

28 February 2013

Dear Investor

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

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides the following update to investors for the half year ended 31 December 2012.

Key messages in this update are as follows:

- Net loss after tax of \$1.5 million (31 December 2011: loss \$0.1 million);
- Net assets attributable to ordinary unitholders decreased by 2% to \$65.5 million (June 2012: \$66.9 million); and
- Net assets attributable to ordinary unitholders of \$0.40 per unit (30 June 2012: \$0.41).

Financial results

The loss after tax for the period is largely due to a write-down in inventory (\$5.2 million) and an impairment charge (\$0.6 million) taken on the Fund's share of the Little Bay South development totalling \$5.8 million. This lower valuation reflects a continued slow residential market where purchasers remain cautious despite interest rate cuts.

The write-down in inventory of \$5.2 million includes a \$2 million exit fee paid to Brookfield Residential Properties to exit Stage 4 of the Little Bay South development and to relieve the Fund from future liabilities or obligations arising from that stage.

The write-down in inventory was partially offset by the income guarantee reversal of \$4.5 million owing to Brookfield Group. The provision has been carried for a number of years and it is no longer considered the amount will be payable by the Fund.

The net impact of these adjustments results in a small decrease in NTA for the half year ended 31 December 2012.

Distributions and return of capital

Cash is being retained in the Fund to ensure sufficient equity to complete the Little Bay South development. When funding is more certain, it is expected that further capital will commence to be returned to investors. Cash not currently utilised is invested in term deposits.

Investment Update

	Investment Type	Status of investment	Forecast realisation date ¹	Capital invested (A\$ million)
Multiplex Acumen Vale Syndicate (MAVSL), Western Australia	Equity	Pre-selling/ settlement/construction	2013	2.5
	<p>The Fund has a 49.58% interest in this investment. For the half year ending 31 December 2012 the Fund received approximately \$2.5 million in return of capital.</p> <p>During the period, the Syndicate settled on 21 lots bringing the total number of lots settled to date to 1599. The project is 99% settled. The project is estimated to complete by March 2013 and the balance of capital will be periodically returned to investors.</p>			
Little Bay South, New South Wales	Equity	Planning / pre-selling	2015	38.1
	<p>Stage 1 known as the East Village was completed in June 2012.</p> <p>Stage 2 known as Bay Terraces has a total of 53 apartments that are three or four bedrooms and double lock up garages. The development is constructed in separable portions:</p> <ul style="list-style-type: none"> - sub-stage 2-1 to 2-4 completed between November 2011 and September 2012 resulting in 23 of 28 terrace apartments settling. Net proceeds realised from the settlements was used to pay down outstanding debt. There is one exchanged contract and four terrace apartments available for sale. - construction work has commenced on sub-stage 2-5. This stage has 11 terrace apartments of which three are available for sale; and - clearing works have commenced on sub-stage 2-6, where 14 terrace apartments will be constructed. A certain level of pre-sales is required by the financier before debt can be drawn to fund construction. As at 31 December 2012, four terrace apartments are required to be sold to reach the pre-sales target to satisfy the financier's requirements. <p>Stage 3 known as Coastal Quarters has DA approval for 163 apartments with basement parking for approximately 200 cars. The development is sub-divided into four sub-stages. It will consist of 83 one bedroom apartments, 50 two bedroom apartments and 30 three bedroom apartments.</p> <p>As at 31 December 2012, there were 76 apartments with exchanged contracts across four sub-stages to a total value of approximately \$51.1 million.</p> <p>The project has secured financing from Sumitomo Mitsui Banking Corporation, however a level of qualifying pre-sales is required for each sub-stage before debt can be drawn to fund construction. Bulk excavation and demolition works have commenced and are being funded by cash assets of the Fund.</p> <p>It is anticipated that Stage 3 will complete around 2015.</p>			

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

Further information and financial results as at 31 December 2012

The Fund's interim financial report for the half year ended 31 December 2012 is available at www.au.brookfield.com and it is recommended that investors review this document.

We will continue to keep you informed of updates in relation to the Fund.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Ly', is positioned above the printed name.

Sue Ly
Fund Manager
Multiplex Development and Opportunity Fund