

**pfmf**

PACIFIC FIRST MORTGAGE FUND

PFMF Investor Committee  
Meeting #4 Report

# PFMF Investor Committee - Meeting #4 Report

## REPORT TO UNITHOLDERS

### INVESTOR COMMITTEE MEETING HELD ON 16 AUGUST 2010

#### Formalities

- Meeting was formally opened by the Chairman and everyone was advised of their obligations as participating members of the Investor Committee. The Chairman also confirmed that the purpose of the Meeting is to allow members to engage in open discussion with a view to representing the interests of all Unitholders.
- The Chairman introduced Peter Cranna as the new committee member replacing Brad Taylor.

#### Meeting of Unitholders

- It was confirmed that a meeting of all unitholders was scheduled for 1 September 2010 at the Sofitel in Brisbane.
- The main negative feedback received by Balmain Trilogy from Unitholders was the disappointment over the length of time it has taken to call the meeting. Balmain Trilogy accepted this but gave Unitholders information as to the reasons behind the delay including; receiving support from ASIC, negotiating with a large institutional investor to procure a liquidity offer, and gaining an understanding of all the assets in the Fund.
- There was a lengthy discussion around the 'New Fund Strategy' including certain complex assets as well as the logistics and procedures for the Meeting of Unitholders.

#### Communication with unitholders

- An investor brought to the table feedback he had received regarding the issue of timely communications with unitholders. Whilst Balmain Trilogy acknowledged and accepted this, it was noted that large mail outs were costly to the Fund and that as an investment manager Balmain Trilogy would only be sending substantial or significant information rather than an update for the purpose of an update.

#### Redemption pricing mechanism

- Considerable time was spent ensuring that the committee members understood the redemption pricing mechanism. Under the current constitution of the Fund the unit price is set at \$1.00 per unit, however it does not contain a mechanism for unitholders to redeem funds. Without such a mechanism, redemptions cannot currently be made in an equitable fashion.
- Balmain Trilogy believes that amending the constitution so that there is a variable unit price is the best and fairest way for unitholders to be given a choice for redemption, however this will be put to unitholders to vote on.

#### Liquidity offer

- Considerable time was spent discussing a liquidity offer that may shortly be forthcoming from an institutional investor.
- There was also a discussion as to why it was not possible for Balmain Trilogy to develop a 'liquidity pool' to facilitate the trading of units between unit holders.

#### General matters

- There was a general discussion on the current CBA debt facility, progress with potential litigation and the current status of the hardship policy.

**Meeting Date:**

Friday 16 August 2010

**Location:**

Balmain Corporation Building, Sydney NSW

**Members Present:**

Ken Atchison (Chairman of the Committee)  
Rodger Bacon – Deputy Chairman, Trilogy  
John Barry – Executive Director, Trilogy  
Michael Holm – Executive Chairman, Balmain  
Andrew Griffin – Chief Executive Officer, Balmain  
Graham Kells – Unitholder  
Vadim Shev – Unitholder  
Peter Fardoulys – Unitholder  
Julian Brown – Unitholder  
Tom Powers – Unitholder  
Peter Cranna – Unitholder  
John Rudajs – Unitholder

**In Attendance:**

Phillip Ryan – Managing Director, Trilogy  
Trevor Gibson – Director - Distribution, Trilogy  
Marcus Fazzolari – Manager Structured Finance,  
Balmain  
Hamish MacDonald – Analyst Structured  
Finance, Balmain (Minute Taker)

**Next Meeting:**

The next meeting of the Investor Committee will be held in Sydney on 12 November 2010.

**Media Requests:**

All representatives of the Media are required to contact the Chairman, Mr Ken Atchison for all press related matters (03) 9642 3835.

All statements and releases regarding the Investor Committee are made jointly by its members and are issued by its chairman Mr Ken Atchison.





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