

8 September 2011

Dear Investor

Re: Multiplex Development and Opportunity Fund (Fund) Investor Update for the Year Ended 30 June 2011

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides the following update to investors.

Key messages in this update are:

- net loss after tax is \$5.7 million (\$11.7 million loss for comparable period to 30 June 2010) largely as a result of writing down two assets to selling price;
- total assets of the Fund decreased by 7.3% to \$211.2 million (June 2010: \$227.9 million)
- net assets attributable to ordinary unitholders decreased by 4.6% to \$0.83 compared to 30 June 2010 of \$0.87;
- on 1 July 2011 the Fund settled the sale of its interest in two projects - Whiteman Edge and Vale Stages 7 to 11 for net proceeds of \$66.7 million; and a ruling is being sought from the Australian Taxation Office (ATO) prior to an expected return of approximately \$66.7 million to investors.

Distributions and return of capital

Net proceeds of \$66.7 million from the sale of the Fund's interest in the Whiteman Edge and Vale Stages 7 to 11 have been received by the Fund. After repayment of project debt, the net proceeds equate to 41 cents per unit and will be used to return capital to investors.

BCML has made an application to obtain a tax ruling from the ATO confirming that the proposed distribution to investors is a return of capital and not a dividend. As at the date of this letter, the Fund has not received confirmation from the ATO. Subject to receipt of the ruling, BCML proposes to then immediately make the payment to investors.

BCML proposes to remain invested in the Claremont loan.

Future distributions and capital returns will be dependent on completion of the Little Bay South project. BCML will continue to assess the capital required by this project prior to returning any further funds to investors. The project is estimated to complete in 2013.

Investment Update

	Investment Type	Status of investment	Forecast realisation date ¹	Capital invested (A\$ million)
Claremont Residences, Western Australia	Mezzanine loan	100% pre-sold/ residential/construction	Monthly	18.6
	An amount of \$7.6 million was repaid from the loan to the Fund in order to fund cash requirements at Little Bay South. The balance of this investment of \$18.6 million will remain invested until such time as funding is required by the Little Bay South development.			
Multiplex Acumen Vale Syndicate (MAVSL), Western Australia	Equity	Pre-selling/ settlement/construction	2011	6.4
	<p>The Fund has a 49.58% interest in this investment. For the year ending 30 June 2011 the Fund received \$7.3 million in distributions of earnings and capital.</p> <p>For the period ending 30 June 2011, the Syndicate settled on 118 lots, bringing the total number of lots settled to date to 1,542. The project is 96.4% settled and is estimated to complete by December 2011, however the investment may remain in place beyond that date whilst the Syndicate progressively winds up.</p>			
Little Bay South, New South Wales	Equity	Planning / pre-selling	2013	46.9
	<p>The East Village (Stage 1) has a total of 42 apartments with a mixture of one and two bedroom apartments. As at 30 June 2011, 76% of the apartments were sold. The remaining apartments are expected to be sold in the third quarter of 2011. Completion of this stage is forecast to be around mid 2012.</p> <p>The Bay Terraces (Stage 2) has a total of 53 apartments with a mixture of three and four bedroom apartments all with double lock up garages. As at 30 June 2011, 39 apartments were marketed for sale and 62% of these apartments have been sold with a total value of circa \$32.2 million. There are currently two contracts issued and 13 available for sale. Completion of this stage is forecast to be around early to mid 2013.</p> <p>The balance of the land payment on Stage 3 of \$2.8 million was paid in December 2010. Development Approval was obtained in April 2011 for 165 apartments. Stage 3 is currently in the design and development phase with construction not anticipated to commence until development financing has been obtained.</p>			

1. The realisation dates contained in this update are based on current project feasibilities as provided by the Development Manager

Key Financial Results

	For the period ended 30 June 2011	For the period ended 30 June 2010	Variance
Total revenue (\$'000)	43,686	54,662	20.1% decrease
Total expenses (\$'000)	50,847	65,450	22.3% decrease
Net profit after tax / (loss) (\$'000)	(5,698)	(11,719)	51.4% increase
	As at 30 June 2011	As at 30 June 2010	Movement
Total assets (\$'000) *	211,204	227,857	7.3% decrease
Total liabilities (\$'000)	69,621	73,146	4.9% decrease
Net assets (\$'000)	141,583	154,711	8.5% decrease
Minority Interest (\$'000)	6,557	13,248	50.5% decrease
Net assets attributable to ordinary unitholders (\$'000)	135,026	141,463	4.6% decrease
Number of shares on issue	163,337	163,337	No change
Net tangible assets (after minority interest)	\$0.83	\$0.87	4.6% increase

***Calculating asset values**

Most assets in the Fund are held as land to be developed and are valued on an inventory basis. These inventories are carried at the lower of cost or net realisable value. For development properties, net realisable value is determined by assessing value over the course of the development and may not necessarily reflect the current value if the properties were to be sold prior to development.

At every reporting period inventories are assessed and an impairment charge is taken against those investments where the carrying value exceeds the net realisable value of the project.

Financial results

The audited financial statements for the year ended 30 June 2011 are available at www.au.brookfield.com.

Future Updates

We will continue to keep investors informed of updates in relation to the Fund. Alternatively, please visit www.au.brookfield.com for further information.

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