

Full year update for the year ended 30 June 2009

Dear Valued Investor

The Directors of Brookfield Multiplex Capital Management Limited (BMCML), as Responsible Entity of the Fund, are pleased to announce that despite the tough economic environment in which the Fund operates, the value of your investment has increased marginally in the year to 30 June 2009.

The key messages in this update are as follows:

- as at 30 June 2009, on a consolidated basis, net assets of the Fund are \$177.9 million, which equates to \$1.09 per unit (compared to \$1.07 at 30 June 2008);
- as at 30 June 2009, the Fund has four equity investments, each with external financing facilities, which are all currently in compliance with their loan covenants;
- on a consolidated basis, the Fund has cash and cash equivalents of \$21.8 million;
- the foreign currency hedges for the Pegasus project in New Zealand were closed out in February 2009 for a favourable outcome of \$1.2 million; and
- in view of the refinancing requirements of the Fund, BMCML has adopted a cautious strategy in relation to distributions and return of capital.

Debt management

Since our last update in the *Capital* magazine in March 2009, we have been in active discussions with each of the projects' financiers in which the Fund invests, in relation to the end of year expiries. These discussions have progressed slowly and reflect the caution being exercised by lenders in the current market.

A summary of each of those facilities is provided below with an update on the status of the refinancing process:

	Multiplex Acumen Vale Syndicate	Vale Stages 7 to 11	Henley Brook	Little Bay South
Fund borrowing	Indirect	Indirect	Indirect	Off Balance Sheet
Maturity date	December 2009	September 2009	November 2009	November 2009
Facility limit (\$m)	36.0	22.0	37.7	16.2
Amount utilised (\$m)	17.7 ¹	21.1	35.6	14.6
Unused amount (\$m)	18.3	0.9	2.1	1.6
Financier	National Australia Bank	National Australia Bank	Suncorp-Metway Ltd	ING Funds Management Ltd

¹ Amount drawn includes \$1.7 million of bank guarantees.

Refinancing update is as follows:

Multiplex Acumen Vale Syndicate

Subject to market conditions, it is anticipated that the Syndicate debt will be repaid by December 2009 from net cash flows (sale proceeds less capital works and tax).

Vale Stages 7 to 11

A submission was recently made to the financier for a development facility for Vale Stages 7 to 11 and a valuation was sought. The valuation as at 20 July 2009 was \$40.0 million inclusive of GST. An approval is pending from the financier.

Henley Brook

Suncorp-Metway Ltd has provided commitment to extending the current facility to 30 June 2010. Terms of this extension are currently under negotiation.

Little Bay South

Discussion has taken place with ING Funds Management Limited on extending the current facility and a formal submission has been made. It is likely that a revaluation would be required.

Future investor updates will contain information regarding the outcome of these negotiations.

Distributions and return of capital

In view of the need to maintain flexibility in funding options BMCML believes it is in the best interests of investors to retain cash reserves and therefore not pay a distribution or return capital this calendar year.

This is because it remains uncertain what additional equity may be required by the Fund's various investments as debt matures and needs to be replaced, and because of an expected slowdown in sales revenue from certain investments. This is reflective of the significant impact of the financial crisis on financial and property markets. This position is being closely monitored and further consideration to the payment of distributions and return of capital will be made once greater clarity is obtained around the likely capital requirements of the Fund. It is expected that a further update in this regard will be made before the end of 2009.

Key financials update on a consolidated basis

	As at 30 June 2009	As at 30 June 2008	12 month movement
Total assets (\$'000) ¹	268,916	284,979	5.6% decrease
Total net assets (\$'000)	177,942	174,395	2.0% increase
Number of units on issue ('000)	163,337	163,337	No change
Net tangible asset	\$1.09	\$1.07	1.9% increase
	For year ended 30 June 2009	For year ended 30 June 2008	Variance
Total revenue (\$'000)	54,592	55,847	2.2% decrease
Total expenses (\$'000)	49,485	38,723	27.8% increase
Profit attributable to unitholders (\$'000)	1,929	11,173	82.7% decrease

¹ As at 30 June 2009, the Fund has not had its assets (land and inventories) independently re-valued other than for Vale Stages 7 to 11, which was revalued for financing purposes.

Net Tangible Assets (NTA)

At 30 June 2009, the Fund reported an NTA of \$1.09. This is an increase of 1.9% over the 30 June 2008 NTA. At a time of significant market turmoil, this increase is reflective of a diversified investment strategy with a strong weighting to cash and/or liquid investments. The increase was attributed to the interest income earned from the mezzanine loans and net proceeds from the sale of land in the Multiplex Acumen Vale Syndicate, which the Fund has not yet distributed. The NTA is calculated from the Net Asset Value of the Fund on a consolidated basis divided by the number of units on issue.

Investment update

It is the Fund's strategy to realise these investments where the opportunity arises to crystallise them prior to their natural termination date. This necessitates holding some level of liquidity to support the Fund's existing investments. This approach will provide greater flexibility for the payment of distributions and capital returns once the Fund's future capital requirements are settled. To this end, on 1 May 2009 BMCML extended the King Street Wharf loan for a further eight months.

Post year end, on 1 July 2009 proceeds from closed out investments, including Bluewater, Rhodes and East Quarter, were received by the Fund. BMCML considered it to be in the best interest of investors to re-invest these proceeds until finalisation of the refinancing referred to above and the cash requirements of the Fund were assessed further. As such, these proceeds, plus an additional cash amount of \$5.9 million, were subsequently reinvested in the Claremont loan, as was the Dee Why loan which expired at the end of July 2009. The terms and conditions of each refinancing are detailed below. These monies are at call on 20 business days' notice and the loan is supported by a Principal and Interest Shortfall Guarantee provided by Brookfield Multiplex Limited.

As at the date of this letter, the Fund's portfolio, post the refinances, comprises three mezzanine loans and four equity investments.

A brief update on each investment is as follows:

	Investment type	Status of investment	Forecast realisation date ¹	Capital invested (A\$million) ²
King Street Wharf, New South Wales	Mezzanine loan	100% leased	December 2009	13.1
	The project reached practical completion on 26 February 2009. The loan was extended for a further eight months at an interest rate of 6.5% per annum. Interest is paid at the end of the term as per the existing facility. The loan can be called on 20 business days' notice and is supported by a Principal and Interest Shortfall Guarantee from Brookfield Multiplex Limited.			
Claremont Residences, Western Australia	Mezzanine loan	100% presold/residential/ construction	December 2009	41.5
	The project has a mixed use purpose and is being developed over two stages. The retail component was opened in March 2009. The existing loan before refinancing continued to earn 16.8% per annum until the end of July 2009. On refinancing, the total (refinanced) loan will earn interest of 6.5% per annum. The loan has a maturity date of 31 December 2009 but can be called on 20 business days' notice. It is supported by a Principal and Interest Shortfall Guarantee from Brookfield Multiplex Limited. The funds from the Dee Why Town Centre component of the refinancing will continue to earn interest of 16.8% per annum until the end of July 2009.			
Pegasus Town, Christchurch, New Zealand	Mezzanine loan	Pre-selling/ settlement/construction	May 2014	15.3
	The project has been extended to May 2014 as a result of the deteriorating New Zealand property market. Sales have been slow as some buyers have had difficulty obtaining funding, resulting in extensions being sought.			
Multiplex Acumen Vale Syndicate, Western Australia	Equity	Pre-selling/ settlement/construction	June 2010	11.9
	The Syndicate has experienced a solid level of sales in the 12 months to June 2009. The average sales rate for this year was 17.8 lots per month. A large component of the sales was attributed to first home buyers as a result of the stimulus provided by the Federal Government. As the Syndicate is well established, it also has second and subsequent home buyers taking advantage of low interest rates and better affordability. The project is estimated to complete in mid 2010.			
Little Bay South, New South Wales	Equity	Planning phase	June 2010	14.8
	The project launched in November 2008, the first stage of the Little Bay South Development – Heritage Manors. As a result of the financial crisis, there was little interest generated for these premium Manors. The revised strategy to meet the current market demand is to commence with Stage 2, which is the lower priced Apartments, and Stage 3 the Terraces. The Manors will be re-launched at a later date.			
Vale Stages 7 to 11, Western Australia	Equity	Planning phase with approval	March 2013	28.9
	Vale Stages 7 to 11 is located next to Multiplex Acumen Vale Syndicate. Given the solid sales the Syndicate has experienced this year, it is anticipated that construction will commence on Vale Stages 7 to 11 in February 2010. This will ensure that, as the inventory level in the Syndicate reduces, Vale Stages 7 to 11 will be positioned to bridge the gap.			
Henley Brook, Western Australia	Equity	Planning phase	December 2014	32.8
	The project is currently under review. It is forecast to commence in January 2010 and, in line with current planning approvals, the first settlements are expected in August 2010. Early design concepts are complete for the Town Centre. As a requirement for the district structure planning process, the Albion District Structure Plan has been adopted by the council. Negotiations continue with the authorities to facilitate subdivision approval for an early first stage release.			

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 2009 financial statement adjusted for post balance sheet date transactions.

www.brookfieldmultiplex.com
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Sue Ly, Fund Manager

Financial results as at 30 June 2009

The audited financial statements for the year ended 30 June 2009 are now available on our website www.brookfieldmultiplex.com.

If you would like a hard copy, please contact customer service on 1800 570 000.

Future updates

We recognise that investors are keenly awaiting further information regarding the timing of future capital returns and distributions. We are working closely with the various financiers to understand the capital that may be required by each of the investments and will continue to write to you to update you as to the status of the Fund. Alternatively, please refer to our website www.brookfieldmultiplexcapital.com for regular updates.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sue Ly'.

Sue Ly

Fund Manager
Multiplex Development and Opportunity Fund



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