

26 March 2015

Dear Unitholder,

RE: RETURN OF CAPITAL AND CONFIRMATION OF ACCOUNT DETAILS

Please find enclosed your Return of Capital Statement for the recent capital repayment to Unitholders of the Pacific First Mortgage Fund ("Fund"). This capital repayment of \$13,186,841.39 represents \$0.015 (1.5 cents) per ordinary units on issue as at 28 February 2015. The capital repayment was processed to all Unitholders on 17 March 2015 via direct deposit. The capital repayment will appear with your unitholder number followed by "PFMF-ROC" in your bank account. If you haven't advised the investor relations team of your account details, please do so immediately by calling 1800 194 500.

The capital repayment is a direct result of the successful completion of a sale contract pertaining to Asset 20 and early repayment (in full) of a loan advanced by the Fund in July 2013 (Asset 42). As indicated in our update dated 19 December 2014, the remaining assets of the Fund (Asset 30 and the residual Martha Cove properties) were subject to a contract of sale and an 'expressions of interest' ("EOI") campaign, respectively. In relation to Asset 30, we still anticipate completion of the sales contract in April 2015.

We are also able to advise that the EOI campaign undertaken by the Receiver and Manager appointed by the Fund to the Martha Cove properties has successfully concluded in late February. Trilogy Funds Management, the Responsible Entity of the Fund ("Trilogy") and the Receiver and Manager have reviewed all offers to hand and the successful bidder has entered into an exclusive dealing period. Trilogy will provide a detailed update to Unitholders in relation to this matter in due course.

Trilogy has advised that a further capital repayment can be processed once net settlement funds are received and after the appropriate provisioning of any liabilities or potential liabilities that are required to be satisfied or provided for as the Fund proceeds towards being wound up. During this next period we will keep you informed of course and seek to minimise costs of operating the Fund.

LEGAL ACTION UPDATED

Sullivan & Ors

As previously reported to Unitholders, the Fund has taken legal action against Phil Sullivan and other former officers of the Fund, relating to losses sustained prior to being taken over by Balmain Trilogy.

Closing oral submissions were made in July 2014 and Justice Wigney has reserved judgment on the matter. It is unknown when judgment is likely to be handed down.

Minter Ellison

A claim was lodged by Trilogy in April 2014 against law firm Minter Ellison Gold Coast in respect of losses sustained by the Fund following a co-lending transaction in favour of SP Marina Pty Ltd (In Liquidation) in relation to the purchase of Asset 32. The latest Directions hearing was held before Justice Gleeson in February 2015, with trial dates being provisionally set down for two weeks in July 2015. However the matter can now be referred to mediation, with any proceedings to be completed by 3 April 2015.

KPMG

Following the receipt of further legal advice regarding litigation funding, a Statement of Claim was filed against KPMG in September 2014 in relation to their role as compliance Auditor of the Fund. Advice has been received that potentially, subject to further investigation and review of several critical documents, KPMG may have breached its statutory duties in relation to the Constitution of the Fund. Trilogy will continue pursue all avenues in relation to this matter.

Confirmation of account details

Accompanying this letter, please find enclosed an extract of the current account information we have for your unit holding on our register. If any details are incorrect, we encourage you to update them by visiting www.balmaintrilogy.com.au and clicking on the "Forms" page. On this page you will be able to download a "Change of details" form. Alternatively, please call us on the number below and we will post you the form. The form needs to be returned to the postal address listed below.

New contact details for Unitholder enquiries

In our asset update to you dated 19 December 2014, we noted the anticipated transition of the Fund's registry service to Trilogy as part of the RE's "lower cost" regime. This transition has now been completed and, as such, please take note of the new contact details for all Unitholder queries:

Phone 1800 194 500 or +61 7 3503 6100
Email investorrelations@trilogyfunds.com.au
Postal address GPO Box 548, BRISBANE QLD 4001

Please do not hesitate to contact us on the details supplied above should you have any queries.

Yours sincerely,



Rodger Bacon
Joint Chief Executive



Andrew Griffin
Joint Chief Executive

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