

ASX Announcement

27 September 2011

Brookfield Australian Opportunities Fund (ASX: BAO) Fund Update

Brookfield Capital Management Limited (**BCML**), the Responsible Entity of Brookfield Australian Opportunities Fund (**BAO** or the **Fund**), provides the following update for investors.

Restructuring Proposal between the Fund and Multiplex Property Income Fund

BCML has been exploring a number of strategies in relation to BAO's investment in Multiplex Property Income Fund (**MPIF**) and in particular, the structural issues relating to the restriction which currently prevents BCML from paying distributions to BAO unitholders (**Distribution Stopper**).

As well as being the Responsible Entity of BAO, BCML is the Responsible Entity of MPIF. Recognising the possibility for conflicts that may arise in considering potential strategies for BAO, BCML established two separate board sub-committees to represent the interests of BAO and MPIF.¹

Following detailed consideration of the potential strategies, BAO approached MPIF with an offer that BAO buy nine illiquid property security investments owned by MPIF (**Sale Assets**) for a purchase price of \$12,187,471, which represents a 20% discount to the carrying value of the assets in the MPIF financial statements as at 30 June 2011 on the following conditions that:

- the Distribution Stopper which currently restricts the Fund from making certain distributions to its investors is removed; and
- MPIF commences termination and winding up.

Distribution Stopper

Removing the Distribution Stopper will remove a significant restriction on the ability of the Fund to reinstate periodic distributions to its unitholders.

¹ The BAO sub-committee comprises two independent directors, being Mr Brian Motteram and Mr Allan McDonald. The MPIF sub-committee comprises a sole independent director, being Ms Barbara Ward.

Implementation Deed

A meeting of BAO unitholders will be held in November to vote on the offer and associated conditions (**Proposal**) and an Implementation Deed has today been entered into which governs the transfer of the Sale Assets.

The Implementation Deed contains several conditions precedent, including among other things:

- BAO and MPIF unitholders approval;
- obtaining all regulatory approvals required to give effect to the Proposal;
- no Courts or regulatory authority has issued an order to prevent the Proposal from taking place;
- both the MPIF's and BAO's independent experts have provided independent expert opinions that are satisfactory to the MPIF Responsible Entity and BAO Responsible Entity, respectively; and
- BAO obtaining FIRB approval.

Additionally, BCML may terminate the Implementation Deed in certain circumstances, including if the MPIF Responsible Entity determines to recommend and/or implement a superior proposal.

Timetable and approvals

BCML intends to circulate a Notice of Meeting and Explanatory Memorandum to Fund unitholders in October 2011 which will provide a detailed explanation of, and information about, the Proposal, together with a copy of the Independent Expert's report prepared by KPMG Corporate Finance (Aust) Pty Ltd. The Explanatory Memorandum will set out the implications for Fund unitholders in accepting or rejecting the Proposal and will detail the voting process to be undertaken.

In the absence of a superior proposal and subject to the Independent Expert's opinion, the independent directors of the BAO sub-committee recommend the Proposal.

Next steps

The directors of BCML will provide investors with further information in relation to the Proposal as soon as it becomes available.

For more information please contact:

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