



The Unitholders
Basis Aust-Rim Diversified Fund

27th November 2009

Dear Unitholders,

We are writing to provide an update on the issues affecting the wind down of the offshore vehicles. Please find attached a letter from the Basis Pac-Rim Opportunity Fund advising, amongst other things, of the sale of the CDO portfolio and placing the Master Fund into liquidation.

The Responsible Entity remains committed to working with the Cayman Funds to return the maximum amount of cash to Unitholders over time. This includes realising value from the Fund's legacy investment in the Basis Yield Alpha Fund (Master) (In Liquidation), whose Joint Official Liquidators are pursuing claims against certain bank counterparties. These claims may return further cash to Basis Aust-Rim Fund Unitholders although the amount and timing of any return is not determinable at this time.

We fully acknowledge the extended time taken to reach this point has been frustrating for many unitholders as it is to the Responsible Entity and wish to assure investors that the Responsible Entity remains committed to endeavouring to obtain the best return for unitholders. The Fund is obliged to follow independent audit processes and accounts will be produced as the relevant information is obtained. We will continue to use our best efforts to respond to queries raised by unitholders.

In the meantime please continue to refer to our web site for the latest investor updates and frequently asked questions. (www.basiscap.com.au refer to "Investor Communications" then "Aust-Rim Fund") Applications and redemptions are still suspended though Transfers remain open to be processed. All queries with respect to Transfers and Unit holdings (including addresses and banking details) should be made to Registries Limited as Registrar on 1300 660 198.

We appreciate your patience and support through these continuing difficulties for the Fund.

Yours faithfully

Directors
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Basis Pac-Rim Opportunity Fund

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25th November 2009

Dear Shareholder,

Since our last communiqué to Shareholders, we have been progressing the wind down of the Basis Pac-Rim Opportunity Fund (Master) (the "Master Fund") into the Basis Pac-Rim Opportunity Fund (the "Fund"). To date the Fund has returned over \$213 million dollars capital to Participating Shareholders.

Recent developments include:

- The legacy CDO portfolio was transferred from the Master Fund to the Fund;
- The legacy investment in the Basis Yield Alpha Fund was transferred from the Master Fund to the Fund;
- The 4th return of capital of US\$34mmn by way of compulsory redemption was paid;
- The former directors were replaced by Peter Dobson and Thomas Carrick as a cost saving to the funds;
- The CDO portfolio was sold for a nominal value on the basis that there was unlikely to be any further material cashflows generated by the portfolio and as a means to reduce holding costs;
- The BPROF (Master) has been placed into Voluntary Liquidation appointing Peter Dobson as sole Liquidator (as a solvent liquidation this represents a further cost saving to appointing an external liquidators); and
- We believe the Administrator will soon be able to distribute audited financial statements for the Fund and Master Fund due for 30th September 2007 following agreement with the Auditors as to the valuations of the Master Fund's credit assets and required risk management statements. The Auditors agree with the directors that subsequent years should now be quicker to finalise and distribute.

Finally, because of the continued management of the legacy issues mentioned in prior letters (and please also see the attached letter from the Basis Yield Alpha Fund), the Fund remains unable to lift the existing suspension of redemptions in the short to medium term.

Update from the Basis Yield Alpha Fund

As per previous correspondence the Fund owns a significant stake in the Basis Yield Alpha Fund that invests its capital into the Basis Yield Alpha Fund (Master), which is under the control of the Joint Official Liquidators being 3 partners of Grant Thornton. Please find the attached letter from the BYAF updating Shareholders of the liquidation processes and litigation initiatives being undertaken seeking to recover lost value during the June-August period of 2007. The directors and Fund advisors fully support these initiatives to return maximum value to all Participating Shareholders.

Should you require further information please don't hesitate to contact Peter Dobson in Sydney on +61-2-8667 3147.

Yours faithfully

Tom Carrick and Peter Dobson
Basis Pac-Rim Opportunity Fund