

Thakral Holdings Limited
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13 July 2012



The Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

VIA E-LODGEMENT

**Thakral Holdings Group ("THG")
Update Letter to THG Securityholders regarding Brookfield Takeover Offer**

In accordance with ASX Listing Rule 3.17, we **attach** a copy of our update letter which is being sent to THG securityholders in relation to the Brookfield Takeover Offer.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "Ron Chio", is written over a faint circular blue stamp.

Ron Chio
Company Secretary

13 July 2012

Dear Thakral Securityholder,

Reject Brookfield BidCo's unsolicited and wholly inadequate offer – do nothing and take no action

You would have recently received a copy of Thakral's Target Statement in which the committee of Thakral's independent directors outlined their reasons for recommending that all Thakral securityholders reject the Brookfield Offer.¹

As anticipated, Brookfield² has subsequently provided a response to the Target's Statement in its Third Supplementary Bidder's Statement (the "**Supplementary**") which you should also have received.

There are a number of statements made by Brookfield in the Supplementary that are both inaccurate and misleading. There is nothing new in Brookfield's Supplementary and it does nothing to address the issues we have raised about Brookfield's inadequate and opportunistic offer. You should IGNORE the Supplementary and DO NOTHING in relation to the Brookfield Offer.

Thakral has refinanced its debt facilities

As foreshadowed in the Target's Statement, Thakral has refinanced its syndicated debt facility via a \$460 million facility from the Commonwealth Bank of Australia having signed a credit approved terms sheet. The new facility is for a term of 12 months maturing on 31 August 2013 which will provide flexibility in light of the current Brookfield Offer.

This facility demonstrates strong support for Thakral and the quality of its assets from Australia's largest bank.

Brookfield has now commenced due diligence which it believes could be advantageous to Thakral securityholders

Thakral has been actively engaging with Brookfield around access to due diligence since the Target's Statement was released. Brookfield has now agreed to appropriate confidentiality conditions and as of today will have access to due diligence information on similar terms to other interested parties.

Brookfield has been granted access to due diligence for the purpose of ensuring it has all information available to it.

Grant Samuel has undertaken an independent valuation of Thakral

As noted in the Target's Statement, Grant Samuel has prepared an Independent Expert's report that has assessed the value of Thakral at between \$0.88 and \$0.96 per Thakral security. As such the Brookfield Offer of \$0.70 per Thakral security had been found to be NEITHER FAIR NOR REASONABLE.

¹ Terms used in this letter which are defined in the Target's Statement have the same meaning in this letter.

² Bidco 1 Pty Limited, an affiliate of Brookfield Asset Management Inc.

Grant Samuel has provided an **independent** view on value and this view is based on **independent** property valuations primarily from Colliers prepared as at 30 June 2012. These valuations are consistent with another set of **independent** valuations we had obtained from Jones Lang LaSalle as at 31 December 2011.

Brookfield has sought to criticise Thakral for being 'selective' in its choice of which assets it has had revalued at 30 June 2012 and has suggested that the valuation of our development inventory is out of date. This statement is misleading and incorrect. The development inventory was independently valued (by respected independent valuers) at 31 December 2011 and there have been no material changes that would be expected to affect these valuations in the past 6 months. Importantly, the development inventory represents only around 10% of our total portfolio valuation. In addition, Grant Samuel has applied a discount to the book value of these developments to reflect the likely amount that could be realised in the market.

The Independent Directors are seeking to maximise value for Thakral securityholders

As stated in Thakral's Target Statement, the Independent Directors are actively canvassing alternate proposals that may create a better outcome for Thakral Securityholders. A due diligence data room has been established to assist with this process and interested parties are actively engaged in the due diligence process.

2012 Financial Year result

In light of the Brookfield Offer's current closing date of 28 August 2012, the Board of Thakral expects to release the 2012 financial year results to the market by 23 August 2012.

As indicated in the Target's Statement, the Board expects that underlying profit for the full year ending 30 June 2012 will be approximately \$15 million. Further, the Board expects NTA per Thakral security to be in line with 31 December 2011 NTA of \$0.96.³

REJECT the Brookfield Offer and IGNORE all information from Brookfield

The Independent Directors recommend that you read Thakral's Target Statement in full before making any decision. To reject the Brookfield Offer simply do nothing and take no action in relation to all documents sent to you by Brookfield BidCo.

If you have any questions in relation to the Target's Statement or your securityholding in Thakral, please do not hesitate to call the Thakral Information Line on 1 300 551 756 (within Australia) and +612 8280 7782 (outside Australia).

Yours faithfully,



A.E. (Ted) Harris AC
Joint Chairman

³ As announced to the market on 28 February 2012. Expressed on a per fully paid Thakral security basis without taking into account partly paid Thakral Securities and determined by reference to the fair value of Thakral's net assets as at 31 December 2011.