

BAO Trust
Financial report
For the period from 1 July 2020 to 24 February 2021

BAO Trust

ARSN 160 276 559

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BAO Trust

For the period from 1 July 2020 to 24 February 2021

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Directory BAO Trust

For the period from 1 July 2020 to 24 February 2021

Prior to wind up of the Fund on 24 February 2021, the following appointments were in place:

Responsible Entity

Brookfield Capital Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
Facsimile: +61 2 9322 2001

Directors of Brookfield Capital Management Limited

Mr. F. Allan McDonald
Ms. Barbara K. Ward
Mr. Shane A. Ross

Company Secretary of Brookfield Capital Management Limited

Ms. Men (Mandy) Chiang

Registered Office of Brookfield Capital Management Limited

Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
Facsimile: +61 2 9322 2001

Custodian

Brookfield Funds Management Limited
Level 22, 135 King Street
Sydney NSW 2000
Telephone: +61 2 9158 5100
Facsimile: +61 2 9322 2001

Location of Share Registry

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

All correspondence to:

GPO Box 3993
Sydney NSW 2001
Telephone: 1300 737 760
Facsimile: 1300 653 459
International
Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664
www.boardroomlimited.com.au

Auditor

Deloitte Touche Tohmatsu (Deloitte)
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: +61 2 9322 7000

Directors' Report

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For the period from 1 July 2020 to 24 February 2021

Introduction

The Directors of Brookfield Capital Management Limited (ABN 32 094 936 866), the Responsible Entity of BAO Trust (ARSN 160 276 559) (Fund), present their report together with the financial statements of the Fund for the period ended 24 February 2021 and the Independent Auditor's Report thereon.

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

Wind-up of the Fund

The Fund was terminated on 24 February 2021. Accordingly, the financial statements have been prepared on a non-going concern basis.

Cost reimbursements include actual invoices and estimates the Fund received from external advisors and service providers in relation to winding up the Fund. The Fund made a payment of \$45,451 to the Responsible Entity and the Custodian to assume liability for these costs. The Responsible Entity will pay the wind up costs on behalf of the Fund in order for the Fund to complete its wind up. To the extent that actual costs exceed estimated costs, the Responsible Entity will be responsible for the differential.

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:

F. Allan McDonald	Non-Executive Independent Chairman
Barbara K. Ward	Non-Executive Independent Director
Shane A. Ross	Executive Director

Information on Directors

F. Allan McDonald (BEcon, FCPA, FAIM, FGIA), Non-Executive Independent Chairman

Allan was appointed the Non-Executive Independent Chairman of BCML on 1 January 2010. Allan has had extensive experience in the role of Chairman and is presently associated with a number of companies as a consultant and Company Director. Allan's directorship of previously listed entities include Brookfield Funds Management Limited (BFML) as the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020), BCML (as Responsible Entity of Brookfield Prime Property Fund, delisted 3 July 2017) (appointed January 2010) and Astro Japan Property Management Limited (Responsible Entity of Astro Japan Property Trust, delisted on 10 October 2017, deregistered on 31 October 2019) (February 2005 – October 2019).

Barbara K. Ward, AM (BEcon, MPolEcon, MAICD), Non-Executive Independent Director and Chairperson of Board Risk and Compliance Committee

Barbara was appointed as a Non-Executive Independent Director of BCML on 1 January 2010. Barbara has gained extensive business and finance experience through her role as Chief Executive Officer of Ansett Worldwide Aviation Services, as General Manager Finance for the TNT Group and as a Senior Ministerial Advisor. Barbara's directorship of previously listed entities include BFML as the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020) and BCML (as Responsible Entity of Brookfield Prime Property Fund, delisted 3 July 2017) . Barbara is presently a director of Qantas Airways Limited (appointed June 2008), Ampol Limited (formerly Caltex Australia Limited) (appointed 1 April 2015) and Crestone Holdings Limited (appointed 20 November 2019).

Shane A. Ross (BBus), Executive Director

Shane is the Managing Director of Portfolio Management for Brookfield Property Group Australia and was appointed as an Executive Director of BCML on 6 May 2015. Shane also performs that role for BFML, which is the Responsible Entity for Multiplex SITES Trust (delisted 2 January 2020, deregistered 29 May 2020). Shane joined the organisation in 2003 following a background in banking and has over 23 years of experience in treasury and finance within the property industry.

Information on Company Secretary

Men (Mandy) Chiang

Mandy was appointed Company Secretary of BCML on 15 November 2016. Mandy has over 20 years of company secretarial experience including having previously worked at Brookfield Australia Group for over 10 years.

Directors' Report continued

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For the period from 1 July 2020 to 24 February 2021

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, interests in registered schemes and rights or options over such instruments issued by the Fund and other related bodies corporate as at the date of this report:

Director	Units held at 22 February 2021	Units held at 30 June 2020
	\$	\$
F. Allan McDonald	–	–
Barbara K. Ward	–	–
Shane A. Ross	–	–

No options are held by / have been issued to Directors.

Policy on hedging equity incentive schemes

The Board of BCML do not receive any equity-based remuneration, and therefore will not be engaging in any hedge arrangements in relation to their remuneration.

A copy of the Security Trading Policy is available on the Brookfield Australia website at au.brookfield.com.

Directors' meetings

Director	Board Meetings		Board Risk and Compliance Committee Meetings	
	A	B	A	B
F. Allan McDonald	4	4	2	2
Barbara K. Ward	4	4	2	2
Shane A. Ross	4	4	2	2

A – Number of meetings attended.

B – Number of meetings held during the time the Director held office during the period.

Committee meetings

There were no Board committee meetings held during the period other than those stated above.

Principal activities

Prior to the termination of the Fund, the principal activity of the Fund was to manage the investment in unlisted property securities and to finalise the wind-up.

Review of operations

The Fund has recorded a net profit of \$129,574 for the period ended 24 February 2021 (2020 net loss: \$75,601).

Interests of the Responsible Entity

Management Fees

Management fees have been waived by the Responsible Entity since 1 July 2018.

Custody Fee

On 10 September 2018, Brookfield Funds Management Limited (BFML) was appointed as custodian of the Fund. BFML is entitled to custody fee of \$2,400 (excluding GST) per annum.

Related party unitholders

Immediately prior to the cancellation of units of the Fund, the following interests were held by related entities in the Fund during the period from 1 July 2020 to 24 February 2021:

- Brookfield Capital Securities Limited, as trustee for Brookfield Multiplex PPF Investment No.2 Trust, held 328,609,014 units or 40.5% of the Fund at the end of the financial period (2020: 328,609,014 units or 40.5%);
- Brookfield Multiplex Capital Pty Ltd held 9,737,640 units or 1.2% of the Fund at the end of the financial period (2020: 9,737,640 units or 1.2%); and
- Multiplex APF Pty Ltd, as trustee for Multiplex APF Trust, held 163,751,624 units or 20.2% of the Fund at the end of the financial period (2020: 163,751,624 units or 20.2%).

Brookfield Funds Management Limited, as custodian for the Fund, held the following investment in related party entity on its date of termination of 22 February 2021:

- Multiplex European Property Fund (on its date of termination of 22 February 2021) – 12,750,050 units or 5.2% (2020: 12,750,050 units or 5.2%).

Significant changes in the state of affairs

The Fund has ceased operations and cancelled its units on issue. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the period from 1 July 2020 to 24 February 2021, other than those disclosed in this report or in the financial statements.

Directors' Report continued

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For the period from 1 July 2020 to 24 February 2021

Events subsequent to 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 Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Likely developments

Information on likely developments in the operations of the Consolidated Entity is not applicable as the Fund was terminated on 24 February 2021.

Environmental regulation

The Fund has systems in place to manage its environmental obligations. Based on the results of enquiries made, the Responsible Entity is not aware of any significant breaches or non-compliance issues during the financial period covered by this report.

Distributions and returns of capital

As part of the wind-up process, the Fund has declared and paid a final return of capital of \$771,686 during the period ended 24 February 2021 (2020: Nil).

	Cents per unit	Total amount \$	Date of payment
Income units Final	0.0951	771,686	23 February 2021
Total returns of capital to income unitholders for the period ended 24 February 2021	0.0951	771,686	

Indemnification and insurance of Directors and Company Secretary

Under deeds of access and indemnity, Brookfield Australia Investments Pty Ltd or Brookfield Australia Pty Ltd has agreed to indemnify the Directors and Secretary of BCML, to the extent permitted by law, against:

- liabilities incurred as Director or Secretary of BCML, except for those liabilities incurred in relation to the matters set out in section 199A(2) of the Corporations Act 2001; and
- reasonable legal costs incurred in defending an action for a liability as Director or Secretary of BCML, except for costs incurred in relation to matters set out in section 199A(3) of the Corporations Act 2001, (the "Indemnity").

A global directors' and officers' insurance policy is maintained by Brookfield relating to the Indemnity. The policy insures against liability arising out of allegations relating to duties as a director or officer of BCML, but does not insure against liabilities arising out of:

- fraudulent, dishonest or criminal acts or omissions and improper personal profit or advantage (where confirmed by final, non-appealable adjudication);
- losses for which coverage under a different kind of insurance policy is readily available such as, liability insurance, employment practices liability and pollution liability (there can be limited coverage for some of these exposures);
- claims made by a major shareholder; and
- pension liability or compensation and labour liability.

The obligation to effect and maintain coverage for director's and officer's liability on behalf of a director continues for a period of seven years after the Director or Company Secretary of BCML has left office, to the extent such coverage is available with reasonable terms in the commercial insurance marketplace.

BCML has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of BCML or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' Report continued BAO Trust

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For the period from 1 July 2020 to 24 February 2021

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

The lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the financial period ended 24 February 2021.

Dated at Sydney this 2nd day of March 2021.

Signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.



Shane Ross
Director
Brookfield Capital Management Limited

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

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
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The Board of Directors
Brookfield Capital Management Limited
(as Responsible Entity for BAO Trust)
Level 22, 135 King Street
Sydney NSW 2000

2 March 2021

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 for BAO Trust.

As lead audit partner for the audit of the financial statements of BAO Trust for the period ended 24 February 2021, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU.

DELOITTE TOUCHE TOHMATSU

A. COLEMAN.

Andrew J Coleman
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

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BAO Trust

For the period from 1 July 2020 to 24 February 2021

	Note	Period ended 24 February 2021	Year ended 30 June 2020
		\$	\$
Revenue and other income			
Interest income		128	1,625
Net fair value gain on investments	7	206,130	2,204
Total revenue and other income		206,258	3,829
Expenses			
Other expenses	5	(76,684)	(79,430)
Total expenses		(76,684)	(79,430)
Net profit / (loss) for the period		129,574	(75,601)
Other comprehensive income			
Other comprehensive income for the period		–	–
Total comprehensive income / (loss) for the period		129,574	(75,601)

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

Statement of Financial Position

BAO Trust

As at 24 February 2021

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	Note	As at 24 February 2021 \$	As at 30 June 2020 \$
Assets			
Current assets			
Cash and cash equivalents		–	555,664
Trade and other receivables		–	362
Total current assets		–	556,026
Non-current assets			
Investments	7	–	102,000
Total non-current assets		–	102,000
Total assets		–	658,026
Liabilities			
Current liabilities			
Trade and other payables		–	15,914
Total current liabilities		–	15,914
Total liabilities		–	15,914
Net assets		–	642,112
Equity			
Units on issue	8	–	8,209,957
Undistributed losses	9	–	(7,567,845)
Total equity		–	642,112

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

Statement of Changes in Equity

BAO Trust

For the period from 1 July 2020 to 24 February 2021

	Attributable to unitholders of the Fund			
	Undistributed	losses	Reserves	Total
	\$	\$	\$	\$
Opening equity as at 1 July 2020	8,209,957	(7,567,845)	–	642,112
Other comprehensive income for the period	–	–	–	–
Net profit for the period	–	129,574	–	129,574
Total comprehensive income for the period	–	129,574	–	129,574
Return of capital	(771,686)	–	–	(771,686)
Cancellation of units	(7,438,271)	7,438,271	–	–
Total transactions with unitholders in their capacity as unitholders	(8,209,957)	7,438,271	–	(771,686)
Closing equity as at 24 February 2021	–	–	–	–

	Attributable to unitholders of the Fund			
	Undistributed	losses	Reserves	Total
	\$	\$	\$	\$
Opening equity as at 1 July 2019	8,209,957	(7,492,244)	–	717,713
Other comprehensive loss for the year	–	–	–	–
Net loss for the year	–	(75,601)	–	(75,601)
Total comprehensive loss for the year	–	(75,601)	–	(75,601)
Closing equity as at 30 June 2020	8,209,957	(7,567,845)	–	642,112

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

Statement of Cash Flows

BAO Trust

For the period from 1 July 2020 to 24 February 2021

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	Note	Period ended 24 February 2021 \$	Year ended 30 June 2020 \$
Cash flows from operating activities			
Cash payments in the course of operations		(46,817)	(84,439)
Interest received		160	1,758
Net cash outflows from operating activities	11	(46,657)	(82,681)
Cash flows from investing activities			
Return of capital from investment		308,130	309,064
Net cash inflows from investing activities		308,130	309,064
Cash flows from financing activities			
Distributions and returns of capital paid to unitholders		(771,686)	–
Expense reimbursement paid to related parties		(45,451)	–
Net cash outflows from financing activities		(817,137)	–
Net (decrease) / increase in cash and cash equivalents		(555,664)	226,383
Cash and cash equivalents at the beginning of the period		555,664	329,281
Cash and cash equivalents at the end of the period		–	555,664

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

Notes to the Financial Statements

BAO Trust

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For the period from 1 July 2020 to 24 February 2021

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 financial statements for the period from 1 July 2020 to 24 February 2021 and comparative year comprise the Fund's standalone results.

2 Basis of preparation

a Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASB) (including Australian interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial statements of the Fund comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB). For the purpose of preparing the financial statements the Fund is a for profit entity.

The financial statements were authorised for issue by the Directors on this 2nd day of March 2021.

b Basis of measurement

The financial statements have been prepared on the basis of historical cost, except for investments, which are measured at fair value through profit or loss (FVTPL).

The methods used to measure the above are discussed further in Note 3.

The financial statements are presented in Australian dollars, which is the Fund's functional and presentation currency.

c Wind-up of the Fund and going concern

The Fund was terminated on 24 February 2021. Consequently, the going concern basis of preparation is not appropriate and the financial statements have therefore been prepared on a non-going concern basis for the period ended 24 February 2021.

Cost reimbursements include actual invoices and estimates the Fund received from external advisors and service providers in relation to winding up the Fund. The Fund made a payment of \$45,451 to the Responsible Entity and the Custodian to assume liability for these costs. The Responsible Entity will pay the wind up costs on behalf of the Fund in order for the Fund to complete its wind up. To the extent that actual costs exceed estimated costs, the Responsible Entity will be responsible for the differential.

d Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount 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 financial statements are provided in Investments (Note 7).

3 Significant accounting policies

The significant policies set out below have been applied consistently to all periods presented in these financial statements.

a Revenue recognition

Dividends and distributions

Revenue from dividends and distributions is recognised when the right of the Fund to receive payment is established, which is generally when they have been declared.

Dividends and distributions received from associates reduce the carrying amount of the investment of the Fund in that associate and are not recognised as revenue.

b Income tax

Under current income tax legislation, the Fund is not liable for Australian income tax as unitholders are presently entitled at period end to the income of the trust estate calculated in accordance with the Fund's Constitution and applicable tax law.

c Financial assets at fair value through profit or loss (FVTPL)

The Fund's investments in equity instruments are classified as fair value through profit or loss (FVTPL).

Notes to the Financial Statements continued

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For the period from 1 July 2020 to 24 February 2021

3 Significant accounting policies continued

d Trade and other payables

Payables are stated at amortised cost using the effective interest rate method and represent liabilities for goods and services provided to the Fund prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

e Distributions

A provision for distribution is recognised in the Statement of Financial Position if the distribution has been declared prior to period end. Distributions paid and payable on units are recognised as a reduction in equity. Distributions paid are included in cash flows from financing activities in the Statement of Cash Flows.

f Units on issue

Issued and paid up units are recognised as changes in equity at the fair value of the consideration received by the Fund, less any incremental costs directly attributable to the issue of new units.

g Adoption of new and revised Australian Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2020.

4 Auditor's remuneration

	Period ended 24 February 2021	Year ended 30 June 2020
Auditors of the Fund:		
Audit and review of the financial report	(17,380)	(24,550)
Total auditor's remuneration	(17,380)	(24,550)

Fees paid to the auditors of the Fund in relation to compliance plan audits are borne by the Responsible Entity.

5 Other expenses

	Period ended 24 February 2021	Year ended 30 June 2020
Share registry fee	(49,706)	(43,723)
Professional service fee*	(23,913)	(31,700)
Custody fee	(1,640)	(2,460)
Expenses recovery	–	(1,360)
Other	(1,425)	(187)
Total other expenses**	(76,684)	(79,430)

* Including \$17,380 auditor's remuneration.

** Total other expenses include \$46,519 wind up costs.

6 Distributions and returns of capital

The fund has declared and paid a final return of capital of \$771,686 during the financial period ended 24 February 2021 (2020: nil).

Notes to the Financial Statements continued

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For the period from 1 July 2020 to 24 February 2021

7 Investments

	Period ended 24 February 2021 \$	Year ended 30 June 2020 \$
Current		
Unlisted investments		
Carrying value at the beginning of the period of investments transferred from non-current to current	102,000	77,359
Movement due to transfers, disposals and capital returns	(308,130)	(76,733)
Changes in fair value	206,130	(626)
Total investments – fair value through profit or loss – Current	–	–
Non-current		
Unlisted investments		
Carrying amount as at the beginning of the period	–	331,501
Movement due to transfers, disposals and capital returns	–	(232,331)
Changes in fair value	–	2,830
Total investments – fair value through profit or loss – Non-current	–	102,000
Total investments – fair value through profit or loss	–	102,000

Investment in unlisted property securities

The Fund has valued its investment in the underlying unlisted property securities fund based on the net asset value provided as at 30 June 2020, or where this has not been provided, the latest available net asset value. The Fund held no investment as at 24 February 2021.

8 Units on issue

	Period ended 24 February 2021 \$	Period ended 24 February 2021 Units	Year ended 30 June 2020 \$	Year ended 30 June 2020 Units
Ordinary units				
Opening balance	8,209,957	811,443,720	8,209,957	811,443,720
Returns of capital	(771,686)	–	–	–
Cancellation of units	(7,438,271)	(811,443,720)	–	–
Closing balance	–	–	8,209,957	811,443,720

In accordance with the Fund's 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.

9 Undistributed losses

	Period ended 24 February 2021 \$	Year ended 30 June 2020 \$
Opening balance	(7,567,845)	(7,492,244)
Net profit / (loss)	129,574	(75,601)
Closing balance immediately prior to cancellation of units on issue	(7,438,271)	(7,567,845)
Cancellation of units on issue	7,438,271	–
Closing balance	–	(7,567,845)

Notes to the Financial Statements continued

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For the period from 1 July 2020 to 24 February 2021

10 Financial instruments

a Other market risk

Other market risk is the risk that the total value of investments will fluctuate as a result of changes in market prices. The primary source of other market risk for the Fund is associated with its unlisted investment portfolio.

The Responsible Entity manages the Fund's market risk on a daily basis in accordance with the Fund's investment objectives and policies. These are detailed in the Fund's Constitution.

Sensitivity analysis

As at 24 February 2021, all investments have been disposed. During 2020 financial year, a change of +/- 10% in equity prices would increase / (decrease) the value of investments with fair value through profit or loss and therefore net assets and equity by \$10,200 assuming that all other variables remain constant.

Methods for determining fair values

A number of the Fund'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

Fair value for unlisted investments is calculated based on the latest available net asset values. Refer to investments (Note 7) for further details.

Fair values versus carrying amounts

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

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) 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
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

As at 24 February 2021, all investments have been disposed. The following table presents the Fund's 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 3	Total
	\$	\$
As at 24 February 2021		
Assets		
Investments		
– Unlisted investments	–	–
Total assets	–	–
As at 30 June 2020		
Assets		
Investments		
– Unlisted investments	102,000	102,000
Total assets	102,000	102,000

Notes to the Financial Statements continued

BAO Trust

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For the period from 1 July 2020 to 24 February 2021

10 Financial instruments continued

a Other market risk continued

Reconciliation of level 3 fair value measurements:

	Investments \$	Total \$
For the period ended 24 February 2021		
Opening balance – 1 July 2020	102,000	102,000
Disposals and capital returns	(308,130)	(308,130)
Fair value movement	7	206,130
Closing balance – 24 February 2021	–	–
Total gain for the year included in the profit or loss attributable to gain relating to assets held at the end of period	206,130	206,130

	Investments \$	Total \$
For the year ended 30 June 2020		
Opening balance – 1 July 2019	408,860	408,860
Disposal and capital returns	(309,064)	(309,064)
Fair value movement	2,204	2,204
Closing balance – 30 June 2020	102,000	102,000
Total gain for the year included in the profit or loss attributable to gain relating to assets held at the end of year	2,204	2,204

During the current and prior period no investment was transferred between levels.

11 Reconciliation of cash flows from operating activities

	Period ended 24 February 2021 \$	Year ended 30 June 2020 \$
Net profit / (loss) for the period	129,574	(75,601)
Adjustments for:		
Non-cash items		
Fair value movement on investments	(206,130)	(2,204)
Operating loss before changes in working capital	(76,556)	(77,805)
Changes in assets and liabilities during the period		
Decrease in trade and other receivables	45,813	13
Decrease in trade and other payables	(15,914)	(4,889)
Net cash flows from operating activities	(46,657)	(82,681)

Notes to the Financial Statements continued BAO Trust

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For the period from 1 July 2020 to 24 February 2021

12 Related parties

Responsible Entity

The Responsible Entity of the Fund is Brookfield Capital Management Limited.

Key management personnel

The Fund is required to have an incorporated Responsible Entity to manage the activities of the Fund. The Directors of the Responsible Entity are Key Management Personnel of that entity.

Mr. F. Allan McDonald
Ms. Barbara K. Ward
Mr. Shane A. Ross

No compensation is paid to any of the Key Management Personnel of the Responsible Entity directly by the Fund.

Directors' interests

The following table sets out each Director's relevant interest in the units, debentures, rights, interests in registered schemes and rights or options over such instruments issued by the entities within the Fund and other related bodies corporate as at the date of this report:

Director	Units held at 24 February 2021 \$	Units held at 30 June 2020 \$
F. Allan McDonald	—	—
Barbara K. Ward	—	—
Shane A. Ross	—	—

No options are held by / have been issued to Directors.

Responsible Entity's fees and other transactions

Management fee

Management fees have been waived by the Responsible Entity since 1 July 2018.

Custody fee

On 10 September 2018, Brookfield Funds Management Limited (BFML) was appointed as custodian of the Fund. BFML is entitled to custody fee of \$2,400 (excluding GST) per annum.

Parent entities

The ultimate Australian parent of the Fund is BHCA1 Pty Limited. The ultimate parent of the Fund is Brookfield Asset Management Inc.

Related party unitholders

Prior to wind-up of the Fund, the following interests were held by related entities in the Fund during the financial period:

- Brookfield Capital Securities Limited, as trustee for Brookfield Multiplex PPF Investment No.2 Trust, held 328,609,014 units or 40.5% of the Fund (30 June 2020: 328,609,014 units or 40.5%);
- Brookfield Multiplex Capital Pty Ltd held 9,737,640 units or 1.2% of the Fund (30 June 2020: 9,737,640 units or 1.2%); and
- Multiplex APF Pty Ltd, as trustee for Multiplex APF Trust, held 163,751,624 units or 20.2% of the Fund (30 June 2020: 163,751,624 units or 20.2%).

Prior to wind-up of the Fund, Brookfield Funds Management Limited, as custodian for the Fund, held the following investments in related party entities during the financial period:

- Multiplex European Property Fund (on its date of termination of 22 February 2021) – 12,750,050 units or 5.2% (2019: 12,750,050 units or 5.2%);

Notes to the Financial Statements continued

BAO Trust

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For the period from 1 July 2020 to 24 February 2021

12 Related parties continued

Related party unitholders continued

	For the period ended 24 February 2021 \$	For the year ended 30 June 2020 \$
Transactions with the Responsible Entity		
Cost reimbursements	(45,451)	(1,360)
Custodian fees	(1,640)	(2,460)
Transactions with related parties of the Responsible Entity		
Investments held (at fair value)		
- Multiplex European Property Fund	-	102,000
Distributions and capital returns		
- Multiplex Development and Opportunity Fund	-	76,733
- Multiplex European Property Fund	308,130	232,331

Transactions with related parties are conducted on normal commercial terms and conditions. Distributions and returns of capital paid by the Fund to related party unitholders are made on the same terms and conditions applicable to all unitholders.

Deed of indemnity between Brookfield Australia Opportunities Fund and the Fund

During the financial year ended 30 June 2013, prior to the wind up of Brookfield Australian Opportunities Fund (BAO), BAO entered into an agreement with the Fund. Under the agreement, if at any time after the winding up of BAO, the trustee of BAO (which was Brookfield Capital Management Limited) becomes aware of any asset to which BAO would have been entitled prior to the winding up and which has not been transferred to the Fund in accordance with the proposal outlined in the BAO explanatory memorandum, the trustee shall hold such asset on behalf of the Fund. Furthermore, the trustee undertakes in its capacity as Responsible Entity of the Fund to indemnify the trustee (in its personal capacity) from the Fund from any claims against the trustee arising from the performance of its duties as the responsible entity of BAO.

13 Contingent liabilities and assets

No contingent liabilities or assets existed at 24 February 2021 (2020: nil).

14 Capital commitments

There were no capital commitments at 24 February 2021 (2020: nil).

15 Events subsequent to 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 Fund, the results of those operations, or the state of affairs of the Fund in subsequent financial years.

Director's Declaration BAO Trust

For the period from 1 July 2020 to 24 February 2021

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

- a The financial statements and notes, set out in pages 9 to 19, are in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the financial position of the Fund as at 24 February 2021 and of its performance, for the financial period ended on that date;
 - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - iii complying with International Financial Reporting Standards, as stated in Note 2 to the financial statements.

Signed in accordance with a resolution of the Directors of Brookfield Capital Management Limited pursuant to Section 295(5) of the *Corporations Act 2001*.

Dated at Sydney this 2nd day of March 2021.



Shane Ross
Director
Brookfield Capital Management Limited

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Independent Auditor's Report to the Unitholders of BAO Trust

Opinion

We have audited the financial report of BAO Trust (the "Trust") which comprises the statement of financial position as at 24 February 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Trust is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 24 February 2021 and of its financial performance for the period then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Trust, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report included in the Trust's financial report for the period ended 24 February 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Trust are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, as they apply on a non-going concern basis as disclosed in Note 2 to the financial statements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Trust to continue as a going concern. As disclosed in Note 2, the financial report has been prepared on a non-going concern basis due to the termination of the Trust on 24 February 2021.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the non-going concern basis of accounting. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Trust's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DELOITTE Touche Tohmatsu.

DELOITTE TOUCHE TOHMATSU

A. Coleman.

Andrew J Coleman
Partner
Chartered Accountants
Sydney, 2 March 2021