

26 February 2019

Dear Investor

RE: BAO Trust (Fund) - Investor Update

Brookfield Capital Management Limited, as responsible entity of the Fund, provides an update to investors for the half year ended 31 December 2018.

Financial Results

For the 6 months to 31 December 2018, BAO Trust made a net loss after tax of \$31,887 due to operating costs incurred during the period.

BAO Trust's net assets at 31 December 2018 was \$0.7 million (0.1 cents per unit) in line with BAO Trust's net assets at 30 June 2018 of \$0.8 million.

Investment Portfolio Update

BAO Trust remains invested in the Multiplex Development and Opportunity Fund and Multiplex European Property Fund. A summary of each of these investments is provided below:

Multiplex Development and Opportunity Fund

There has been a further delay in completing defects at Little Bay South Stage 2 (LBS2). It has been identified that a non-compliant Aluminum Composite Panel (ACP) has been used during the construction of LBS2. The Home Building Regulation 2014 (NSW) was amended to classify the use of non-compliant ACP as a "major defect" following a ban on the use of these types of products by the NSW Commissioner for Fair Trading.

The builder is in the process of replacing the non-compliant ACP material and is continuing with rectifying existing defects.

On completion of the defects, wind up of MDOF will commence.

Multiplex European Property Fund (MEPF)

During the half year, wind up of the European structure continued and several subsidiaries were merged and dissolved. However, further European subsidiaries will need to be dissolved and liquidated before the wind up of MEPF's Australian subsidiaries can commence. The wind-up process in Europe has taken longer than expected due to requirements of different regulators in different jurisdictions.

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BAO Trust

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Once the European structure is completely wound up and the general tax audit by the German tax authority is closed, wind up of the Australian structure will commence. It is anticipated that on Fund wind up, approximately 2.5 cents per unit will be distributed to investors.

Further information and financial results

The Fund's financial report for the half year ended 31 December 2018 is available at www.au.brookfield.com and we recommend that investors review this document.

Yours sincerely

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