



5 December 2011

Dear Investor

**December 2011 Mandatory Redemption – Balmain AQUA High Income Trust**

We are pleased to advise that \$3,485,895.28 has been realised in the Balmain AQUA High Income Trust which will now be distributed as the next mandatory redemption, as set out in the Unitholder Notice of Meeting in April 2010. Therefore, as a unitholder in the Balmain AQUA High Income Trust, you will shortly receive the proceeds from the fourth mandatory redemption of part of your unit holding.

This redemption represents the net proceeds from the repayment of mortgage loans and/or the sale of mortgage assets during the period 1 June 2011 to 30 November 2011. We estimate the amount will be between 3.8% and 4.1% of your unit holding as at 1 December 2011. The payment will be made on or around 7 December 2011.

The redemption will be made to all unitholders on a pro-rata basis. **As this is a mandatory redemption, there is NO need to complete an application.**

**Voluntary Redemptions**

The annual voluntary redemption for 2011 was paid in May. Please note the next voluntary redemption for 10% of your issued units is expected to take place in **May 2012**. We will write to you in advance of this to ensure that you are informed as to what you need to do and key dates.

If you have any queries about your investment in the Balmain AQUA High Income Trust or this redemption please email or call our Client Service Team on 1800 225 624.

Yours sincerely

**Stephen Tunley**  
CEO, Balmain Funds

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Balmain AQUA Pty Limited (ABN 94 107 030 240), a subsidiary of Balmain Funds Management Pty Limited (ABN 32 107 670 342) and Investment Manager of Balmain AQUA High Income Trust (ARSN 110 223 348), Balmain AQUA Income Trust (ARSN 110 222 850) and the Balmain Mezzanine Income Trust (ARSN 145 570 458), collectively the 'Schemes'. The responsible entity of the Schemes is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150). Balmain AQUA Pty Limited is an Authorised Representative of Balmain Fund Administration Limited (ABN 98 134 526 604, AFSL 333213). Balmain Funds Management Pty Limited is a wholly owned subsidiary of Balmain NB Corporation Limited (ACN 107 505 760).