



26 November 2014

Dear Investor

BALMAIN AQUA INCOME TRUST - INVESTOR 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 Trust.

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 Trust's position regarding this matter and, following this, the actual wind-up date of the Trust until late May/early June 2015. The 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.

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.

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

If you have any questions regarding your investment, please contact our Registry Services Team on 1800 225 624 or email balmainfunds@balmain.com.au

Yours sincerely

Stephen Tunley

CEO, Balmain Funds