

MEDIA RELEASE

**TRILOGY JOINS FORCES WITH BALMAIN FOR TILT AT CITY PACIFIC
FIRST MORTGAGE FUND**

April 2, 2009

Brisbane-based Trilogy Funds Management has joined forces with one of Australia's leading commercial mortgage companies, Balmain NB Corporation Limited, in its bid to take control of the management of the City Pacific First Mortgage Fund (Fund) from City Pacific Limited (CPL).

Trilogy, which announced its decision to seek the removal of CPL as the Responsible Entity (RE) of the Fund last month, agreed the initiative with Balmain earlier this week.

Balmain and Trilogy both have had numerous approaches by disgruntled Investors seeking to "stop the rot" by appointing an independent fund manager to replace the heavily compromised CPL.

Trilogy and the Balmain Group, which has more than \$8 billion in commercial mortgages under management, intend to offer their management expertise to Investors at a meeting of all Investors to be called during the first half of May.

Trilogy executive chairman Rodger Bacon said: "The decision by Balmain to become part of this bid is enormously exciting for all the Investors of the Fund and for Trilogy.

"Balmain has an impeccable record as one of the leading commercial mortgage managers in Australia. When united with Trilogy's long experience in funds management the joint offering gives Investors a great option to secure a new future for the Fund.

Balmain's Chairman Michael Holm said:

"The association between Balmain and Trilogy combines 30 years of experience in our respective industries of mortgage management and funds management. It will give Investors a clear and transparent route for the future of the Fund and address the understandable concerns of all Investors in respect of the current management.

“Balmain is confident that Trilogy and Balmain are completely aligned in their strategy of serving the best interests of the Investors with independence and without the numerous related party transactions and resulting conflicts that were created under CPL.

“We are in full accord with the proposed Fund strategy wherein Trilogy have pledged to:

- Outsource to competent independent bodies the critical Custody and Registry functions;
- Complete a thorough Asset Review of the Fund and report to Investors on the outcomes;
- Commission a Legal Review of whether the Fund has any causes of action to recover assets of the Fund from third parties and report to Investors on the outcomes;
- Establishing a Investors’ Consultative Committee to provide a ready forum for open discussion about Investors’ concerns;
- Reduce the management fees to not more than 1.50% of current funds under management; and
 - Resume distributions and commence a redemption program as soon as practical.

Rodger Bacon added that Trilogy and Balmain will provide:

- A new independence to address a portfolio riddled with related party transactions.
- A complete review of the Fund;
- A new board that will provide a high standard of governance
- A commitment to make no related party loans.
- A strong management group; experienced in the management of large mortgage trust businesses and the management of complex commercial property loans.

It is anticipated that Investors will be advised of the date of the Investor’s meeting shortly

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