

Brookfield

28 August 2018

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 year ended 30 June 2018.

Financial Results

As at 30 June 2018, BAO Trust has net assets of \$0.8 million (0.1 cents per unit) compared to \$4.8 million (0.6 cents per unit) as at 30 June 2017. The decline was due to a return of capital of \$4.2 million distributed during the period.

For the 12 months to 30 June 2018, BAO Trust made a net profit of \$5.6 million due largely to crystallisation of the foreign currency translation reserve for the equity accounted investment in the Multiplex New Zealand Property Fund (MNZPF). The amount was previously recognised in the other comprehensive income of the profit or loss statement.

BAO Trust received the final return of capital from its investment in MNZPF and disposed of its holdings in APN Regional Property Fund.

Investment Portfolio Update

In August 2018, BAOT Trust disposed of its holdings in APN Champion Property Fund and Rubicon Europe Trust. Both investments had nil value and have been in wind up for a number of years.

As at the date of this letter, BAO Trust remains invested in Multiplex Development and Opportunity Fund and Multiplex European Property Fund. A brief summary of each of these investments is provided below:

Multiplex Development and Opportunity Fund (MDOF)

BAOT Trust holds 9,320,388 units in MDOF valued at approximately \$0.1 million. Issues surrounding the Little Bay South Stage 1 development were resolved and the entity is now being liquidated.

There has been a further delay in completing defects at Little Bay South Stage 2. Once this is resolved, wind up of MDOF will commence.

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BAO TRUST

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Multiplex European Property Fund (MUE)

BAO Trust holds 12,750,050 units in MUE valued at approximately \$0.3 million. The realisable net asset value has been estimated at approximately 2.4 cents per unit, materially in line with previous guidance. The general tax audit is ongoing.

The wind up process continues with the downstream merger of the Luxembourg subsidiaries which is estimated to complete around September 2018. The next step of the wind up of the European structure has commenced.

Further information and financial results

The Fund's financial report for the year ended 30 June 2018 is available at www.au.brookfield.com and we recommend that investors review this document.

Yours sincerely

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