

6 July 2010

Dear Investor

RE: Multiplex Development and Opportunity Fund (Fund) – Investor Update

Brookfield Multiplex Capital Management Limited (BMCML), as Responsible Entity of the Fund, provides the following update to investors in relation to the Fund's investments.

Pegasus

In the March 2010 update, investors were advised that due to a number of commercial issues surrounding the Pegasus project, the value of fund's investment had been impaired by \$2.4 million as at 31 December 2010.

As a result of economic conditions in the New Zealand residential property market, the timeframe for the project to sell all lots has been extended again. Together with a fall in asset values, this has placed pressure on the covenants and will result in the need for further equity prior to refinancing the NZ\$151 million facility (due for renewal on 31 December 2010).

BMCML has conducted an assessment of the project and based on the extended timeframe, does not consider that committing additional equity to the project is in the best interests of the Fund or unitholders.

Accordingly, BMCML believes that it is appropriate to exit the project. Therefore, an agreement has been reached with the joint venture partner to sell the Fund's interest in the project for NZ\$1 million of which the Fund will receive a net proceed of NZ\$0.8 million after cost. BMCML supports the sale as it will release the Fund from further funding obligations.

As at 31 May 2010, the investment was carried in the Fund's accounts at a value of A\$16.4 million which equates to NZ\$20.4 million. As a result of the sale, the Fund will incur a loss of circa A\$15.7 million which equates to A\$0.09 cents per unit.

The return, whilst considerably less than cost, provides certainty to the Fund without the need to commit and risk additional equity to the project. Whilst the loss is disappointing, BMCML considers the decision to be in the best interests of the Fund and unitholders.

Henley Brook

BMCML is pleased to advise a non-binding Heads of Agreement has been entered into with the Department of Housing to develop and market 225.7 hectares of residential land to create a total of 2,777 dwellings over the next 15 years. It is anticipated that development will commence in mid 2010. BMCML is reviewing the structure of this project with a view to potentially providing investors with an opportunity to exit their underlying investment in the project. BMCML will advise when this review is complete and further negotiations with the Department of Housing are finalised.

Vale Stages 7 to 11

Development works have commenced on Stage 7A of the Vale Stage 7 to 11 project. Stage 7A is expected to deliver 51 lots and settlement of some of these lots is anticipated to occur in September 2010. The Fund refinanced the land facility of \$22 million to a development facility for \$27 million for a three year term with the National Australia Bank. There are 705 lots remaining to be developed and sold over the next three years.

Little Bay South

The land bank facility with ING Funds Management Limited of \$14.7 million was refinanced in May 2010 with the facility expiring on 30 May 2011. Stage 1 of the project which consists of one or two bedroom apartments will commence subject to a successful outcome in proceedings currently before the Land and Environment Court which is anticipated to occur in August 2010.

Future Updates

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

Yours sincerely



Sue Ly
Fund Manager
Multiplex Development and Opportunity Fund