



20 April 2012

Dear Investor

Voluntary Redemption Offers for the Balmain AQUA Income Trust ARSN 110 222 850 and Balmain AQUA High Income Trust 110 223 348 (Balmain AQUA Income Trusts)

We are pleased to announce the opening of the Annual Voluntary Redemption Offer enabling investors to redeem 10 per cent of their unit holding.

If you undertake this offer, the effect of this redemption will be to reduce your investment in the relevant Trust by the same proportion and, from this, a corresponding reduction in future income payments.

It is important to note that in the event that any monies accounted for in the loss provisions announced to date can be recovered, the proportion of your investment redeemed from your Trust would not receive the recovered sum. Similarly, a redemption would reduce exposure to any future potential losses.

The value of the 10 per cent redemption offer will be calculated using the unit price prevailing on 31 May 2012 and will be made direct to your nominated bank account shortly thereafter. Please note that the offer to redeem is set as a fixed percentage (10 per cent) of your unit holding. We are unable to either increase or decrease the percentage.

You are not required to participate in the annual redemption, however you should be aware that the 10 per cent per annum redemption opportunity does not roll over to future years. If you elect not to participate, no action is required by you.

Should you wish to take up the offer, please complete the attached redemption request form and return it via post to:

Balmain AQUA c/o Perpetual
GPO Box 5136
Sydney NSW 2001

Your redemption request form must be received by **no later than 3.00 pm on 25 May 2012**.

We cannot accept fax or email redemption requests. If we receive your redemption request form after 3.00 pm on 25 May 2012, it will not be processed.

As always, please call me with any questions regarding your investment in the Balmain AQUA Income Trusts on 1800 225 624 or speak to your adviser.

Kind regards

Stephen Tunley
CEO
Balmain Funds

Balmain AQUA Pty Limited ABN 94 107 030 240 Australian Credit Licence No 391864

Street Level 14, 60 Castlereagh Street, Sydney NSW 2000 **Post** GPO Box 3570, Sydney NSW 2001 Australia
Tel 02 9232 8888 **Fax** 02 9232 8588 **Free** 1800 225 624

www.balmain.com.au

Balmain AQUA Pty Limited (ABN 94 107 030 240), a subsidiary of Balmain Funds 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), 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 Funds Pty Limited is a wholly owned subsidiary of Balmain NB Corporation Limited (ACN 107 505 760).