.

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