

# BALMAIN AQUA INCOME TRUSTS

PORTFOLIO INFORMATION AS AT 30 SEPTEMBER 2014

## Supreme Court Trial Update

As per our update sent to investors on 26 November 2014, extract appears below, we would like to re-iterate that there has been no change to the details as stated in the November update.

The Supreme Court of NSW has set down a date for trial in the legal case the Manager and the Responsible Entity are running against a valuer to the Trusts.

The trial date is set for 29 May 2015. The Manager and its legal team were keen to get to trial as soon as possible, however the Judge accepted that the diaries of the defendant's legal team did not have available time until late May.

Given this, and the absence of any meaningful settlement discussion, it appears that we will not know the Trusts' position regarding this matter and, following this, the actual wind-up date of the Trusts until late May/early June 2015.

## Balmain AQUA Income Trust Update

The Balmain AQUA Income Trust, as the senior secured lender is entitled to the full extinguishment of its legal debt prior to any payment to the Balmain Aqua High Income Trust. As such it has the first interest in the outcome of the court matter.

We appreciate the matter is frustrating, however the amount sought from this matter is substantial and the Manager and the Responsible Entity continue to believe that it is in the best interest of unit holders to pursue the matter to its conclusion. As soon as we have any information in regard to the outcome of this court action we will immediately inform all investors of the outcome and what it means to investors and also the impact it has on the wind-up of the trust.

## Balmain AQUA High Income Trust Update

We remind investors that as the Balmain AQUA High Income Trust was the mezzanine provider to the Loan and it has a subordinated interest in the outcome of the matter it will only receive the balance, if any, following the extinguishment of the legal debt of the senior lender, the Balmain AQUA Income Trust.

On the 19 of January 2015 we made a redemption totalling \$9.5 million to investors. This represented excess cash that the Trust had at call and was deemed to be surplus to the Trust's needs and therefore it was returned to investors. The Responsible Entity has retained \$1.5 million in order to cover costs associated with the court action, as stated above and also for the wind-up of the Trust, which we expect to commence on finalisation of the court action. The Trust also holds assets of 2 remaining loans that the Manager is in the process of selling.

There is a possibility that if these 2 remaining assets are realised prior to the conclusion of the court proceedings that a further repayment can be made in advance of the final Trust wind-up and we will keep investors informed via the newsletter.

The payment of the \$9.5m means that the Trust operating expenses will now largely be funded from the remaining capital of the Trust and this will likely result in a corresponding reduction in the unit price on a quarterly basis starting March quarter 2015.

## Financial Hardship

Investors who are experiencing any financial difficulties may be eligible for the Trusts' Financial Hardship redemptions.

For further information on hardship redemptions or regarding your investment in the Trusts, please contact our **Registry Services Team on 1800 225 624 or email [balmainfunds@balmain.com.au](mailto:balmainfunds@balmain.com.au)**

## BALMAIN AQUA INCOME TRUST

### Portfolio information as at 30 September 2014

Note the portfolio information provided is the percentage of the dollar value of the underlying loan portfolio of the Senior Debt Pool that the Balmain AQUA Income Trust invests in. When a number of loans are disclosed, these may not be complete loans, but rather the number of loans the Trust has exposure to in that category.

Mortgages Under Management (MUM)	\$1,894
Provision for loss	\$0
Mortgages Under Management, net of provision	\$1,894
Cash & Liquid Assets	\$3,260,214
Funds Under Management (FUM)	\$3,262,108

LOANS IN DEFAULT						
	Monetary (interest outstanding >28 days)			Non Monetary		
	No. of Loans	% of MUM	Value (\$)	No. of Loans	% of MUM	Value (\$)
29-60 days	0	0.00%	\$0	0	0.00%	\$0
61-90 days	0	0.00%	\$0	0	0.00%	\$0
90+ days	1	100%	\$0	0	0.00%	\$0
Total	1	100%	\$1,894	0	0.00%	\$0

TRUST ASSET ALLOCATION			
	Cash & Liquid Assets	Provision for loss	Balmain AQUA Senior Debt Pool
No. of Loans	0	0	1
% of FUM	99.94%	0%	0.06%
Exposure (\$)	\$3,260,214	\$0	\$1,894

CLASS OF ACTIVITY								
	Residential	Commercial	Industrial	Retail	Specialised property	Land / DA	Mixed use	Other*
No. of Loans	0	0	0	0	0	0	0	1
% of MUM	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%
Exposure (\$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,894

GEOGRAPHIC DIVERSIFICATION				
	NSW	VIC	QLD	Other*
No. of Loans	0	0	0	1
% of MUM	0.00%	0.00%	0.00%	100.00%
Exposure (\$)	\$0	\$0	\$0	\$1,894

\* These are loans which are included in the provision for loss and are therefore part of the overall portfolio balance, however the underlying security property has been sold. Therefore these loans have been excluded from reporting that relates to the underlying security property. Please note that these loans are included in the provision for loss but have not yet been written off as Balmain AQUA is still seeking to recover additional monies from the borrower.

## BALMAIN AQUA HIGH INCOME TRUST

### Portfolio information as at 30 September 2014

Note the portfolio information provided is the percentage of the dollar value of the underlying loan portfolios of Balmain AQUA Mezzanine Debt Pool & Balmain Mezzanine Income Trust (terminated in June 2013) that the Balmain AQUA High Income Trust invests in. When a number of loans are disclosed, these may not be complete loans, but rather the number of loans the Trust has exposure to in that category.

Mortgages Under Management (MUM)	\$15,243,240
Provision for loss	-\$7,088,710
Mortgages Under Management, net of provision	\$8,154,530
Cash & Liquid Assets	\$10,799,238
Funds Under Management (FUM)	\$18,953,768

#### LOANS IN DEFAULT

	Monetary (interest outstanding >28 days)			Non Monetary		
	No. of Loans	% of MUM	Value (\$)	No. of Loans	% of MUM	Value (\$)
29-60 days	0	0.00%	\$0	0	0.00%	\$0
61-90 days	0	0.00%	\$0	0	0.00%	\$0
90+ days	0	0.00%	\$0	5	60.63%	\$9,241,805
<b>Total</b>	<b>0</b>	<b>0.00%</b>	<b>\$0</b>	<b>5</b>	<b>60.63%</b>	<b>\$9,241,805</b>



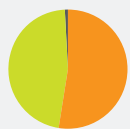
#### TRUST ASSET ALLOCATION

	Cash & Liquid Assets	Provision for loss	Balmain AQUA Senior Debt Pool	Balmain AQUA Mezzanine Debt Pool	Balmain Mezzanine Income Trust
No. of Loans	0	0	0	8	0
% of FUM	56.98%	-37.40%	0.00%	80.42%	0.00%
Exposure (\$)	\$10,799,238	-\$7,088,710	\$0	\$15,243,240	\$0



#### CLASS OF ACTIVITY

	Residential	Commercial	Industrial	Retail	Specialised property	Land / DA	Mixed use	Other*
No. of Loans	4	0	0	1	0	0	2	1
% of MUM	39.37%	0.00%	0.00%	45.55%	0.00%	0.00%	14.50%	0.58%
Exposure (\$)	\$6,001,435	\$0	\$0	\$6,942,737	\$0	\$0	\$2,210,151	\$88,916



#### GEOGRAPHIC DIVERSIFICATION

	NSW	VIC	QLD	WA	Other*
No. of Loans	0	2	5	0	1
% of MUM	0.00%	52.59%	46.83%	0.00%	0.58%
Exposure (\$)	\$0	\$8,016,292	\$7,138,032	\$0	\$88,916

\* These are loans which are included in the provision for loss and are therefore part of the overall portfolio balance, however the underlying security property has been sold. Therefore these loans have been excluded from reporting that relates to the underlying security property. Please note that these loans are included in the provision for loss but have not yet been written off as Balmain AQUA is still seeking to recover additional monies from the borrower.



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Each person should obtain a copy of the Product Disclosure Statement (PDS) relating to the Balmain AQUA Income Trusts and consider that PDS before making any decision about the product. A copy of the PDS may be obtained from Balmain AQUA Pty Limited or The Trust Company by contacting our investor relations personnel on 1800 225 624, by visiting our website [www.balmain.com.au](http://www.balmain.com.au) or from a financial planner. If interests in Balmain AQUA Income Trusts are acquired, Balmain AQUA and The Trust Company may receive fees and other benefits, which are disclosed in the PDS for the product. We, and our employees, do not receive any specific commission or remuneration for any advice provided to you.

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Investment in the Balmain AQUA Income Trusts is subject to investment risk, including possible delays in payment and loss of income and principal invested. Neither Balmain AQUA Pty Limited nor The Trust Company nor their respective associates, officers, related entities or directors guarantee the performance of the Balmain AQUA Income Trusts or the repayment of monies invested.