

21 August 2015

Dear Investor

Re: BAO Trust (Fund) - Investor Update for the Year Ending 30 June 2015

Brookfield Capital Management Limited (BCML), as Responsible Entity of the Fund, provides an update to investors for the year ended 30 June 2015.

Financial Results

As at 30 June 2015, the Fund had assets under management of \$22.0 million (30 June 2014: \$39.4 million), comprising an investment portfolio of \$19.9 million and cash and other receivables of \$2.1 million. The net asset value (NAV) was 2.7 cents per unit (30 June 2014: 4.8 cents per unit).

The decline in NAV reflects a 2.3 cents per unit distribution paid during the period.

During the period, the Fund recorded a net loss on disposal of listed and unlisted investments of \$0.1 million largely due to the disposal of the Fund's entire holding of PFA Diversified Property Fund units in September 2014.

Subsequent to year end a distribution of \$1.6 million or 0.2 cents per unit was paid to investors on 14 August 2015.

Investment Portfolio Update

As at 30 June 2015, the Fund had ten unlisted (including five investments which are in administration or wind up and for which no value is expected) and two listed investments. During the six months to 30 June 2015, one unlisted investment wound-up.

In determining the Fund NTA, the carrying value of unlisted investments was assessed using the net asset value provided as at 30 June 2015, or where this was not provided, the latest available net asset value. Listed investments are shown at the ASX closing price on 30 June 2015.

Below is information relevant to the underlying investments for the last six months:

APN Poland Retail Fund

On 30 July 2015, APN advised investors that the sale of the fund's sole real estate asset, Manhattan Shopping Centre, was entered into on 27 July 2015. No further returns to investors will be made and APN anticipate that the fund will be terminated in the next few months.

APN Regional Property Fund (APNRPF)

APN offered investors an opportunity to withdraw part or all of their investment during June 2015 at a withdrawal price of \$0.8812 per unit (0.6% less than the 31 December 2014 net asset value of \$0.8864 per unit). BAO Trust received a pro-rata redemption of 0.67 million units and proceeds of \$0.59 million. BAO Trust retains a 2.2 million unitholding in APNRPF.

Two office assets located in Newcastle, NSW remain in APNRPF. APN is currently in the process of reviewing its strategy for the fund.

APN Vienna Property Fund (APNVPF)

The fund officially wound up in May 2015. This follows a final distribution payment of 5 cents per unit on 10 September 2014.

MAB Diversified Property Trust (MABDPT)

MABDPT completed the sale of their Parramatta office asset and paid a capital distribution of 12 cents per unit or \$0.59 million to the Fund in March 2015. Four shopping centres; two located in regional NSW and two in regional QLD, remain in the fund and a number of the properties are being marketed for sale.

Multiplex Development and Opportunity Fund (MDOF)

MDOF is proposing a distribution of 19.05 cents per unit subject to receipt of advice from the ATO confirming the nature of the payment for tax purposes. The proposed capital payment represents approximately 87% of the audited net assets of 21.9 cents per unit as at 30 June 2015 and would return approximately \$1.77 million to the Fund.

Multiplex European Property Fund (MUE)

Subsequent to year end, a meeting of investors was convened on 27 July 2015 where investors approved the sale of the 61 properties owned by MUE and wind up the fund.

Subject to a number of assumptions, including final resolution of the German tax audits, it is estimated that settlement and wind up of MUE may result in a total net cash surplus of approximately \$20.7 million or 8.4 cents per unit to be distributed progressively over the period to early 2018. This would potentially return \$1.1 million to the Fund.

Multiplex New Zealand Property Fund (MNZPF)

Three office assets located in Wellington remain in MNZPF which has an audited net asset value at 30 June 2015 of \$0.28 per unit. Seismic works are being undertaken on the properties in preparation for sale.

National Storage REIT

During the six months to 30 June 2015, the Fund disposed of 190,000 units at an average price of \$1.59 per unit and realised net proceeds of \$0.3 million. At 30 June 2015, the Fund retained a minor holding of 25,213 units. Expectations are that this holding will be divested by the third quarter of 2015.

The Fund's investment portfolio as at 30 June 2015 is included in Appendix 1.

Further information and financial results as at 30 June 2015

The Fund's financial report for the year ended 30 June 2015 is available at www.au.brookfield.com and we recommend that investors review this document.

BCML will continue to provide investor updates via the website regarding Fund earnings as well as timing and quantum of distributions.

Yours sincerely

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APPENDIX 1 - BAO TRUST INVESTMENT PORTFOLIO

The Fund’s investment portfolio (other than investments which are in administration or wind up and for which no value is expected) as at 30 June 2015 is as follows:

Investment Portfolio	June 2015 Carrying Value \$m	Percentage of Total Investment Value (%)
Listed Property Securities		
National Storage REIT	0.04	0.2
Multiplex European Property Fund	0.69	3.5
Total Investment Value – Listed Property Securities	0.73	3.7
Unlisted Property Securities		
APN Regional Property Fund	1.93	9.7
MAB Diversified Property Trust	2.65	13.3
Multiplex Development and Opportunity Fund	2.04	10.3
Multiplex New Zealand Property Fund	12.50	63.0
Multiplex Property Income Fund	0.00	0.0
Total Investment Value – Unlisted Property	19.12	96.3
Total Investment Value	19.85	100.0