

30 August 2013

Dear Investor

Re: BAO Trust (Fund) - Investor Update from inception to 30 June 2013

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

Financial Results

As at 30 June 2013 the Fund had assets under management of \$92.7 million, comprising an investment portfolio of \$74.7 million and cash and other receivables of \$18.0 million.

The net tangible asset (NTA) for the Fund was 9.2 cents per unit (net of the 2.17 cents per unit distribution declared prior to year end and paid on 9 August 2013).

The Fund's NTA of 13.60 cents per unit as at 26 October 2012 (the date units in the Fund were transferred to unitholders) reduced to 12.10 cents per unit after payment of an initial distribution of 1.5 cents. The current NTA of 9.2 cents per unit reflects distributions paid since that initial distribution of 3.5 cents per unit offset by a net increase in the investment portfolio value of 0.3 cents per unit and net income of 0.3 cents per unit.

Distributions

The Fund made total distribution payments of \$40.3 million equating to 4.97 cents per unit. A distribution of \$17.6 million or 2.17 cents per unit was made on 9 August 2013.

Investment Portfolio Update

As at 30 June 2013 the Fund was invested in 20 unlisted and two listed investments.

Since 1 November 2012, three unlisted funds have wound up (FKP Core Plus Fund, Centro MCS 22 and Centro MCS 28), Arena Childcare Property Fund listed on the Australian Stock Exchange (ASX) as Arena AREIT and Australian Unity Second Industrial Trust merged with Australian Unity Office Property Fund.

In determining the Fund NTA, the carrying value of unlisted investments is assessed using the net asset value provided as at 30 June 2013, or where this has not been provided, the latest available net asset value for each underlying investment. Listed investments are shown at the ASX closing price on 30 June 2013.

Below is information relevant to the underlying investments:

APN Vienna Property Fund (APNVPF)

APN is currently in the process of marketing the sale of a shopping centre held by APNVPF. The latest offer price suggests a net liabilities position for APNVPF. To be prudent, the Fund has revised its carrying value for this investment to nil.

Arena REIT (formerly Arena Childcare Property Fund)

Arena Childcare Property Fund listed on the ASX on 13 June 2013 and changed its name to Arena REIT. At 30 June 2013, the Fund had disposed of 1.0 million units in Arena AREIT at circa \$1.05 per unit and realised net proceeds of \$1.0 million. A staged sell down of the investment is continuing.

Australian Unity Diversified Property Fund (AUDPF)

In June 2013, the Fund redeemed 0.8 million units resulting in proceeds of \$0.7 million when AUDPF made a redemption offer available to investors. The redemption price included a sell spread of 2.0% on the withdrawal security price.

AUDPF sold its interest in a number of properties and used part of the proceeds to reduce debt and pay a special distribution. The Fund received \$0.3 million from this special distribution. The lower level of gearing in AUDPF is expected to have a positive impact on future distributions.

Australian Unity Fifth Commercial Trust (AUFCT)

AUFCT paid a special distribution of 48.0 cents per unit post the sale of AUFCT's 50% interest in 80 Stirling Street, Perth. The Fund received \$3.7 million from this special distribution.

Australian Unity Office Property Fund (AUOPF)

The Fund redeemed 1.5 million units and received \$1.3 million when AUOPF made a redemption offer available in November 2012. The Fund also redeemed a further 1.9 million units for \$1.7 million when AUOPF made a redemption offer available in May 2013. The redemption price included a sell spread of 0.5% on the withdrawal security price.

AUOPF paid a special distribution of 7.0 cents per unit from the sale of AUOPF's 50% interest in 80 Stirling Street, Perth. The Fund received \$1.4 million from this special distribution.

Australian Unity Second Industrial Trust (AUSIT)

In February 2013, the Fund sold 1.2 million AUSIT units to Australian Unity for \$1.0 million. The price reflected a 10% discount on AUSIT's NTA.

In May 2013, AUSIT unitholders voted to merge the fund with the Australian Unity Office Property Fund. As part of the merger process, the Fund redeemed 0.1 million units in AUSIT for \$0.1 million. On implementation of the merger on 20 June 2013, the Fund received 0.1 million of AUOPF units in exchange for its remaining AUSIT units. As at 30 June 2013, the Fund no longer holds an interest in AUSIT.

Centro MCS 22

Net proceeds from the sale of Kidman Park Distribution Centre were distributed to investors in July and September 2012. A final residual distribution was paid in June 2013, at which time Centro MCS 22 syndicate was officially wound up and the Fund's units cancelled.

FKP Core Plus Fund (FKPCPF)

The Fund's 1.0 million FKPCPF units were sold to FKP in April 2013 and the Fund received \$0.1 million in proceeds. The sale price reflected a 20% discount to FKPCPF's NTA. The offer was accepted in light of the risk of a prolonged timeframe to sell the remaining assets in FKPCPF and the relatively small size of the Fund's holding.

MAB Diversified Property Trust (MAB)

MAB was placed into wind-up in September 2010 and six properties remain to be sold. The asset sales process continues and no indication has been provided on likely completion of the wind-up.

Multiplex Development and Opportunity Fund (MDOF)

MDOF's NTA decreased over the year \$0.41 to \$0.39 per unit reflecting a decrease in value of MDOF's investment in the Little Bay South project, Sydney. This is the final project being undertaken by MDOF and is forecast to complete in 2015.

MDOF holds a 49.6% interest in Multiplex Acumen Vale Syndicate Limited (Company). In June 2013, the Company announced that it had successfully completed the project all lots settled and has subsequently been placed into a members' voluntary liquidation. Completion of the liquidation process is forecast to take between six to 12 months from June 2013.

MDOF is retaining cash reserves in order to finalise the Little Bay South development with the prospect of cash being returned to investors when equity requirements in that development are certain.

Multiplex European Property Fund (MUE)

MUE declared a distribution of 10 cents per unit which resulted in the Fund receiving \$1.275 million in July 2013. Operating cashflow from the German properties held in MUE is not able to be repatriated to Australia as the loan to value ratio continues to exceed 95%. This may restrict further distributions to investors. The MUE debt facility is due to expire in April 2014 and discussions continue with the financier regarding an extension of the facility.

Multiplex New Zealand Property Fund (MNZPF)

MNZPF's NTA increased over the year from \$0.57 to \$0.59 per unit largely reflecting depreciation of the Australian dollar against the New Zealand dollar.

MNZPF is in wind-up and has commenced a process to sell its properties. To date, two properties have been sold in excess of their 31 December 2012 carrying values. Six office assets remain to be sold and distributions are expected to be made by MNZPF once the debt facility has been fully repaid. The carrying value of the portfolio is NZ\$201.6 million and outstanding debt is NZ\$39.1 million.

Retail Direct Property 21 (RDP21, formerly Centro MCS 21)

The sale of Roselands Shopping Centre settled on 28 June 2013 and the majority of sales proceeds have been distributed to investors. The Fund received approximately \$10.0 million and is expected to receive a balance of circa \$0.2 million prior to the 2014 financial year end at which time the syndicate is expected to wind up.

The Fund's investment portfolio as at 30 June 2013 is as set out in Appendix 1.

Further information and financial results as at 30 June 2013

The Fund's financial report for the year ended 30 June 2013 is available at www.au.brookfield.com and we recommend that investors review this document.

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

Yours sincerely

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Appendix 1

BAO Trust Investment Portfolio

Investment Portfolio	June 2013 Carrying Value \$m	Percentage of Total Investment Value (%)
Listed Property Securities		
Arena AREIT ¹	2.08	2.8
Multiplex European Property fund	0.33	0.4
Total Investment Value – Listed Property Securities	2.41	3.2
Unlisted Property Securities		
APN Champion Retail Fund	0.00	0.0
APN National Storage Property Trust	1.09	1.5
APN Poland Retail Fund	0.00	0.0
APN Regional Property Fund	2.09	2.8
APN Vienna Retail Fund	0.00	0.0
Australian Unity Diversified Property Fund	4.97	6.7
Australian Unity Fifth Commercial Trust	9.10	12.2
Australian Unity Office Property Fund	16.05	21.5
FCL European Property Trust (formerly Pengana)	0.00	0.0
Folkestone Childcare Fund (formerly Austock)	1.23	1.7
MAB Diversified Property Trust	2.94	3.9
Multiplex Development and Opportunity Fund	3.68	4.9
Multiplex New Zealand Property Fund ²	25.87	34.6
Multiplex Property Income Fund	0.00	0.0
PFA Diversified Property Trust	3.75	5.0
Retail Direct Property 21 RHT (formerly Centro MCS 21) ³	0.17	0.2
Retail Direct Property 21 RPT (formerly Centro MCS 21) ³	0.02	0.1
Rimcorp Property Trust No. 3	0.55	0.7
Rubicon Europe Trust	0.00	0.0
Rubicon Japan Trust	0.00	0.0
St Hilliers Enhanced Property Fund No. 2	0.77	1.0
Total Investment Value – Unlisted Property Securities	72.28	96.8
Total Investment Value	74.69	100.0

NOTES:

1. Formerly the unlisted Arena Childcare Property Fund that listed on the Australian Stock Exchange in June 2013.
2. Reflects the value of the investment accounted for by using the equity method of accounting.
3. The majority of net sale proceeds from the sale of Roselands Shopping Centre have been distributed to investors. The small residual balance will be distributed prior to the financial year end 2014.