

30 August 2013

Dear Investor

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

Brookfield Capital Management Limited (BCML), as Responsible Entity for the Fund provides the following update to investors for the year ended 30 June 2013.

Key messages are:

- net assets attributable (NTA) to unitholders of \$0.39 per unit (30 June 2012: \$0.41);
- net Fund assets attributable to unitholders decreased by 3.7% to \$64.4 million (June 2012: \$66.9 million); and
- net loss after tax of \$2.3 million (30 June 2012: loss \$1.4 million).

Financial results

A loss of \$2.3 million after tax was recorded and is largely due to a write-down in inventory of \$6.2 million and an impairment charge of \$0.6 million on the Fund's share of the Little Bay South development. This lower valuation reflects the slower residential market in the early parts of the financial year where purchasers remain cautious despite interest rate cuts.

The \$6.2 million write-down in inventory included 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. This write-down was partially offset by an income guarantee reversal of \$4.5 million. 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 impact of these adjustments resulted in a slight decrease in NTA compared to the previous corresponding period.

Distributions and return of capital

As at 30 June 2013, \$20 million is being retained in cash by the Fund to ensure sufficient equity is available to complete the Little Bay South development. When the equity requirements are more certain, it is expected that further capital will 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	Process of being liquidated	2013	~2.7
	<p>The Fund has a 49.58% interest in this investment and received approximately \$2.6 million in return of capital for the year ended 30 June 2013.</p> <p>The project completed during the year and MAVSL was placed in liquidation in June 2013. The liquidator is progressing with the liquidation and will return the balance of capital during or on completion of the liquidation.</p>			
	Investment Type	Status of investment	Forecast realisation date ¹	Capital invested (A\$ million)
Little Bay South, New South Wales	Equity	Planning / pre-selling / constructing / settling	2015	41.9
	<p>Stage 1 known as the East Village was completed in June 2012 and all lots were sold and settled.</p> <p>Stage 2 known as Bay Terraces has a total of 53 apartments; comprising three or four bedrooms apartments and double lock up garages.</p> <p>The development is constructed in separate sub-stages:</p> <ul style="list-style-type: none"> - sub-stages 2-1 to 2-4 completed construction between November 2011 and September 2012. To date, 25 of the 28 terrace apartments have settled with net proceeds used to pay down outstanding debt. There is one exchanged contract and two terrace apartments available for sale. - construction works on the remaining sub-stages 2-5 and 2-6 are 75% complete. There are 25 terrace apartments with 11 contracts exchanged and 14 available for sale. <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>Since the market launch of the 163 apartments in October and November 2012, the development has secured 135 exchanged contracts. In addition, four contracts have been issued leaving 24 apartments available for sale.</p> <p>All major excavation and demolition work is complete. Stage 3 is being funded by a mixture of debt and equity. The Fund's equity contribution is being funded by redeploying capital from partial return of cash from the completion of Stage 1, cash returned from MAVSL and cash reserves of the Fund. Pre-sale targets have been achieved enabling debt to be drawn to fund construction costs.</p> <p>It is anticipated that Stage 3 will complete in May 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

The Fund's audited financial report for the full year ended 30 June 2013 is available at www.au.brookfield.com and we recommend 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', with a stylized flourish at the end.

Sue Ly
Fund Manager
Multiplex Development and Opportunity Fund