

TO THE INVESTOR AS ADDRESSED

4 December 2013

**LM FIRST MORTGAGE INCOME FUND
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
ARSN 089 343 288
(‘the Fund’ or ‘FMIF’)**

I refer to my report dated 15 October 2013 and now provide my third update to investors in relation to the winding up of the Fund, as follows.

1. Refinance of Secured Creditor

As advised in my second report to investors, the refinancing of the Deutsche Bank facility by BOQ was conditional on KordaMentha, who are trustees of the LM Managed Performance Fund (“MPF”), acknowledging that they would not seek to impugn the BOQ securities should it be found they have a constructive trust claim against the secured creditor.

KordaMentha have advised that they are not in a position to sign the requested letter of comfort and therefore the refinance has not been able to proceed.

2. Potential claim by KordaMentha, the trustee of the MPF

As previously advised, KordaMentha, acting as trustee of the MPF has put me on notice of a potential claim against LM Investment Management Limited (Receivers and Managers Appointed) (in Liquidation) (“LMIM”) and/or the Fund in relation to potential breaches of trust. This has not been fully articulated by them and limited details specifying the transactions that may result in a claim have been provided.

3. Tax Statements

It is not our intention to issue taxation statements for the year ended 30 June 2013 to investors at this time. Please be advised that a nil income was declared for the 2012/2013 financial year. The distributions to investors in February and June of this year relate to payments of capital. In addition to these distributions, a further amount was paid in January this year to those investors who had elected to receive monthly income; this distribution related to July - October 2010 interest payments and was included in investors tax statements for the 2011 financial year.

Should investors wish to receive a transaction statement please contact the Investor Relations team on +61 7 55844500 or mail@lmaustralia.com.



4. Funds Held in Trust

As advised in my report dated 15 October 2013, there is approximately \$8M held in a solicitors trust account in relation to amounts paid by residents of the retirement villages/aged care facilities to enter into loan/lease arrangements at the centres.

These funds had not been able to be released because the Administrators and Receivers and Managers were concerned about the ongoing potential personal liability to repay the loans when the resident leaves the centre.

As LM Investment Management Ltd (Receivers and Managers Appointed) (In Liquidation) ("LMIM") is now in liquidation and is presently acting as the agent for the mortgagee in possession, then the liquidators are able to execute the agreements without personal liability with a view to securing the release of the funds from trust and reducing the secured creditors debt. The relevant agreements have been forwarded to FTI for execution in this respect.

Since my last report the Deutsche Bank facility has been reduced to \$13m. Assuming the trust funds are released to pay down the debt then it is currently expected that the secured creditor will be paid in full by Christmas.

5. Appeal Lodged by FTI

As previously advised, the Liquidators of LMIM have appealed the court's decision that led to my appointment as Receiver of the Fund's assets and person responsible to ensure it is wound up pursuant to its constitution.

The appeal hearing was heard on 28 November 2013 with the decision being reserved. I don't know what the timing for the delivery of the judgement will be however it is not unusual for it to take two to three months to be handed down.

A copy of the court order setting out the decision will be placed on the website www.lmfimif.com when released.

6. Valuation of the Fund

Following their appointment as Administrators to the responsible entity of the Fund on 19 March 2013, FTI arranged for professional valuations of the properties held as security for the Fund. The Receivers and Managers of the Fund, McGrathNicol, have continued with this process with the final valuation for one of the aged care facilities expected to be received later this week.

Prior to the appointment of the Administrators and as previously advised in their report to investors dated 7 June 2013, the Responsible Entity had not instructed professional valuations for a number of properties for some time and had relied on their in-house assessment of the property values and feasibility studies to determine the valuation of the fund.

The last valuation of the fund reported to investors in December 2012 was \$288,980,628 with a unit value of 59 cents based upon the June 2012 audited accounts. Since that time there have been asset disposals totalling \$28,176,878.

Taking into account the most recent professional valuations and offers received for each of the properties provides a total value of the assets of between \$80,663,805 and \$109,308,582. The lower

range includes a valuation of the underlying asset in one line, at a discount to the valuation amount or offers received with the higher range allowing for disposal of the individual parts of the properties at valuation or based on the offers received.

I have used these professional valuations and offers received to assist in determining the current estimated return to investors as outlined and further commented on at Section 9 below.

7. Realisation of assets

Details of the assets to be realised are summarised in the table below and which includes details of those subject to contract, offers received and current strategy for disposal. The valuations of the individual assets are not included so as to not prejudice any negotiations in relation to the sale of the properties.

Location	Description of asset/Strategy	Status
ACT	Mixed use development site (7,056m ²) with DA approval for 278 residential units and a child care centre. Under contract. Due to settle on 6 December 2013.	Under contract
QLD	90 strata titled hotel rooms. Sell down of units ongoing with 32 sold to date, 40 under contract and 18 remaining to be sold.	Under contract/ Offers received/ On the market
QLD	The development comprises of 5 separate multi-storey buildings with a total of 119 residential units. Sell down of units ongoing. Of the 119 units, 109 have been sold to date, 4 under contract, 1 under offer and 5 remaining to be sold.	Under contract/ Offers received/ On the market
WA	12 luxury residential units, 11 sold to date with 1 remaining to be sold.	On the market
NSW	The security comprised of 4 units within a larger purpose built commercial building. Two adjoining units are occupied by a dance and yoga studio with the other two units unoccupied. A sale of the occupied units was completed in June this year. The remaining vacant units are currently being marketed.	On the market
NSW	The development comprises of 83 strata titled office lots with 63 of these units charged to the Fund. Of the 63 units, 59 units remain for sale/lease. A sale/lease marketing campaign is ongoing.	On the market
WA	The development has been subdivided into three super lots. The first lot consists of a residential subdivision with 9 created lots and	On the market

an englobo parcel of land (7.7851 ha). The second lot comprises of an englobo parcel of land (1.6128ha) currently zoned as mixed use. A DA had previously been granted for 86 grouped dwellings. The third lot is currently zoned as mixed business (1.6291ha). In addition to the above security there is also a charge over the guarantor's home.

NSW	Industrial development site with partly constructed (40-50%) strata titled development of warehouse/retail/office precinct. DA approval for a mixed use industrial estate of 56 units, comprising of 30 industrial units, 13 high tech units, 12 retail units and a child care facility.	Preparing to market
QLD	The development is an eight stage project to provide 116, 3 or 4 bedroom townhouses. There is 1 remaining lot from Stage 6, 14 completed lots from stage 7 with 12 lots from Stage 8 due for completion in December 2013.	Preparing to market
VIC	61 strata titled units within a larger purpose built self-storage facility.	Preparing to market
QLD	A supported living community, comprising of 64 independent living units with the proposed development of a further 76 units. Of the current 64 units, 22 are vacant.	Preparing to market
NSW	A supported living community, with 83 completed independent living units. 22 units are currently vacant.	Preparing to market
QLD	A supported living community, with 37 completed independent living units plus balance land for further development. There are also a further 7 completed detached dwellings and a partly constructed subdivision of c.100 townhouse/small dwelling lots under community title plus residual land.	Strategy being finalised
QLD	72 strata titled unit resort complex with management rights. 15 units have been sold to date with 57 units remaining.	Strategy being finalised
QLD	Two supported living communities. One currently has 62 completed units (14 vacant) with a further 106 proposed. The other has 110 completed units, with 26 currently vacant.	Strategy being finalised
QLD	Residential land subdivision. 3 constructed detached dwellings, 16 completed residential land lots, 80 lots with operational works	Current lots on the market with a strategy



	approval and additional land (approx. 57ha) with or pending development approval.	being finalised for the balance land.
VIC	A supported living community, with 60 completed independent living units (5 vacant) with a further 132 units proposed.	Strategy being finalised
TAS	A supported living community, with 25 completed independent living units (4 vacant) and a further 18 proposed.	Strategy being finalised

8. Other Potential Recoveries/Legal Actions

In addition to the realisation of the property assets of the Fund, there are legal proceedings on foot or currently being contemplated/investigated, as follows;

8.1 Bellpac Proceedings

8.1.1 Settlement of previous proceedings

In November 2010, proceedings against Gujarat NRE Minerals Limited were settled for a total amount of approximately \$45.6M.

Both FMIF and MPF made loans to Bellpac Pty Ltd (In Liquidation) with approximately \$48.8M and \$24.0M outstanding to the FMIF and MPF at the time of settlement.

FMIF held a first mortgage over the property and MPF a second mortgage over the property that was the subject of the proceedings.

Notwithstanding the FMIF priority position, the settlement proceeds were split between the funds on the basis of a 65%/35% split with FMIF receiving \$32.9M and MPF \$12.7M.

LMIM was the Responsible Entity of the FMIF and the trustee of the MPF at the time this decision was made.

LMIM appears to have arrived at this decision after taking legal and accounting advice and after determining it was appropriate to split the proceeds based on the MPF funding the majority of the costs of the litigation and what terms a litigation funder would likely offer in relation to funding such an action.

No written agreement had been entered into between the funds and it appears that the majority of the funding had been provided by the MPF because the financier of the FMIF at the time had restricted access to funds.

LMIM appears to have preferred the interests of the MPF over the FMIF in splitting the proceeds of sale of the property/settlement of the litigation and therefore there may be a claim against the Responsible Entity and/or the MPF in relation to this transaction.

I am currently making further enquiries in this respect to determine if legal action should be commenced against any of the above parties.

8.1.2 Other Litigation

There are currently three other proceedings on foot in relation to Bellpac, as follows;

- Judgement has been awarded in favour of Bellpac in relation to \$2M of bonds held in Gujaret NRE Coking Coal Ltd (“Gujaret”). The bonds are convertible into shares of Gujaret which are currently traded on the Australian Stock Exchange;
- There is a claim against several parties in relation to a further \$8M of bonds in Gujaret where it is alleged these remain the property of Bellpac; and
- The second mortgagee of Bellpac has commenced proceedings against LMIM and the Receivers and Managers of Bellpac in relation to the alleged sale of the property at an undervalue and where this was part of the settled proceedings outlined at Section 8.1.1 above.

8.2 Other Potential Claims Against the Responsible Entity and Related Parties

8.2.1 Management Services Agreements with LM Administration Pty Ltd (in Liquidation) (“LMA”)

The audited accounts for the FMIF for the year ended 30 June 2012 show that approximately \$10.2M was paid to a related entity, LMA for “loan management fees paid to the responsible entity for loan management and receivership services provided by the responsible entity on behalf of the scheme in replacement of appointing external receivers”.

I understand further amounts totalling approximately \$2M were paid to LMA for the period from the 1 July 2012 to 19 March 2013 although I am awaiting further details to confirm the position in this respect.

Legal and accounting advice was received by the responsible entity in relation to the charging of these fees.

I am currently undertaking investigations in relation to this matter, and as to whether there has been any breach of the Corporations Act.

8.2.2 Distribution to Class B Unit Holders

During the financial year ended 30 June 2012 distributions of approximately \$16.9M were made to Class B unit holders at a time when class A and C unit holders did not receive any distributions.

Class B unit holders, relate to the three feeder funds of FMIF. These feeder funds, together with their respective Responsible Entities, are summarised below:

Feeder Fund	Responsible Entity
LM Currency Protected Australian Income Fund	LMIM
LM Institutional Currency Protected Australian Income Fund	LMIM
LM Wholesale First Mortgage Income Fund	Trilogy Funds Management Limited



Clause 3.1 of the constitution states that *“unless the terms of issue of a Unit or a Class otherwise provide, all units will carry all rights and be subject to all the obligations of Members under this Constitution”*.

Section 601FC(1)(d) of the *Corporations Act 2001* places a duty on the Responsible Entity to *“treat the members who hold interests in the same class equally and members who hold interests in different classes fairly”*.

I am unaware of any rights of Class B unit holders which would entitle them to a priority distribution over other classes of unit holders in the Fund.

Both the fund’s financial statements and compliance plan were audited by Ernst & Young.

The auditor’s report for the financial year ended 30 June 2012 noted a matter of material uncertainty surrounding the distribution, which states:

“During the period, the Scheme declared distributions of \$16,904,211 to Class B unitholders (the Feeder Funds), as described in Note 3. These distributions have been fully reinvested back into the Scheme by the Feeder Funds during the period. Compliance with the Trust Deed and the Corporations Act in relation to these distributions is a matter of legal interpretation and the Responsible Entity believes it has an arguable position to support the declaration of these distributions as being fair and reasonable to all classes of unitholders. This is an area of significant judgement and accordingly, we bring it to your attention.”

The auditor’s report of the compliance plan for the financial year ended 30 June 2012 recorded an ‘Emphasis of Matter’ regarding the material uncertainty of the declared distributions, which states:

“During the period, the LM First Mortgage Income Fund (“the Scheme”) declared distributions of \$16,904,211 to Class B unit holders, of which \$11,787,910 relates to the LM Currency Protected Australia Income Fund and the LM Institutional Currency Protected Australian Income Fund (schemes referred to as the “Feeder Funds”). These distributions were declared to enable the Feeder Funds to recognise distribution income to match expenses incurred. All Feeder Funds distributions have been reinvested into the Scheme during the period. Compliance with the Trust Deed and Corporations Act in relation to these distributions is a matter for legal interpretation and the Responsible Entity believes it has an arguable position to support the declaration of these distributions as being fair and reasonable to all classes of unit holders. This is an area of significant judgement and accordingly, I bring it to your attention.”

Copies of the audit reports are available on the website www.lmfimf.com, which has been set up to assist with investor communication.

A breakdown of the Fund’s different classes of unit holders together with the effect the distribution had on the unit holders are summarised below:



Description	Class A	Class B	Class C	Total
Opening Balance of Units (1 July 2011)	254,832,731	210,391,005	9,635,388	474,859,124
% units start of year	53.67%	44.30%	2.03%	100%
Units issued during the year	0	3,004,385	0	3,004,385
Units redeemed during the year	(2,072,000)	(4,497,306)	(47,739)	(6,617,045)
Total excluding any distribution/reinvestment	252,760,731	208,898,084	9,587,649	471,246,464
% Units excluding any distribution/reinvestment	53.64%	44.33%	2.03%	100.00%
Units reinvested following distribution	0	15,964,355	0	15,964,355
Closing balance of units (30 June 2012)	252,760,731	224,862,439	9,675,527	487,298,697
% units end of year	51.87%	46.14%	1.99%	100%

As shown above the effect of the distribution/reinvestment is that Class B unit holders have increased their units in the fund from 44.33% to 46.14% at the expense of the Class A & C unit holders.

This will result in the Class B unit holders receiving a greater amount in the winding up of the Fund as they will receive 46.14% of the assets available for distribution to investors rather than 44.3% of the total.

The above table also highlights the following discrepancy in the amount distributed to Class B Unit Holders and the amount reinvested in the fund:

Description	Amount (\$)
Distribution to Class B Unit Holders	16,904,211
Reinvestment after distribution	(15,964,355)
Variance in reimbursement	939,856

This analysis is in conflict with the auditor's comments which note that "*distributions have been fully reinvested back into the Scheme*". Further investigation into the discrepancy of \$939,856 will be undertaken and the results of my findings reported to investors in due course.

My solicitors are currently considering whether or not it is possible to reverse these transactions and if there are potential legal claims in respect of same.

8.2.3 Changes in Constitution

The fund's constitution was amended several times since its initial execution on 24 August 1999. The terms of the constitution stipulate that it may be modified or repealed or replaced with a new constitution, by:

- a) Special resolution of the members of the scheme; or
- b) The Responsible Entity, if the Responsible Entity reasonably considers the change will not affect Members' rights.

I am not currently aware of any special resolutions passed by members resolving to amend the terms of the constitution.

From my review of the constitution amendments, I am aware of several changes to the permitted loan to valuation ratio ('LVR') of the fund. LVR is defined in the Fund's constitution as "*the ratio of the amount of a loan to the valuation of the Borrower's property offered as security for a loan in the Scheme*". These changes were as follows:

- The original constitution dated 24 August 1999 provided for a LVR of no more than 66.66%;
- On 19 July 2002 the permitted LVR for the security property was amended to 75.00%;
- On 6 June 2005 the constitution was amended (Clause 13.3) so that the Responsible Entity may approve a LVR greater than clause 13.2(a) (i.e. 75%) after a loan has settled and where the Responsible Entity considers it is in the best interests of the members of the scheme; and
- On 21 April 2006 Clause 13.3 was amended to "after a loan has settled and where the RE considers it is in the best interests of the members, the RE may approve an LVR not to exceed 85% of the value of the security property".

Further investigation is required to determine the effect of these amendments and whether or not there may be potential legal claims arising from that.

8.2.4 Fund Valuation Policy

A review of the fund's compliance plan dated 16 March 2011 details the following regarding the fund's valuation policy:

- Valuations may only be carried out by panel valuers; and
- An updated valuation will generally be required for commercial loans at 24 month intervals and construction loans at 12 month intervals.

From my preliminary enquiries, it appears that the Responsible Entity did not generally obtain updated professional valuations after the initial advance was made. Instead, in the majority of cases, they relied upon discounted cash flows prepared by management on the feasibility of a project.

Further enquiries will be undertaken to determine if this was a breach of the policy and if there is a potential legal claim.



8.2.5 Potential Claim against the Auditor

One of BDO's auditors is currently reviewing the audits of the financial statements and the compliance plans for the last six years with a view to determining if there is a potential claim for damages against the auditors of the Fund.

9. Estimated Return to Investors

Based on the professional valuations and offers received for the properties charged to the Fund, I provide below an estimated return to Investors of between 13 and 19 cents in the dollar as at 30 November 2013 as follows:

	Low	High
	\$000's	\$000's
Cash at Bank	5,720	5,720
Funds held in trust	8,936	8,936
Estimated selling prices	80,664	109,309
<i>Less:</i>		
Deutsche Bank facility	(13,000)	(13,000)
Selling costs (3.5% of sale price)	(2,823)	(3,826)
Land tax & rates	(563)	(563)
Other unsecured creditors	(10,127)	(9,830)
Estimated FTI Fees & legal costs (subject to approval)	(3,069)	(3,069)
Receivers and Managers' Fees (McGrath Nicol)	(647)	(647)
Receiver's fees & outlays (BDO)	(394)	(394)
Estimated net amount available to investors as at 30 November 2013	64,696	92,635
Total investor units	488,787,330	488,787,330
Estimated return in the dollar	0.13	0.19

The above table does not take into account future operating costs, future interest on the Deutsche Bank facility, future Receivers fees and future rates and land tax. It also excludes any legal recoveries against borrowers, valuers or other third parties.

Please note that the distribution to Investors will take place after paying secured creditors, land tax, rates, Receivers fees and the unsecured creditors who rank ahead of Investors' interests.

10. Updated Unit Price

I have received numerous requests to provide an updated unit price. In this regard, I provide below an updated unit price as at 30 November 2013 of 17 cents, which is based on the mid-point of the high and low estimated selling prices of the secured assets as at 30 November 2013.

	\$'000's
Total Value of Fund Assets as at 30 November 2013 (net of land tax and rates)	94,986
Less Deutsche Bank facility	(13,000)
Less Creditors and Other Payables	(17,413)
Total Net Value of Fund Assets	80,674
Total Number of Units as at 30 November 2013	488,787
Unit Price	0.17

I *attach* a copy of a letter that may be forwarded to Centrelink confirming the unit price as at 30 November 2013, and which may be used by investors to assist with the review of their pensions.

11. Distributions to Investors

Distributions to investors will recommence as soon as possible and after Deutsche Bank has been paid out in full.

Deutsche Bank is expected to be paid out in December 2013 or January 2014, subject to receipt of the trust monies of approximately \$8m referred to at Section 4 of this report.

As mentioned earlier in my report, I am on notice from KordaMentha that the MPF potentially have a constructive trust or breach of trust claim against the secured creditor and/or the Fund.

The realisation of the Fund's assets is expected to take up to two or three years dependent on the time taken to improve or develop certain assets and proceed to sell the properties.

The Receivers and Managers who were appointed to Bellpac have put me on notice not to distribute funds until the proceedings mentioned at Section 8.1.2 are resolved.

I will be required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the Bellpac litigation, the funds received for the loan/lease agreements of the aged care facilities and potentially in relation to the KordaMentha claims.

I may have to seek the directions of the court before proceeding with the next distribution.

I will update investors as to the expected timing of a distribution as these matters become clearer.

12. Audited Accounts

As previously advised, I have been in discussions with FTI and ASIC in relation to whether or not there is a need to undertake an annual audit of the Fund during the course of the winding up.

I am presently awaiting confirmation from the Australian Securities and Investments Commission that they will take no action in relation to the non-provision of the audited accounts.

13. Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor on the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if as many investors as possible could provide an email address in this respect. Please use the details below to advise us in this regard.

Due to the upcoming Christmas break and bearing in mind there will be reduced activity in the realisation of the assets in the holiday period, I will provide my next report to investors at the end of January 2014.

14. Receiver's Remuneration and Expenses

I attach a summary of my remuneration and outlays for the period from my appointment on 8 August 2013 to 30 November 2013.

My remuneration incurred during this period totals \$352,144 plus outlays of \$41,628 plus GST.

Approval of my fees will be the subject of an application to court in due course. A copy of my application in this respect will be posted to the website www.lmfimf.com and investors will be notified when the application has been lodged.

15. Queries

Should unit holders require further information, please contact either Investor Relations or BDO on the details provided below.

Investor Relations

Phone: +61 7 5584 4500
Fax: +61 7 5592 2505
Email: mail@lmaustralia.com

BDO

GPO Box 457
Brisbane QLD 4001
Phone: +61 7 3237 5999
Fax: +61 7 3221 9227
Email: enquiries@lmfmif.com

Yours faithfully



David Whyte
Receiver

REMUNERATION REPORT
LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed)
8 August 2013 to 30 November 2013

Employee	Position	Rate	Total Units	Total \$	Administration		Assets		Creditors		Investigation		Trade On		Research/Data Collection		Analysis	
					Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560.00	235.70	131,992.00	34.00	19,040.00	134.80	75,488.00	1.20	672.00	4.30	2,408.00	61.40	34,384.00	0.00	0.00	0.00	0.00
Fielding, Andrew	Partner	560.00	1.20	672.00	1.00	560.00	0.00	0.00	0.20	112.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Beauchamp, Margaux	Executive Director	460.00	190.10	87,446.00	2.30	1,058.00	184.80	85,008.00	0.00	0.00	3.00	1,380.00	0.00	0.00	0.00	0.00	0.00	0.00
Somerville, John	Senior Manager	425.00	14.00	5,950.00	8.00	3,400.00	3.70	1,572.50	2.30	977.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Haines, Charles	Senior Manager	425.00	81.30	34,552.50	0.10	42.50	22.20	9,435.00	2.90	1,232.50	56.10	23,842.50	0.00	0.00	0.00	0.00	0.00	0.00
Garcia, Joanne	Manager	390.00	171.90	67,041.00	8.50	3,315.00	86.70	33,813.00	26.70	10,413.00	0.00	0.00	0.50	195.00	6.40	2,496.00	43.10	16,809.00
Wilson, James	Manager	390.00	1.40	546.00	0.30	117.00	0.20	78.00	0.90	351.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dharmaratne, Michael	Senior Accountant I	310.00	16.10	4,991.00	6.10	1,891.00	2.30	713.00	7.70	2,387.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tipman, Daniel	Senior Accountant I	310.00	0.60	186.00	0.10	31.00	0.00	0.00	0.50	155.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Kennedy, Nicola	Accountant II	190.00	8.30	1,577.00	5.00	950.00	3.30	627.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tuniran, Rycho	Accountant II	175.00	85.50	14,962.50	0.00	0.00	85.50	14,962.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jackson, Nicole	Practice Assistant	150.00	5.10	765.00	5.10	765.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Administration Assistant	75.00	6.40	480.00	6.40	480.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hattingh, Moira	Administration Assistant	75.00	13.00	982.50	0.50	37.50	0.00	0.00	12.60	945.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			830.60	352,143.50	77.40	31,687.00	523.50	221,697.00	55.00	17,245.00	63.40	27,630.50	61.90	34,579.00	6.40	2,496.00	30.80	16,809.00
			GST	35,214.35		3,168.70		22,169.70		1,724.50		2,763.05		3,457.90		249.60		1,680.90
			TOTAL INC GST	387,357.85		34,855.70		243,866.70		18,969.50		30,393.55		38,036.90		2,745.60		18,489.90
			AVERAGE HOURLY RATE	423.96		409.39		473.49		313.55		435.81		558.63		390.00		545.75

REMUNERATION REPORT
LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed)
8 August 2013 to 30 November 2013

Outlays	
General	17,130.88
Postage	10,507.99
Printing/Copying	8,470.50
Searches	3,191.64
Airfares	1,301.99
Accommodation	339.56
Parking	217.56
Car Hire	297.96
Mileage	113.40
Taxi Fares	56.36
SUB TOTAL	41,627.84
GST	4,162.78
TOTAL	45,790.62
TOTAL INVOICE	433,148.47

TO WHOM IT MAY CONCERN

4 December 2013

**LM FIRST MORTGAGE INCOME FUND
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
ARSN 089 343 288
(‘the Fund’ or ‘FMIF’)**

I refer to my appointment as the Receiver of the Fund’s assets and as the person responsible to wind up the Fund in accordance with its constitution by Order of the Supreme Court of Queensland on 8 August 2013.

I provide an update on the estimated unit price of the fund as at 30 November 2013, calculated as follows:

	\$000’s
Total Value of Fund Assets as at 30 November 2013 (net of land tax and rates)	94,986
Less Deutsche Bank facility	(13,000)
	<hr/>
	81,986
Less Creditors and Other Payables	(17,413)
	<hr/>
Total Net Value of Fund Assets	80,674
Total Number of Units as at 30 November 2013	488,787
Unit Price	0.17

Should you have any queries in respect of the above, please contact Michael Dharmaratne of my office on (07) 3237 5768.

Yours faithfully



David Whyte
Receiver