

20 May 2009

City Pacific First Mortgage Fund: An opportunity to appoint a **new manager** and begin to **restore value** to your investment

Dear Member,

Attached are very important documents relating to the future of your investment.

They are a Notice of Meeting and accompanying Explanatory Memorandum and a Proxy Form relating to the meeting (11.00am, Thursday 25 June 2009) of the Members of the City Pacific First Mortgage Fund ('The Fund') to consider a resolution to remove City Pacific Limited ('CP') as Responsible Entity and manager of the Fund. In addition, please find attached an open letter to Members of the Fund from CPFMF UHAG¹ Steering Group Queensland.

As you are probably aware, BalmainTRIOLOGY (www.balmaintrilogy.com.au) is a joint venture between two experienced and well regarded mortgage/fund managers that have joined forces to manage the Fund and begin the process of restoring value to your investment.

BalmainTRIOLOGY is committed to: reducing the base management fee to 1.5% of the prevailing assets under management (CP has been getting more than 3%); total transparency and integrity; no related party deals; and an immediate asset review to ascertain the true position of the Fund as a first step towards restoring value and not fire selling assets.

It is vital that you have your say on the future of your investment - we urge you to read the attached documents and to cast your vote, either in person OR BY posting/faxing/emailing a PROXY.

BalmainTRIOLOGY needs the votes of unitholders controlling more than 50% of the units in the Fund to replace CP.

Please act now. The future of your investment is in your hands. So, please, vote either at the meeting at the Brisbane Convention & Exhibition Centre on June 25 or beforehand by proxy.

If you have any questions in relation to BalmainTRIOLOGY please call us on 1800 798 896.

Yours sincerely



Rodger Bacon

Chairman

Trilogy Funds Management Limited



Andrew Griffin

Chief Executive

Balmain NB Corporation Limited

¹ City Pacific First Mortgage Fund Unit Holders Action Group