



18 January 2016

Dear Investor

INVESTOR UPDATE BALMAIN (MMT) AND (MWMT) MORTGAGE TRUSTS

December 2015 Compulsory Redemption Update

As per our previous correspondence dated 3 September 2015, the next scheduled redemption payment was dependent on the 5 remaining loans in the Trust repaying by 31 December 2015.

The Manager received the proceeds of 4 of these 5 remaining loans and advises that the scheduled compulsory redemption, for the December 2015 quarter, was made to investors in mid-January. The payment included funds from the repayment of 4 of 5 remaining loans in the Trust as well as the majority of the \$3.05 million of cash currently held. Each quarterly redemption is typically for \$3.55 million, however, this quarter the payment amount was \$6.2 million.

The final loan in the Trust is in the process of being refinanced and we are unable to wind the Trust up before repayment of this final loan. The Manager anticipates that the fund will be wound up by mid-2016, however, we are unable to confirm this until such time as the final loan is repaid and the matter settled in full. We will update investors on the status of this final loan and the wind up of the Trust when any new information becomes available.

December 2015 Income Distribution Payment

In addition to the December redemption payment, the December 2015 distribution was a substantially larger payment than the previous months' distributions.

The larger distribution arose from the successful sale of one of the Trust's assets and was distributed as income.

If you have any questions with regards to this above, please call our registry team on 1800 225 624 or email us directly at balmainfunds@balmain.com.au

Yours sincerely

Michael Holm

CEO Balmain Funds

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