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## Pacific First avoids fire sale as CBA extends loan

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Pacific First Mortgage Fund has avoided an asset fire sale after Commonwealth Bank of Australia extended an \$82 million loan facility for the beleaguered fund.

Fund manager BalmainTRILOGY says the new loan facility will now expire on June 30, 2010 and will be renewable every year if CBA remains comfortable with the fund's performance.

BalmainTRILOGY's joint chief executive Andrew Griffin said the bank's decision enhanced the fund's ability to improve recoveries from its assets and prevented a fire sale of some assets.

"As a lender to the fund CBA is entitled to act immediately to recover its loan funds," Mr Griffin said in a statement on Thursday.

"Had they done this a fire sale of some fund assets would have been forced.

"Their decision to extend the loan removes this damaging consequence and enables us to better protect the asset values," he said.

BalmainTRILOGY took over responsibility for the unlisted fund last July after former manager City Pacific went into receivership and then liquidation.

City Pacific froze redemptions and distributions to more than 11,000 investors in the first half of 2008, and loan defaults in the portfolio drove writedowns in 2009, leaving the fund valued \$521.1 million by November, 2009.

Mr Griffin said CBA's loan extension was a significant win for unitholders of the fund and BalmainTRILOGY was comfortable the fund could comply with the new terms.

"We are now able to map the future of the fund with greater certainty and finalise a strategy to restarting some payments to unitholders," he said.

Unitholders, CBA and the Australian Securities and Investments Commission will be consulted throughout this process, he added.

**AAP**

*This story was found at: <http://www.smh.com.au/business/pacific-first-avoids-fire-sale-as-cba-extends-loan-20100128-n01w.html>*