

24 November 2011

Balmain Trilogy Requests Link to Provide Proxies to Ensure Unitholder Votes Are Valid

Balmain Trilogy said today it had requested Link Market Services to provide it with details of returned Proxy votes received ahead of the Pacific First Mortgage Fund (PFMF) Unitholder meeting so as to avoid votes being marked invalid.

"Balmain Trilogy is committed to ensuring that all Unitholders are given an opportunity to vote at the meeting if they wish to and that order and integrity are maintained in the voting process," said Balmain CEO Andrew Griffin. The Unitholder meeting has been set down for December 9, 2011.

Link Market Services is a share registry firm appointed by Matthew Bransgrove, who has convened the PFMF meeting, to collect proxies. Mr Bransgrove is Phil Sullivan's lawyer.

Mr Griffin said Bransgrove has called the Unitholder meeting to prevent imminent legal proceedings against Phil Sullivan and others, which may return significant value to the Fund. "This is clearly an attempt by Phil Sullivan to regain control of PFMF for his own advantage and to the detriment of Unitholders," he said.

The constitution of the Fund (Constitution) provides that a proxy will be ineffective where the responsible entity reasonably believes that the proxy has not been sent directly by the Unitholder to the responsible entity. The suggested manner of collection of proxy forms in the Notice (ie. via Link, a third party intermediary) is contrary to this provision.

However, in an attempt to gain a tactical advantage, Bransgrove has directed Unitholders to return their proxies to Link, rather than the Responsible Entity of PFMF. As this is in contravention of the Constitution and the Corporations Act, it will mean votes lodged in this manner will be invalid.

"In order to ensure PFMF Unitholders who return proxies to Link are not prejudiced as a result of their vote being invalid, Balmain Trilogy has requested that Link provide it with details of all proxies that are received by Link.

"This will allow Balmain Trilogy to contact the relevant Unitholders and give them the opportunity to vote effectively for the meeting either by attending the meeting or by delivering a completed yellow proxy form to Computershare," said Mr Griffin.

Computershare is the share registry firm appointed by the Responsible Entity of PFMF, Trilogy Funds Management Ltd.

Mr Griffin said it was important that PFMF Unitholders voted against the Bransgrove Proposals.

"Balmain Trilogy has a clear strategy to protect the interest of Unitholders in the Fund," he said. "To prevent erosion of Unitholders' investments in the fund it is vital that Phil Sullivan and his associates do not regain control of the Fund's assets.

By the end of 2009 financial year, the last year that the Phil Sullivan-controlled City Pacific Limited was managing PFMF:

- The value of units in the Fund dropped by more than 50%.
- City Pacific withdrew more than \$25 million from the Fund in fees during 2009 alone.
- Distributions and redemptions had ceased, the Fund closed and Unitholders' investment frozen.
- City Pacific advanced over \$30 million to related parties after it stopped redemptions.

Legal examinations of Phil Sullivan will shortly commence both by ASIC and Trilogy (in February 2012). Balmain Trilogy expects to be able to commence proceedings immediately thereafter. Mr Sullivan has persistently resisted and sought to delay Trilogy's examination of him.

For further information contact:

Cannings Corporate Communications

Michael Mullane / John Hurst

(02) 8284 9990