

# PACIFIC FIRST MORTGAGE FUND (PFMF) INVESTOR COMMITTEE STATEMENT

24 November 2011

## Fellow PFMF Unitholders,

We are, and always have been, just like you: Unitholders in a Fund that was devastated by the management of City Pacific Limited.

We do not get paid. We are here to keep Balmain Trilogy honest and accountable.

We have been asked by many Unitholders to advise of our voting intentions for the resolutions proposed by Matthew Bransgrove at the Unitholder Meeting called for 9 December 2011, the so-called 'Bransgrove Proposal'.

However, the last time we wrote to you, we received (by a process server at our home address) a letter from Matthew Bransgrove, Phil Sullivan's solicitor as well as the convenor of the meeting, threatening legal action by Phil Sullivan because of what we said.

None of us are used to being intimidated in this way and it certainly caused all of us a great deal of distress. We will, however, not be silenced by threats of legal action and bully-boy tactics.

We have never stopped badgering Balmain Trilogy about all of our concerns: communication (inadequate); rate of asset sales (slow) and delay in commencing litigation against relevant parties (slow).

We do, however, also understand the state of the property markets and the complexity of the litigation process, a process which continues on 2 February 2012 when Trilogy commences examinations of Sullivan.

During our tenure as your representatives we know that Balmain Trilogy has never had any agenda other than to act in the best interests of Unitholders in difficult circumstances given the mess left by City Pacific Limited.

The Sullivan-backed bid to replace Balmain Trilogy is a matter of great concern to us:

1. The fact that Sullivan is intrinsically part of this bid.
2. The potential for the Fund's assets to be again subject to the types of transactions that caused the Fund to incur substantial losses.
3. The potential for valuable legal claims against parties, including Sullivan, being abandoned.

We urge all Unitholders to think carefully before making any decision to vote on the Bransgrove Proposal. We all believe that a return to the old ways is inevitable should Balmain Trilogy be replaced with Sullivan's chosen operators.

**We will all be voting AGAINST the Bransgrove Proposal on the YELLOW proxy form provided by Trilogy and, respectfully, suggest that all Unitholders should do the same.**

By Order of the Pacific First Mortgage Fund Investor Committee