MULTIPLEX DEVELOPMENT AND OPPORTUNITY FUND

ARSN 100 563 488

Full year update for the year ended 30 June 2010

Dear Investor

The Directors of Brookfield Multiplex Capital Management Limited (BMCML), provide the following update to investors for the year ended 30 June 2010.

Key messages in this update (measured against the year ended 30 June 2009) are:

- net assets of the Fund decreased by 13% to $154.7 million due to:
  - payment of a distribution of $10 million;
  - write down in Pegasus of $17.9 million offset by earnings from operations of $6.2 million;
- operating net loss after tax was $11.7 million (excluding write down of Pegusas investment operating profit after tax increased to $6.2 million); and
- NTA of $0.87 excludes minority interest (compared to $1.09 at 30 June 2009 including minority interest); and
- Vale Stages 7 to 11 finance facility was refinanced for a three year term with an uplift in limit to $27 million.

INVESTOR UPDATE

As at 30 June 2010, the Fund has five investments remaining in its portfolio. The total asset of the Fund has a carrying value of $227.9 million and consists of three broadacre subdivisions, one apartment development and one mezzanine loan.

During the financial year the Fund realised the King Street Wharf loan of $13.9 million. A portion of the cash realised was used to fund a distribution payment made to investors on 24 March 2010.

The Fund exited its investment in the Pegasus project with net receipts of NZ$0.8 million and has written down this investment to nil.

A brief update on each investment is as follows:

Multiplex Acumen Vale Syndicate, Western Australia

Investment type	Equity
Status of investment	Pre-selling/settlement/construction
Forecast realisation date[1]	mid 2011
Capital invested (A$million)[2]	11.5

The Syndicate is 90.6% sold and has experienced a solid level of sales in the 12 months to 30 June 2010. The average sales rate for the period was 19 lots per month compared to 17.8 lots per month in the previous financial year. This was largely attributed to the incentive the Federal Government provided to first home buyers which has effectively ended. As a result, the sales rate is anticipated to be slower for the remainder of 2010.

During the 12 months to June 2010, the Syndicate settled on 228 lots and identified an opportunity to increase the overall cash flows by subdividing Stage 6i instead of selling it as a superlot. This resulted in an overall increase in lot yield from 1,562 to 1,593, albeit with an extension on completing the project to mid 2011.

The project has 167 lots remaining and at 30 June 2010, more than 31% were exchanged unconditionally. It is anticipated all lots will be settled prior to June 2011.

A fully franked dividend of 10 cents per share was paid to shareholders on 26 February 2010. To date the Syndicate has paid 61 cents per share in dividends and 20 cents per share as a return of capital.

The Directors have declared a further dividend of 15 cents per share to be paid on 1 September 2010 in line with the ongoing performance of the Syndicate.

It is anticipated the overall return to shareholders will be in excess of the 20% benchmark annualised internal rate of return. In accordance with the Prospectus, a performance fee is expected to be paid to the development manager on completion of the project.

Financing Update:

The Syndicate fully repaid its debt in the early part of the financial year and has since negotiated with National Australia Bank Ltd for a Bank Guarantee facility of $3 million which matures in August 2011. The Facility is fully drawn as at 30 June 2010 and supported by cash. The cash is invested in a term deposit earning an interest rate of circa 5.23%.

Vale Stages 7 to 11, Western Australia

Investment type	Equity
Status of investment	Pre-selling/settlement/construction
Forecast realisation date	November 2013
Capital invested (A$million)[2]	31.2

Project Update:

Vale Stages 7 to 11 is a masterplanned community with 756 residential lots located in the Swan Valley near Perth. In March 2010, the project commenced Stage 7A and Stage 8A. On a combined basis, the two stages are expected to yield 109 lots. As at 30 June 2010, a total of 13 contracts were exchanged unconditionally. The average sales rate for this project is anticipated to be lower than the current performance of Vale Stages 2 to 6 (being Multiplex Acumen Vale Syndicate). There are fewer amenities in this project compared to Vale Stages 2 to 6 and the lot sizes are comparatively smaller;[2] therefore a strategy currently being considered to assist with increasing sales rate is partnering with builders to sell land with house packages.

The remaining stages of the project will commence progressively and completion is expected by the end of 2013.

Financing Update:

The current land facility of $22 million with National Australia Bank has been refinanced to a development facility with an increase in the facility limit to $27 million. The facility is in place for three years and matures on 30 June 2013.

As at 30 June 2010 the facility was drawn to $22 million. Interest rate hedging has been put in place for parts of the facility in order to limit the Fund's exposure to changing interest rates.

1 The realisation dates contained in this update are based on current project feasibilities as provided by the Development Manager. Should the underlying market conditions alter or underlying assumptions change from current expectations, the realisation dates may be subject to movement.

2 Capital invested as per 30 June 2010 financial statement adjusted for post balance sheet date transactions.

Henley Brook, Western Australia

Investment type	Equity
Status of investment	Planning phase/construction/pre-selling
Forecast realisation date[1]	December 2016
Capital invested (A$million)[2]	35.8

The project was rebranded to 'Whiteman Edge' in August 2010. The sub-division of 19 rural lots in Stage 1A has commenced and is expected to take six months to complete with settlement forecast to occur in early to mid 2011. Brookfield Residential has been appointed as development manager for this stage. It is anticipated that the net proceeds from the 19 rural lots will be used to reduce debt.

During the year, the Fund received several offers from interested parties to acquire the Henley Brook land. The offers were assessed and declined on the basis that the offer price was below the potential realisable value of the development, given the land is in a growth corridor of Perth and the potential to be developed with the adjacent government owned land could provide potential uplift in value.

Further to our update on 6 July 2010, a non-binding Heads of Agreement has been entered into with the Department of Housing to jointly develop the residential land to create a masterplanned community with circa 2,669 dwellings.

Further updates will provided when the review is complete and negotiations with the Department of Housing have progressed.

Financing Update:
At the end of June 2010, the Fund exercised its option to extend the finance facility of $37.7 million with Suncorp-Metway Ltd for a further six months to 31 December 2010. As at 30 June 2010 the facility was fully drawn.

Little Bay South, New South Wales

Investment type	Equity
Status of investment	Planning phase/pre-selling
Forecast realisation date[1]	November 2013
Capital invested (A$million)[2]	36.2

Project Update:
Since our last update, changes in market conditions and product demand resulted in reworking of design concepts and a full review of revenue and cost assumptions.

The Flower Wards in Stage 1, now known as 'East Village', consist of 58 one and two bedroom apartments with surface parking. The development application was rejected by the NSW Heritage Council and an appeal has been lodged with the Land Environment Court, with a decision expected in August 2010. Currently 56 apartments have been released for sale and all have exchanged subject to authority approval. The remaining two apartments are used for sales and marketing and will be released for sale when the entire development has been completed.

The Bay Terraces in Stage 2 consist of 53 terraced homes. These terraces are a mixture of three and four bedrooms with basement parking. The site can be developed in a staged manner and is expected to complete by the end of 2012. An off market launch of the first stage of the Bay Terraces occurred in March 2010 and to date six contracts have exchanged unconditionally with an additional six contracts issued. It is anticipated a soft market launch will commence in August 2010 with a full public campaign upon the completion of the Display Terrace anticipated to be April 2011.

The Fund paid $17.8 million to settle its investment in Stage 3 of 1.05 hectare of the land in June 2010. The current plan for this stage is to increase the apartment yield from 102 to 165 with a higher percentage of smaller one and two bedroom apartments. The development application to Council has started and is estimated to be lodged in the next six months.

The Stage 4 land payment of $10.4 million is due to Landcom in June 2011. The current concept design will yield 50 apartments and it is anticipated that a Stage 1 development application will be lodged with Council by the end of 2010.

Financing Update:
Refinancing of the land facility with ING Funds Management has been completed and the facility matures on 30 May 2011. The facility limit has reduced slightly from $14.7 million to $14.2 million. The facility is fully drawn with interest paid monthly.

Claremont Residences, Western Australia

Investment type	Mezzanine loan
Status of investment	100% pre-sold/residential/construction
Forecast realisation date[1]	At 20 days call
Capital invested (A$million)[2]	29.5

Total interest income earned on this investment for the period was $2.9 million which was paid quarterly to the Fund. The Fund realised a portion of the loan in June 2010 to fund the Stage 3 land payment of the Little Bay South project due to Landcom.

The balance of the loan amount of $29.5 million will remain invested in the project on the existing terms and conditions. It continues to be supported by a Principal and Interest Shortfall Guarantee from Brookfield Multiplex Limited.

KEY FINANCIALS UPDATE ON A CONSOLIDATED BASIS

	AS AT 30 JUNE 2010	AS AT 30 JUNE 2009	VARIANCE PERCENTAGE
Total assets ($'000)[1]	227,857	269,706	16% Decrease
Total net assets ($'000)	154,711	177,942	13% Decrease
Total net assets excluding minority interest ($'000)	141,463	165,456	15% Decrease
Number of units on issue ('000)	163,336	163,336	No change
Net tangible asset (excluding minority interest)	$0.87	$1.01	14% Decrease
Net tangible asset (including minority interest)	$0.95	$1.09	13% Decrease

	FOR YEAR ENDED 30 JUNE 2010	FOR YEAR ENDED 30 JUNE 2009	VARIANCE AMOUNT
Total revenue ($'000)	54,662	54,592	70
Total expenses ($'000)	65,450	49,485	15,965
Net Profit/(loss) after tax ($'000)	(11,719)	3,547	(15,266)
Net Profit/(loss) after tax before Pegasus write down ($'000)	6,184	6,295	(111)

1 As at 30 June 2010, the Fund has not had its assets (land and inventories) independently re-valued other than Vale Stages 7 to 11, which was revalued for financing purposes.

DISTRIBUTIONS AND RETURN OF CAPITAL

The Fund needs to continue to maintain flexibility in its funding options given the long-term nature of its underlying investments. BMCML believes it is in the best interests of investors to retain cash reserves within the Fund and will continue to assess the cash commitment required for each investment prior to making a distribution payment.

In March 2010, $10 million in the form of a $7.5 million capital return and a $2.5 million distribution payment was made to investors.

BMCML will continue to monitor the Fund's position closely and further consideration will be given to the payment of distributions and returning of capital to investors.

In addition, BMCML is considering and reviewing a number of possible restructuring alternatives which may result in the opportunity for investors to exit their investment in part or all of the Fund. Further updates will be provided when the review is complete.

NET TANGIBLE ASSETS (NTA)

As at 30 June 2010, the Fund reported an NTA excluding minority interest of $0.87 compared to 30 June 2009 of $1.01 or as previously reported $1.09 including the minority interest. This decrease was due largely to the Pegasus investment write down; a return of capital of 4.6007 cents per unit and a distribution payment of 1.5216 cents per unit.

FINANCIAL RESULTS AS AT 30 JUNE 2010

Audited financial statements for the year ended 30 June 2010 are now available at www.brookfieldmultiplex.com.

If you would like a hard copy, please contact Customer Service on 1800 570 000.

FUTURE UPDATES

We will continue to keep you informed of updates in relation to the Fund. Alternatively, please refer to www.brookfieldmultiplex.com for up-to-date Fund information.

Yours sincerely

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Fund Manager
Multiplex Development and Opportunity Fund

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