

22 June 2011

Dear Investor

**RE: Multiplex Development and Opportunity Fund (Fund) – Sale of two investments and return of cash to investors**

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, today announced that it has agreed to sell the Fund's interests in two residential projects (Whiteman Edge and Vale Stages 7 to 11) in Western Australia to Stockland Property Group for \$127 million.

**Sale of interest in Whiteman Edge and Vale Stages 7 to 11, Western Australia**

After repayment of project debt, net proceeds from the sales will return approximately \$66.7 million to the Fund and these net proceeds will be used to return capital to investors and support the Fund's development at Little Bay South in Sydney.

BCML intends to now make an application to obtain a tax ruling from the Australian Taxation Office confirming that the proposed distribution to investors is a return of capital and not a dividend. Subject to receiving that ruling, BCML proposes to then immediately distribute up to 41 cents per unit to investors.

**Assessment of the transaction by BCML**

In assessing the transaction, BCML considered the illiquid nature of the Fund over the past three years and the expressed desire of unitholders for liquidity, together with an assessment of the possible returns and risks available to the Fund in proceeding with development of the residential properties in the medium to long term. With that in mind, BCML concluded that it is in the best interests of unitholders to realise these investments at this time and return the majority of net proceeds to investors.

The sale of both developments in a single transaction has provided an opportunity to maximise consideration for the properties at a combined value which exceeds the independent valuation of the properties if they were held for sale.

The value of the two properties, less debt, represents approximately 49 cents of the Fund's net tangible asset (NTA). The sale of the properties will result in approximately 41 cents per unit in net proceeds – i.e. a write off of approximately 8 cents per unit. This is because the properties have historically been valued, in accordance with accounting standards, as land held for development. Further detail will be outlined in the Fund's audited financial statements for the year ended 30 June 2011 which will be available on our website in August.

## Status of the Fund after sale of the assets

After sale of these assets, the Fund will hold an interest in the Claremont loan, the Little Bay South development and its 49% interest in the Vale Syndicate.

The Vale Syndicate is more than 95% complete and it is expected that the final lots will be sold in the next six months with a wind up of the Syndicate being completed in due course.

The Little Bay South development is progressing in line with the update provided to investors on 2 June 2011. Current expectations are that this development will be completed in 2014.

BCML will continue to assess the cash needs of its remaining development projects and will look to return cash to investors when opportunities arise.

## Future Updates

We will continue to keep investors informed of updates in relation to the Fund. Alternatively, please refer to [www.au.brookfield.com](http://www.au.brookfield.com) for further information.

Yours sincerely



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

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