

23 December 2009

Dear Valued investor

**Re: Multiplex Development and Opportunity Fund - Update**

As we reach the end of a very active year, I would like to provide you with an update regarding the Fund. A more detailed update will be provided following the finalisation of the Fund's interim results later in February 2010.

The key messages in this update are as follows:

- It is expected the Fund will make a distribution payment in the first quarter of 2010;
- Effective 1 January 2010, there will be a number of changes to the board of the Fund's Responsible Entity ( Brookfield Multiplex Capital Management Limited or BMCML). However, the board will continue to comprise a majority of independent directors;
- During the year BMCML evaluated options for the various assets of the Fund. It is clear that a sale of the assets in the current market would have a significant negative impact on the Fund's Net Tangible Assets. Management continues to explore alternatives to enable value to be preserved, while having regard to the fact that the Fund is closed and investments are being progressively realised.; and
- The Fund continues to make progress in its ongoing dialogue with financiers of various investments of the Fund.

**Distribution Update**

Based on current projections, BMCML expects to make a distribution payment to investors in the first quarter of 2010 comprising of income and capital. The amount to be distributed is yet to be finalised but will be determined having regard both to the Fund's need to retain capital to meet future obligations associated with its assets, and to the desire to ensure funds are returned to investors as soon as practicable. At this time it is expected this distribution will be between 3 cents and 6 cents per unit.

Before making the payment, however, it is prudent that a binding ruling be obtained from the Australian Tax Office (ATO) to ensure that the break-up of the distribution between income and capital components is agreed in advance with the ATO. This process has commenced and is expected to take 6 to 8 weeks.

The timing of future distributions will continue to be largely dependent on the status of the various assets and the markets within which the Fund operates.

**Investments of the Fund**

The Fund's assets currently comprise four equity investments, three mezzanine loans and cash. A number of these investments are in well-positioned broadacre land assets, such as Henley Brook in Perth. Our analysis of the alternatives for these assets has indicated that any sale in the current market would risk crystallising significant reductions in the Fund's NTA. The Fund's accounts are currently prepared on the basis that these assets are each developed out to their conclusion, a process that would take a number of years to complete.

Management is presently exploring alternative approaches to enable investors who wish to remain invested to retain an exposure to these projects, while facilitating an exit for investors who wish to do so (albeit at the risk of crystallising a reduction in the value of their investment).

## Board and Management Changes

Peter Morris (Chairman) and Robert McCuaig, both independent directors, have announced their retirement from the Board of BMCML after overseeing the restoration of a number of Brookfield Multiplex's retail funds to a more stable financial position following the global financial crisis. During their eight years of service on the Board, Peter and Robert have each made significant contributions on behalf of the various funds' unitholders and Peter has led the Board with great energy during this period.

In addition, Mark Wilson, who is an executive director of the Board, has announced his resignation as a director of BMCML following the restructuring of BMCML's funds business.

Brian Motteram, the third independent director, will remain on the Board and will continue to act as Chairman of the Board's Audit Committee.

Joining Brian Kingston and Brian Motteram on the BMCML Board will be two new independent directors, Allan McDonald and Barbara Ward, and one executive director, Russell Proutt.

Allan will be appointed as Independent Chairman and currently performs that role for Brookfield Multiplex Fund Management Limited. Allan's other public directorships are Babcock & Brown Japan Property Management Limited (responsible entity of Astro Japan Property Trust), Billabong International Limited and Ross Human Directions Limited.

Barbara is a non-executive director of Brookfield Multiplex Funds Management, is Chairman of Country Energy, and is a director of Qantas Airways Limited.

Russell is currently Chief Financial Officer of Brookfield Australia and his appointment, coupled with the continuing appointment of Brian Kingston (Chief Executive Officer of Brookfield Australia), demonstrates the ongoing commitment of Brookfield Multiplex to the success of the Brookfield Multiplex funds.

The various Board changes will take effect from 1 January 2010, while Mark's cessation of his management responsibilities will occur during the first quarter of 2010 following completion of an orderly transition.

## Debt Management Update

As communicated previously we have continued to be in active discussions with the financiers. These discussions have progressed slowly and reflect the caution being exercised by lenders in the current market. An update on the status of the refinancing process is provided below:

### Multiplex Acumen Vale Syndicate

The Syndicate has settled 72 lots since 30 September 2009, bringing the total number of lots settled for the project to 1,331. This has enabled the Syndicate to fully repay the bill facility component prior to 31 December 2009. There is however \$1.7 million of bank guarantees. We are currently in discussion with the financiers to extend this component of the facility.

### Vale Stages 7 to 11

The facility currently expires on 31 December 2009 and the financier has extended the facility to 30 June 2010.

### Henley Brook

This facility has been renegotiated and will remain at \$37.7 million with an expiration date of 30 June 2010 with an option to extend for a further six months to 31 December 2010.

### Little Bay South

The current facility expires on 31 January 2010 and indicative terms have been received for an 18 month extension, however we await formal confirmation.

## Conclusion

All updates in relation to the Fund are available online at [www.brookfieldmultiplex.com](http://www.brookfieldmultiplex.com). Further information regarding the Fund will be communicated to investors in the first quarter of 2010.

If you have any questions or wish to discuss holding, please don't hesitate to contact Registries Limited on 1800 766 011.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Ly', with a stylized flourish at the end.

**Sue Ly**  
Fund Manager  
Multiplex Development and Opportunity Fund