

BAO Trust
Interim financial report
For the half year ended
31 December 2017

BAO Trust

ARSN 160 276 559

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BAO Trust

For the half year ended 31 December 2017

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Directory

BAO Trust

For the half year ended 31 December 2017

Responsible Entity

Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

F. Allan McDonald
Barbara Ward
Shane Ross

Company Secretary of Brookfield Capital Management Limited

Men (Mandy) Chiang
Neil Olofsson (Resigned 9 February 2018)

Registered Office of Brookfield Capital Management Limited

Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9322 2000
Facsimile: +61 2 9322 2001

Custodian

JP Morgan Chase Bank N.A. (Sydney Branch)
Level 18, JPMorgan House
85 Castlereagh Street
Sydney NSW 2000

Location of Share Registry

Boardroom (Victoria) Pty Limited
Level 7, 333 Collins Street
Melbourne VIC 3000

All correspondence to:

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Telephone: 1300 737 760
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Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
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Telephone: + 61 2 9322 7000
Facsimile: + 61 2 9322 7001

Directors' Report

BAO Trust

For the half year ended 31 December 2017

Introduction

The Directors of Brookfield Capital Management Limited (BCML) (ABN 32 094 936 866), the Responsible Entity of BAO Trust (ARSN 160 276 559) (Fund), present their report together with the condensed consolidated interim financial statements of the Consolidated Entity, being the Fund and the Consolidated Entity's interest in an associate, for the six months ended 31 December 2017 and the Independent Auditor's Review Report thereon.

The Fund was constituted on 6 May 2009. The Fund was registered as a managed investment scheme on 19 September 2012.

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited (BCML). The registered office and principal place of business of the Responsible Entity is Level 22, 135 King Street, Sydney NSW 2000.

Directors

The following persons were Directors of the Responsible Entity at any time during or since the end of the financial period:

Name	Capacity
F. Allan McDonald	Non-Executive Independent Chairman
Barbara Ward	Non-Executive Independent Director
Shane Ross	Executive Director

Principal activities

The principal activity of the Consolidated Entity is the investment in unlisted property securities.

Review of operations

The Consolidated Entity has recorded a net profit of \$19,909 for the half year ended 31 December 2017 (2016: \$383,355).

Some of the significant events during the period are as follows:

- total revenue and other income of \$105,290 (2016: \$468,980);
- cash distributions to unitholders totalling \$973,733 or 0.12 cents per unit (cpu) and treated as returns of capital in the financial statements (2016: \$7,900,216 or 0.97 cpu);
- net assets of \$3,972,617 or \$0.005 per unit (30 June 2017: \$4,760,259 or \$0.006); and
- unlisted security portfolio value of \$2,776,748 (30 June 2017: \$2,570,098).

The strategy of the Fund is to provide periodic income to unitholders, to maximise the capital value of its assets and, when appropriate, to realise those assets in order to return cash to unitholders.

Distributions and returns of capital

The following distributions and returns of capital were declared by the Fund to its unitholders during the current and prior periods.

	Cents per unit	Total amount \$	Date of payment
Ordinary unitholders			
September 2017 distribution	0.1200	973,733	22 September 2017
Total distributions and returns of capital for the six months ended 31 December 2017	0.1200	973,733	
Ordinary unitholders			
July 2016 distribution	0.9736	7,900,216	15 July 2016
Total distributions and returns of capital for the six months ended 31 December 2016	0.9736	7,900,216	

Directors' Report continued

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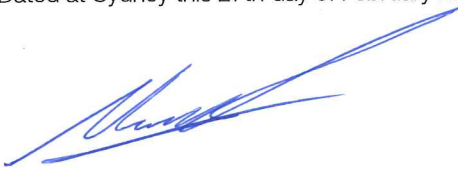
For the half year ended 31 December 2017

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half year ended 31 December 2017.

Signed in accordance with a resolution of the Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.

Dated at Sydney this 27th day of February 2018.



Shane Ross

Director

Brookfield Capital Management Limited

Deloitte Touche Tohmatsu
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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for BAO Trust)
Level 22, 135 King St
SYDNEY NSW 2000

27 February 2018

Dear Directors

BAO Trust

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Brookfield Capital Management Limited as the Responsible Entity of BAO Trust.

As lead audit partner for the review of the financial statements of BAO Trust for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

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For the half year ended 31 December 2017

	Note	Consolidated Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Revenue and other income			
Distribution income from unlisted property trusts		103,812	129,208
Gain on disposal of unlisted property trusts		–	331,501
Interest income		1,478	3,868
Share of net profit of investment accounted for using the equity method	6	–	4,403
Total revenue and other income		105,290	468,980
Expenses			
Share of net loss of investments accounted for using the equity method	6	18,989	–
Management fees		6,018	7,537
Other expenses		60,374	78,088
Total expenses		85,381	85,625
Net profit for the period		19,909	383,355
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Change in reserves of investment accounted for using the equity method		(40,468)	41,434
Change in fair value of available for sale financial assets		206,650	(370,131)
Other comprehensive profit/(loss) for the period		166,182	(328,697)
Total comprehensive income for the period		186,091	54,658

The Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Financial Position

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BAO Trust

As at 31 December 2017

	Note	Consolidated 31 December 2017 \$	30 June 2017 \$
Assets			
Current assets			
Cash and cash equivalents		231,765	295,914
Trade and other receivables		52,520	53,024
Total current assets		284,285	348,938
Non-current assets			
Investments – available for sale	5	2,776,748	2,570,098
Investment accounted for using the equity method	6	939,114	1,876,385
Total non-current assets		3,715,862	4,446,483
Total assets		4,000,147	4,795,421
Liabilities			
Current liabilities			
Trade and other payables		27,530	35,162
Total current liabilities		27,530	35,162
Total liabilities		27,530	35,162
Net assets		3,972,617	4,760,259
Equity			
Units on issue	7	11,360,390	12,334,123
Reserves		5,888,316	5,722,134
Undistributed losses		(13,276,089)	(13,295,998)
Total equity		3,972,617	4,760,259

The Condensed Consolidated Interim Statement of Financial Position should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Changes in Equity

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For the half year ended 31 December 2017

Consolidated Entity	Attributable to unitholders of the Fund			Total \$
	Ordinary units \$	Undistributed profits/(losses) \$	Reserves \$	
Opening equity - 1 July 2017	12,334,123	(13,295,998)	5,722,134	4,760,259
Change in reserves of investment accounted for using the equity method	–	–	(40,468)	(40,468)
Change in fair value of available for sale financial assets	–	–	206,650	206,650
Other comprehensive profit for the period	–	–	166,182	166,182
Net profit for the period	–	19,909	–	19,909
Total comprehensive income for the period	–	19,909	166,182	186,091
Transactions with unitholders in their capacity as unitholders:				
Returns of capital	(973,733)	–	–	(973,733)
Total transactions with unitholders in their capacity as unitholders	(973,733)	–	–	(973,733)
Closing equity - 31 December 2017	11,360,390	(13,276,089)	5,888,316	3,972,617

Consolidated Entity	Attributable to unitholders of the Fund			Total \$
	Ordinary units \$	Undistributed profits/(losses) \$	Reserves \$	
Opening equity - 1 July 2016	20,234,339	(13,202,696)	6,966,097	13,997,740
Change in reserves of investment accounted for using the equity method	–	–	41,434	41,434
Change in fair value of available for sale financial assets	–	–	(370,131)	(370,131)
Other comprehensive loss for the period	–	–	(328,697)	(328,697)
Net profit for the period	–	383,355	–	383,355
Total comprehensive income/(loss) for the period	–	383,355	(328,697)	54,658
Transactions with unitholders in their capacity as unitholders:				
Returns of capital	(7,900,216)	–	–	(7,900,216)
Total transactions with unitholders in their capacity as unitholders	(7,900,216)	–	–	(7,900,216)
Closing equity - 31 December 2016	12,334,123	(12,819,341)	6,637,400	6,152,182

The Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Condensed Consolidated Interim Statement of Cash Flows

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For the half year ended 31 December 2017

	Consolidated Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
Cash flows from operating activities		
Cash receipts in the course of operations	103,812	126,213
Cash payments in the course of operations	(73,635)	(107,463)
Interest received	1,593	3,593
Net cash flows from operating activities	31,770	22,343
Cash flows from investing activities		
Proceeds from sale of available for sale assets and returns of capital	—	204,001
Proceeds from distributions and returns of capital on equity accounted investment	877,814	7,900,322
Net cash flows from investing activities	877,814	8,104,323
Cash flows from financing activities		
Distributions and returns of capital paid to unitholders	(973,733)	(9,656,180)
Net cash flows used in from financing activities	(973,733)	(9,656,180)
Net decrease in cash and cash equivalents	(64,149)	(1,529,514)
Cash and cash equivalents at the beginning of the period	295,914	2,168,650
Cash and cash equivalents at 31 December 2017	231,765	639,136

The Condensed Consolidated Interim Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Consolidated Interim Financial Statements.

Notes to the Condensed Consolidated Interim Financial Statements

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BAO Trust

For the half year ended 31 December 2017

1 Reporting entity

BAO Trust (Fund) is an Australian registered managed investment scheme under the *Corporations Act 2001*. Brookfield Capital Management Limited (BCML), the Responsible Entity of the Fund, is incorporated and domiciled in Australia. The consolidated interim financial report of the Fund as at and for the six months ended 31 December 2017 comprises the Fund and the Consolidated Entity's interest in an associate (together referred to as the Consolidated Entity).

2 Significant accounting policies

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* (AASB134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated interim financial report does not include notes of the type normally included in annual financial statements and should be read in conjunction with the most recent annual financial statements of the Consolidated Entity as at and for the year ended 30 June 2017. For the purpose of preparing the consolidated financial statements, the Fund is a for profit entity.

Basis of preparation

The consolidated interim financial report is presented in Australian dollars, which is the Fund's presentation and functional currency.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the consolidated financial report as at and for the year ended 30 June 2017.

Going concern

The consolidated financial statements have been prepared on a going concern basis which assumes the Consolidated Entity will be able to realise its assets and discharge its liabilities in the normal course of business.

It is not intended that the Fund will make any further investments. Net income earned from the Fund's assets will be distributed on a periodic basis. The capital value of the assets will be maximised and, when appropriate, realised in order to return cash to unitholders. Timing of this realisation will be governed by the terms of the underlying assets and the market for the assets.

Based on the above, the Directors of the Responsible Entity believe it is appropriate to adopt the going concern basis for this set of consolidated financial statements. The consolidated financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Fund and Consolidated Entity not continue as a going concern.

3 Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are provided in investments – available for sale (Note 5) and investment accounted for using the equity method (Note 6).

Notes to the Condensed Consolidated Interim Financial Statements continued

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For the half year ended 31 December 2017

4 Distributions and returns of capital

The following distributions and returns of capital were declared by the Fund to its unitholders during the current and prior periods.

	Cents per unit	Total amount \$	Date of payment
Ordinary unitholders			
September 2017 distribution	0.1200	973,733	22 September 2017
Total distributions and returns of capital for the six months ended 31 December 2017	0.1200	973,733	
Ordinary unitholders			
July 2016 distribution	0.9736	7,900,216	15 July 2016
Total distributions and returns of capital for the six months ended 31 December 2016	0.9736	7,900,216	

5 Investments – available for sale

	Consolidated 31 December 2017 \$	30 June 2017 \$
Unlisted investments		
Carrying amount as at beginning of period	2,570,098	3,844,888
Movement due to transfers, disposals and returns of capital	–	(934,179)
Changes in fair value recognised in reserves	206,650	(340,611)
Total investments – available for sale – Non current	2,776,748	2,570,098
Total investments – available for sale	2,776,748	2,570,098

Investment in unlisted property securities

The Consolidated Entity continues to hold a number of unlisted property security funds. During the period, the Consolidated Entity received capital returns from certain underlying investments and participated in redemption and sale opportunities where possible. Due to a variety of factors inherent in the underlying funds, the Consolidated Entity may have limited ability to realise these investments as and when it wishes to.

Consistent with 30 June 2017, the Consolidated Entity has generally valued its investments in each of the underlying unlisted property securities funds based on the net asset value provided as at 31 December 2017, or where this has not been provided, the latest available net asset value. In circumstances where the latest available net asset value has not been obtained or considered representative of fair value, an assessment of the appropriateness of the value has been made based on knowledge of valuation and transactional movements in the underlying investment's structure as compared to similar portfolios and/or other publically available information. Although the Directors of the Responsible Entity consider this value to represent fair value as at the reporting date, uncertainty exists as to the likely unit price of each of the unlisted property securities funds when these funds re-commence acceptance of redemptions.

Notes to the Condensed Consolidated Interim Financial Statements continued

BAO Trust

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For the half year ended 31 December 2017

6 Investment accounted for using the equity method

	Consolidated Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Multiplex New Zealand Property Fund	939,114	1,876,385
Total investment accounted for using the equity method	939,114	1,876,385
Share of net (loss)/profit from investments accounted for using the equity method:		
Multiplex New Zealand Property Fund	(18,989)	33,218

Multiplex New Zealand Property Fund's (MNZPF's) place of establishment is Australia and predominantly comprises of operations that are located in New Zealand. Its principal activity is investment in properties in New Zealand. Following is a summary of financial information for MNZPF, not adjusted for the percentage ownership held by the Consolidated Entity.

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Current assets	4,814,403	9,538,756
Total assets	4,814,403	9,538,756
Current liabilities	142,944	210,774
Total liabilities	142,944	210,774
Net assets	4,671,459	9,327,982

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Opening net assets 1 July	9,327,982	48,259,956
Net (loss)/profit for the period/year	(94,343)	165,035
Other comprehensive (loss)/income	(201,051)	153,152
Return of capital and distributions declared	(4,361,129)	(39,250,161)
Closing net assets	4,671,459	9,327,982
Consolidated Entity's share in (%)	20.1%	20.1%
Consolidated Entity's share in (\$)	939,114	1,876,385
Total investment accounted for using the equity method	939,114	1,876,385

	Half year ended 31 December 2017 \$	Year ended 30 June 2017 \$
Revenues	84,097	801,547
Expenses	(183,014)	(457,227)
Income tax expense	4,574	(179,285)
Net (loss)/profit after income tax for the period/year	(94,343)	165,035
Other comprehensive (loss)/income for the period/year	(201,051)	153,152
Total comprehensive (loss)/income for the period/year	(295,394)	318,187

The Consolidated Entity owns 20.1% of the units of MNZPF (30 June 2017: 20.1%). In accordance with accounting standards, the Consolidated Entity has significant influence over MNZPF and accounts for its investment under the equity accounting method whereby the Consolidated Entity records its share of profit or loss of MNZPF's operations. Any changes to the results and operations of the underlying investment are presented in the Consolidated Entity's financial statements through the share of net profit or loss of investment accounted for using the equity method line item in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the carrying value of the investment accounted for using the equity method in the Consolidated Statement of Financial Position.

Notes to the Condensed Consolidated Interim Financial Statements continued

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For the half year ended 31 December 2017

7 Units on issue

	Half year ended 31 December 2017 \$	Half year ended 31 December 2017 units	Year ended 30 June 2017 \$	Year ended 30 June 2017 Units
Ordinary units				
Opening balance	12,334,123	811,443,720	20,234,339	811,443,720
Returns of capital	(973,733)	–	(7,900,216)	–
Closing balance	11,360,390	811,443,720	12,334,123	811,443,720

In accordance with the Fund Constitution, each unitholder is entitled to receive distributions as declared from time to time by the Responsible Entity and are entitled to one vote at unitholder meetings. In accordance with the Fund's constitution, each unit represents a right to an individual share in the Fund and does not extend to an interest in a particular part of the Fund.

8 Financial instruments

A number of the Consolidated Entity's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Cash and cash equivalents and trade and other receivables

Fair value, which is determined for disclosure purposes, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Investments – available for sale

Fair value for ASX listed investments is calculated based on the quoted closing price of the security at the reporting date. Fair value for unlisted investments is calculated based on the latest available net asset values. Refer to investments – available for sale (Note 5) for further details.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Fair values versus carrying amounts

The Consolidated Entity is required to disclose fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Consolidated Entity's financial assets and liabilities measured and recognised at fair value. The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables are assumed to reasonably approximate their fair values due to their short-term nature. Accordingly, fair value disclosures are not provided for such assets and liabilities.

	Level 1 \$	Level 3 \$	Total \$
Consolidated Entity – at 31 December 2017			
Assets			
Investments – available for sale			
– Unlisted investments	–	2,776,748	2,776,748
Total assets	–	2,776,748	2,776,748
Consolidated Entity – at 30 June 2017			
Assets			
Investments – available for sale			
– Unlisted investments	–	2,570,098	2,570,098
Total assets	–	2,570,098	2,570,098

Notes to the Condensed Consolidated Interim Financial Statements continued

BAO Trust

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For the half year ended 31 December 2017

8 Financial instruments continued

Fair values versus carrying amounts continued

Reconciliation of level 3 fair value measurements:

	Investments available for sale \$	Total \$
Consolidated Entity – for the period ended 31 December 2017		
Opening balance – 1 July 2017	2,570,098	2,570,098
Net gains recognised in other comprehensive income	206,650	206,650
Closing balance – 31 December 2017	2,776,748	2,776,748
Total losses for the period included in the profit or loss attributable to losses relating to assets held at period end	–	–
Consolidated Entity – for the period ended 31 December 2016		
Opening balance – 1 July 2016	3,844,888	3,844,888
Transfers, disposals and returns of capital	(331,501)	(331,501)
Net losses recognised in other comprehensive income	(38,630)	(38,630)
Closing balance – 31 December 2016	3,474,757	3,474,757
Total losses for the period included in the profit or loss attributable to losses relating to assets held at period end	–	–

During the half year period ended 31 December 2017 no investments were transferred between levels 1, 2 and 3 (2016: no investment transferred between levels 1, 2 and 3).

9 Related parties

There have been no significant changes to the related party transactions as disclosed in the annual report for the year ended 30 June 2017.

10 Contingent liabilities and assets

No contingent liabilities or assets existed at 31 December 2017 (30 June 2017: nil).

11 Events subsequent to the reporting date

There are no matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Directors' Declaration

BAO Trust

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For the half year ended 31 December 2017

In the opinion of the Directors of Brookfield Capital Management Limited, the Responsible Entity of BAO Trust:

- a The condensed consolidated interim financial statements and notes, set out in pages 7 to 15, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2017 and of its performance for the six month period ended on that date; and
 - ii complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*;
- b There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited.

Dated at Sydney this 27th day of February 2018.



Shane Ross

Director

Brookfield Capital Management Limited

Deloitte Touche Tohmatsu
A.C.N. 74 490 121 060

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Independent Auditor's Review Report to the Unitholders of BAO Trust

We have reviewed the accompanying half-year financial report of BAO Trust ("the Fund"), which comprises the condensed consolidated statement of financial position as at 31 December 2017, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Fund and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 16.

Directors' Responsibility for the Half-Year Financial Report

The directors of Brookfield Capital Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Brookfield Capital Management Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BAO Trust is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 27 February 2018