

Notice of Meeting and Explanatory Memorandum

CITY PACIFIC FIRST MORTGAGE FUND
ARSN 088 139 477

THIS IS AN IMPORTANT DOCUMENT

PLEASE READ THE INFORMATION IN THIS DOCUMENT CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT THE RESOLUTION OR THE ACTION TO BE TAKEN, YOU SHOULD SEEK YOUR OWN PROFESSIONAL FINANCIAL ADVICE WITHOUT DELAY.

Notice of Meeting and Explanatory Memorandum

CITY PACIFIC FIRST MORTGAGE FUND
ARSN 088 139 477

What is this document?

This document dated 20 May 2009 provides important information for a meeting of Members of the City Pacific First Mortgage Fund ARSN 088 139 477 ("**Fund**") which will be held at the Brisbane Convention & Exhibition Centre, at 11.00am AEST on 25 June 2009 ("**Meeting**").

All information in this document forms part of the Notice of Meeting. The responsible entity of the Fund is City Pacific Limited ABN 90 079 453 955, AFSL 230 025 ("**CP**"). This document is not issued by CP.

What is the purpose of the meeting?

The Meeting has been called by a group of Members (the "**Requisitioning Members**") for the purpose of removing CP as responsible entity of the Fund and appointing Trilogy Funds Management Limited ACN 080 383 679, AFSL 261 425 as the responsible entity of the Fund. If the Resolution is passed, BalmainTrilogy, a joint venture between Balmain and Trilogy, will take over the management of the assets of the Fund.

What is the recommendation?

The Requisitioning Members' Agent (Rodger Bacon of Trilogy) recommends that you vote "**FOR**" the Resolution.

Who is paying for the Meeting?

The cost of calling and conducting this Meeting will be met by BalmainTrilogy. BalmainTrilogy is not charging the Fund, nor any Member of the Fund, any fee whatsoever to call and conduct this Meeting.

Action required of Members?

Step 1: Read this Notice of Meeting and Explanatory Memorandum.

Step 2: If you have any questions about this document or the Meeting, please contact our Investor Services Team on either **1800 798 896** or **+61 2 8028 2828** or **+61 2 9232 8888**. If you are in any doubt on how to vote on the Resolution or the action to be taken, please seek your own professional financial advice without delay.

Step 3: Vote on the Resolution either by attending the Meeting or by completing and returning the enclosed Proxy Form **prior to 11.00am AEST on 23 June 2009** by any of:

HAND to: Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnstone Street, Abbotsford VIC 3067

MAIL to: Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001
(please use the reply paid envelope enclosed)

EMAIL to: balmaintrilogy@computershare.com.au

FAX to: Within Australia 1800 783 447
Outside Australia +61 3 9473 2555

Notice of Meeting

**CITY PACIFIC FIRST MORTGAGE FUND
ARSN 088 139 477**

NOTICE IS GIVEN pursuant to section 252D of the Corporations Act 2001 (Cth) that a meeting of Members of the City Pacific First Mortgage Fund ARSN 088 139 477 will be held at the time, date and place detailed below, or such later time and date as notified to Members, to consider and vote on the extraordinary resolution in this notice.

Time: **11.00am AEST**
Date: **Thursday 25 June 2009**
Place: **Brisbane Convention & Exhibition Centre**
Address: **Corner of Merivale & Glenelg Street
South Bank, Brisbane, QUEENSLAND 4101
AUSTRALIA**

BUSINESS

Extraordinary Resolution—Removal and appointment of responsible entity

To consider and, if thought fit, pass the following resolution as an extraordinary resolution:

“That City Pacific Limited ABN 90 079 453 955 be removed as responsible entity of the City Pacific First Mortgage Fund ARSN 088 139 477 in accordance with section 601FM(1) of the Corporations Act 2001 (Cth) and that Trilogy Funds Management Limited ACN 080 383 679 be appointed as responsible entity of the City Pacific First Mortgage Fund ARSN 088 139 477.”

By order of the Requisitioning Members' Agent



Rodger Bacon
Chairman
Trilogy Funds Management Limited

Dated: 20 May 2009

Explanatory Memorandum

CITY PACIFIC FIRST MORTGAGE FUND
ARSN 088 139 477

1. Introduction

Under the management of CP:

- Distributions stopped in July 2008;
- The estimated value of the Fund's assets has been written down by more than 40% in the last 2 years including a write-down of \$339m in April 2009¹;
- Redemptions were frozen in March 2008;
- Approximately \$261m, or 27.14% of the entire Fund, has been lent to related parties of CP²; and
- In excess of \$883m or 79.24% of the Fund's loans are in default³.

And despite all of this, CP was still paid over \$66.5m in management fees over the last 2 financial years (comprising payments of \$36.5m in 2007 and \$30.0m in 2008)⁴.

In this context, BalmainTrilogy has been approached by certain Members to take over the management of the Fund. BalmainTrilogy is a joint venture company which brings together the significant expertise of Trilogy Funds Management Limited ("**Trilogy**") and Balmain NB Corporation Limited ("**Balmain**"). Combined, the directors and senior management of the joint venture have substantial experience in financial services, mortgage fund management and property investment.

At the Meeting, Members will be given the opportunity to consider and vote on the Resolution, being an extraordinary resolution to remove CP as the responsible entity of the Fund and appoint Trilogy as the responsible entity of the Fund. The purpose of this Explanatory Memorandum is to provide information to Members on the Resolution to be considered at the Meeting and to assist Members to determine how to vote on this Resolution.

The Requisitioning Members' Agent (Rodger Bacon of Trilogy) recommends that you vote "**FOR**" the Resolution.

Upon the Resolution being passed by Members, Trilogy will become the responsible entity and BalmainTrilogy will manage the assets of the Fund going forward. The Requisitioning Members' Agent strongly believes that the replacement of CP with BalmainTrilogy will be of significant benefit to Members of the Fund.

¹ Source: CP's ASX Release dated 27 April 2009.

² Source: CP's Fund Update dated 30 November 2008.

³ Source: CP's Fund Update dated 30 November 2008.

⁴ Source: Fund's Annual Financial Report dated 30 June 2008.

2. Decline in performance of the Fund

The Fund historically invested in higher yielding, higher risk mortgage loans which were concentrated on development and construction projects. During the period that the property cycle was favourable, this practice did produce reasonable returns for Members. It also produced considerable returns for CP from both management fees paid by the Fund and loan establishment fees paid by the borrowers.

However, a number of lending practices engaged in by CP served to further increase the risk to the Fund in any downturn. Specifically:

- there was considerable concentration of borrowers in the portfolio, with only 10 separate borrowing groups accounting for over 84% of the Fund as at November 2008⁵;
- the average loan amount was nearly 2% of the Fund's total assets with only 53 loans making up the entire \$962m of Fund assets⁶;
- loans to related parties of CP continued to dominate the Fund's portfolio; and
- CP elected to gear the Fund with loans from CBA and additionally 'sold down' loans to Fortress effectively placing Members' interests in a subordinated or second mortgage position behind other lenders.

In summary, under CP's management the Fund was placed into a position of significant risk with a number of large loans to a limited number of borrowers (of whom over 27% were related parties of CP). CP further magnified this risk by gearing the Fund, seemingly to stave off a looming liquidity crisis. This strategy failed and the resulting indebtedness to the Commonwealth Bank has been of considerable concern to the Fund Members.

The net result of these actions was that CP had elevated the risk profile of the Fund. The consequences were felt by every Member of the Fund and included:

- in March 2008, CP froze redemptions;
- in July 2008, CP froze all distributions from the Fund; and
- in April 2009, CP advised that impairment losses in respect of the Fund's assets were expected to total \$339m or 35% of the total assets of the Fund.

⁵ Source: CP's Fund Update dated 30 November 2008.

⁶ Source: CP's Fund Update dated 30 November 2008.

3. Why do Members want to replace CP?

Many Members of the Fund have been very concerned with the performance of CP as responsible entity and manager of the Fund for some considerable time. As evidence of this numerous "action groups" and "investor forums" have been established around Australia expressing their discomfort and discontent with the current management of the Fund.

The reasons cited by Members both in and out of these forums for their dissatisfaction with CP's management include:

- the current freeze on distributions;
- the current freeze on redemptions;
- the lack of meaningful information in relation to the Fund and its assets being provided to Members on a regular and timely basis;
- the raft of related party transactions (approximately \$261m as at November 2008) undertaken by CP and conflict arising from CP being both the borrower and the lender;
- CP's preparedness to further increase the Fund's exposure to related parties of CP (eg. payment by the Fund of an \$18 million debt owed to the Commonwealth Bank by Marina Cove Pty Ltd, a subsidiary of CP associate CP1 in April 2009 and an impending further payment by the Fund to the Commonwealth Bank of \$15 million on May 31, 2009)⁷;
- the excessive level of fees being charged by CP to the Fund which exceeded \$66.5m in the last two financial years (\$36.5m in FYE 2007 and \$30m in FYE 2008), particularly in the context of the poor performance of the Fund;
- the confusion arising from the City Pacific **First** Mortgage Fund effectively taking **second** mortgage positions. Although seemingly entitled to do so, the Fund's name could be construed as misleading as to the nature of the Fund⁸;
- the apparent inability of CP to promptly recover loans from its own related parties and other borrowers;
- the concern around CP's financial position and ability to function as a going concern:
 - as noted by their independent auditor, KPMG⁹:
 - "... a material uncertainty exists which casts significant doubt about the Group's ability to continue as a going concern ...".
 - and from CP's admission that it "... had a net asset deficiency of \$9.1 million as at 31 December 2008 ..."¹⁰.
- the uncertainty surrounding the financial position of CP also raises questions around:
 - the ability of the CP group to repay the monies it owes to the Fund;
 - the ability of CP to maintain the resources to properly manage the Fund; and
 - the ability of CP to maintain its AFSL.

⁷ Source: Business Spectator dated 31 March 2009.

⁸ Extract from the Fund Update dated 30 November 2008 (page 4): "There is the risk to unitholders that if these Borrowers do not pay back their facilities by the due date, the institutional investor could exercise its rights as mortgagee ahead of the Fund"

⁹ Source: CP's Half Year Financial Report dated 31 December 2008

¹⁰ Source: CP's Half Year Financial Report dated 31 December 2008

Given the considerable logistical difficulties and expenses incurred in attempting to replace a responsible entity, there has been little or no meaningful pressure on CP from Members to rectify any of the above concerns and CP has continued to manage the Fund in a manner which could be detrimental to the interests of Members.

4. What will BalmainTrilogy do for the Fund?

BalmainTrilogy has put in place a robust strategy designed to improve the performance of the Fund, re-start the payment of distributions as soon as possible and increase the transparency and integrity with which the Fund is managed. Key elements of BalmainTrilogy's strategy for the Fund include:

- **(the new responsible entity)** Trilogy will become the new responsible entity of the Fund;
- **(the Manager)** BalmainTrilogy will manage the assets of the Fund;
- **(no Related Party Transactions)** each of Trilogy and BalmainTrilogy will ensure that it shall not lend money from the Fund to any related entity of either Balmain or Trilogy or any of their associates, directors, friends or families;
- **(Distributions)** BalmainTrilogy will establish protocols to re-start distributions to Members subject to the findings of the asset review and available liquidity. The current freeze on distributions may place Members in financial hardship and must be ended;
- **(Independent Functions)** Custody and Registry functions, currently performed by CP, will be outsourced to independent specialists to remove any conflicts in this area;
- **(Investor Committee)** BalmainTrilogy will establish an Investor Committee comprising management, Member representatives and an independent Chair. The Committee will meet regularly, will provide a ready forum for open discussion about Members' concerns and will allow Members to be more fully informed as to the status of the Fund;
- **(Asset Review)** BalmainTrilogy will commence an independently reviewed detailed assessment of the quality and value of all of the assets of the Fund, being the underlying mortgages, and report to Members when complete;
- **(Legal Review)** BalmainTrilogy will instruct a leading Australian law firm to complete a review of the past conduct of the Fund;
- **(Redemptions)** BalmainTrilogy will establish protocols to commence a redemption cycle. The terms of the redemption plan will be dependent upon the findings of the asset review and available liquidity;
- **(no Listing)** The Fund will not be listed on any securities exchange;
- **(no Fire Sale)** BalmainTrilogy will not preside over a fire-sale of assets. The value of the remaining assets of the Fund must be maintained and enhanced by management by highly experienced mortgage/property professionals;
- **(Management Fees)** Base Management Fees charged by Trilogy, as the new responsible entity, will not exceed 1.50% of the prevailing assets under management (i.e. if the value of the assets of the Fund declines, so will the management fees). This pledge will be formalised by the requisite amendments to the Constitution of the Fund upon Trilogy's appointment as the new responsible entity. As investment manager BalmainTrilogy will be contracted by Trilogy and paid by Trilogy out of its management fee such that there will be no additional fee charged to the Fund; and

- **(Change the name)** BalmainTrilogy will immediately move to change the name of the Fund to the “Pacific First Mortgage Fund”, thus removing a painful reminder of the past.

The cost of calling and conducting the Meeting will be met by BalmainTrilogy. BalmainTrilogy is not charging the Fund, nor any Member, any fee whatsoever to call and conduct the Meeting.

5. How will Members benefit?

A substantial number of Members strongly believe that replacing CP with Trilogy as responsible entity, and BalmainTrilogy as manager, of the Fund provides fundamental advantages and a way forward:

- 5.1 The union of Balmain and Trilogy as the proposed manager for the Fund brings together over thirty years experience in their respective industries of mortgage management and funds management. Balmain is an expert at managing the assets of a mortgage fund and Trilogy an expert in properly administering funds and servicing the fund investors. The complimentary skills and similar experiences of the two groups will ensure that BalmainTrilogy is ideally suited to manage the Fund.
- 5.2 Information regarding the Fund will be made available to Members and the Fund will be administered and managed on a transparent basis. Full compliance with Trilogy’s statutory disclosure obligations will be enhanced by regular Member newsletters and the establishment of the Investor Committee. The Investor Committee represents a significant step forward in allowing Members to be fully informed as to the status of the Fund. The conclusions of all of the Investor Committee meetings will be made available to all Members. The results of the asset review will be published (with due regard to privacy issues of the borrowers) to ensure visibility.
- 5.3 The current ‘related party’ loans to associates of CP will no longer be related party loans. They will be loans from the Fund to third parties (i.e. related entities of CP). The Fund, through its new responsible entity and manager will be able to manage these loans without fear, favour or prejudice and solely in the best interests of Members.
- 5.4 The risks arising from CP’s poor financial position will be removed. Trilogy is a dedicated fund manager and responsible entity that does not have exposure to property development risk. Trilogy complies with all of its AFSL conditions.
- 5.5 The essential functions of Custody and Registry will be placed in the hands of independent service providers thereby providing third party oversight and specialist expertise to protect the interests of Members.
- 5.6 The full legal review of the Fund’s previous dealings may result in some recovery of Fund assets lost.
- 5.7 The pledge not to list the Fund on any securities exchange will prevent untoward consequences for Members from undue volatility in the value of their units.
- 5.8 There will be a significant reduction in Base Management Fees to 1.5% of funds under management (currently 2.5%).

6. Who is BalmainTrilogy?

BalmainTrilogy is a 50/50 joint venture between Balmain and Trilogy. Each of Balmain and Trilogy are well respected in the mortgage fund management sector and bring to the joint venture a vast range of skills, experience and expertise. Importantly, the following are some of the key competencies of BalmainTrilogy:

- the senior management have extensive experience in financial services, specifically in lending accountabilities and mortgage fund management;
- highly experienced credit team with clear credit protocols and procedures;
- clear segregation of functions and roles for management ensuring transparency throughout all aspects of the Fund;
- established relationships with legal firms, valuation and accountancy firms; and
- an extensive mortgage distribution channel through Balmain's origination network.

BalmainTrilogy believes that mortgage funds under the right management should be an important and valuable part of an investor's portfolio and is keen to participate in stabilising and restoring the damaged sectors of the industry and providing leadership for the re-opening of the mortgage fund sector to investment.

BalmainTrilogy also believes that under the right management team, the value of Members' investments in the Fund can be enhanced. Hence BalmainTrilogy's desire to take-over the management of the Fund has three motivations:

- first and foremost, we see an opportunity to "stop the rot" and stabilise the Fund to benefit of the Members;
- secondly to improve the public understanding and perception of the mortgage fund industry historically influenced by the highly published failures of a small number of poorly managed funds; and
- thirdly we believe that in the current economic environment mortgage funds represent a legitimate investment choice for investors and that mortgage fund management will continue to be a commercially viable business for BalmainTrilogy.

The following information provides a brief outline of each of the joint venture partners, Trilogy and Balmain.

Trilogy

Trilogy Capital Group was formed in 2004 to provide specialist property related products to the retail and wholesale investment markets in Australia. Trilogy Funds Management Limited is the funds management entity of the Group, and holds AFSL 261 425. It is the responsible entity for a number of mortgage investment and property trusts. It is intended that Trilogy Funds Management Limited will be the replacement responsible entity for the Fund.

The Group's strength is underpinned by the quality and experience of its Directors, Senior Management and staff benefiting from a combined 150 years of management experience across property investment, mortgage management, financial services and the law. Directors and senior executives have experience in successfully managing the Challenger Howard Mortgage Trust, at the time the largest non bank mortgage trust in Australia. Trilogy has a "people come first" philosophy which applies to our staff, clients and the organisations in the community with whom we deal.

Maintaining and enhancing our existing relationships is paramount to the success of the Group, as is developing new ones.

Trilogy's objective is to offer investors competitive investment performance and high quality services through a range of managed investments. The underlying philosophy of all Trilogy products is the belief that property represents one of, if not the most, significant planks of wealth creation opportunity for all investors, large or small. Trilogy's goal is to increase clients' wealth by delivering transparent property and mortgage based investment solutions, from a "value-added" management perspective. Alignment of investors' interests and Trilogy's objectives are essential.

Trilogy's objective to maintain and enhance the company's funds under management is beneficial for both Trilogy and investors alike. Trilogy maintains high standards of corporate governance and compliance management which delivers a balance of risk management and investment performance.

Balmain

Balmain is Australia's leading originator and manager of commercial property loans. Over the last 30 years Balmain has helped more than 20,000 Australians and their businesses secure finance. Balmain originates or manages more than 40% of all commercial property loan investments made by the institutional sector in Australia.

The Balmain Group is a major shareholder in AMAL Asset Management (AMAL), which is a specialist mortgage administrator and currently administers in excess of \$7 billion of mortgage portfolios. AMAL is rated by S&P as an "above average" service provider, and manages funds for many of Australia's largest financial institutions.

Balmain provides asset management services (including credit and special servicing) to numerous programs including services to such major Australian financial institutions as NAB, AXA, Adelaide Bank, INGFM and CBA. Last financial year Balmain settled over \$3 billion in commercial mortgage loans. Balmain operates from 8 offices throughout Australia and New Zealand and has 130 staff.

7. The Consequences of the Resolution

7.1 **Change of responsible entity**

If the Resolution is passed then Trilogy has agreed to provide its consent to being appointed as the responsible entity of the Fund. Trilogy will then lodge a notice with ASIC in accordance with section 601FM(2) of the Corporations Act asking ASIC to alter the record of the registration of the Fund to name Trilogy as the new responsible entity.

7.2 **BalmainTrilogy to become manager of the Fund**

Once Trilogy is the responsible entity of the Fund, it will enter into a management arrangement pursuant to which BalmainTrilogy will be appointed to act as the manager of the Fund.

7.3 **BalmainTrilogy to implement new strategy for the Fund**

As detailed in Section 4 of this document, BalmainTrilogy has put in place a robust strategy designed to improve the operation of the Fund. BalmainTrilogy's strategy is centred on providing a commitment to restarting distributions, providing full and frank information to Members and the realignment of the manager with the Members. The implementation of this strategy will commence with the asset review and the legal review of the Fund to ascertain the current value and status of each asset of the Fund. BalmainTrilogy will then be able to utilise its independence and expertise in asset and funds management to provide a clear path forward in achieving its commitment to restarting distributions and redemptions.

7.4 **Taxation consequences**

There should be no change to the tax treatment of the units held by a Member of the Fund where CP is replaced by Trilogy as the responsible entity. The tax treatment of investments held by the Fund should not change. Where the Fund has carried forward revenue or capital tax losses, those losses should continue to be available subject to satisfying the trust loss rules.

You should consult your own tax adviser in relation to the tax consequences of the change in responsible entity of the Fund as the advice provided above is general in nature and does not consider the position of individual holders.

7.5 **Your vote is important**

The Resolution is important as it affects who will be responsible for the ongoing operation of your Fund. You are encouraged to exercise your vote on the Resolution by either sending in your Proxy Form prior to 11.00am AEST on 23 June 2009 or attending the meeting.

7.6 **Why is Member approval required?**

Member approval is required under the Corporations Act in relation to the removal of a responsible entity of a registered managed investment scheme.

8. What happens if the Resolution is not passed?

If the Resolution is not passed then the removal of CP as responsible entity of the Fund will not proceed and CP will remain as the responsible entity and manager of the Fund.

9. Recommendation

The Requisitioning Members' Agent (Rodger Bacon of Trilogy) believes that the proposal to replace CP with Trilogy as the responsible entity of the Fund is in the best interests of the Members and accordingly recommends that you vote "**FOR**" the Resolution.

10. Questions

If you have any further questions about the Meeting or the Resolution, or the Fund, please contact Investor Services on any of the following from Monday to Friday between 8:30am and 5:30pm AEST. Alternatively please speak to your financial adviser.

1800 798 896 or

+61 2 8028 2828 or

+61 2 9232 8888

11. Definitions

AFS Licence or AFSL	Australian financial services licence
ASIC	Australian Securities and Investments Commission
Balmain	Balmain NB Corporation Limited ACN 107 505 760
BalmainTrilogy	The joint venture company established by Balmain and Trilogy, Balmain Trilogy Investment Management Pty Limited ACN 136 832 945
Corporations Act	Corporations Act 2001 (Cth)
CP	City Pacific Limited ABN 90 079 453 955, the current responsible entity of the Fund
Explanatory Memorandum	The explanatory memorandum contained in this document
Fund	City Pacific First Mortgage Fund ARSN 088 139 477
Meeting	The meeting of Members to be held at 11.00am AEST on 25 June 2009 at the Brisbane Convention & Exhibition Centre or such later date and time as notified to Members
Members	The registered holders of units in the Fund
Notice of Meeting	The notice of meeting set out on page 3 of this document
Requisitioning Members	The Members, who together hold interests carrying greater than 5% of the votes that may be cast at a meeting, who called the Meeting
Requisitioning Members' Agent	Mr Rodger Bacon, Chairman of Trilogy, the agent appointed by the Requisitioning Members to call and conduct the Meeting
Resolution	The resolution set out in the Notice of Meeting, being an extraordinary resolution to remove CP as the responsible entity of the Fund and appoint Trilogy as the responsible entity of the Fund
Trilogy	Trilogy Funds Management Limited ACN 080 383 679 AFSL 261 425

Important Information about the Meeting

CITY PACIFIC FIRST MORTGAGE FUND
ARSN 088 139 477

Calling the Meeting: In accordance with the Corporations Act, Members who together hold interests carrying greater than 5% of the votes that may be cast at a meeting may call a meeting themselves directly or retain an agent to do so on their behalf. In order to co-ordinate, and cover the expenses of, the calling and conduct of the Meeting, the Requisitioning Members appointed Mr Rodger Bacon (the Chairman of Trilogy) as their agent to call and conduct the Meeting. Mr Bacon represents the interests of the Requisitioning Members who collectively carry in excess of 5% of the votes that may be cast at this Meeting. Consequentially Mr Bacon has standing to call this Meeting on the Requisitioning Members' behalf.

Changing the time and date of the Meeting: The Requisitioning Members reserve the right to postpone the Meeting to a later time or date. If the Requisitioning Members make such a determination, they will notify all Members by placing an announcement on the following website www.balmaintrilogy.com.au. The Requisitioning Members will endeavour to notify Members of any such postponement prior to the original date and time of the Meeting, however, the postponement of the Meeting will not be invalidated by the failure to do so.

Who is paying for the Meeting?: The cost of calling and conducting the Meeting will be met by BalmainTrilogy. BalmainTrilogy is not charging the Fund, nor any Member, any fee whatsoever to call and conduct the Meeting.

Quorum: The quorum required for the Meeting is two Members present in person or by proxy and a quorum must be present at all times during the meeting.

Resolution voting requirements: The resolution is an extraordinary resolution which must be passed by at least 50% of the total votes that may be cast by Members entitled to vote on the resolution (including Members who are not present in person or by proxy).

Voting: As your vote is important, you are encouraged to attend and vote at the meeting. If you propose to attend the meeting, then please arrive at the meeting venue early so that the registration formalities can be completed on time. If you cannot attend the meeting, then you should complete and provide to us an appointment of proxy (see enclosed Proxy Form).

Voting eligibility: For the purposes of this meeting, persons who are registered holders of Units in the Fund at 11.00am AEST on 23 June 2009 will be entitled to vote.

Voting exclusions: Under section 253E of the Corporations Act 2001, the responsible entity of a registered scheme and its associates are not entitled to vote on a resolution if they have an interest in the resolution or matter other than as a Member.

How do you vote: The Resolution will be decided on a poll. On a poll, each Member has one vote for each dollar of the value of the total interests they have in the Scheme.

Voting by proxy: If you cannot, or prefer not to, attend the meeting, then you are entitled to appoint another person/s to attend and vote for you as your proxy(ies). A proxy does not need to be a Member, but should be a natural person over the age of 18 years. A form of appointment of proxy is enclosed. The Proxy Form must be signed by the Member or his/her attorney duly authorised in writing. The Proxy Form (and the power of attorney or other authority, if any, under which the Proxy Form is signed) must be completed and returned to the office of Rodger Bacon, the Members' Agent, prior to **11.00am AEST on 23 June 2009** by any of the following methods:

By **HAND** to: Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnstone Street, Abbotsford VIC 3067

By **MAIL** to: Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001
(please use the reply paid envelope enclosed)

By **FAX** to: (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

By **EMAIL** to: balmaintrilogy@computershare.com.au

If you appoint two proxies, then you may specify the proportion or number of votes each proxy is entitled to exercise. However, if you do not specify the proportion or number of your votes for each proxy, then each proxy may exercise half of the votes.

If you appoint the Requisitioning Members' Agent or Chairman as your proxy and you do not direct how the Requisitioning Members' Agent or Chairman are to vote, then you will be taken to have directed that the Requisitioning Members' Agent or Chairman vote in favour of the resolution and the Requisitioning Members' Agent or Chairman will vote accordingly.

Appointment of Computershare as Proxy Collector: To ensure the integrity of the proxy voting process, BalmainTrilogy has engaged a professional and independent expert, Computershare Investor Services Pty Limited (Computershare), to properly collect and collate all Proxy Forms returned by Members. Computershare is under strict obligations pursuant to its appointment to at all times handle the Proxy Forms with due care and skill and to safeguard the Proxy Forms against tampering, filtering or other inappropriate handling. Separately, each of BalmainTrilogy, Balmain and Trilogy has entered into a Deed Poll in favour of Members pursuant to which they undertake to ensure that the Proxy Forms are handled appropriately and to hold Computershare to account (including by way of commencing legal action if required) in respect of their obligations regarding the Proxy Forms.

Please note that in order for your proxy to be effective, Computershare will need to forward your Proxy Form to CP so it is received by CP on or before 11.00am AEST on 23 June 2009.

In order for it to do so, **please return your Proxy Form as soon as possible.**

This document: It is important that you carefully read the Notice of Meeting and the Explanatory Memorandum which sets out in further detail the purpose of the Meeting. If there are any amendments to the information in this document, or any developments in respect of the Meeting (including any postponement or adjournment of the Meeting), notification of such amendments or developments will be posted on the following website www.balmaintrilogy.com.au.

