



27 June 2012

Dear Investor

We are writing to update you with respect to your investment in the Basis Aust-Rim Diversified Fund ("Aust-Rim"). Terms used in this letter have the same meaning as in the Constitution of Aust-Rim ("Constitution") unless stated otherwise.

Liquidation Plan

Further to our letter dated 22 December 2012, Basis Capital Funds Management Limited ("BCFM") has now implemented a liquidation plan for Aust-Rim ("Aust-Rim Liquidation Plan") to further reduce the costs associated with maintaining the fund structure, so as to preserve the value of the Fund's assets and maximise the distributions available to Investors from the Master Funds' claims. If the Master Funds' claims continue for a further 2-3 years, which is possible, we expect the savings resulting from the Liquidation Plan to be several hundred thousand dollars, which is a material amount given the Fund's present financial position.

In-kind distribution of PR Units

After accounting for the costs of winding up Aust-Rim, Aust-Rim's sole remaining asset is units in the Yield Alpha Liquidating Trust - Pac-Rim Sub-Trust which are entitled to share in the balance of any distributions from the Pac-Rim Sub-Trust ("PR Units"). In accordance with the Aust-Rim Liquidation Plan, on 19 June 2012, BCFM instructed Australian Executor Trustees Limited ("AET"), as custodian, to transfer Aust-Rim's PR Units to Members, pro-rata in accordance with their unit holding in Aust-Rim, by way of capital distribution ("Transfer"). AET has now effected the Transfer by executing a Notice of Transfer dated 22 June 2012.

Units in the Pac-Rim Sub-Trust may be transferred by investors with the consent of the Trustees of the Pac-Rim Sub Trust. If you wish to transfer your Units, please forward, for approval by the trustees, a Standard Transfer form completed and executed by authorised signatories of both the Transferor and the Transferee with new contact details and banking details addressed to: The Trustees, Pac-Rim Sub-Trust, P.O. Box N115, Grosvenor Place, NSW 1220, Australia.

Notice of Termination of Aust-Rim

In accordance with the Aust-Rim Liquidation Plan and pursuant to paragraph 21.2 of the Constitution, BCFM hereby gives notice to Members that **29 June 2012** is the date of termination of Aust-Rim.

BCFM must now realise the Assets within 180 days if practical and in any event as soon as possible after that and distribute the net proceeds of realisation, after making allowance for all Liabilities of Aust-Rim (actual and anticipated) and meeting the expenses (including anticipated expenses) of the termination, pro rata to Members according to the number of Units they hold.

As Aust-Rim's sole remaining non-cash asset, the PR Units, has been transferred to Members, BCFM expects to be in a position to distribute to Members \$21.8808 per Unit, being the net proceeds of realisation of the Assets, in the very near future.

Following this, BCFM will finalise the accounts of Aust-Rim and arrange for a final audit to be undertaken by Ernst & Young, following which, Aust-Rim will be deregistered as a managed investment scheme.

Any future distributions will be made from the Pac-Rim Sub-Trust as and when sufficient monies become available. As Aust-Rim investors are aware, the Liquidating Trust Pac-Rim Sub-Trust is awaiting the outcome of several illiquid assets, including: a claim against Lehman Brothers International



(Europe) (in Administration); the outcome of litigation by the Basis Yield Alpha Fund (Master), including a claim against Goldman Sachs for US\$67mm in the New York Supreme Court; and the outcome of certain litigation initiatives being undertaken by the Basis Pac-Rim Opportunity Fund (Master) (In Voluntary Liquidation).

For clarification of any of the matters set out in this letter please feel free to contact BCFM on (02) 8006 4469 or (02) 8667 3147 or refer to the website www.basiscap.com.au.

Yours faithfully,

Peter Dobson
Basis Capital Funds Management Limited