

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane  
NUMBER: BS3508/2015

IN THE MATTER OF LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION)  
(RECEIVERS APPOINTED)  
ACN 077 208 461

First Applicant: JOHN RICHARD PARK AND GINETTE DAWN MULLER AS LIQUIDATORS  
OF LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION)  
(RECEIVERS AND MANAGERS APPOINTED) ACN 077 208 461 THE  
RESPONSIBLE ENTITY OF THE LM FIRST MORTGAGE INCOME FUND  
ARSN 089 343 288

AND

Second Applicant: LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION)  
(RECEIVERS AND MANAGER APPOINTED) ACN 077 208 461 THE  
RESPONSIBLE ENTITY OF THE LM FIRST MORTGAGE INCOME FUND  
ARSN 089 343 288

AND

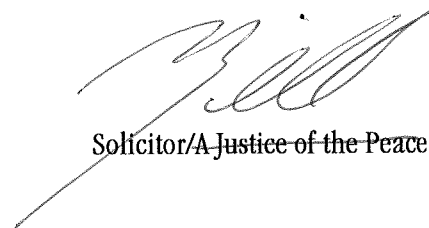
Respondent: DAVID WHYTE AS THE PERSON APPOINTED TO SUPERVISE  
THE WINDING UP OF THE LM FIRST MORTGAGE INCOME FUND ARSN  
089 343 288 PURSUANT TO SECTION 601NF OF THE CORPORATIONS  
ACT 2001

CERTIFICATE OF EXHIBIT

Exhibit "DW-12" to "DW-34" to the Affidavit of DAVID WHYTE sworn this 19 day of  
February 2016.



Deponent



Solicitor/A Justice of the Peace

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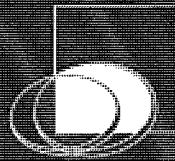
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"DW-12"



LM Investment Management Ltd

# LM First Mortgage Income Fund

ARSN 089 343 288

Incorporating:-

- > Flexi Account and Fixed Term Investment
- > LM Savings Plan
- > Currency Hedged Fixed Term Investment

> Product Disclosure Statement &  
Application Form  
Issued 10 April 2008

Australia's Specialist Mortgage Trust Manager

ABN 68 077 208 461 Responsible Entity & AFSL No. 220281

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### Management Costs for the LM First Mortgage Income Fund

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The Management Costs can only be estimated, as the actual costs are not yet known. However, the Management Costs for the Fund for the financial year ended 30 June 2007 were 1.55% pa of the net assets of the Fund, and based on current financial information the Manager considers 3.5% pa to be a reasonable estimate of the annual Management Costs. The Management Costs are made up of the following different fees and costs (and note that the following fees and costs are explanations of the components which make up the estimated 3.5% pa Management Costs, and are not additional fees or costs):-

- The **Management Fee** component of the Management Costs accrues daily and is paid monthly from the assets of the Fund. The constitution of the Fund allows the Manager to recover a Management Fee of up to 5.5% pa of the net assets of the Fund. At the date of this PDS, it is estimated that the Manager will only receive a Management Fee of 2.3% pa of the net assets of the Fund, and that the Manager will waive its entitlement to the higher fee. Note however the section "Changes to Fees and Costs" on this page of this PDS.
- The **custodian fees** for the Fund are currently the greater of 0.02% pa of the assets of the Fund and \$20,000 pa.
- **Adviser fees** are fees paid to your adviser for professional financial advice. They are negotiated between you and your adviser. These fees may be paid from the Fund as a lump sum and/or trail commission. If you choose not to use an adviser, your individual distribution rate will still be calculated as if a fee of 1.1% pa (including GST) of your investment amount was payable to an adviser. Any such amount not paid to an adviser will be used to meet Management Costs.  
  
The individual distribution rates payable to investors will vary dependent on the adviser fees paid by the Fund. This adviser fee is an expense of the Fund. The Manager's reasonable expectation is that such fees would be up to 1.1% pa (including GST) of your investment amount, but they could be higher. You should discuss the payment of this fee directly with your adviser.
- The Manager is reimbursed for all **expenses** properly and reasonably incurred in managing the Fund. This includes any bank and government fees, charges and duties levied in connection with payments to and by the Fund. The estimate of Management Costs referred to above is based on current financial information, but the actual expenses will depend on the amount incurred during each particular year.

### Bank and Government Fees and Charges

Some bank or government fees, charges and duties may be charged directly to you, rather than to the relevant Fund. For example, cheque dishonour fees, and processing or remittance fees charged by banks. These amounts have not been taken into account in the estimate of Management Costs referred to above, but are not expected to be significant amounts.

### Merchant Service Fees for the LM First Mortgage Income Fund

If you invest by credit card a merchant service fee may be charged by the credit card provider. That fee will vary from time to time, but at the date of this PDS is 1.54% of the investment funds. This amount is deducted from your investment funds at the time of investment. This amount has not been taken into account in the estimate of Management Costs referred to above.

### Tax (including Goods and Services Tax)

The fees quoted in this PDS are inclusive of GST where applicable. See the heading "Tax" on page 25 of this PDS for further details of tax that may be relevant to your investment.

### Differential Fees for the LM First Mortgage Income Fund

The Manager may negotiate differential fees with certain wholesale clients or employees of the Manager or of a related body corporate of the Manager, or relatives of those employees. Such differential fees will depend on individual negotiation, compliance with legal requirements, and any applicable ASIC policy. Where the differential fee arrangements involve the Manager paying rebates, the rebates will be paid from the Manager's own funds and will not affect other investors.

### Changes to Fees and Costs

As noted above, the constitution of the Fund allows the Manager to recover a Management Fee of up to 5.5% p.a. of the net assets of the Fund. The constitution also allows the Manager to waive all or part of its fee. The Manager's current intention is to waive its entitlement to part of its fee each month. The Manager will decide each month how much of the maximum 5.5% pa Management Fee it will be paid, but at the date of this PDS, it is estimated that the Manager will only be paid a Management Fee of 2.3% pa of the net assets of the Fund.

The Manager may decide to vary the amount of Management Fee it recovers, the amount of the other Management Costs, or the methods of payment of those amounts, in its absolute discretion, and without your consent (but subject to the limits in the constitution). The Manager will give investors notice of any such change which is material. In particular, the Manager will give 30 days written notice of any change to the Management Fees under this PDS. Any immaterial change can occur without notice.

### Marketing Fees

The Manager may pay properly authorised advisers a marketing reimbursement from time to time out of its own funds.

"DW-13"



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Level 10, 12 Creek St  
Brisbane QLD 4000  
GPO Box 457 Brisbane QLD 4001  
Australia

19 November 2015

**TO INVESTORS**

Dear Member

**LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288 (RECEIVERS AND MANAGERS APPOINTED)  
(RECEIVER APPOINTED) ("THE FUND")**

I attach the unaudited accounts for the Fund for the year ended 30 June 2015.

The accounts have been prepared in conjunction with the service provider, LM Administration Pty Ltd's (In Liquidation) staff and consultants and by collating the records maintained by the Fund, the service provider and receipts and payments and other records of FTI and McGrathNicol.

The accounts have been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The accounts have been reviewed by the BDO audit team. However, their work does not constitute a full audit and therefore, the accounts are provided on an unaudited basis.

Should members require further information, please contact BDO on the details provided below.

**BDO**

GPO Box 457

Brisbane QLD 4001

Phone: +61 7 3237 5999

Fax: +61 7 3221 9227

Email: [enquiries@lmfmif.com](mailto:enquiries@lmfmif.com) Or email: [murray.daniel@bdo.com.au](mailto:murray.daniel@bdo.com.au)

Phone: +61 7 3173 5563

Yours sincerely

David Whyte  
Court Appointed Receiver

**Disclaimer:**

*The 30 June 2015 financial statements were compiled by BDO Business Recovery & Insolvency (QLD) Pty Ltd however we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.*

**LM FIRST MORTGAGE INCOME FUND  
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**ABN: 66 482 247 488**

Report for the year ended 30 June 2015

Disclaimer

The 30 June 2015 financial statements were compiled by BDO Business Recovery & Insolvency (QLD) Pty Ltd but we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.

**LM FIRST MORTGAGE INCOME FUND  
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**ABN: 66 482 247 488**

**Financial Statements for the year ended 30 June 2015**

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The Responsible Entity of LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed) is LM Investment Management Limited (ABN 68 077 208 461) (in Liquidation) (Receivers and Managers Appointed).



**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**  
**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 30 June 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>Income</b>			
Fee revenue - mortgage loans		4,050	32,901
Interest revenue - cash assets		498,695	159,147
Realised gain on foreign exchange contracts		106,869	180,249
		<u>609,614</u>	<u>372,297</u>
<b>Expenses</b>			
Management fees	9	-	606,195
Finance costs	4(a)	-	1,855,233
Custodian fees	9	27,624	76,692
Net Impairment losses on mortgage loans	6	(26,633,748)	6,270,758
Impairment losses on interest receivable	10	-	43,436
Realised foreign exchange loss on investor funds		-	3,335
Unrealised foreign exchange losses on investor fund		263,794	734,627
Realised loss on foreign exchange contracts		141,591	-
Other expenses	4(b)	9,263,036	9,132,122
<b>Total expenses excluding distributions to unitholders</b>		<u>(16,937,703)</u>	<u>18,722,398</u>
<b>Net profit (loss) before distributions to unitholders</b>		17,547,317	(18,350,101)
Distributions paid/payable to unitholders	3	-	(348)
<b>Net profit (loss) after distributions to unitholders</b>		<u>17,547,317</u>	<u>(18,350,449)</u>
Other comprehensive income		-	-
<b>Net profit (loss) after distributions to unitholders</b>		17,547,317	(18,350,449)
Income tax expense		-	-
<b>Changes in net assets attributable to unitholders after income tax expense</b>		<u>17,547,317</u>	<u>(18,350,449)</u>

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**  
**STATEMENT OF FINANCIAL POSITION**

**As at 30 June 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>ASSETS</b>			
Cash and cash equivalents	11	41,863,342	7,741,190
Receivables	10	782,658	664,646
Loans & Receivables	6	43,333,916	60,060,616
<b>TOTAL ASSETS</b>		<u>85,979,916</u>	<u>68,466,452</u>
<b>LIABILITIES</b>			
Payables	7	7,429,179	7,726,716
Distributions payable		1,372,036	1,373,126
<b>Total liabilities excluding net assets attributable to unitholders</b>		<u>8,801,215</u>	<u>9,099,842</u>
<b>NET ASSETS</b>		<u>77,178,701</u>	<u>59,366,610</u>
Represented by:			
<b>Net assets attributable to unitholders</b>	5	<u>77,178,701</u>	<u>59,366,610</u>
(calculated in accordance with IFRS)			

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)  
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

**For the year ended 30 June 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>TOTAL</b>			
Opening balance		59,366,610	76,998,690
Units issued during the year	5	980	-
Units redeemed during the year	5	-	(24,551)
Units issued on reinvestment of distributions			6,232
Changes in net assets attributable to unitholders		17,547,317	(18,350,449)
Foreign exchange (gain)/loss on investor funds	5	263,794	736,688
<b>Closing Balance</b>		<u>77,178,701</u>	<u>59,366,610</u>

The Statement of Changes in Net Assets Attributable to Unitholders is to be read in conjunction with the notes to the financial statements.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**  
**STATEMENT OF CASH FLOWS**

**For the year ended 30 June 2015**

	Note	30 June 2015 \$	30 June 2014 \$
<b>Cash flows from operating activities</b>			
Interest and distributions received		529,469	192,048
Management fees paid		-	(606,195)
Other operating expenses		(9,649,644)	(6,760,391)
GST and withholding tax (paid)/received		(118,012)	(482,139)
Finance costs paid	4(a)	-	(1,855,233)
<b>Net cash inflow/(outflow) from operating activities</b>	11(b)	<u>(9,238,187)</u>	<u>(9,511,910)</u>
<b>Cash flows from investing activities</b>			
Payments for secured mortgage loans	6(b)	(7,224,842)	(11,368,481)
Receipts from settled mortgage loans	6 (b)	50,585,291	44,914,578
<b>Net cash inflow/(outflow) from investing activities</b>		<u>43,360,449</u>	<u>33,546,097</u>
<b>Cash flows from financing activities</b>			
Repayment of facility		-	(25,500,000)
Cash paid on realisation of foreign exchange contracts		-	180,249
Receipts from the issue of units		980	-
Distributions paid		-	(3,697)
Payment for redemption of units		(1,090)	(24,551)
<b>Net cash inflow/(outflow) from financing activities</b>		<u>(110)</u>	<u>(25,347,999)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		34,122,152	(1,313,812)
Cash and cash equivalents at beginning of year		7,741,190	9,055,002
<b>Cash and cash equivalents at end of year</b>	11 (a)	<u>41,863,342</u>	<u>7,741,190</u>

The Statement of Cashflows is to be read in conjunction with the notes to the financial statements.

## LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

### Notes to the financial statements for the year ended 30 June 2015

#### 1. CORPORATE INFORMATION

During the period March 2013 to August 2013, a series of insolvency events occurred in respect of both the Fund and the Responsible Entity for the Fund, these are detailed in the table below:

Date	Appointment
19 March 2013	John Park and Ginette Muller of FTI Consulting appointed as Administrators of LM Investment Management Ltd ("LMIM") being the Responsible Entity for the Fund.
11 July 2013	Joseph Hayes and Anthony Connelly of McGrathNicol appointed as Receivers and Managers of LMIM as the Responsible Entity of LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed) ('LMFMIF', 'Scheme' or the 'Fund') by Deutsche Bank.
1 August 2013	John Park and Ginette Muller of FTI Consulting appointed as Liquidators of LMIM.
8 August 2013	David Whyte of BDO appointed by the Court as Receiver of the assets of the Fund and as the person responsible for ensuring the Fund is wound up in accordance with its Constitution.

The Scheme is an Australian registered Scheme, constituted on 13 April 1999.

#### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

##### (a) Basis of accounting

This financial report has been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

The Statement of financial position is presented in decreasing order of liquidity and does not distinguish between current and non-current items. The amount expected to be recovered or settled within twelve months in relation to the balances cannot be reliably determined.

The financial report is presented in Australian Dollars (\$).

##### Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Basis of accounting (Continued)**

**Status of investment in fund**

During the 2009 year, the Responsible Entity closed the Scheme to new investors and suspended withdrawals subject to certain exceptions. Redemptions were suspended at this time, per the Constitution, as the Responsible Entity considered the suspension of the withdrawals to be in the best interest of the members of the Scheme.

The Scheme is now in the process of being formally wound up with redemptions and hardship provisions remaining suspended.

**Liquidation Basis**

Previous financial statements have been prepared on a going concern basis.

The financial statements for the periods ended 30 June 2013, 30 June 2014 and 30 June 2015 have not been prepared on a going concern basis due to the appointment of Administrators to the Responsible Entity for the Fund on 19 March 2013 and subsequently Liquidators on 1 August 2013 and the appointment of Receivers and Managers and Court Appointed Receiver and person responsible for ensuring it is wound up in accordance with its Constitution as detailed in note 1. Accordingly, the financial statements for those periods have been prepared on a liquidation basis.

**(b) New accounting standards and interpretations**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the reporting period. The impact of these standards and interpretations that are not expected to have a material impact on the Scheme have not been included.

**(c) Significant accounting judgements, estimates and assumptions**

In the process of applying accounting policies, judgements and estimations have been made which have had an impact on the amounts recognised in the accounts. The key estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**Allowance for impairment loss on loans and receivables**

The Scheme determines whether loans are impaired on an ongoing basis. Individually assessed provisions are raised where there is objective evidence of impairment, where the Scheme does not expect to receive all of the cash flows contractually due. Individually assessed provisions are made against individual facilities.

**(d) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. For the purposes of the Statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(e) Distribution income**

Distribution income is recognised when the Scheme's right to receive income is established.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(f) Interest income**

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest ceases to be recognised when a loan is in default and the principal is impaired.

**(g) Default management fees**

Income from default management fees is recognised in line with the executed agreement with the borrower when an event of default occurs.

**(h) Changes in the fair value of investments**

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

**(i) Fees, commissions and other expenses**

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Audit and compliance fees are included with 'other expenses' and are recorded on an accrual basis.

**(j) Finance costs**

Interest on borrowings is recognised in the statement of comprehensive income in the period to which it relates. Issue costs associated with borrowings are capitalised and amortised over the term of the borrowing to which they relate using the effective interest method.

**(k) Financial instruments**

Financial instruments in the scope of *AASB 139 Financial Instruments* are classified as either financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale investments or other financial liabilities as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Scheme determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Scheme commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

**i. Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value including transaction costs directly attributable to the financial asset. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are assessed for impairment at each reporting period. An allowance is made for credit losses when there is objective evidence that the Scheme will not be able to collect the loans and receivables. Impairment losses are written off when identified. Losses expected as a result of future events are not recognised. If a provision

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Financial instruments (Continued)**

for impairment has been recognised in relation to the loan, writeoffs for bad debts are made against the provision. If no provision for impairment has previously been recognised, writeoffs for bad debts are recognised as an expense in the statement of comprehensive income.

A provision is made of loans in arrears where the collectability of the debts is considered doubtful by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

The components of impaired assets are as follows:

“Loans in arrears” are loans and advances for which there is reasonable doubt that the Scheme will be able to collect all amounts of principal and interest in accordance with the terms of the agreement.

“Assets acquired through the enforcement of security” are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

When it is determined that interest is not recoverable on certain impaired loans, the interest is suspended and not brought into income. Should the analysis of the collectability subsequently change the interest will be brought into income at the time it is determined to be collectable.

**(l) Payables**

Payables are carried at amortised costs and represent liabilities for goods and services provided to the Scheme prior to the end of the financial year and half year that are unpaid and arise when the Scheme becomes obliged to make future payments in respect of the purchases of these goods and services.

The distribution amount payable to investors as at the reporting date is recognised separately on the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June 2014 under the Scheme’s constitution.

**(m) Increase/decrease in net assets attributable to unitholders**

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Excess and undistributed income is also transferred directly to net assets attributable to unitholders.

**(n) Distributions**

The Trustees for the LM Managed Performance Fund have put both the Receivers and Managers and the Court Appointed Receiver on notice of a potential claim against the Fund. In addition, the Receivers and Managers appointed to the Bellpac matter have put the Court Appointed Receiver on notice not to distribute funds until the proceedings are resolved.

The secured creditor is not in a position to release its security due to the potential claim against the Fund. Until the matters detailed above are resolved and funds released to the Court Appointed Receiver, distributions to investors cannot commence.



**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) Goods and services tax (GST)**

The GST incurred on the costs of various services provided to the Responsible Entity by third parties such as audit fees, custodial services and investment management fees have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75%.

Investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in the statement of cashflows on a gross basis.

The GST component of cash flows arising from investing and financing activities recoverable or payable to the ATO is classified as an operating cash flow.

**(p) Applications and redemptions**

Applications received for units in the Scheme are recorded when units are issued in the Scheme. Redemptions from the Scheme are recorded when the cancellation of units redeemed occurs. Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

Applications received in foreign currency denominations are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Foreign currency denominated unitholder funds are translated into the Schemes functional currency at balance date, using the spot rate prevailing at that date. Gains and losses arising from foreign exchange translation are recorded in the Statement of Comprehensive Income in the period in which they arise.

**(q) Taxation**

Under current legislation, the Scheme is not subject to income tax provided the distributable income of the Scheme is fully distributed either by way of cash or reinvestment (ie. unitholders are presently entitled to the income of the Scheme).

**(r) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

**(s) Derivative financial instruments**

The Scheme uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to valuations provided by the financial institutions with which the forward contracts are held.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

Notes to the financial statements for the year ended 30 June 2015

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Foreign currency translations**

The Scheme's transactions in foreign currencies comprise applications and withdrawals of foreign currency unitholder funds and payment of distributions. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liability denominated in foreign currencies and retranslated at the rate of exchange prevailing at the balance sheet date, and exchange rate gains and losses recognised in the statement of comprehensive income.

**(u) Determination of fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments not traded in an active market is determined using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cashflow analysis and option pricing models making as much use of available and supportable market data as possible.

**(v) Estimated net asset amount per unit available to investors**

The estimated amount of net assets available to investors are subject to the uncertainties indicated in Note 7 of this financial report.

The net assets of the fund and number of units on issue at the end of each of the periods is detailed in the table below:

	<b>30 June 2015</b>	<b>30 June 2014</b>
Estimated net amount of assets available to investors as at the period end (\$)	77,178,702	59,366,610
Total Investor units (# of units)	478,537,325	478,272,551
<b>Estimated net asset amount per unit available to investors as at the period end (cents in the dollar)</b>	<b>16.1</b>	<b>12.4</b>

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**3. INCOME AND DISTRIBUTIONS TO UNITHOLDERS**

**(a) Distributions to unitholders**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Distributions paid/reinvested	-	348
Distributions payable	-	-
	<u>-</u>	<u>348</u>

Distributions payable relates to distributions that were required to be paid under the Scheme's Constitution. These distributions relate to the period prior to the suspension of the distributions in January 2011.

In addition to these interest distributions, capital distributions were also paid to investors in February and June 2013. Capital distributions are reflected through redemption of units and a decrease in the unit price.

**(b) Distributions paid**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Class A	-	327
Class B	-	-
Class C	-	21
	<u>-</u>	<u>348</u>

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

Notes to the financial statements for the year ended 30 June 2015

**4. EXPENSES**

**(a) Finance costs**

	30 June 2015	30 June 2014
	\$	\$
Interest on bank loans	-	1,855,233
	<u>-</u>	<u>1,855,233</u>

**(b) Other expenses**

	30 June 2015	30 June 2014
	\$	\$
LM Administration Pty Ltd (in Liquidation) ("LMA") operational costs*	1,255,982	3,387,377
Receivers and Managers' fees and outlays (McGrathNicol)	1,056,994	1,131,670
Receivers and Managers' legal fees and outlays (McGrath Nicol)**	292,561	695,727
LMA Liquidator fees and outlays (David Clout & Associates)	12,566	351,022
Other expenses	464,022	104,903
Court Appointed Receiver's fees & outlays (BDO) ***	3,288,898	1,130,691
Court Appointed Receiver's legal fees (BDO)	2,140,258	911,279
LMIM's legal fees (FTI) **	99,144	29,761
LMIM's Administrators and Liquidators fees and outlays (FTI) ****	652,611	1,389,692
	<u>9,263,036</u>	<u>9,132,122</u>

\*LMA operational costs relate to services provided by LMA pursuant to a services agreement. This includes wages and salaries, insurance, rent and utilities.

\*\* An adjustment for the period ending 30 June 2014 has been made to correctly allocate the legal fees between McGrath Nicol and BDO. The allocation adjustment didn't change the total legal fees for the period 30 June 2014. The effect of the allocation adjustment is as follows

	30 June 2014	30 June 2014	Allocation Adjustment
	\$	\$	\$
	(as previously reported)	(as adjusted)	increase (decrease)
Receivers and Managers' legal fees and outlays (McGrath Nicol)	1,333,063	695,727	(637,336)
Court Appointed Receiver's legal fees (BDO)	273,943	911,279	637,336

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**4. EXPENSES (Continued)**

I further note that invoices in relation to legal fees totalling \$154,768 (\$136k for LMIM and \$18k for McGrath Nicol) relating to the period ending 30 June 2014 were received post the preparation of the 30 June 2014 accounts. This amount has been expensed in the 30 June 2015 accounts.

\*\*\* Denotes expenses which are subject to approval by the court.

The Court Appointed Receiver's fees & outlays are represented by the following amounts:

	30 June 2015	30 June 2014
	\$	\$
Court Appointed Receiver's investigations and other non-operating costs	1,027,240	185,862
Operating Costs of the Fund	2,261,658	944,829
<b>Total</b>	<b>3,288,898</b>	<b>1,130,691</b>

The Court Appointed Receiver's investigations and other non-operating costs include time costs in relation to the Public Examination held between 16 and 26 June 2015, litigation matters which include claims against the MPF, LMIM and its directions and dealing with LMIM's court application in respect of the Liquidators' residual powers.

\*\*\*\* Denotes expenses which are subject to approval by the Receivers and Managers or the court.

**5. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

Movements in the net assets attributable to unitholders during the year were as follows:

Net assets attributable to unitholders	30 June 2015	30 June 2014
	\$	\$
<b>Class A</b>		
Opening balance	245,678,130	245,673,002
Units issued during the year	-	-
Units redeemed during the year	-	(1,104)
Units issued upon reinvestment of distributions	980	6,232
<b>Closing balance</b>	<b>245,679,110</b>	<b>245,678,130</b>
<b>Class B</b>		
Opening balance	220,196,311	220,219,758
Units issued during the year	-	-
Units redeemed during the year	-	(23,447)
Units issued upon reinvestment of distributions	-	-
<b>Closing balance</b>	<b>220,196,311</b>	<b>220,196,311</b>
<b>Class C</b>		
Opening balance	10,906,900	10,170,587
Units issued during the year	-	-
Units redeemed during the year	-	-
Units issued upon reinvestment of distributions	-	-

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

Notes to the financial statements for the year ended 30 June 2015

**5. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)**

Foreign exchange (gain)/loss on investor funds	263,794	736,313
<b>Closing balance</b>	<b>11,170,694</b>	<b>10,906,900</b>
Cumulative movement in changes in net assets attributable to unitholders	(399,867,414)	(417,414,731)
<b>Net assets attributable to unitholders</b>	<b>77,178,701</b>	<b>59,366,610</b>

**Class A**

Class A consists of unitholders who are entitled to receive the declared distribution rate. There are a number of subclasses attached to class A. These consist of the following products with varying terms:

- 1) Flexi Account investment option
- 2) Fixed Term investment option
- 3) LM Savings Plan investment option

**Class B**

Class B consists of related Scheme unitholders.

**Class C**

Class C consists of unitholders who have invested in foreign currencies and are entitled to receive the declared distribution rate.

Subject to the comments relating to the status of the Scheme in note 2, all unitholders are entitled to receive distributions as declared from time to time and are entitled to one vote per unit at unitholders' meetings. As the Scheme is being wound up, all unitholders rank after creditors and are equally entitled to the proceeds of the winding up procedure.

**6. LOANS AND RECEIVABLES**

	30 June 2015	30 June 2014
	\$	\$
Secured mortgage loans	159,557,989	359,219,508
Provision for impairment	(116,224,073)	(299,158,892)
	<u>43,333,916</u>	<u>60,060,616</u>

Loans and receivables are initially measured at the fair value including transaction costs and subsequently measured at amortised cost after initial recognition. Loans and Receivables are assessed for impairment at each reporting date. Where impairment indicators exist, the recoverable amount of the loan will be determined and compared to its carrying amount

to determine whether any impairment losses exists. Impairment losses are recognised when the recoverable amount under the individual loan is less than the carrying amount of that loan.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**6. LOANS AND RECEIVABLES (Continued)**

**Material uncertainty regarding recoverability of Loans and Receivables**

For loans in default, an impairment indicator arises which requires the recoverable amount of that loan to be determined. The recoverable amount for each individual loan in default has been determined from independent valuations of the assets forming the security for the loans. The valuations are based on current market conditions and provide for appropriate exposure to the market and an orderly realisation of assets forming the security for the loans.

In determining the recoverable amounts, there are uncertainties involved in assessing the market values and the ability to realise those market values, particularly where the market is not active. Consequently, it is likely that there may be differences between the amounts at which the Loans and Receivables are recorded at in the financial statements for the period ended 30 June 2014, and the amounts that are actually realised. Such differences may be material. Accordingly, there is a material uncertainty regarding recoverability of Loans and Receivables.

**(a) Provisions for impairment**

The impairment loss expense relating to loans and receivables comprises:

	<b>30 June 2015</b>	<b>30 June 2014</b>
	\$	\$
Opening balance	299,158,892	315,583,261
Impairment losses provided for (recoveries) during the period	(26,633,748)	6,270,758
Impairment losses realised during the period	(156,301,071)	(22,695,127)
Closing balance	<u>116,224,073</u>	<u>299,158,892</u>
<b>Total provision for impairment</b>	<u>116,224,073</u>	<u>299,158,892</u>

The \$26,633,748 movement during the period to 30 June 2015 is largely derived from asset recoveries where these assets, principally the seven retirement villages, have achieved a higher recovery than anticipated in 30 June 2014.

**(b) Movement in default loans**

***Movement in default loans***

	<b>30 June 2015</b>	<b>30 June 2014</b>
	\$	\$
Gross default loans opening balance	359,219,509	415,460,732
New and increased default loans	7,224,842	11,368,481
Balances written off	(156,301,071)	(22,695,127)
Repaid	(50,585,291)	(44,914,578)
Gross default loans closing balance	<u>159,557,989</u>	<u>359,219,509</u>
Specific provision	(116,224,073)	(299,158,892)
<b>Net default loans</b>	<u>43,333,916</u>	<u>60,060,616</u>



## LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

### Notes to the financial statements for the year ended 30 June 2015

#### 7. PAYABLES

Payables are carried at cost and represent liabilities for goods and services provided to the Fund prior to the period end but have not yet been paid.

	30 June 2015	30 June 2014
	\$	\$
Accounts payable	7,429,179	7,726,716
	<u>7,429,179</u>	<u>7,726,716</u>

#### 8. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowings relates to facilities with external providers. In July 2010, the RE entered into a new facility with an external financier, Deutsche Bank. Deutsche Bank holds a fixed and floating charge over the assets of the Fund.

As Indicated in Note 1, McGrathNicol were appointed as Receivers and Managers of the Fund by Deutsche Bank as a result of a default of the finance facility by the Fund for this secured loan.

There has been a progressive sell down of the assets of the Fund which has enabled \$14.1M of the loan to be repaid during the 2013 financial year and \$21.5M between July and December 2013. The facility was repaid in full in January 2014.

As mentioned in the Court Appointed Receiver's reports to investors, whilst the secured creditor has been repaid in full, the Receivers and Managers appointed by the secured creditor have advised that they are not yet in a position to retire until the potential claim by KordaMentha as the new trustee of the LM Managed Performance Fund is resolved.

KordaMentha, acting as trustee of the MPF has put the Court Appointed Receiver and the Receivers and Managers appointed by the secured creditor 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.

#### 9. RELATED PARTIES

##### Responsible Entity ('RE')

The RE for the Fund is LM Investment Management Ltd (in Liquidation) ('LMIM'). The transactions recorded relate to fees and expenses incurred in accordance with the Constitution.

Administration and funds management services were provided to the Scheme on behalf of the RE by LM Administration Pty Ltd (in Liquidation) ('LMA'), an associate of the RE, until 23 December 2014 when the staff and directors were terminated and the LMA offices closed. LMA were paid a management fee directly from the Scheme.

##### Custodian

The Custodian of the Fund is The Trust Company (PTAL) Ltd.

##### Balance with related parties (Payable)

The Transaction with O'Sullivan Capital Management Ltd is in respect of marketing services provided in New Zealand by the former director John O'Sullivan.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

Notes to the financial statements for the year ended 30 June 2015

	30 June 2015	30 June 2014
	\$	\$
<i>RE remuneration received or due &amp; receivable</i>		
Management fees for the year or half-year paid or payable directly to LM Administration	-	606,195
Custodian's fees paid by the Scheme	27,624	76,692
<i>Balance with related parties (payable)</i>		
O'Sullivan Capital Management Ltd	-	160,071
<i>FTI Consulting</i>		
LMIM's legal fees (FTI)	99,144	29,761
LMIM's Administrators and Liquidators fees and outlays (FTI) *	652,611	1,389,692

\* Denotes expenses which are subject to approval by the court

**10. RECEIVABLES**

Prior to 1 January 2014, receivables consisted of the interest on the loans for the period from the 18<sup>th</sup> of the month, when the interest is run until the end of the month and GST which is due at 30 June 2013 and 31 December 2013. From 1 January 2014, interest was suspended and not brought to account as it is considered that the amounts are not ultimately recoverable from the sale proceeds of the property.

	30 June 2015	30 June 2014
	\$	\$
Mortgage interest receivable	-	43,238
Penalty interest receivable	-	198
Total interest receivable	-	43,436
Provision for interest impairment	-	(43,436)
GST receivable	782,658	664,646
	<u>782,658</u>	<u>664,646</u>

**11. CASH AND CASH EQUIVALENTS**

**(a) Reconciliation of cash and cash equivalents**

For the purposes of the Statement of Financial Position, the cash and cash equivalents comprise of cash at bank and in hand. The cash at bank earns interest at floating rates based on the daily bank deposit rates. The cash at bank figure includes monies held in foreign exchange margin accounts and not available for use.

	30 June 2015	30 June 2014
	\$	\$
Cash at bank	<u>41,863,342</u>	<u>7,741,190</u>

## LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

### Notes to the financial statements for the year ended 30 June 2015

#### 11. CASH AND CASH EQUIVALENTS (Continued)

As at 30 June 2015, \$238,081 (2014: \$391,964) of cash at bank was held in foreign exchange margin accounts and was not available for use by the Scheme.

#### (b) Reconciliation of change in net assets attributable to unitholders to net cash flows from operating activities

	30 June 2015	30 June 2014
	\$	\$
Change in net assets attributable to unitholders	17,547,317	(18,350,449)
<i>Adjustments for:</i>		
Non-cash impairment expense	(26,633,748)	6,314,194
Distribution to unitholders		348
(Gains)/loss on foreign exchange contracts	34,721	(180,249)
(Gains)/loss on investor funds/foreign exchange adjustments	263,794	737,962
(increase)/decrease in other receivables	(118,012)	(482,139)
Increase/(decrease) in payables	(332,259)	2,448,423
<b>Net cash flows from/(used in) operating activities</b>	<b>(9,238,187)</b>	<b>(9,511,910)</b>

#### 12. INTEREST REVENUE

Interest revenue relates to interest received on funds held in the bank accounts and interest charged on the loans.

Interest on loans is suspended and not brought to account when it is considered that the amounts are not ultimately recoverable from the sale proceeds of the property.

#### 13. CONTINGENT LIABILITIES

##### Advisor Commissions

The Fund has historically recognised a liability for advisor commissions paid to advisors from the Fund. The agreements providing for these advisor commissions appear to have been entered into between the Responsible Entity in its own legal capacity rather than as trustee and Responsible Entity for the Fund. It also appears that conditions existed in the period from 1 July 2010 such that advisor commissions may not have been payable in accordance with the Fund Constitution from Fund property. The liability for advisor commissions as at 30 June 2012 of \$4,762,674 has therefore been derecognised as a liability of the Fund during the year ended 30 June 2013.

Accordingly, the Fund has disclosed a contingent liability of \$4,762,674 as at 30 June 2013 to the Responsible Entity for this amount.

The contingent liability relates to advisor commissions to brokers of the Fund that were referable to the period 1 July 2010 to 30 November 2013. The Responsible Entity has sought to disclaim the advisor commission arrangements.

Given this matter has not been resolved, we believe it is prudent to provide this note as a contingent liability.

**LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

**Notes to the financial statements for the year ended 30 June 2015**

**13. CONTINGENT LIABILITIES (Continued)**

**Claim by KordaMentha as Trustee of the LM Performance Fund**

In August 2014, KordaMentha filed (but did not serve) two proceedings against LM Investment Management Ltd (In Liquidation) (Receivers and Managers Appointed) (LMIM) which included constructive trust claims against the Fund relating to two loans that were allegedly assigned from the FMIF to the MPF on 28 August 2008 in the sums of \$9.7M and \$19.5M respectively.

Amended statements of claim were filed and served on LMIM on 14 October 2015, including the constructive trust claims against the Fund, and seeking additional proprietary relief against assets of the FMIF as set out below:

- Declarations to the effect that LMIM is entitled to be indemnified out of the Fund's assets in respect of any liability of LMIM to the Trustee in the proceedings and that the Trustee is entitled to be subrogated to the rights of LMIM; and
- An equitable charge or lien over the assets of the FMIF to secure any liability of LMIM to the Trustee in the proceedings.

The claims will be vigorously defended. The ultimate outcome of defending this claim and timing of that outcome are uncertain.

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McGrathNicol

22 September 2014

McGrathNicol  
Partnership  
ABN 41 945 982 761  
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LM Investment Management Limited (Receivers and Managers Appointed)  
(In Liquidation)  
Ginette Muller  
John Park  
Joint and Several Liquidators

By email: [ginette.muller@fticonsulting.com](mailto:ginette.muller@fticonsulting.com)  
[john.park@fticonsulting.com](mailto:john.park@fticonsulting.com)

Dear Sir / Madam

By Email

**LM Investment Management Limited (In Liquidation) (Receivers and Managers Appointed) as responsible entity for the LM First Mortgage Income Fund  
ACN 077 208 461 ("FMIF")  
RE: FMIF reimbursement of payments made on behalf of other funds**

I refer to my appointment as Joint and Several Receiver and Manager of FMIF and to your appointment as Liquidators of LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) ("LMIM").

As you are aware, LMA requires funding to ensure all operating costs, including LMA employees and contracts with suppliers are paid to continue the operations of LMIM as the responsible entity of the funds within the LMIM Group.

At present, FMIF currently funds all of the costs on behalf of the other funds. This was agreed with David Clout as Liquidator of LMA to prevent any adverse impact to operations. Given the above, FMIF requires the reimbursement for expenses incurred on behalf of other funds.

**Analysis**

Given various payments are often for the benefit of multiple funds (for example employee costs, building and utility payments) it is prudent to split these on a "user pays" basis.

We have based our analysis on employee timesheets split by each fund for the period October 2013 to June 2014. These timesheets have been prepared by the employees of LMA and are maintained by the Liquidator of LMA. This is an accurate reflection of how LMA expenses should be proportionately attributed to each of the funds for the period October 2013 to June 2014.

Attached and marked Annexures "A to I" represents the time charged by employee as a percentage multiplied against the LMA funding provided for that month. The material to support the monthly LMA funding is also attached as Annexures "A to I".

With respect to the months where no timesheets have been recorded (26 July 2013 and 31 September), we have applied the average of the months available and applied those to the LMA costs incurred during that period. Also included in the summary is the LMA service fee, which represents 10% of the funds incurred in

A8-140922-LMINMAN01-FMIF reimbursement LMIM - MH

In association  
with



Liability limited by a scheme  
approved under Professional  
Standards Legislation

Advisory  
Forensic  
Transactions  
Restructuring  
Insolvency





any given month as a result of LMA maintaining operations and answering your queries as required. This summary is attached and marked Annexure J.

The attached analysis reflects the amount of employees' time being utilised in other funds by various practitioners.

### Conclusion

For the period 26 July 2013 to 30 June 2014, LMA incurred \$3.7m in expenses (refer to attached monthly breakdown). Based on the above figure, we have calculated the amount of costs FMIF is reasonably entitled to be reimbursed for. This is set out below per fund and per practitioner firm:

Summary of LMA reimbursement for the period 26 July 2013 to 30 June 2014														
Month	FMIF			CPAIF		CPF	AIFCP		ASPF	MPF	W/Sale	LMIM		Total
	McN	BDO	FTI	FTI	FTI	FTI	FTI	FTI	KM	Trilogy	FTI	LMA		
July 2013 to Sept 2013	464,738	341,814	13,301	36,210	5,904	5,684	74,080	27,781	6,009	715	2,955	27,986	1,007,177	
Oct-13	141,954	109,592	5,349	7,966	3,374	2,483	55,000	15,576	8,605	397	-	20,787	371,083	
Nov-13	114,558	93,167	9,217	23,274	1,985	3,687	30,502	12,092	4,085	621	-	-	293,188	
Dec-13	158,699	129,656	2,700	13,702	1,803	1,226	43,287	5,859	945	-	-	-	357,878	
Jan-14	134,505	97,229	3,655	15,111	999	2,686	30,077	7,467	631	269	-	-	292,628	
Feb-14	108,163	94,049	3,623	16,942	1,773	1,237	23,601	8,468	491	763	7,607	5,778	272,495	
Mar-14	107,471	134,525	2,571	9,503	402	1,840	23,570	12,259	1,417	148	-	-	293,705	
Apr-14	157,736	108,216	2,327	10,578	2,753	472	9,014	11,514	148	-	66	8,123	310,946	
May-14	120,490	69,027	1,243	4,505	2,855	780	7,705	4,303	1,886	-	353	8,196	221,342	
Jun-14	146,138	89,218	2,551	3,270	301	708	8,585	2,949	699	-	98	20,012	274,529	
<b>Total</b>	<b>1,654,452</b>	<b>1,266,494</b>	<b>46,537</b>	<b>141,060</b>	<b>22,147</b>	<b>20,803</b>	<b>305,419</b>	<b>108,269</b>	<b>24,916</b>	<b>2,911</b>	<b>11,079</b>	<b>90,882</b>	<b>3,694,971</b>	

Accordingly, please find attached invoices for the funds and amounts as detailed in the above table.

Should you fail to pay the attached within 14 days, we will instruct LMA to cease access to all employees until such time as FMIF is reimbursed.

Should you have any queries regarding the above, please contact Ian Niccol on (02) 9248 9905.

Yours faithfully

*LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) as responsible entity for the LM First Mortgage Income Fund*

Joseph Hayes  
*Joint and Several Receiver and Manager*

Enclosure(s):  
6 x invoices made out to the respective fund  
Annexures A to J



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: CPAIF01

Invoice to: LM Currency Protected Australian Income Fund  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$141,060.00 (excl. GST)

GST: \$14,106.00

**Total: \$155,166.00**

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)  
BSB: 484 799  
Acct: 45108 1276

Payment terms are 14 days from the date of this invoice.



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: ICPAIF01

Invoice to: LM Institutional Currency Protected Australian Income Fund  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$22,147.00 (excl. GST)

GST: \$2,214.70

Total: \$24,361.70

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)  
BSB: 484 799  
Acct: 45108 1276

Payment terms are 14 days from the date of this invoice.



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: CPF01

Invoice to: LM Cash Performance Fund  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$20,803.00 (excl. GST)

GST: \$2,080.30

Total: \$22,883.30

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

BSB: 484 799

Acct: 45108 1276

Payment terms are 14 days from the date of this invoice.



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: AIFCP01

Invoice to: LM Australian Income Fund  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$305,419.00 (excl. GST)

GST: \$30,541.90

**Total: \$335,960.90**

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)  
BSB: 484 799  
Acct: 45108 1276

**Payment terms are 14 days from the date of this invoice.**



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: ASPF01

Invoice to: LM Australian Structured Products Fund  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$108,269.00 (excl. GST)

GST: \$10,826.90

Total: **\$119,095.90**

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)  
BSB: 484 799  
Acct: 45108 1276

Payment terms are 14 days from the date of this invoice.



McGrathNicol

## TAX INVOICE

LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)

ABN 66 482 247 488

Date: 22 September 2014

Invoice Number: LMIM01

Invoice to: LMIM Limited (Receivers and Managers Appointed) (In Liquidation)  
Att: John Park and Ginette Muller  
By email: john.park@fticonsulting.com

Description: FMIF reimbursement for costs incurred to run the fund

Price: \$11,079.00 (excl. GST)

GST: \$1,107.90

**Total: \$12,186.90**

Please remit amount owing to the account details below:

Name: LMIM in its capacity as RE for the FMIF (Receivers and Managers Appointed) (In Liquidation)  
BSB: 484 799  
Acct: 45108 1276

**Payment terms are 14 days from the date of this invoice.**



McGrathNicol

Annexure A - I



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**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 26 July 2013 to 31 July 2013

<b>Description</b>	<b>Amount (\$)</b>
PAYG Control (Trading): PAYG Withheld	(13,276.00)
Subcontractors	(5,187.99)
Wages & Salaries	(47,418.28)
Bank Charges	<u>(0.60)</u>
	<u><b>(65,882.87)</b></u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 August 2013 to 31 August 2013

<b>Description</b>	<b>Amount (\$)</b>
Hire & Leasing	(22,443.87)
PAYG Control (Trading): PAYG Withheld	(50,697.00)
Printing & Stationery	(999.00)
Record Storage	(1,525.28)
Rent & Rates	(16,276.61)
Repairs & Maintenance	(84.65)
Stamp Duty	(18.58)
Subcontractors	(34,570.71)
Superannuation Control (Trading)	(4,374.36)
Utilities	(6,783.43)
Wages & Salaries	(183,392.20)
Bank Charges	(14.87)
Donation- Baby Hudson	(70.00)
Insurance	(371.52)
	<u>(321,622.08)</u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 September 2013 to 30 September 2013

<b>Description</b>	<b>Amount (\$)</b>
Freight	(65.22)
Hire & Leasing	(14,334.25)
PAYG Control (Trading): PAYG Withheld	(44,060.00)
Payroll Tax	(9,548.93)
Printing & Stationery	(3,533.42)
Record Storage	(1,556.73)
Rent & Rates	(14,610.75)
Subcontractors	(19,714.36)
Superannuation Control (Trading)	(17,102.60)
Utilities	(3,056.31)
Wages & Salaries	(156,118.81)
Bank Charges	(7.80)
Donation- Baby Hudson	(56.00)
	<u>(283,765.18)</u>

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**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 October 2013 to 31 October 2013

<b>Description</b>	<b>Amount (\$)</b>
Freight	(133.72)
Hire & Leasing	(20,202.97)
Motor Vehicle Expenses	(390.95)
PAYG Control (Trading): PAYG Withheld	(61,084.00)
Payroll Tax	(4,678.94)
Printing & Stationery	(1,257.40)
Record Storage	(1,881.63)
Rent & Rates	(14,610.75)
Repairs & Maintenance	(5,617.32)
Stamp Duty	(156.76)
Subcontractors	(23,864.75)
Sundry Expenses	(1,303.03)
Superannuation Control (Trading)	(14,350.64)
Utilities	(8,354.52)
Wages & Salaries	(210,195.49)
Bank Charges	(14.65)
Donation- Baby Hudson	(70.00)
Insurance	(2,915.00)
	<u>(371,082.52)</u>

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**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 November 2013 to 30 November 2013

<b>Description</b>	<b>Amount (\$)</b>
Bank Charges	(8.60)
Freight	(165.00)
Hire & Leasing	(18,297.77)
PAYG Control (Trading): PAYG Withheld	(43,241.00)
Payroll Tax	(8,141.88)
Printing & Stationery	(2,340.62)
Record Storage	(1,525.28)
Rent & Rates	(14,610.75)
Repairs & Maintenance	(332.98)
Subcontractors	(20,751.96)
Sundry Expenses	(5,091.46)
Superannuation Control (Trading)	(18,596.52)
Utilities	(4,073.01)
Wages & Salaries	(152,744.94)
Donation- Baby Hudson	(52.00)
Insurance	(3,214.70)
	<u>(293,188.47)</u>

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**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 December 2013 to 31 December 2013

<b>Description</b>	<b>Amount (\$)</b>
Freight	(81.97)
Hire & Leasing	(20,230.77)
PAYG Control (Trading): PAYG Withheld	(57,492.00)
Payroll Tax	(4,456.12)
Printing & Stationery	(1,393.80)
Record Storage	(1,888.50)
Rent & Rates	(29,221.50)
Repairs & Maintenance	(651.00)
Subcontractors	(17,120.36)
Sundry Expenses	(97.04)
Superannuation Control (Trading)	(13,971.31)
Utilities	(9,599.22)
Wages & Salaries	(200,250.10)
Bank Charges	(58.95)
Donation- Baby Hudson	(70.00)
Insurance	(1,294.92)
	<u>(357,877.56)</u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 January 2014 to 31 January 2014

<b>Description</b>	<b>Amount (\$)</b>
Freight	(616.81)
Hire & Leasing	(20,230.36)
PAYG Control (Trading): PAYG Withheld	(45,061.70)
Payroll Tax	(7,508.56)
Printing & Stationery	(3,324.03)
Record Storage	(1,523.27)
Rent & Rates	(14,610.75)
Stamp Duty	(56.93)
Subcontractors	(12,451.17)
Sundry Expenses	(1,193.88)
Superannuation Control (Trading)	(17,876.01)
Utilities	(6,600.33)
Wages & Salaries	(160,783.57)
Donation- Baby Hudson	(54.00)
Insurance	(737.00)
	<u>(292,628.37)</u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 February 2014 to 28 February 2014

<b>Description</b>	<b>Amount (\$)</b>
Bank Charges	-9.55
Utilities	-3,058.98
Hire & Leasing	-12,694.06
Rent & Rates	-16,387.14
Stationery & Printing	-1,562.15
Sundry Expenses	-2,409.41
Transport / Courier	-213.69
Wages & Salaries	-157,545.16
Subcontractors	-13,488.77
Payroll Tax	-4,657.24
Record Storage	-1,615.92
Superannuation Control (Trading)	-14,115.76
Donation- Baby Hudson	-48.00
PAYG Withheld	-44,689.00
	<u><b>-272,494.83</b></u>
<b>10% Service Fee</b>	<b>27,249.48</b>
Plus GST	2,724.95
<b>Invoice Total</b>	<u><b>29,974.43</b></u>



**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 March 2014 to 31 March 2014

<b>Description</b>	<b>Amount (\$)</b>
Hire & Leasing	-22,209.97
PAYG	-40,882.00
Payroll Tax	-8,628.78
Record Storage	-1,777.93
Rent & Rates	-14,610.75
Repairs & Maintenance	-6,179.57
Stationery & Printing	-1,955.36
Subcontractors	-20,751.96
Sundry Expenses	-1,017.64
Superannuation	-27,544.00
Transport / Courier	-55.01
Utilities	-4,593.24
Wages & Salaries	-143,498.57
	<u><b>-293,704.78</b></u>
<b>10% Service Fee</b>	<b>29,370.48</b>
Plus GST	<u>2,937.05</u>
<b>Invoice Total</b>	<u><b>32,307.53</b></u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 April 2014 to 30 April 2014

Description	Amount (\$)
Hire & Leasing	-10,885.93
Hire of Equipment	-615.50
Insurance	-19,093.89
PAYG	-50,149.00
Professional Fees	-9,660.75
Record Storage	-3,070.90
Rent & Rates	-13,208.40
Repairs & Maintenance	-155.00
Stationery & Printing	-1,919.11
Subcontractors	-20,751.95
Sundry Expenses	-807.71
Telephone & Fax	-2,132.17
Transport / Courier	-196.60
Utilities	-1,914.09
Wages & Salaries	-176,385.24
	<u>-310,946.24</u>
10% Service Fee	31,094.62
Plus GST	3,109.46
Invoice Total	<u>34,204.09</u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 May 2014 to 31 May 2014

<b>Description</b>	<b>Amount (\$)</b>
Bank Charges	-7.75
Gas	-423.59
Hire & Leasing	-12,078.56
PAYG Withheld	-35,282.00
Payroll Tax	-5,947.19
Record Storage	-177.84
Rent Paid (Commercial)	-402.35
Repairs & Maintenance	-55.00
Stationery & Printing	-1,307.37
Subcontractors	-20,233.12
Sundry Expenses	-2,499.91
Superannuation	-15,443.48
Transport / Courier	-110.00
Utilities	-1,008.27
Wages & Salaries	-126,365.97
	<u><b>-221,342.40</b></u>
<b>10% Service Fee</b>	22,134.24
Plus GST	<u>2,213.42</u>
<b>Invoice Total</b>	<u><b>24,347.66</b></u>

**LM ADMINISTRATION PTY LTD (IN LIQUIDATION) (CONTROLLERS APPOINTED)**

Operational costs paid 1 June 2014 to 30 June 2014

<b>Description</b>	<b>Amount (\$)</b>
Bank Charges	-11.00
Hire & Leasing	-18,694.82
Insurance	-43,600.00
PAYG Withheld	-30,660.30
Payroll Tax	-2,747.88
Rent Paid (Commercial)	-17,467.36
Repairs & Maintenance	-8,936.00
Stamp Duty	-3,325.00
Stationery & Printing	-446.49
Subcontractors	-18,676.76
Sundry Expenses	-1,745.05
Superannuation	-11,580.18
Transport / Courier	-226.44
Utilities	-5,913.74
Wages & Salaries	-110,497.84
	<u><b>-\$274,528.86</b></u>
<b>10% Service Fee</b>	27,452.89
Plus GST	2,745.29
<b>Invoice Total</b>	<u><u><b>30,198.17</b></u></u>

## Michael Halfhide

---

**From:** Kate Lucas <kucas@cloutsinsolvency.com.au>  
**Sent:** Tuesday, 2 September 2014 11:39 AM  
**To:** Michael Halfhide  
**Cc:** John Kennedy; Ian Niccol; Hannah Griffin  
**Subject:** RE: LMA 10% service fee

Hi Michael

The total service fee for the period 26 July 2013 to 30 June 2014 was \$335,906.41 (exc. GST). I note the June 2014 fee of \$27,452.88 (exc. GST) was paid in July 2014. Accordingly \$308,453.53 was paid during the 2014 financial year.

Should you require further information, please let me know.

Kind Regards

Kate Lucas || David Clout & Associates  
105A Bowen Street Spring Hill || GPO Box 7870 Brisbane QLD 4001  
P 07 3039 1516 || F 07 3041 0440

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**From:** Michael Halfhide [<mailto:mhalfhide@mcgrathnicol.com>]  
**Sent:** Tuesday, 2 September 2014 11:25 AM  
**To:** Kate Lucas  
**Cc:** John Kennedy; Ian Niccol; Hannah Griffin  
**Subject:** LMA 10% service fee

Hi Kate

Would you kindly please provide me with the total service fee (excl. GST) paid to LMA from **26 July 2014 to 30 June 2014**?

Thank you in advance.

Kind regards,

Michael

**Michael Halfhide**

Assistant Manager



Level 31, 60 Margaret Street, Sydney NSW 2000 Australia

T +61 2 9248 9957

McGrathNicol [mhalfhide@mcgrathnicol.com](mailto:mhalfhide@mcgrathnicol.com)

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LMA Consolidated Monthly Costings for October 2013

Employee	Timesheet	Hourly Rate	On costs	Changeable Rate	FMIF - MN	FMIF - BDO	FMIF - FTI	CPAIF - FTI	ICPAIF - FTI	CPF - FTI	AFCP - FTI	ASPF - FTI	MPF - KM	W/SALE - Trilogly	LMM (FM)	LMA	Totals
Ant	Y	77	24	69	11,656	197	493	-	-	-	1,301	-	-	-	-	-	13,646
Shelley	Y	65	24	69	11,100	49	172	-	-	-	1,551	-	-	-	-	-	12,873
Sean	Y	53	24	74	-	10,441	-	-	-	-	1,618	-	-	-	-	-	12,059
Fiona	Y	57	24	74	3,074	7	728	-	-	-	625	-	44	-	-	-	4,478
Zoran	Y	34	24	59	688	6,936	600	-	-	-	117	-	-	-	-	-	8,340
Cameron	Y	74	24	84	11,640	125	33	-	-	-	21	-	-	-	-	-	11,819
Mathew	Y	102	24	89	6,219	1,416	-	-	-	-	3,475	-	-	-	-	-	11,110
Trevor	Y	130	24	64	11,070	246	-	-	-	-	3,872	-	-	-	-	-	15,188
Tony	Y	115	24	69	2,390	6,418	-	-	-	-	664	-	-	-	-	-	9,473
Simon	Y	126	24	124	10,500	3,088	93	-	-	-	3,274	-	896	-	-	-	18,066
Jenna	Y	34	24	64	1,372	27	394	-	-	-	2,598	-	-	-	-	-	6,351
Maribel	Y	52	24	69	-	-	-	-	-	-	-	-	-	-	-	10,279	10,279
Lucy	Y	85	24	74	74	74	132	-	-	-	1,199	-	-	-	-	-	2,886
Steve	Y	93	24	64	294	2,132	-	-	-	-	632	-	643	-	-	-	9,176
Leanne	Y	43	24	59	44	3,014	-	-	-	-	3,526	-	88	-	-	-	8,326
Sharon	Y	65	24	79	79	5,878	-	-	-	-	330	-	35	-	-	-	7,205
Shauna	Y	57	24	79	-	8,666	-	-	-	-	173	-	79	-	-	-	11,253
Dave	N	51	24	64	-	5,479	-	-	-	-	-	-	-	-	-	-	5,479
Ben	Y	94	24	124	-	-	-	-	-	-	-	-	-	-	-	-	5,497
<b>Total</b>					<b>70,199</b>	<b>54,195</b>	<b>2,645</b>	<b>3,939</b>	<b>1,668</b>	<b>1,228</b>	<b>27,188</b>	<b>7,703</b>	<b>4,235</b>	<b>196</b>	<b>10,279</b>	<b>183,507</b>	
<b>Percentage</b>					<b>28%</b>	<b>30%</b>	<b>1%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>15%</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>	<b>6%</b>	<b>100%</b>	
<b>LMA charge</b>					<b>141,954</b>	<b>109,592</b>	<b>5,349</b>	<b>7,966</b>	<b>3,374</b>	<b>2,483</b>	<b>55,000</b>	<b>15,576</b>	<b>8,605</b>	<b>397</b>	<b>20,787</b>	<b>371,083</b>	

Source: RMA consolidated monthly costing information.

Note: LMA includes monthly charges for Dave & Ben for all services of the November 2013 and December 2013, charged only to the BDO.

Check!

LMA Consolidated Monthly Costings for November 2013

Employee	Timesheet	Hourly Rate	On cost	Chargeable Rate	FMIF - MN	FMIF - BDO	FMIF - FTI	CPAIF - FTI	ICPAIF - FTI	CPE - FTI	ARCP - FTI	ASPF - FTI	MPF - KM	W/SALE - Trilogy	LMIM (FTI)	LMA Totals
Ann	Y	77	24	24	13,696	443	355	-	-	-	305	-	-	-	-	14,799
Shelley	Y	65	24	24	10,700	-	-	-	-	-	3,892	-	-	-	-	14,592
Sean	N	53	24	24	4,384	8,429	-	-	-	-	956	-	-	-	-	13,769
Fiona	Y	57	24	24	2,868	199	610	-	-	-	713	-	-	-	-	4,390
Zoran	Y	34	24	24	919	7,524	337	-	-	-	-	-	-	-	-	8,779
Carveron	Y	74	24	24	12,283	21	-	-	-	-	188	-	-	-	-	12,529
Matthew	Y	102	24	24	-	-	-	-	-	-	1,948	-	-	-	-	1,948
Trevor	Y	130	24	24	13,001	942	1,724	-	-	-	-	-	-	-	-	15,267
Tony	Y	115	24	24	8,012	2,213	1,903	-	-	-	1,549	-	-	-	-	13,678
Simon	N	126	24	24	5,466	10,586	-	-	-	-	463	-	-	-	-	20,284
Frene	Y	34	24	24	64	5,162	222	-	-	-	2128	143	-	-	-	8,688
Maribel	Y	52	24	24	-	5,568	-	-	-	-	34	-	-	-	-	8,206
Lucy	Y	85	24	24	-	221	74	-	-	-	809	-	-	-	-	1,412
Siove	Y	93	24	24	423	1,489	221	-	-	-	257	-	-	-	-	9,710
Leanne	Y	43	24	24	-	3,175	-	-	-	-	1,721	2,390	-	-	-	9,022
Sharon	Y	65	24	24	-	5,654	177	-	-	-	1,624	15	-	-	-	9,022
Shauna	Y	57	24	24	-	3,183	185	-	-	-	314	-	-	-	-	7,971
Dave	Y	51	24	24	-	4,288	-	-	-	-	1,677	1,520	-	-	-	11,923
Ben	Y	94	24	24	247	-	-	-	-	-	1,359	62	-	-	-	4,288
Total					72,174	58,697	5,807	14,663	1,251	2,323	19,217	7,618	2,574	391	-	184,714
Percentage					39%	32%	3%	8%	1%	1%	10%	4%	1%	0%	0%	100%
LMA Charge					114,558	93,167	9,217	23,274	1,985	3,687	30,502	12,092	4,085	621	-	293,188

Source: LMA consolidated monthly costing spreadsheet

Notes: 1. The respective costs for each of the above are an average of charges cost rates for the period October 2013 to July 2014

CHNCL



LMA Consolidated Monthly Coding for December 2013

Employee	TimeSheet	Hourly Rate	On Costs	Chargeable Rate	FMI - MN	FMI - BDO	FMI - FTI	CPALF - FTI	ICPALF - FTI	CPF - FTI	AFCP - FTI	ASPF - FTI	MPF - KM	W/SALE	Thlogy	LMM (FTD)	LMA Totals
Aon	Y	77	24	99	9666	59	-	-	-	-	-	-	-	-	-	-	9,735
Shelley	Y	65	24	79	6,769	-	-	-	-	-	-	1,798	-	-	-	-	10,567
Sean	N	53	24	74	4,384	8,429	-	-	-	-	-	956	-	-	-	-	13,769
Fiona	Y	57	24	74	2,695	96	-	-	-	-	-	132	-	-	-	-	2,923
Zoran	Y	34	24	59	190	6,034	-	-	146	-	-	-	-	-	-	-	6,350
Canerton	Y	74	24	82	12,488	42	-	-	-	-	-	-	-	-	-	-	12,529
Mathew	Y	102	24	80	5,666	-	-	-	-	-	-	1,151	-	-	-	-	6,817
Tavor	N	130	24	109	13,552	943	246	152	-	-	-	1,230	-	-	-	-	18,123
Tony	Y	115	24	89	6,418	2,612	1,77	797	-	-	-	885	-	-	-	-	10,889
Simon	N	126	24	134	3,397	6,362	-	278	-	-	-	957	-	-	-	-	11,149
Irene	Y	34	24	64	159	3,170	222	140	67	384	1,139	-	-	-	-	-	5,464
Maribel	Y	52	24	49	69	4,078	-	274	-	-	-	-	-	-	-	-	4,420
Lucy	N	85	24	74	125	1,599	210	90	37	100	453	602	-	-	-	-	3,231
Steve	Y	93	24	74	18	1,526	-	754	147	55	3,377	1,415	-	-	-	-	7,243
Leanne	Y	43	24	59	-	4,170	59	936	512	-	3,102	-	-	-	-	-	8,779
Sharon	Y	65	24	79	314	3,946	275	10	-	-	79	-	-	-	-	-	4,663
Shauna	Y	57	24	76	-	7,401	-	2,490	31	1	1,492	216	-	-	-	-	11,809
Dave	Y	51	24	60	-	6,671	-	-	-	-	-	-	-	-	-	-	6,671
Ben	Y	54	24	174	-	-	-	-	-	-	2,347	185	-	-	-	-	2,532
<b>Total</b>					<b>69,911</b>	<b>57,117</b>	<b>1,189</b>	<b>6,036</b>	<b>794</b>	<b>540</b>	<b>19,069</b>	<b>2,581</b>	<b>416</b>				<b>157,653</b>
<b>Percentage</b>					<b>47%</b>	<b>36%</b>	<b>1%</b>	<b>4%</b>	<b>1%</b>	<b>0%</b>	<b>12%</b>	<b>2%</b>	<b>0%</b>				<b>102%</b>
<b>LMA change</b>					<b>158,699</b>	<b>129,656</b>	<b>2,700</b>	<b>13,702</b>	<b>1,803</b>	<b>1,226</b>	<b>43,287</b>	<b>5,859</b>	<b>945</b>				<b>357,878</b>

Source: FMS3 - consolidated monthly coding spreadsheet

Note: A few monthly postings for Sean Farrow and Luke O'Brien are not included as percentages of charges are rates for the period October 2012 to April 2013

CHMP

LMA Consolidated Monthly Costing for January 2014

Employee	TimeSheet	Hourly Rate	On costs	Chargeable Rate	FMIF - MN	FMIF - BDO	FMIF - FTI	CPAF - FTI	ICPAF - FTI	CPF - FTI	ATCP - FTI	ASPF - FTI	MPP - KM	W/SALE - Trilogy	UMIM (FTI)	LMA	Totals
Aim	Y	77	24	24	96	9,508	4,897	79	-	-	-	99	-	-	-	-	14,582
Shelley	Y	65	24	24	96	9,769	1,332	838	-	-	-	1,095	-	-	-	49	13,883
Sean	Y	53	24	24	78	18,015	-	-	-	-	-	1,765	-	-	-	-	14,779
Tonia	Y	57	24	24	78	1,625	463	471	-	-	-	1,471	-	-	-	-	4,029
Zoran	N	34	24	24	59	585	7,697	73	-	-	-	44	29	-	-	-	8,779
Carleton	Y	74	24	24	84	12,504	25	-	-	-	-	-	-	351	-	-	12,529
Matthew	Y	102	24	24	81	8,348	-	-	-	-	-	1,660	-	-	-	-	10,203
Trevor	Y	130	24	24	68	11,405	1,158	-	-	-	-	1,552	-	-	-	-	14,114
Tony	Y	115	24	24	89	10,314	2,833	-	-	-	-	266	-	-	-	-	13,412
Simon	N	126	24	24	124	4,015	8,863	-	-	-	185	-	2,182	-	-	-	15,287
Irene	Y	34	24	24	64	32	6,591	-	-	349	32	294	1,128	191	-	-	8,576
Maribel	Y	52	24	24	69	-	891	411	2,981	240	274	631	-	-	-	-	5,448
Lucy	Y	85	24	24	78	551	3,511	74	-	-	-	37	37	-	-	-	4,246
Steve	Y	93	24	24	78	294	4,246	-	662	-	349	2,040	-	-	-	-	9,136
Leanne	Y	43	24	24	59	-	3,365	-	527	-	-	3,246	-	-	-	-	7,141
Shaon	Y	65	24	24	79	609	5,898	39	1,256	-	-	79	-	-	-	-	7,904
Shauna	Y	57	24	24	79	-	4,747	267	3,530	114	130	2,533	393	-	-	-	11,894
Sam	Y	94	24	24	131	62	3,459	-	-	-	618	-	124	-	-	-	4,262
<b>Total</b>						<b>82,831</b>	<b>59,876</b>	<b>2,251</b>	<b>9,305</b>	<b>615</b>	<b>1,654</b>	<b>18,522</b>	<b>4,598</b>	<b>389</b>	<b>165</b>	<b>-</b>	<b>180,206</b>
<b>Percentage</b>						<b>46%</b>	<b>33%</b>	<b>1%</b>	<b>5%</b>	<b>0%</b>	<b>1%</b>	<b>10%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>103%</b>
<b>LMA charge</b>						<b>134,505</b>	<b>97,229</b>	<b>3,655</b>	<b>15,111</b>	<b>999</b>	<b>2,686</b>	<b>30,077</b>	<b>7,467</b>	<b>631</b>	<b>269</b>	<b>-</b>	<b>292,628</b>

Source: LMA Consolidated Monthly Costing Schedule

Track

LMA Consolidated Monthly Costings for February 2014

Employee	Timesheet	Hourly Rate	On costs	Chargeable Rate	FMIF - MIN	FMIF - BDO	FMIF - FTI	CPAIF - FTI	ICPAIF - FTI	CPF - FTI	AHCP - FTI	ASPF - FTI	MPF - KM	W/SALE - Trilogy	LMIM (FTI)	LMA	Totals
Ann	Y	77	24	99	6,523	8,050	187	-	-	20	-	-	-	-	-	-	14,789
Shelley	Y	65	24	89	12,479	517	49	-	-	-	1,020	-	-	-	-	-	14,065
Sean	Y	53	24	74	-	8,750	-	-	-	-	3,309	-	-	-	-	-	12,059
Fiona	Y	57	24	74	4,757	228	1,154	-	-	-	360	-	-	-	-	-	6,500
Zoran	Y	34	24	59	1,580	6,994	117	88	-	-	-	-	-	-	-	-	8,779
Cameron	Y	74	24	84	12,433	96	-	-	-	-	-	-	-	-	-	-	12,529
Matthew	Y	102	24	89	10,513	66	-	-	-	-	575	-	-	-	-	-	11,155
Trevor	Y	130	24	99	9,158	4,089	-	-	-	-	1,794	-	-	-	-	-	15,001
Tony	Y	115	24	89	11,243	177	-	-	-	-	1,859	-	-	-	-	-	13,279
Simon	N	126	24	134	2,841	7,782	-	-	-	-	-	-	-	-	-	-	13,588
Jrene	N	34	24	64	357	5,208	167	196	113	223	1,368	2471	9	-	5,153	3,923	16,994
Maribel	Y	52	24	69	-	-	-	3,564	-	-	-	754	-	-	-	-	4,317
Lucy	Y	85	24	74	-	4,118	735	-	-	-	-	-	-	-	-	-	4,853
Steve	Y	93	24	74	1,544	3,493	-	1,507	-	515	1,482	1,858	202	-	-	-	10,551
Leanne	Y	43	24	59	-	3,453	-	2,488	117	-	2,605	117	-	-	-	-	8,779
Sharon	N	65	24	79	-	4,417	39	-	883	-	16	-	-	-	12	-	5,367
Shauna	Y	57	24	79	-	6,408	-	3,659	71	102	1,272	169	122	24	-	-	11,827
Ben	Y	94	24	128	-	-	-	-	-	-	432	124	-	-	-	-	556
<b>Total</b>					<b>73,429</b>	<b>63,847</b>	<b>2,460</b>	<b>11,502</b>	<b>1,204</b>	<b>840</b>	<b>16,022</b>	<b>5,749</b>	<b>333</b>	<b>518</b>	<b>5,164</b>	<b>3,923</b>	<b>184,990</b>
<b>Percentage</b>					<b>40%</b>	<b>35%</b>	<b>1%</b>	<b>6%</b>	<b>1%</b>	<b>0%</b>	<b>9%</b>	<b>3%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>2%</b>	<b>100%</b>
<b>LMA charge</b>					<b>108,163</b>	<b>94,049</b>	<b>3,623</b>	<b>16,942</b>	<b>1,773</b>	<b>1,237</b>	<b>23,601</b>	<b>8,468</b>	<b>491</b>	<b>763</b>	<b>7,607</b>	<b>5,778</b>	<b>272,495</b>

Source: LMAA consolidated monthly costing spreadsheet  
 Note: LMAA monthly costings for Ben are based on an average of charge out rates for the period October 2013 to Nov 2014

Check

EMA Compliance Monthly Costing for March 2018

Employee	Timsheet	Hourly Rate	On Cost	Chargeable Rate	FMI - MN	FMI - BDO	FMI - FTI	CPAF - FTI	ICPAF - FTI	CPF - FTI	AFCP - FTI	ASPF - FTI	MPF - RM	W/SALE - Trilogy	LMIM (TD)	LMA Totals
Ann	Y	77	24	89	2,040	12,523	197	-	-	-	-	30	-	-	-	14,789
Shelley	Y	65	24	89	9,572	3,488	49	-	-	-	-	1,010	-	-	-	14,129
Sean	Y	53	24	72	-	7,059	-	-	-	-	-	-	-	-	-	7,059
Elena	Y	57	24	74	3,654	1,331	713	-	-	-	-	581	-	-	-	6,279
Zoran	Y	34	24	59	1,332	7,272	176	-	-	-	-	-	-	-	-	8,779
Carveron	Y	74	24	84	12,529	-	-	-	-	-	-	-	-	-	-	12,529
Matthew	Y	102	24	89	9,915	-	-	-	-	-	-	1,793	-	-	-	11,708
Trevor	Y	130	24	99	13,031	567	-	-	-	-	-	1,429	-	-	-	15,026
Tony	Y	115	24	89	12,040	-	-	-	-	-	-	1,903	-	-	-	13,943
Simon	Y	126	24	124	4,231	12,260	-	93	-	-	-	2,532	-	-	-	19,518
Jane	Y	34	24	64	556	6,289	394	206	32	175	1,445	254	-	-	-	9,291
Lucy	Y	85	24	74	-	74	37	404	-	110	221	1,912	-	-	-	2,757
Steve	Y	93	24	74	735	4,563	37	386	110	754	1,011	2,668	-	-	37	11,048
Leanne	Y	43	24	59	-	3,497	-	819	102	102	2,337	1,931	-	-	-	8,779
Sharon	Y	65	24	79	-	4,084	-	236	-	-	-	-	-	-	-	4,319
Shauna	Y	57	24	79	-	6,824	-	3,765	16	51	-	620	-	-	153	11,819
Ben	Y	94	24	124	-	16,924	124	247	260	1,192	371	247	-	-	618	18,529
<b>Total</b>					<b>69,635</b>	<b>87,164</b>	<b>1,666</b>	<b>6,117</b>	<b>260</b>	<b>1,192</b>	<b>15,272</b>	<b>7,943</b>	<b>918</b>	<b>96</b>	<b>190,303</b>	
<b>Percentage</b>					<b>37%</b>	<b>46%</b>	<b>1%</b>	<b>3%</b>	<b>0%</b>	<b>7%</b>	<b>8%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>65%</b>
<b>LMA charge</b>					<b>107,471</b>	<b>134,525</b>	<b>2,571</b>	<b>9,503</b>	<b>402</b>	<b>1,840</b>	<b>23,570</b>	<b>12,259</b>	<b>1,417</b>	<b>148</b>	<b>293,705</b>	

Source: EMAS Compliance Monthly Costing Worksheet

Page 3

LMA Consolidated Monthly Costs for April 2014

Employee	Timesheet	Hourly Rate	On costs	Chargeable Rate	FMIF - MN	FMIF - BDO	FMIF - FTI	CPAIF - FTI	ICPAIF - FTI	CPF - FTI	AUFGP - FTI	ASPF - FTI	MPE - KM	W/SALE - Trilogy	LMIM (FTI)	LMA	Totals
Ann	Y	77	33	110	16,497	-	-	-	-	-	-	-	-	-	-	-	16,497
Shelley	Y	65	33	48	10,948	-	539	-	-	-	-	940	-	-	-	-	12,427
Sean	Y	53	33	86	-	14,594	-	-	-	-	-	-	-	-	-	-	14,594
Fiona	Y	57	33	90	4,105	252	486	-	-	-	-	99	-	-	-	-	4,943
Zoean	Y	34	33	67	2,455	5,819	50	-	-	-	-	-	-	-	-	-	8,324
Cameron	Y	74	33	108	16,074	54	-	-	-	-	-	-	-	-	-	-	16,128
Matthew	Y	102	33	135	15,918	-	-	-	-	-	-	1,355	-	-	-	-	17,272
Trevor	Y	130	33	163	25,181	-	-	-	1,061	-	-	-	-	-	-	-	26,242
Tony	Y	115	33	148	20,689	74	-	-	1,483	-	-	-	-	-	-	-	22,246
Simon	N	126	33	159	4,134	13,872	437	-	-	-	-	-	-	-	-	-	20,390
Irene	Y	34	33	67	168	8,459	-	-	67	-	34	690	-	-	-	-	9,485
Lucy	N	85	33	118	125	3,599	210	-	90	100	453	602	15	-	-	-	3,231
Steve	Y	93	33	126	126	8,764	-	-	1,198	-	-	820	63	-	-	-	2,806
Leanne	Y	43	33	76	190	7,293	-	-	988	-	-	1,671	546	-	-	-	11,395
Sharon	Y	65	33	98	247	8,948	-	-	2,081	-	-	294	-	-	-	-	3,207
Shauna	Y	57	33	90	-	10,475	-	-	2,345	-	-	351	32	-	-	-	14,626
<b>Total</b>					<b>116,758</b>	<b>80,102</b>	<b>1,723</b>	<b>7,830</b>	<b>2,038</b>	<b>350</b>	<b>6,672</b>	<b>8,523</b>	<b>109</b>	<b>32</b>	<b>49</b>	<b>6,013</b>	<b>230,166</b>
<b>Percentage</b>					<b>51%</b>	<b>35%</b>	<b>1%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>3%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>100%</b>
<b>LMA change</b>					<b>157,736</b>	<b>108,216</b>	<b>2,327</b>	<b>10,578</b>	<b>2,753</b>	<b>472</b>	<b>9,014</b>	<b>11,514</b>	<b>148</b>	<b>-</b>	<b>65</b>	<b>8,123</b>	<b>310,946</b>

Source: Risk consolidated monthly costing schedule  
 Note: All monthly averages for time is based on an average of change per value for the period October 2012 to Feb 2014

Q14/14

LMA Consolidated Monthly Costing for May 2013

Employee	Timesheet	Hourly Rate	On costs	Chargeable Rate	FMIF - MN	FMIF - BDO	FMIF - FTI	CPAUF - FTI	ICPAUF - FTI	CPF - FTI	ARCP - FTI	ASPF - FTI	M/PF - KM	W/SALE - Trilogy	LMIM (FTI)	LMA	Totals
Ann	Y	77	33	110	15,376	429	-	-	-	-	703	-	-	-	-	-	16,508
Shelley	Y	65	33	98	7,026	122	171	-	-	-	343	-	-	-	-	-	7,663
Sean	N	53	33	90	4,384	8,429	-	-	-	-	956	-	-	-	-	-	13,769
Flora	Y	57	33	90	5,393	279	684	-	-	-	414	-	1,179	-	-	-	7,950
Zoran	N	34	33	47	3,363	6,592	50	-	84	-	-	-	-	-	-	-	10,090
Cameron	Y	74	33	100	16,128	-	-	-	-	-	-	-	-	-	-	-	16,128
Matthew	Y	102	33	135	19,711	-	-	-	-	-	610	-	-	-	-	-	20,320
Treor	N	130	33	168	24,283	408	-	-	-	-	-	-	-	-	-	-	24,691
Tony	Y	115	33	148	19,775	722	-	-	2,398	-	-	-	-	-	-	-	22,395
Simon	N	126	33	159	7,809	10,548	165	-	-	-	1,908	470	179	-	-	-	21,138
Irene	N	34	33	47	67	7,870	-	-	-	-	454	1,059	-	-	-	-	9,451
Lucy	N	85	33	118	125	1,599	210	-	90	100	453	602	15	-	-	-	3,231
Steve	Y	93	33	125	-	8,480	-	-	-	441	504	1,639	441	-	315	3,594	15,416
Leanne	Y	43	33	78	570	9,040	-	-	475	133	684	266	-	-	-	-	11,395
Sharon	Y	65	33	96	235	8,471	-	-	930	49	-	-	-	-	49	4,857	14,591
Shauna	Y	57	33	90	-	8,588	-	-	3,119	81	918	401	131	-	-	-	13,504
<b>Total</b>					<b>124,245</b>	<b>71,178</b>	<b>1,282</b>	<b>4,645</b>	<b>2,944</b>	<b>804</b>	<b>7,945</b>	<b>4,437</b>	<b>1,945</b>	<b>-</b>	<b>364</b>	<b>8,451</b>	<b>228,241</b>
<b>LMA change</b>					<b>548</b>	<b>31%</b>	<b>7%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>0%</b>	<b>353</b>	<b>4%</b>	<b>100%</b>
					<b>120,490</b>	<b>69,027</b>	<b>1,243</b>	<b>4,505</b>	<b>2,855</b>	<b>780</b>	<b>7,705</b>	<b>4,303</b>	<b>1,896</b>	<b>-</b>	<b>353</b>	<b>8,196</b>	<b>221,342</b>

Source: LMA consolidated monthly costing schedule  
 Agree to the numbers provided for Sean, Sharon and Lucy's benefit on an analysis of change over time for the period October 2012 to Aug 2013

LMA Consolidated Monthly Costings for June 2011

Employee	Timesheet	Hourly Rate	On costs	Chargeable Rate	FMEF - MN	FMEF - BDO	FMEF - FTI	CPAUF - FTI	ICPAUF - FTI	CPF - FTI	AIFCP - FTI	ASPF - FTI	MPF - KM	W/SALE - Tr	LMM (FTD)	LMA	Totals
Ann	Y	77	43	130	16,434	841	-	-	-	-	-	745	-	-	-	-	18,019
Shelley	Y	65	43	106	9,247	108	855	-	-	-	-	54	-	-	-	-	10,274
Sean	Y	53	43	96	-	18,157	-	-	-	-	-	-	-	-	-	-	18,157
Fiona	Y	57	43	100	6,456	541	361	-	-	-	-	541	10	-	-	-	8,611
Zoran	N	34	43	72	6,880	1,046	213	-	-	-	-	-	-	-	-	-	8,059
Cameron	Y	74	43	118	17,013	-	-	-	-	-	-	-	-	-	-	-	648
Matthew	N	109	43	146	-	-	-	-	-	-	-	-	-	-	-	-	-
Trevor	N	130	43	173	26,020	-	-	-	-	-	-	-	-	-	-	-	26,020
Tony	N	115	43	158	-	-	-	-	-	-	-	-	-	-	-	-	-
Simon	Y	126	43	169	17,217	3,215	127	-	-	-	-	1,354	-	-	-	-	21,913
Rene	N	34	43	72	697	9,570	-	-	-	-	-	39	349	-	-	-	11,430
Lucky	N	65	43	129	125	1,599	210	-	-	37	100	453	15	-	-	-	3,231
Steve	Y	53	43	116	477	12,337	-	-	-	204	273	545	-	-	-	-	18,096
Leanne	Y	43	43	99	1,120	9,244	-	-	-	431	43	1,896	-	-	-	-	12,885
Sharon	Y	65	43	108	162	5,472	-	-	1,552	108	-	351	114	-	-	-	8,409
Shauna	N	57	43	100	-	-	-	-	-	-	-	-	-	-	-	-	16,222
<b>Total</b>					<b>101,769</b>	<b>62,131</b>	<b>1,776</b>	<b>2,277</b>	<b>210</b>	<b>493</b>	<b>5,979</b>	<b>2,053</b>	<b>487</b>	<b>68</b>	<b>13,936</b>	<b>191,180</b>	
<b>Percentage</b>					<b>53%</b>	<b>32%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>3%</b>	<b>1%</b>	<b>0%</b>	<b>0%</b>	<b>7%</b>	<b>100%</b>	
<b>LMA charge</b>					<b>146,138</b>	<b>89,218</b>	<b>2,551</b>	<b>3,270</b>	<b>301</b>	<b>708</b>	<b>8,585</b>	<b>2,949</b>	<b>699</b>	<b>-</b>	<b>98</b>	<b>20,012</b>	<b>274,529</b>

Source: LMA consolidated monthly costing spreadsheet  
 Note 1: The monthly percentage for LMA is based on an average of charges and charges cut rates for the period October 2010 to Sep 2011  
 Note 2: Kitchen Direct and Tony Enger are excluded for the calculation above as non-productive  
 Total



Annexure J

Consolidated Monthly Costings - fund level													
A \$	FMIF MCN	FMIF BDO	FMIF FTI	CPAIF FTI	ICPAIF FTI	CPF FTI	AIFCP FTI	ASPF FTI	MPF KM	W/Sale Tillagey	LMBA FTI	LMA Total	Total
Oct-13	70,199	54,195	2,645	3,939	1,668	1,228	27,198	7,703	4,255	196	-	10,279	183,507
Nov-13	72,174	58,697	5,807	14,663	1,251	2,323	19,217	7,638	2,574	391	-	-	184,714
Dec-13	69,911	57,117	1,189	6,036	794	540	19,069	2,581	416	-	-	-	157,653
Jan-14	82,631	59,876	2,251	9,305	615	1,654	18,522	4,598	389	165	-	-	180,206
Feb-14	73,429	63,847	2,460	11,502	1,204	840	16,022	5,749	333	518	5,164	3,923	184,990
Mar-14	69,635	87,164	1,666	6,157	260	1,192	15,272	7,943	918	96	-	-	190,303
Apr-14	116,758	80,102	1,723	7,830	2,038	350	6,672	8,523	109	-	49	6,013	230,166
May-14	124,245	71,178	1,282	4,645	2,944	804	7,945	4,437	1,945	-	364	8,451	228,241
Jun-14	101,769	62,131	1,776	2,277	210	493	5,979	2,053	487	-	68	13,936	191,180
Jul-14	106,956	58,746	4,613	2,836	298	1,435	5,638	1,871	54	-	-	10,867	193,303
<b>Total Costings</b>	<b>887,906</b>	<b>653,054</b>	<b>25,412</b>	<b>69,181</b>	<b>11,280</b>	<b>10,839</b>	<b>141,533</b>	<b>53,077</b>	<b>11,480</b>	<b>1,366</b>	<b>5,646</b>	<b>53,469</b>	<b>1,924,263</b>
% of total costings	46%	34%	1%	4%	1%	1%	7%	3%	1%	0%	0%	3%	100%
<b>Total LMA expenditure to Sept 2013 (incl. LMA service fee)</b>	<b>1,007,177</b>												
Applicable share of LMA funding	464,738	341,814	13,301	36,210	5,904	5,684	74,080	27,781	6,009	715	2,955	27,986	1,007,177



"DW-15"

**TAX INVOICE**

**ABN 68 077 208 461**  
**LM INVESTMENT MANAGEMENT LIMITED**  
**(Administrators Appointed)**

C/- Level 1, 38 Cavill Ave  
Surfers Paradise 4217  
Queensland Australia

31 March 2013  
Invoice No: 1105

**To:**

**LM First Mortgage Income Fund**  
**Level 1, 38 Cavill Ave**  
**Surfers Paradise 4217**  
**Queensland Australia**

**Re: Management fees**

Management Fees for the month of March 2013

\$334,229.38

SUBTOTAL:	\$334,229.38
GST:	\$33,422.94
<b>TOTAL:</b>	<b>\$367,652.31</b>

"DW-16"

V1592142

**TAX INVOICE**

ABN 68 077 208 461  
**LM INVESTMENT MANAGEMENT LIMITED**  
(Administrators Appointed)

C/- Level 1, 38 Cavill Ave  
Surfers Paradise 4217  
Queensland Australia

24 May 2013  
Invoice No: 1111

**To:**

**LM First Mortgage Income Fund**  
Level 1, 38 Cavill Ave  
Surfers Paradise 4217  
Queensland Australia

ENTERED

**Re: Management fees**

Management Fees for the month of May 2013

\$334,633.91

SUBTOTAL:	\$334,633.91
GST:	\$33,463.39
<b>TOTAL:</b>	<b>\$368,097.30</b>

**FMIF Mgmt. Fee calc for the period 1 May 2013 to 31 May 2013**

**FUM as at:** 23-May-13 279,753,950.52

FUM \* 1.5% / 12 months / 31 days \* 31 days

**\$349,692.44** Net Fund Mgmt Fee

**\$334,633.91** Net LMIM Mgmt Fee

**\$368,097.30** Gross Fund Mgmt Fee

**\$368,097.30** Gross LMIM Mgmt Fee

NB: Edit yellow cells

**Eryn Vannucci**

**From:** O'Kearney, Glenn <Glenn.O'Kearney@fticonsulting.com>  
**Sent:** Tuesday, 23 April 2013 4:37 PM  
**To:** Eryn Vannucci  
**Cc:** John Corbett (john.corbett@pelicapital.com); Eghard van der Hoven  
**Subject:** RE: AIF/FMIF Loan Mgmt. Fees + Mgmt. Fees

Hi Eryn

Thank you for preparing this information.

As discussed, could you please prepare invoices from LMIM to FMIF for the management fee and loan management fee for March 2013.

If you could also please prepare the payments from FMIF ready for approval by Eghard and John Corbett tomorrow.

We have an LMIM account set up for these transfers.

**Account Name:** LM Investment Management Ltd (Administrators Appointed)  
**BSB:** 064 000  
**A/C Number:** 13409158

Myself and John Corbett will contact you tomorrow to discuss AIF separately.

Regards

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

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Our reference: Mr Schwarz / Mr Ziebell

11 January 2016

Your reference: Mr Tiplady / Mr Sean Russell

Mr Ashley Tiplady and Mr Sean Russell  
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Brisbane Qld 4000

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Marcelle Webster.  
Emily Anderson.  
Dugald Hamilton.  
Olivia Roberts.  
Ashley Moore.

Dear Colleagues

Re: LM Investment Management Limited (In Liquidation) (Receivers & Managers Appointed) ("LMIM");  
Park & Muller and LMIM as Responsible Entity of the LM First Mortgage Income Fund ("FMIF") v David Whyte  
Supreme Court of Queensland Proceeding No. 3508/2015

We refer to the Further Amended Originating Application filed by your clients on 16 December 2015 ("FAOA").

We, and our client, have now had an opportunity to give more detailed consideration to the FAOA, and we are instructed to raise with you the following matters in connection with the FAOA. In doing so, we and our client hope to ensure that the FAOA may progress and be heard efficiently, without further delay.

This letter, and our client's consideration of the FAOA, is directed to the FAOA only insofar as it concerns the FMIF; neither our client, nor we, intend to respond to the FAOA to the extent that it concerns only the "Other Funds" which are also the subject of the FAOA and does not relate to or affect the FMIF.

## Administration expenses

1. Paragraphs 7 and 8 of the FAOA seek orders for payment not only of remuneration, but also of expenses from the assets of the FMIF and the Other Funds.
2. As you know, the Order of Jackson J made on 17 December 2015 establishes a regime for ascertaining expenses and liabilities for which LMIM is entitled to an indemnity from the property of the FMIF. That regime includes provision for Administration Indemnity Claims to be made to our client.
3. Could you therefore please explain why the FAOA seeks orders concerning the payment of expenses from the property of the FMIF?

## Administration remuneration

4. We wrote to you on Friday, 8 January, 2016 in relation to the notice to members, which is to be in the form of Schedule 7 to the FAOA; we observed that the form of notice does not appear to make express mention of the relief your clients seek concerning their remuneration as administrators of LMIM, although the FAOA does, in fact, seek

payment of a substantial sum from the property of the FMIF on account of remuneration for work performed as administrators.

5. Indeed, it appears that your clients do not seek any approval for the payment of their remuneration as administrators of LMIM, nor any order for the payment of remuneration of an amount to be calculated by reference to the value of work performed for the benefit of the FMIF (or any of the Other Funds) from the property of the FMIF, except by a process of apportioning a 'headline amount' as between the various funds. It appears to be assumed that the starting point for deriving an order for payment out of the FMIF (and from the Other Funds) is a figure of some \$2.185 million (exclusive of GST), which is then simply to be apportioned between the various funds.
6. It appears that your clients do not, however, seek approval of their remuneration as administrators, or an order that their remuneration be fixed in that amount or in any other amount. It appears that your clients' FAOA assumes that the amount of approximately \$2.185 million plus GST (in respect of remuneration and expenses) is already fixed or approved, and need not be revisited.
7. Please let us know if our understanding of the FAOA, insofar as it concerns your clients' remuneration in acting as administrators of LMIM, is correct.
8. If our understanding is correct, then the justification for your clients' position is not apparent to us and we ask that you explain how it is said that the gross amount of remuneration which is simply to be allocated between the various funds, has already been determined. The figure does not, for example, correlate to any amount approved by the Committee of Creditors or creditors of LMIM, so far as we are aware (although we think that even an amount approved in that way could not be taken as a starting point for an allocation exercise).
9. If your clients intend to rely upon a pre-existing approval, please tell us now and identify the approval asserted. Please also let us know whether your clients intend to adduce evidence to explain the work or justify the amount.
10. We and our client consider that your clients ought to lead evidence to explain the work done and to justify the amount of remuneration claimed (at least from the FMIF), and that the basis of calculation and amount of remuneration to be claimed from the FMIF (as distinct from merely an allocation exercise) remains to be approved by the Court.

#### Allocation exercise – administration and liquidation remuneration

11. Your clients have previously submitted claims for amounts of remuneration to be paid from the FMIF; those claims (to which reference is made in our letter of 17 February, 2015) were made first to Messrs Hayes and Connelly, of McGrathNicol (as receivers and managers appointed by Deutsche Bank), and then to our client.
12. In making those claims, your clients divided their claimed remuneration into three categories:-
  - (a) Category 1 – remuneration and expenses incurred for tasks specific to the FMIF (excluding "controllership costs");
  - (b) Category 2 – remuneration for work generally described as "general responsible entity work", in relation to which your clients proposed an allocation of the costs across certain funds in accordance with the proportion of funds under management – the amount claimed was the amount your clients considered referable to the FMIF; and

- (c) Category 3 – remuneration incurred for tasks specific to FMIF controllerships – that is, work undertaken by LMIM in its capacity as agent for The Trust Company (PTAL) Limited (“PTAL”), the custodian of the FMIF, as mortgagee in possession of certain assets.
13. We understand that Category 3 claims have been dealt with and paid; LMIM ceased to be the agent for PTAL on 25 September 2014, and we understand that any claims by LMIM for Category 3 costs or remuneration were dealt with shortly after that time. Accordingly, only Category 1 and 2 claims for remuneration remain to be dealt with.
14. Your clients provided invoices raised by LMIM for the amounts of the Category 1 and Category 2 claims, supported by summaries of hours of work performed and narrative descriptions of the work performed in each of those categories. In the case of the Category 1 claims, the narratives related to work said to have been completed in administering, caring for and preserving the assets of the FMIF, while in the case of Category 2 claims, the narratives were for the entirety of the “general responsible entity work” claimed and an apportionment was then made by your clients for the purposes of calculating what your clients claimed was an appropriate allocation of that work from the FMIF.
15. Although our client raised issues with your clients in respect of the presentation of the claims, including the narrative explanations and the amounts claimed, we do note that your clients presented their Category 1 claims by identifying the work performed for the FMIF, separately from any other work for which remuneration might be claimed from Other Funds, and separately from the “general responsible entity work” (for which your clients then submitted an apportionment was appropriate).
16. While the claims previously made were for specific amounts to be paid from the property of the FMIF for Category 1 and Category 2 remuneration (that is, amounts relating only to the FMIF, and not the Other Funds), it appears that the same approach has not been taken in the FAOA.
17. The approach taken in the FAOA in respect of your clients’ claims for payment from the FMIF for both administration and liquidation remuneration, appears intended to apply a two-step process in relation to all types of remuneration:-
- (a) First, take the amount of remuneration for your clients overall – that is, an amount fixed or approved (to be approved by the Court in the case of liquidation work) for work performed as administrators or liquidators (as the case may be) of LMIM, without regard to the entity or purpose for which the work was undertaken or the nature of the work;
- (b) Second, apportion that amount as between the FMIF and the “Other Funds” either:-
- (i) on the basis of work said to have been “directly referable” to the scheme property of the relevant fund; or
- (ii) in proportion to the capital contributed to the scheme property of the relevant funds (in respect of Category 2).
18. As to the first step:-
- (a) In respect of your clients’ role as administrators of LMIM, no approval of the Court is sought by the FAOA of the amount of some \$2.185 million plus GST (as mentioned above);

- (b) In respect of your clients' role as liquidators, paragraph 9 of the FAOA seeks an order that their remuneration be fixed in an amount of approximately \$2.2 million plus GST for acting as liquidators; there is no order sought for approval of an amount relating only to the FMIF (or for any discrete amount in respect of any of the Other Funds).
19. In other words, as to the first step, there appears to be no attempt to separate out the work said to be referable to each separate fund or to the winding up of LMIM itself; rather, it is simply presented as an undivided amount of work for which (at least, in the case of the liquidation work) approval is sought which is then sought to be divided after that amount has already been determined.
20. As to the second step:-
- (a) there does not appear to be any allocation proposed respecting work undertaken in the administration or winding up of LMIM itself and which is not connected with LMIM's role as responsible entity; and
- (b) the basis of apportionment proposed for the sums mentioned in paragraphs 7(a) and 10(a) is not clear to us; the amounts do not appear to correlate to amounts previously claimed for Category 1 work, nor does the FAOA claim (at least expressly) the remuneration amounts mentioned in those paragraphs on the basis that it is for care and preservation of the FMIF assets.
21. Again, please tell us if our understanding of the FAOA is correct.
22. With respect, assuming that our understanding is correct, then the approach:-
- (a) does not accord with principle, in that the Court is not (it seems) being asked to consider an application for payment for work performed for the benefit of the FMIF itself, but rather to allocate an amount which is claimed for all work performed in the administration or liquidation of LMIM; and
- (b) will not result in an efficient disposition of the FAOA, since our client would be required to consider the entirety of affidavit material as to work performed for all funds, rather than only that which relates to the FMIF. Similarly, we observe that any person interested in the applications concerning the Other Funds will presumably be required to review extensive material unrelated to the relevant Other Fund.
23. Your clients have previously been able to separately identify work claimed to relate solely to the maintenance, care and preservation of FMIF property.
24. Accordingly, we respectfully suggest that your clients ought to frame their application for remuneration to be paid from the FMIF property in a similar way, identifying the discrete work for which remuneration is claimed from the FMIF separately from work relating to the Other Funds, thus avoiding unnecessary cost and difficulty in reviewing and assessing the claims made. Please let us know whether your clients propose to further amend the FAOA to do so.

#### LM Managed Performance Fund ("MPF")

25. The FAOA seeks orders concerning remuneration and expenses of your clients, the First Applicants, in acting as administrators of LMIM for a period commencing on 19 March 2013 (the date of their appointment).
26. For almost a month during that period, LMIM was the trustee of the MPF, before being replaced by KordaMentha Pty Ltd and Calibre Capital Limited.



27. However, there is no mention of the MPF in connection with the claims for remuneration of some \$1.233 million plus GST made in paragraph 7(a); in respect of the claims made in paragraph 7(b) for an amount totalling \$952,095 (plus GST), there is only a reference in Schedule 4 to no amount being claimed against the MPF for the first period mentioned in that schedule.
28. We understand that your clients have been paid a substantial sum from the MPF already, with respect to the remuneration and expenses of LMIM relating to the period after 19 March 2013 in which LMIM was the trustee of the MPF; we understand that the amount claimed by your clients from the MPF was some \$2.2 million, and that a settlement was reached as between your clients and the new trustees of the MPF regarding that claim.
29. We presume that your clients will lead evidence as to the claims made as against the MPF, the settlement and the amount paid to your clients in respect of that work, in order that the Court is presented with complete details of the work done by your clients as administrators of LMIM, and the amounts claimed and recovered by your clients in respect of that work. Please let us know if that is not the case.

#### Administration & Winding Up of LMIM

30. We have noted above that there does not appear to be any mention of work done, and remuneration claimed, in respect of the administration and winding up of LMIM itself (as distinct from its role as responsible entity or trustee of the FMIF and the Other Funds).
31. Again, we presume that your clients will lead evidence in respect of that work, the property of LMIM (in its own right) which was or is available to your clients, and in respect of any amounts already paid to your clients for remuneration, so that the Court is presented with a complete picture. Please let us know if that is not the case.

#### FAOA Paragraph 12

32. Paragraph 12 seeks orders for payment of remuneration and expenses of the First Applicants (Mr Park and Ms Muller) on an ongoing basis, from the property of the FMIF (and the Other Funds).
33. The Orders of Jackson J made on 17 December 2015 establish a regime for claims (including into the future) against the FMIF property for expenses incurred by your clients for which an indemnity is claimed, and also provide for remuneration to be claimed by your clients for work performed under the Orders in connection with the FMIF.
34. In those circumstances, please let us know whether your clients intend to continue to press for Orders in terms of paragraph 12 of the FAOA in respect of the FMIF.

#### Conclusion

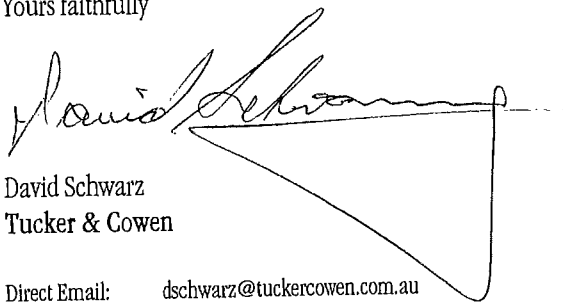
The Orders made on 17 December 2015 direct your clients to file and serve any affidavit material in support of the FAOA by 27 January 2016.

We and our client have previously raised certain issues in respect of the remuneration claims made by your clients, and we refer in particular to our letter to you of 17 February 2015 and the earlier correspondence mentioned in that letter. That letter suggested that a review be undertaken by your clients of the material relating to their remuneration claims, and that the material presented to the Court be in a form similar to that in which our client has presented material in support of his applications for remuneration approval. While we do not presume to refer to the law in relation to the nature and form of the

evidence required to support such applications (with which you, and your clients, will no doubt be familiar) our client does consider it appropriate that supporting material for such an application be presented in such a way.

We request that you respond to the queries raised in this letter as soon as possible and in any event by Friday, 15 January 2016.

Yours faithfully

A handwritten signature in black ink, appearing to read "David Schwarz", is written over a horizontal line. The signature is fluid and cursive, with a large loop at the end that extends downwards and then back up to cross the line.

David Schwarz  
Tucker & Cowen

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Our reference: Mr Schwarz / Mr Ziebell  
Your reference: Mr Tiplady / Mr Sean Russell

25 January 2016

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Marcelle Webster.  
Emily Anderson.  
Dugald Hamilton.  
Olivia Roberts.  
Ashley Moore.

Dear Colleagues

Re: LM Investment Management Limited (In Liquidation) (Receivers & Managers Appointed) ("LMIM");  
Park & Muller and LMIM as Responsible Entity of the LM First Mortgage Income Fund ("FMIF") v David Whyte  
Supreme Court of Queensland Proceeding No. 3508/2015

We refer to the Further Amended Originating Application filed by your clients on 16 December 2015 ("FAOA").

We also refer to our letters to you of 11 and 18 January 2016.

In addition to the matters raised in our letter of 11 January 2016 concerning the FAOA, we are instructed to raise with you now the following additional matters, noting that your clients' affidavit material in support of the FAOA is due to be filed and served by Wednesday, 27 January 2016. These matters have arisen after further consideration of the FAOA, and of some of the information available to our client.

## LM Administration Pty Ltd (in liquidation) ("LMA")

1. Your clients, Mr Park and Ms Muller, were appointed as voluntary administrators of LMA on 19 March 2013 (the same day your clients were appointed administrators of LMIM) and continued in that role until 26 July 2013, when it was resolved that LMA be wound up and that Mr David Clout and Ms Lorraine Smith be appointed as its liquidators.
2. Your clients (Mr Park and Ms Muller) have previously submitted claims for amounts of remuneration to be paid from the FMIF, by invoices raised by LMIM presented firstly to Messrs Hayes and Connelly as receivers and managers of the FMIF appointed by Deutsche Bank.
3. Some of the invoices related to "Category 2" remuneration which was claimed as against the FMIF. The invoices referable to the period to July 2013 identify that the claimed amount "*includes remuneration incurred and billed to LMIM by [LMA] for work undertaken in relation to the ongoing management and trading of LMA as service entity to LMIM ...*".
4. The letter from Mr Park to Mr Whyte of 29 September 2014 also refers to Category 2 remuneration including amounts relating to work performed by Mr Park and Ms Muller (and their staff) in the administration of LMA, and referred to those amounts as having been billed by LMA to LMIM.

5. From a comparison of the FAOA to the Category 2 amounts previously claimed in the invoices for the period to July 2013, it appears that the amounts sought by your clients in the FAOA may include amounts relating to remuneration for work undertaken in the administration of LMA, for which they are seeking indemnity directly from the FMIF.
6. Please let us know whether that is the case.

#### Pre-Paid LMA Service Fee & Loan Management Fees

7. At the date of your clients' appointment as administrators of LMA and of LMIM, LMA owed an amount to LMIM as responsible entity for the FMIF of \$560,722 in respect of pre-paid fees pursuant to a service agreement between LMA and LMIM (in respect of the FMIF).
8. The report by Mr Clout as liquidator of LMA on 4 December 2013 disclosed that the same amount remained owing by LMA to LMIM as responsible entity for the FMIF.
9. We understand that, subsequent to your clients' appointment to LMA, the cost of the provision of staff and resources by LMA to LMIM as responsible entity for the FMIF was reimbursed to LMA from the FMIF property.
10. We also understand that LMA charged "loan management fees" to LMIM as responsible entity for the FMIF, both before and after your clients' appointment to LMA and LMIM (as responsible entity for the FMIF); those fees ceased to be charged to LMIM when LMA entered liquidation.
11. The records relating to the period of your clients' appointment as administrators of LMA suggest that your clients may have accounted for certain transactions as setting off the amount of the pre-paid fee owing by LMA to the FMIF. However, our client has undertaken only preliminary investigations into these transactions, at this time.
12. The state of accounts as between LMA and LMIM as responsible entity for the FMIF appears to be relevant to the FAOA. We are instructed to raise this matter now, in advance of the due date for delivery by your clients of their affidavit material, in order to invite your clients to address these issues in the material, should they have not already intended to do so.

#### LMIM Management Fee from the FMIF


13. Your clients seek, by the FAOA, to be paid directly from the scheme property of the FMIF in respect of a part of their remuneration as administrators and liquidators of LMIM. That is, plainly, an alternative to the payment from the FMIF to LMIM of a management fee under the FMIF Constitution; we do not understand your clients to suggest that any entitlement of LMIM to charge a management fee could stand alongside a claim by your clients to be paid directly from the property of the FMIF.
14. Our client's investigations suggest that charges were, in fact, raised for management fees against the FMIF with respect to at least March 2013.
15. Without pre-empting what your clients intend to say in the affidavit material to be filed in support of their FAOA, naturally it will be of considerable relevance to the Court's consideration of the application, to know the position in respect of management fees that may have been processed or charged to the FMIF, whether before or after your clients' appointment, insofar as it may relate to a period after your clients' appointment.

Our client and we consider it appropriate that these matters are raised now in order that your clients have an opportunity to consider whether to address these issues (if your clients had not already intended to do so) in their affidavit material to be filed in support of the FAOA.

Please do not hesitate to contact us if you have any questions.

Yours faithfully



 David Schwarz  
Tucker & Cowen

Direct Email: dschwarz@tuckercowen.com.au  
Direct Line: (07) 3210 3506

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Our reference: Mr Schwarz / Mr Ziebell

17 February 2016

Your reference: Mr Tiplady / Mr Sean Russell

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[atiplady@russellslaw.com.au](mailto:atiplady@russellslaw.com.au)

Dear Colleagues

Re: LM Investment Management Limited (In Liquidation) (Receivers & Managers Appointed) ("LMIM");  
Park & Muller and LMIM as Responsible Entity of the LM First Mortgage Income Fund ("FMIF") v David Whyte  
Supreme Court of Queensland Proceeding No. 3508/2015

We refer to:-

1. The Further Amended Originating Application ("FAOA"), filed by your clients on 16 December 2015 and listed for hearing on 22 February 2016;
2. The affidavit of John Park sworn 28 January 2016;
3. Our letters to you dated 25 January 2016; and
4. Your letter to us dated 5 February 2016.

We are in the process of preparing our client's material in response to Mr Park's affidavit; we expect to be in a position to file and serve that material by 18 February 2016, in accordance with the Orders of Jackson J dated 17 December 2014.

With respect to your clients' material, there is a clear and unexplained issue as to the invoicing and payment of various 'Management Fees', 'Loan Management Fees' and 'Resources Fees', subsequent to your clients' appointment as administrators of LMIM on 19 March 2013. Despite having raised this issue with your clients on 25 January 2016, these matters do not appear to have been addressed in the material filed to date.

Our client's investigations indicate that Management Fees were charged to the FMIF for the months of March 2013, April 2013 and May 2013, but appear to have been subsequently reversed. We enclose for you clients' consideration two invoices which our client has obtained from the AX database. Our client intends to exhibit these invoices to his affidavit.

Following the reversal of the Management Fees, on 30 June 2013, a 'Resources Fee' was raised by LMIM against the FMIF (as apart from the 'Resources Fee' exhibited to your clients affidavit from pages 834 and 835). This invoice does not appear in your client's affidavit material, and again, we enclose a copy of that invoice for your clients' consideration (in addition to supporting material such as bank transaction statements and email instructions accompanying the invoice in the AX Database).

As a result of our client's investigations, he has also obtained copies of three 'Loan Management Fees' (namely invoice 8973Inv004, 1106, and 8973Inv005), copies of which we enclose (again with supporting bank transaction statements and emails). These three invoices appear to relate to amounts set-off against Management Fees.

We also enclose a copy of a ledger entitled 'Code 14000 – Management Fees Prepaid/Payable', obtained from the AX Database; we understand this ledger was kept in relation to Management Fees prepaid by LMIM, and therefore owed by LMA to LMIM at the time of your client's appointment. The ledger identifies several 'Loan Management Fees' being raised (in addition to those fees raised above), and entries with respect to 'cash received' or 'cash payments' from the FMIF for Management Fees.

We also enclose, for completeness, emails located on the AX Database system containing instructions as to payment of the various fees between employees of FTI Consulting and LMIM; our client intends to exhibit such emails to his affidavit in response.

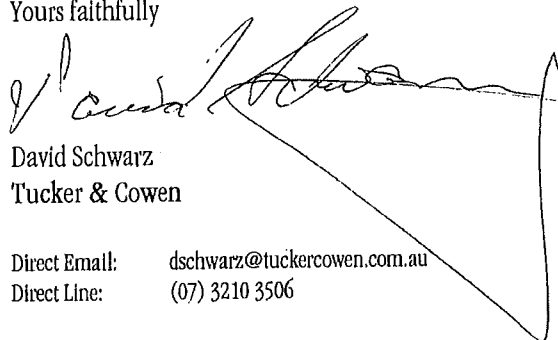
In light of the above material, we would appreciate your clients' explanation as to:-

1. Whether the opening balance of \$560,722.62, which we understand to be an amount of pre-paid Management Fees owing by LM Administration Pty Ltd ("LMA") to LMIM as responsible entity for the FMIF (as at the date of your clients' appointment), was off-set by subsequent Management Fees, Loan Management Fees and Resources Fees;
2. The Management Fees raised in March 2013, April 2013 and May 2013 that appear to have been paid despite your client's evidence filed 28 January 2016;
3. Whether the 'Resources Fee' allocation raised against the FMIF on 30 June 2013, was credited against an amount for Management Fees;
4. Identify what the "cash received" and "cash payment" entries in the ledger relate to (both entered on 10 May 2013); and
5. Why the members of the FMIF should pay for work undertaken by LMA, calculated on the basis of the remuneration payable to the administrators of LMA, as opposed to that provided by the Constitution as a Management Fee?

Our client intends to raise these matters, to the extent available to him on the basis of the information available (which we have enclosed), in his response material.

However, we anticipate that Mr Park may wish to consider and address these matters (perhaps by further material to be filed this week) which may alleviate the need for our client to raise such issues in his material.

Yours faithfully



David Schwarz  
Tucker & Cowen

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Direct Line: (07) 3210 3506

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Encl.

# RUSSELLS

19 February, 2016

Our Ref: Mr Tiplady  
Your Ref: Mr Schwarz

Mr David Schwarz  
Tucker & Cowen Solicitors  
**BRISBANE**

email: [dschwarz@tuckercowen.com.au](mailto:dschwarz@tuckercowen.com.au)

---

Dear Colleagues

## **LM Investment Management Ltd (In Liquidation) ("LMIM")**

We refer to your letter dated 17 February, 2016. For convenience, we adopt the numbering and definitions used in your letter.

Our clients instruct us as follows:-

1. The amount of the pre-paid management fee owing by LMA to LMIM as responsible entity for the FMIF was set off against loan management fees due to LMA for the period between March, 2013 to May, 2013. Enclosed is invoice "8973Inv003" showing that transaction. You will note that it replaces the internal LMIM invoices numbered 1106, 1108, 1109 and 1118 to which you have referred. Our clients acted on legal advice in conducting that transaction.
2. Following our clients' appointment, several different methods of funding the ongoing operational costs (that is, 'hard costs' being staff wages, utilities bills, rent and the like) of the funds management business run by LMIM and LMA were considered. During the initial period of our clients' appointment, while the actual operating costs were being calculated and determined, the different funding options were being investigated and appropriate advice was being sought. However, there was a pressing need for funding to ensure that those operational costs could, in fact, be paid in the meantime (i.e. wages, rent, phone bills etc.).

At that early stage, a decision was made to draw funds from the FMIF to pay for that fund's portion of the general funds management expenses on the basis of what had been done historically. That method served as an interim solution until the actual operating requirements of the funds could be determined and a funding plan developed and documented.

Once those actual costs could be determined with a sufficient degree of precision, an amended invoice was prepared which accounted for the funds previously drawn from the FMIF in payment of the actual operating costs (which is invoice "8974inv1").

---

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The practical effect of that sequence of events is that the assets of the FMIF were applied only to a proportion of the actual operating costs incurred and not to management fees in the sense envisioned by the constitution of the FMIF and historically charged by LMIM.

3. The amounts raised on an interim basis referred to above were credited against the Resources Fee drawn 30 June, 2013. Enclosed is invoice "8974inv1" which records that credit.
4. The particular transactions identified in your correspondence as "*cash received*" and "*cash payment*" are examples of the interim arrangements explained above. That is, they are ledger entries recording the drawing of funds on the historical basis, while the actual requirements of the operating costs were being investigated.
5. Our clients took advice from a well respected firm of solicitors, King & Wood Mallesons, and conducted the accounts of LMIM and LMA so that the members of the various Funds did not, in the end, have to pay the sizeable management fees chargeable pursuant to the constitutions and instead were responsible only for a portion of the actual costs of running the business.

Please let us know if your client requires any further explanation about the foregoing. Our clients would be happy to provide that information.

Yours faithfully



**Ashley Tiplady**  
Partner

Direct (07) 3004 8833  
Mobile 0419 727 626  
[ATiplady@RussellsLaw.com.au](mailto:ATiplady@RussellsLaw.com.au)

# LM Investment Management Limited (Administrators Appointed)

## Tax Invoice

ABN 68 077 208 461

Date: 30 June 2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv1

Reference: Fund allocation of resource and business expenses 19 March 2013 to 30 June 2013

Date	Description	Amount \$
30/06/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (Administrators Appointed) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (Administrators Appointed) for period 19 March 2013 to 30 June 2013.  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	1,380,464.92
	Total Invoice	1,380,464.92

Sale Amount: 1,380,464.92  
GST: 138,046.49

Total Inc GST: 1,518,511.41  
Total Paid: 1,103,596.41

**Balance Due: 414,915.00**

Please pay to following account:

Account Name: LM Investment Management Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv1

# LM Administration Pty Ltd (Administrators Appointed) ("LMA")

## Tax Invoice

ABN 62 558 147 220

Date: 31 May 2013

To: The Trust Company (PTAL) Limited  
As custodian for LM First Mortgage Income Fund  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8973Inv003

Reference: LMA – Loan Management Fees March 2013 to May 2013

Date	Description	Amount \$
31/05/13	Loan Management Fees March 2013	209,953.67
	Loan Management Fees April 2013	252,793.12
	Loan Management Fees May 2013	251,310.20
	(Less – income received in advance by LMA from LM FMIF prior to appointment of Voluntary Administrators on 19 March 2013)	(509,747.84)
	<b>Total Invoice</b>	

Sale Amount: 204,309.15  
GST: 20,430.92

Total Inc GST: 224,740.07  
Total Paid: 224,740.07

**Balance Due: 0.00**

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13405835  
Payment Reference: 8973Inv003

Note: This invoice replaces previously issued invoices by LM Investment Management Ltd (Administrators Appointed) 1106, 1108, 1109, 1118.

*Eno*

Thomsonslawyers<sup>®</sup>

## MANAGEMENT SERVICES AGREEMENT

between

**The Trust Company (PTAL) Limited**  
ACN 008 412 913  
(Mortgagee)

and

**LM Investment Management Limited**  
ACN 077 208 461  
(Responsible Entity)

and

**LM Administration Pty Ltd**  
ACN 055 691 426  
(Manager)

Level 16, Waterfront Place, 1 Eagle Street  
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Sydney  
Melbourne  
Brisbane  
Adelaide

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**THIS AGREEMENT** is made on

20

between **The Trust Company (PTAL) Limited** ACN 008 412 913 of c/- Level 4,  
9 Beach Road, Surfers Paradise QLD 4217 (**Mortgagee**)

and **LM Investment Management Limited** ACN 077 208 461 of c/- Level 4,  
9 Beach Road, Surfers Paradise QLD 4217 (**Responsible Entity**)

and **LM Administration Pty Ltd** ACN of c/- Level 4, 9 Beach Road, Surfers  
Paradise QLD 4217 (**Manager**)

## RECITALS

- A. The Mortgagors have provided the Mortgages in support of a loan that has been provided by the Mortgagee to the Borrower.
- B. The Borrower is indebted to the Mortgagee.
- C. The Responsible Entity of the Fund has entered into a custody agreement dated 4 February 1999 with the Mortgagee.
- D. The Mortgagee holds the Security to secure the payment to the Mortgagee of the monies by the Borrower and the Mortgagors to the Mortgagee.
- E. Events have occurred which have led to the Security becoming enforceable.
- F. By virtue of the powers in the Security, the Mortgagee is entitled to exercise extensive rights in relation to the Secured Property including taking possession and control of the Secured Property, and managing and otherwise dealing with the Secured Property.
- G. The Mortgagee has requested that the Manager provide certain management services commencing on the Commencement Date to assist the Mortgagee in exercising its rights pursuant to the Security.
- H. The Manger has agreed to provide the Services to the Mortgagee commencing on the Commencement Date on the terms set out in this agreement.

## THE PARTIES AGREE AS FOLLOWS:

### 1. DEFINITIONS AND INTERPRETATION

---

#### 1.1 Definitions

The following definitions apply in this agreement (including the recitals) unless contrary to or inconsistent with the context:

**Act** means legislation or statutory instrument of the Parliament or a State or Territory or the Commonwealth of Australia;

**Borrower** means the party described in Schedule 1;

**Commencement Date** means the date listed in Schedule 1;

**Confidential Information** means any information provided by the Mortgagee, Responsible Entity or any of its Representatives to the Manager or any of its Representatives, or otherwise obtained by the Manager or any of its Representatives, whether obtained before or after execution of this agreement, in connection with the Mortgagee, the Responsible Entity, the Services or this agreement. It includes all of the following:

- (a) all confidential business information, documents, records, financial information, reports, technical information and forecasts which relate to the Mortgagee or the Responsible Entity or each of their businesses;
- (b) the Mortgagee's or the Responsible Entity's intellectual property;
- (c) the terms and conditions of this agreement;
- (d) any information created under or arising out of the provision of Services under this agreement,

It does not include either of the following:

- (a) information which is in or becomes part of the public domain, other than through a breach of this agreement or an obligation of confidence owed to the Mortgagee, the Responsible Entity or any of their Representatives;
- (b) which the Manager can prove by contemporaneous written documentation was independently acquired or developed without breaching any of the obligations set out in this agreement;

**Corporations Act** means the *Corporations Act 2001* (Cth) and any regulations made under it;

**Fund** means the LM First Mortgage Income Fund ARSN 089 343 288;

**Insolvency Event** in relation to a person means anything that reasonably indicates that there is a significant risk that that person is or will become unable to pay its debts as they fall due. This includes any of the following:

- (c) a meeting of the person's creditors being called or held;
- (d) a step being taken to make the person bankrupt or to wind the person up;
- (e) the appointment of a controller or administrator as defined in section 9 of the Corporations Act;
- (f) the person entering into any type of agreement, composition or arrangement with, or assignment for, the benefit of all or any of its creditors;
- (g) the person being made subject to a deed of company arrangement;
- (h) a step being taken to have a receiver, receiver and manager, liquidator or provisional liquidator appointed to the person or any of its assets;

**Loss** means any loss including any liability, cost, expense (including legal costs on a full indemnity basis), claim, proceeding, action, demand or damage;

**Mortgagee** means The Trust Company (PTAL) Limited ACN 008 412 913;

**Mortgagor** means the party named in Schedule 1;



**Powers** means any right, power, authority, discretion, duty or remedy conferred on the Mortgagee by the Security, any Act, or any other document or applicable law or equity;

**Related Entity** has the same meaning as under the Corporations Act;

**Representative** means any director, officer, employee, agent, contractor, financier, professional adviser or Related Entity of a party;

**Responsible Entity** means LM Investment Management Limited ACN 077 208 461;

**Secured Property** means the property that is described in Schedule 1;

**Security** means the security that is described in Schedule 1;

**Services** means the services listed in Schedule 2;

## 1.2 Interpretation

The following rules also apply in interpreting this agreement, except where the rules are contrary to or inconsistent with the context:

- (a) Headings are inserted for convenience only, and do not affect the interpretation of this agreement.
- (b) A reference in this agreement to:
  - (i) dollars or \$ means Australian dollars and all amounts payable under this agreement are payable in Australian dollars;
  - (ii) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation or regulations issued under it;
  - (iii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iv) a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this agreement;
  - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (vi) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech or other grammatical form in respect of that word has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

- (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.

## **2. APPOINTMENT TO PROVIDE THE SERVICES**

---

### **2.1 Appointment**

The Mortgagee appoints the Manager to provide the Services in accordance with the terms of this agreement.

### **2.2 Non-exclusive appointment**

The appointment of the Manager under this agreement is non-exclusive. It does not restrict the Mortgagee's right to contract with other persons for the performance of services similar to the Services.

## **3. TERM**

---

### **3.1 Term**

This agreement starts on the Commencement Date and will remain in force until terminated by either party in accordance with this agreement.

## **4. THE SERVICES**

---

### **4.1 Provision of Services**

- (a) The Manager must provide the Services in accordance with this agreement.
- (b) At all times during the term of this agreement, the Manager must provide the Services in all the following ways:
- (i) promptly, carefully and to the highest possible standards;
  - (ii) exercising all due care, skill and judgement, in an efficient, professional and cost effective manner and in accordance with accepted professional and business practices;
  - (iii) in accordance with the reasonable instructions or directions given by the Mortgagee.

### **4.2 Compliance with laws, policies and directions**

At all times during the term of this agreement, the Manager must do all of the following:

- (a) hold all authorisations, permits and licences required under any law to perform the Services;
- (b) comply with the requirements of all laws of any kind applying to the performance of the Services;
- (c) comply with the Mortgagee's standards, operating principles, policies and procedures, subject to clause 4.2(b).

#### 4.3 Periodic reviews

- (a) The Mortgagee may conduct periodic reviews of the provision of the Services to assess the Manager's performance, to seek improvements in the provision of the Services and to resolve any issues that may arise.
- (b) The Manager must cooperate in the review process, supply the Mortgagee with any documents reasonably required by the Mortgagee and comply with all recommendations that result from the review.

#### 4.4 Conflicts of interest

- (a) The Manager must not undertake any work or perform any services for other persons which may conflict with his obligations under this agreement. The Manager warrants that at the date of this agreement no conflict of interest exists or is reasonably foreseeable in relation to the performance of his obligations under this agreement.
- (b) The Manager must immediately notify the Mortgagee of any matter which may give rise to an actual or potential conflict of interest at any time. If a conflict of interest arises during the term of this agreement, or any matter may give rise to an actual or potential conflict of interest, the Manager must do both of the following:
  - (i) notify the Mortgagee immediately of the conflict or matter and its plan for resolving or avoiding the conflict;
  - (ii) take such action as may be necessary to resolve or avoid the conflict of interest, including any action that the Mortgagee may specify to ensure that the conflict is resolved or avoided in a manner satisfactory to the Mortgagee (acting reasonably).

### 5. MORTGAGEE'S AGENT

---

#### 5.1 Mortgagee's agent

The Manager will be the agent of the Mortgagee in exercising those powers of the Mortgagee which form part of the Services and which may properly be delegated by the Mortgagee to an agent under the Security and at law.

#### 5.2 Mortgagee in possession

Nothing in this agreement constitutes a liability on the part of the Manager to account to the Mortgagor as mortgagee in possession.

### 6. REPORTS, INFORMATION AND RECORDS

---

#### 6.1 Reports

- (a) The Manager must deliver reports to the Mortgagee in relation to the Services within a reasonable time after the Mortgagee so requests. The reports must include all information the Mortgagee may reasonably require to be included from time to time.

- (b) All reports generated by the Manager will be the property of the Mortgagee. The Manager may retain a copy of the reports for internal record keeping purposes only.

## 6.2 Information

In addition to the reports to be delivered under clause 6.1(a), the Mortgagee may require the Manager to provide it with information concerning any aspect of the Services which the Mortgagee may require. The Manager must provide the information within 5 business days of receiving a request to do so.

## 6.3 Records

The Manager must keep full records and documentation in relation to the Services in hard copy form. The Manager must do so during the term of this agreement and for 7 years after the agreement set out in this agreement ends. On request by the Mortgagee, the Manager must make all documents and records relating to the Services available to the Mortgagee for inspection.

## 7. SERVICE FEES AND EXPENSES

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### 7.1 Service fees

In consideration for the Manager providing the Services, the Mortgagee shall pay the Manager the service fees set out in Schedule 1 in accordance with the terms set out in Schedule 1.

### 7.2 Expenses

In addition to paying the service fees referred to in clause 7.1, the Mortgagee shall pay the Manager's reasonable out-of-pocket expenses incurred in performing the Services. The Manager must provide appropriate tax invoices for those expenses prior to being reimbursed by the Mortgagee.

## 8. CONFIDENTIALITY

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### 8.1 Obligations of confidence

Where the Manager receives Confidential Information from the Mortgagee and/or the Responsible Entity under this agreement or otherwise in connection with the Services, the Manager must do all of the following:

- (a) keep the Confidential Information confidential;
- (b) not use, disclose or reproduce the Confidential Information for any purpose other than the purposes of this agreement;
- (c) not, without the Mortgagee's or Responsible Entity's prior written consent, disclose Confidential Information to any person other than his employees, subcontractors, agents and Representatives who need the information for the purposes of this agreement;
- (d) establish and maintain effective security measures to safeguard the Confidential Information from unauthorised access, use, copying or disclosure.

## 8.2 Further permitted use and disclosure

Notwithstanding clause 8.1, the Manager may use or disclose Confidential Information to the extent necessary to fulfil any of the following:

- (a) comply with any law, binding directive of a regulator or a court order;
- (b) comply with the listing rules of any stock exchange on which its securities are listed;
- (c) obtain professional advice in relation to matters arising under or in connection with this agreement.

## 8.3 Exclusions

Clause 8.1 does not apply to Confidential Information for which any of the following applies:

- (a) information which is in or becomes part of the public domain otherwise than through breach of an obligation of confidence;
- (b) information which was known to the Manager at the time of disclosure, unless such knowledge arose through breach of an obligation of confidence;
- (c) information which the Manager acquires from a third party where that third party was entitled to disclose it.

## 8.4 Responsibility for Representatives

The Manager must ensure that his employees, subcontractors, agents and Representatives do not do, or omit to do anything, which if done or omitted to be done by the Manager, would breach this clause.

## 8.5 Undertakings from Representatives

The Mortgagee may at any time require any employees, subcontractors, agents or Representatives of the Manager engaged in the performance of obligations under this agreement to give written undertakings in a form prepared by the Mortgagee relating to the non-disclosure of the Confidential Information and the Manager must promptly arrange for all such undertakings to be given.

## 8.6 Notification of unauthorised use etc.

The Manager must immediately notify the Mortgagee of any potential, suspected or actual unauthorised use, copying or disclosure of the Confidential Information.

## 8.7 Return of Confidential Information

The Manager must immediately on demand, or on completion or termination of this agreement, return to the Mortgagee and/or the Responsible Entity any documents in its possession, power or control containing Confidential Information. The Manager may retain a copy of any Confidential Information to the extent required to comply with any legal requirements on the Manager.

## 8.8 Equitable remedies

The Manager acknowledges that a breach of the confidentiality obligations set out in this agreement by him may cause the Mortgagee and/or the Responsible Entity

irreparable damage for which monetary damages would not be an adequate remedy. Accordingly, in addition to a claim for damages and any other remedies available at law or in equity, the Mortgagee and the Responsible Entity may seek specific performance or injunctive relief (as appropriate) against any breach or threatened breach by the Manager, or the employees, subcontractors, agents or Representatives of the Manager.

#### **8.9 Obligations to continue after agreement ends**

All obligations of confidence set out in this agreement continue in full force and effect after this agreement ends.

### **9. MANAGER WARRANTIES**

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#### **9.1 Performance of Services**

The Manager represents and warrants to the Mortgagee and the Responsible Entity on a continuing basis that that it and its Representatives, employees, and agents have the necessary skills, experience and qualifications to perform the Services and agrees to do all things necessary to maintain the competencies and qualifications for which it is appointed.

### **10. LIABILITY AND INDEMNITY**

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#### **10.1 Liability and indemnity**

The Manager will be liable for and continually indemnifies the Mortgagee, the Related Entity and their officers, employees, Representatives and agents against all Loss suffered or incurred by any of those indemnified as a result of a breach of this agreement by the Manager. Without limiting the above, this includes any Loss caused by any of the following:

- (a) any infringement by the Manager or his employees, agents or subcontractors of the intellectual property rights of the Mortgagee, Responsible Entity, or a third party;
- (b) a breach of the obligations of confidence set out in clause 8;
- (c) a breach of any of the representations and warranties in clause 9;
- (d) any negligent or wrongful acts or intentional misconduct of the Manager or its employees, agents or subcontractors.

### **11. SUSPENSION OF PAYMENTS**

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#### **11.1 Default by Provider**

If the Manager defaults in the performance of its obligations under this agreement, the Mortgagee may give notice to him to remedy the default specifying details of the default.

## 11.2 Failure to remedy default

- (a) If the Manager fails to remedy the default specified in a notice under clause 11.1 within 5 business days after receipt of the notice, the Mortgagee may suspend payment under this agreement until the default has been rectified.
- (b) Suspension of payment will not in any way affect the continuing obligations of the Manager under this agreement and will be without prejudice to any other rights that the Mortgagee may have against the Manager as a result of the default.

## 12. TERMINATION

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### 12.1 Termination by notice

- (a) The Mortgagee may terminate this agreement at any time by 7 days written notice to the Manager.
- (b) The Manager may terminate this agreement at any time by 2 calendar months written notice to the Mortgagee.

### 12.2 Termination by the Mortgagee

The Mortgagee may immediately terminate this agreement by written notice to the Manager if any of the following occurs:

- (a) The Manager is in breach of his obligations under this agreement and does not remedy the breach (to the extent that it can be remedied) for 5 days after receiving a written notice from the Mortgagee specifying the breach and requiring it to be remedied;
- (b) The Manager is in breach of an essential term of this agreement or the Manager commits a breach of this agreement which cannot be remedied. The essential terms of this agreement include clauses 4.2, 4.4(b), 8 and 9;
- (c) The Manager is the subject of an Insolvency Event;
- (d) a crime is committed by the Manager or its, employees, agents or subcontractors which the Mortgagee reasonably considers may have the potential to adversely affect the Mortgagee's or the Responsible Entity's reputation.

### 12.3 Termination by the Manager

The Manager may immediately terminate this agreement by written notice to the Mortgagee if any of the following occurs:

- (a) the Mortgagee is in breach of its obligations under this agreement and does not remedy the breach (to the extent that it can be remedied) for 14 days after receiving a written notice from the Manager specifying the breach and requiring it to be remedied;
- (b) the Mortgagee is the subject of an Insolvency Event.

## 13. OBLIGATIONS AT END OF AGREEMENT

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### 13.1 Return of property

When this agreement ends, whether by expiration of the term of this agreement or on earlier termination, the Manager must immediately return all of the Mortgagee's and/or Responsible Entity's equipment, information, documents, records and other property used in the provision of the Services or otherwise in the Manager's possession or control.

### 13.2 Consequences of termination

If this agreement is terminated for any reason:

- (a) each party retains its rights under this agreement and at law in respect of any breach of this agreement by the other party;
- (b) the Mortgagee must make payment to the Manager for Services performed before the date of termination, but the Manager will not be entitled to any other payment or any compensation as a result of termination;
- (c) the Mortgagee may employ other persons to perform the Services.

### 13.3 Clauses survive expiration or termination of agreement

The following clauses will survive the expiration or termination (for whatever reason) of this agreement:

- (a) clause 6.3 (Records)
- (b) clause 8 (Confidentiality)
- (c) clause 10.1 (Liability and indemnity)
- (d) clause 13.2 (Consequences of termination)
- (e) any other clauses that make provision for continued operation.

## 14. INSURANCE

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The Manager will maintain all appropriate insurance policies in relation to providing the Services including any specific policies required by the Mortgagee.

## 15. GOODS AND SERVICES TAX

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### 15.1 Recovery of GST on supplies and adjustments under this agreement

- (a) All consideration provided under this agreement is exclusive of GST, unless it is expressed to be GST-inclusive.
- (b) Where a party (**Supplier**) makes a taxable supply to another party (**Recipient**) under or in connection with this agreement, the Recipient must pay to the Supplier an additional amount equal to the GST payable on the supply (unless the consideration for that taxable supply is expressed to include GST). The additional amount must be paid by the Recipient at the later of the following:

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Reference: RXC

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- (i) the date when any consideration for the taxable supply is first paid or provided;
- (ii) the date when the Supplier issues a tax invoice to the Recipient;
- (iii) if, under or in connection with this agreement, the Supplier has an adjustment for a supply under the GST law which varies the amount of GST payable by the Supplier, the Supplier will adjust the amount payable by the Recipient to take account of the varied GST amount. The Supplier must issue an adjustment note to the Recipient within 28 days of becoming aware of the adjustment.

## 15.2 Other GST matters

- (a) If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified is reduced by the amount of GST for which there is an entitlement to claim an input tax credit on an acquisition associated with the reimbursement or indemnity. The reduction is to be made before any increase under clause 15.1(b). An entity is assumed to be entitled to a full input tax credit on an acquisition associated with the reimbursement or indemnity unless it demonstrates otherwise before the date the reimbursement or indemnity is made.
- (b) This clause will not merge on completion and will survive the termination of this agreement by any party.
- (c) Terms used in this clause that are not otherwise defined in this agreement have the meanings given to them in the GST Act.

## 16. THE TRUST COMPANY (PTAL) LIMITED'S LIMITATION OF LIABILITY

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- 16.1 The Mortgagee enters into this agreement only in its capacity as custodian of the Fund, pursuant to a custody agreement between the Mortgagee and the Responsible Entity dated 4 February 1999 (**Custody Agreement**) and in no other capacity.
- 16.2 A liability arising under or in connection with this agreement is limited to and can be enforced against the Mortgagee only to the extent to which it can be satisfied out of property of the Fund out of which the Mortgagee is actually indemnified for the liability. This limitation of the Mortgagee's liability applies despite any other provision of this agreement and extends to all liabilities and obligations of the Mortgagee in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this agreement.
- 16.3 A person other than the Mortgagee may not sue the Mortgagee personally or seek the appointment of a liquidator, administrator, receiver or similar person to the Mortgagee or prove in any liquidation, administration or arrangement of or affecting the Mortgagee.
- 16.4 The provisions of this clause 8 do not apply to any obligation or liability of the Mortgagee to the extent that it is not satisfied because under the Fund's trust deed, the Custody Agreement, or by operation of law there is a reduction in the extent of the Mortgagee's indemnification out of the assets of that Fund, as a result of the Mortgagee's fraud, negligence or wilful default.
- 16.5 Despite any other provision in this agreement, if any obligation otherwise imposed upon the Mortgagee under this agreement is, in the Mortgagee's opinion, inconsistent

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with, or beyond the scope of the Mortgagee's obligation or powers under the Custody Agreement, that obligation, to the extent of that inconsistency or to the extent that it is beyond the scope of the Mortgagee's obligations or powers under the Custody Agreement, must be performed by the Fund and not by the Mortgagee.

- 16.6 Any failure by the Mortgagee to perform an obligation which it determines is either inconsistent with or beyond its powers and obligations under the Custody Agreement will not amount to a breach of or default under this agreement.
- 16.7 The Mortgagee's determination as to whether an obligation otherwise imposed upon it under this agreement is inconsistent with or beyond the scope of its obligations and powers under the Custody Agreement is final and binding on all parties.
- 16.8 No attorney or agent appointed in accordance with this agreement or otherwise has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Mortgagee for the purpose of clause 16.4.
- 16.9 A failure by the Mortgagee to comply with, or a breach by the Mortgagee of any of its obligations under this agreement will not be considered to be fraud, negligence or wilful default by the Mortgagee if the relevant failure or breach:
- (a) arose as a result of a breach by a person other than the Mortgagee where the performance of the action (the non-performance of which gave rise to such breach) is a precondition to the Mortgagee performing the said obligation; or
  - (b) was in accordance with a lawful court order or direction or otherwise required by law.
- 16.10 All of the terms, clauses and conditions of this agreement are subject to this clause 8.
- 16.11 The Responsible Entity shall on behalf of the Mortgagee exercise all of the rights, powers, consents, controls and approvals pursuant to or under this agreement and all actions taken by the Responsible Entity shall be deemed to have been authorised by the Mortgagee without any other person dealing with the Responsible Entity being concerned to enquire as to the authority of the Responsible Entity to act on behalf of the Mortgagee in respect of this agreement or any matter or thing arising in relation thereto.

## **17. RESPONSIBLE ENTITY TO ACT FOR MORTGAGEE**

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- 17.1 The Manager hereby acknowledges that the Responsible Entity shall on behalf of the Mortgagee exercise all of the rights, powers, consents, controls and approvals pursuant to or under this agreement and all actions taken by the Responsible Entity shall be deemed to have been authorised by the Mortgagee without the Manager or any other person dealing with the Responsible Entity being concerned to enquire as to the authority of the Responsible Entity to act on behalf of the Mortgagee in respect of this agreement of any matter or thing arising in relation thereto.
- 17.2 For the purpose of this agreement:
- (a) all demands upon the Manager shall be made by the Responsible Entity;
  - (b) all documents, notices, consents or approvals to be given to or by the Manager under this agreement shall be given to or by the Responsible Entity;

- (c) all rights conferred upon the Mortgagee under this agreement shall be exercisable by the Responsible Entity; and
- (d) all communications in relation to this agreement or any transaction contemplated by this agreement shall be directed by the Manager to the Responsible Entity.

## **18. THE RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY**

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- 18.1 The Responsible Entity enters into this agreement and the other parties to this agreement acknowledge that they are aware that the Responsible Entity enters into this agreement, in its capacity as the Responsible Entity of the Fund, pursuant to the Constitution of the Fund (**the Constitution**) and the other parties to this agreement are aware of the limited scope of the Responsible Entity's obligations and powers under such Fund.
- 18.2 A liability arising under or in connection with this agreement is limited to and can be enforced against the Responsible Entity only to the extent to which it can be satisfied out of the property of the Fund out of which the Responsible Entity is actually indemnified for the particular liability. This limitation of the Responsible Entity's liability applies despite any other provision of this agreement and extends to all liabilities and obligations of the Responsible Entity in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this agreement.
- 18.3 The parties to this agreement other than the Responsible Entity may not sue the Responsible Entity personally or seek the appointment of a liquidator, administrator, Receiver or similar person to the Responsible Entity or prove in any liquidation, administration or arrangement of, or affecting, the Responsible Entity.
- 18.4 The provisions of this clause 18 do not apply to any obligation or liability of the Responsible Entity to the extent that it is not satisfied because under the Fund's Constitution or other constituent documents, or by operation of law, there is a reduction in the extent of the Responsible Entity's indemnification out of the assets of the Fund, as a result of the Responsible Entity's fraud, negligence or wilful default.
- 18.5 Any failure by the Responsible Entity to perform an obligation which it determines is either inconsistent with or beyond its powers and obligations under the Constitution will not amount to a breach of or a default under this agreement. The Responsible Entity's determination as to whether an obligation otherwise imposed upon it under this agreement is inconsistent with or beyond the scope of its obligations and powers under the Constitution is final and binding on all parties.
- 18.6 No attorney, agent, Receiver or receiver and manager appointed in accordance with this agreement and each other deed (if any) or otherwise has authority to act on behalf of the Responsible Entity in a way which exposes the Responsible Entity to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Responsible Entity for the purpose of clause 18.4.
- 18.7 A failure by the Responsible Entity to comply with, or a breach by the Responsible Entity of any of its obligations under this agreement and each other deed (if any) will not be considered to be fraud, negligence or wilful default by the Responsible Entity if the relevant failure or breach:

- (a) arose as a result of a breach by a person other than the Responsible Entity where the performance of the action (the non-performance of which gave rise to such breach) is a precondition to the Responsible Entity performing the said obligation; or
- (b) was in accordance with a lawful court order or direction or otherwise required by law.

18.8 All of the terms, clauses and conditions of this agreement are subject to this clause 18.

## 19. NOTICES

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### 19.1 Notices etc only by authorised signatories

Any notice or communication that must or may be given by a party to this agreement is only given if it is executed by that party or signed by an authorised signatory of that party. A person is an authorised signatory if he or she is a solicitor, director or company secretary of the relevant party, or if he or she is authorised in writing by that party.

### 19.2 Giving notices

Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out below;
- (b) faxed to that party at its fax number and marked for the attention of the relevant department or officer (if any) set out below.

#### **The Mortgagee**

Name:

Address:

Fax number:

Attention:

#### **The Responsible Entity**

Address:

Fax number:

Attention:

#### **The Manager**

Address:

Fax number:

Attention:

**19.3 Change of address or fax number**

If a party gives the other party three business days' notice of a change of its address or fax number, any notice or communication is only given by that other party if it is delivered, posted or faxed to the latest address or fax number.

**19.4 Time notice is given**

Any notice or communication is to be treated as given at the following time:

- (a) if it is delivered, when it is left at the relevant address;
- (b) if it is sent by post, two (or, in the case of a notice or communication posted to another country, nine) business days after it is posted;
- (c) if it is sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number;
- (d) however, if any notice or communication is given, on a day that is not a business day or after 5pm on a business day, in the place of the party to whom it is sent it is to be treated as having been given at the beginning of the next business day.

**20. GENERAL**

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**20.1 Assignment**

A party may not assign any of its rights or obligations under this agreement without the prior written consent of the other parties.

**20.2 Governing law**

- (a) This document is governed by the law in force in Queensland.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of Queensland at Brisbane, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waives any right it might have to claim that those courts are an inconvenient forum or to object to the exercise of jurisdiction by those courts on any basis.

**20.3 Giving effect to this agreement**

Each party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that the other party may reasonably require to give full effect to this agreement.

**20.4 Operation of this agreement**

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this agreement and has no further effect.
- (b) Any provision of this agreement which is illegal, unenforceable or invalid, or partly illegal, unenforceable or invalid is, where possible, to be severed to the extent necessary to make the provision and this agreement legal, enforceable

and valid, unless this would materially change the intended effect of the provision or this agreement.

**20.5 Variation**

No variation of this agreement will be of any force or effect unless it is in writing and signed by the parties to this agreement.

**20.6 Inconsistency with other documents**

If this agreement is inconsistent with any other document or agreement between the parties, this agreement prevails to the extent of the inconsistency.

**20.7 Counterparts**

This agreement may be executed in counterparts and an exchange of electronic or facsimile counterparts will be deemed to be an exchange of the original. Each counterpart taken together will constitute one and the same instrument.

**20.8 Attorneys**

Each person who executes this agreement on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

## Schedule 1

### General Information

**Commencement Date:** 1 July 2011

**Borrower:** Cameo Estates Lifestyle Villages (Launceston) Pty Ltd ACN 098 955 296

**Mortgagor:** Cameo Estates Lifestyle Villages (Launceston) Pty Ltd ACN 098 955 296

**Mortgagor:** Retirement Housing Services (Launceston) Pty Ltd ACN 124 149 079

### Security and Secured Property

- (a) Real property mortgage granted by the Mortgagors to the Mortgagee:
- (i) Mortgagor's name  
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd ACN 098 955 296
  - Date  
16 December 2005
  - Property address  
30 Janefield Street, Mowbray, Launceston Tas 7249
  - Property description  
Volume 43058 Folio 1
  - Registered number  
C686753
- (b) Fixed and floating charge granted by the Mortgagors to the Mortgagee:
- (i) Mortgagor's name  
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd ACN 098 955 296
  - Date  
16 December 2005
  - Property description  
The property as described in the instrument including the undertaking of the company and all of its property, rights and other assets, whether owned at present or acquired in the future.

- Registered number  
1251021
- (ii) Mortgagor's name  
Retirement Housing Services (Launceston) Pty Ltd ACN 124 149 079
- Date  
17 April 2007
- Property description  
The property as described in the instrument including the undertaking of the company and all of its property, rights and other assets, whether owned at present or acquired in the future.
- Registered number  
1454968

**Service fee (clause 7.1)**

**1. General Administration:**

General Administration fees will be charged on an hourly rate basis (exclusive of GST) as follows:

Director	\$450
Senior Executive	\$350
Senior Consultant	\$350
Fund Manager	\$315
Development / Project Manager	\$315
Loan Manager / Procurement	\$315
Sales and Marketing manager	\$315
Asset manager / development assistant	\$315
Senior accountant – loan recovery	\$285
Senior asset manager / analyst	\$315
Administration Assistant	\$180
Senior paralegal	\$315
Property Services Manager	\$ 70
Maintenance officer	\$ 60
Maintenance officer	\$ 60

**2. Development Management Services**

Not applicable

**3. Marketing and Sales Management**

Marketing and Sales Management Fees will be charged at the rate of 2% of gross sales proceeds (inclusive of GST) where the Manager undertakes the sale of assets directly on



behalf of the Mortgagee/ Responsible Entity. In the event the Mortgagee/ Responsible Entity elects to appoint an external real estate agent, the manager would reduce its sales management fee to 1.00% of gross sales proceeds (inclusive of GST) to co-ordinate and oversee the sales and marketing program.

**Terms of payment** (clause 7.1 and clause 7.2)

The Manager will provide the Mortgagee with a tax invoice at the end of each month for the Services plus any expenses referred to in clause 7.2.

Subject to the terms of this agreement, the Mortgagee will pay the Manager's tax invoices within 7 days of receipt of those tax invoices.

## Schedule 2

### Services

The Manager will perform all services requested by the Mortgagee related to the Mortgagee's exercise of its powers under the Security including (without limitation):

#### 1. General Administration:

All administrative functions resulting from exercise of the mortgagee's rights to recover the debt (including in its capacity as Mortgagee in Possession) which include but are not limited to:

- Taking possession and control of the secured property;
- Carrying on any business or activity of the mortgagor;
- Meeting all reporting requirements under the Corporations Act as Controller or otherwise;
- Opening separate controller bank accounts, as required, to record controller transactions for each loan;
- Maintaining separate accounting records for each loan to reflect transactions of mortgagee;
- Managing all operational issues (including employment of staff) where the Mortgagee is acting as Managing Controller;
- Arranging for further loan advances (as required) from the mortgagee to meet the costs arising from the recovery action as determined by the mortgagee;
- Recording and payment of all costs associated with holding and dealing with the security property;
- Arranging for adequate insurance of security property;
- Accounting for and reporting on all taxation obligations (including GST, PAYG);
- Receiving and recording all proceeds from realization of security property;
- Accounting to the mortgagee for debt reduction;
- Accounting to the borrower on status of loan recovery;
- Liaising with development & marketing managers as required.

#### 2. Development Management Services

All development management services as may be required to be undertaken in the exercise of the mortgagee's rights to recover the debt owing. Such services may range from conception through to completion of any development including, but not limited to, the following:

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- Commercial analysis, risk assessment, market research and developing work-out strategies;
- Prepare feasibility studies and establish a development programme;
- Assemble, co-coordinate and direct project consultant teams;
- Design development to maximise realization and saleability, and ensure efficient delivery;
- Obtain all statutory and town planning approvals, and ensure all development conditions imposed by relevant authorities are complied with;
- Arrange project finance and monitor mechanisms that lead to the repayment of the loan facility;
- Tender, Negotiate and Document Contracts;
- Construction Management (including commissioning, and managing defects works post construction); Regular reporting on actual against budget forecasts, project progress against the critical path and time or cost related implications, monthly progress claims, variations and contractual claims etc.

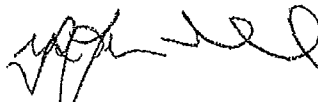
### **3. Marketing and Sales Management**

All Marketing and Sales Management Services as may be required to be undertaken to oversee the marketing and sell-down of any security property as part of the exercise of the mortgagee's rights to recover the debt owing. Such services include, but are not limited to, the following:

- Inspection of properties and arrange for maintenance or other work preparatory to sale;
- Negotiate with tenants where required;
- Obtain quotes for necessary work; assess and appoint contractors; liaise with contractor and assess adequacy of work provided;
- Approve payment of invoices for services provided;
- Obtain quote from valuer and liaise with appointed valuer to provide valuation report; assess adequacy of valuation;
- Obtain submissions from marketing & sales consultants; assess and appoint consultant;
- Approve and finalise marketing material; timetable & targets;
- Monitor results of campaign and report to directors;
- Liaise with the Development team as required on the timing and handover of new product for sale and presales campaigns; and
- Liaise with the legal team on the preparation of sale documentation; consultants contracts; settlement of sales etc.

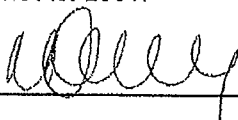
**EXECUTED** as an agreement

**The Trust Company (PTAL) Limited ACN 008 412 913**, by its Attorney who states that he/she has had no notice of revocation of the Power of Attorney dated 12 July 2010:

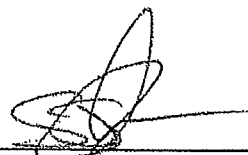


\_\_\_\_\_  
**Geoffrey Funnell**  
State Manager – Corporate and Legal Services (Qld)

**LM INVESTMENT MANAGEMENT LIMITED**  
in accordance with Section 127 of the Corporations Act 2001:

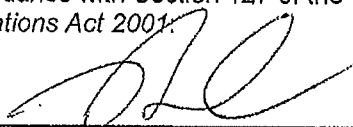


\_\_\_\_\_  
Signature  
Lisa Maree Darcy  
Director



\_\_\_\_\_  
Signature  
Simon Jeremy Ticker  
Director

**LM ADMINISTRATION PTY LIMITED**  
in accordance with Section 127 of the Corporations Act 2001:



\_\_\_\_\_  
Peter Charles Drake  
Sole Director

"DW-19"

**TAX INVOICE**

**ABN 68 077 208 461**  
**LM INVESTMENT MANAGEMENT LIMITED**  
**(Administrators Appointed)**

C/- Level 1, 38 Cavill Ave  
Surfers Paradise 4217  
Queensland Australia

31 March 2013  
Invoice No: 1106

**To:**

**LM First Mortgage Income Fund**  
**Level 1, 38 Cavill Ave**  
**Surfers Paradise 4217**  
**Queensland Australia**

**Re: Loan Management fees**

Loan Management Fees for the month of March 2013 \$209,953.67

SUBTOTAL:	\$209,953.67
GST:	\$20,995.37
<b>TOTAL:</b>	<b>\$230,949.04</b>

# SUNCORP BANK Internet Banking

## Business Payments Credit

### Business Payment History Details

Receipt number 88632602

APCA ID 372357

From Account FMIF WORKING UNRESTRICTED - BUSINESS EVERYDAY - 049726640

Your Reference L-MFEE-MIF

Timing Immediate

Status Processed

Processed on 08/07/2013

Created by MS IRENE COLINA CALING 04/07/2013 01:47:56 PM

Approved by MR ANTHONY MICHAEL NIGRO 08/07/2013 02:15:28 PM

Approved by MR TRENT FRANKLIN 08/07/2013 02:48:33 PM

Total Amount \$214,426.40

Number of Credits 1

Account Name	BSB	Account Number	Reference	Amount
LM Administration PL (Administra	064-000	013405835	8973Inv004	\$214,426.40

Information as at: Monday, 8th July 2013 2:58:03 PM AEST

**SUNCORP BANK Internet Banking**

**E-MAILED**  
5/7/2013


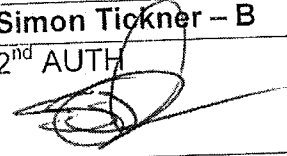
**Business Payments Credit**

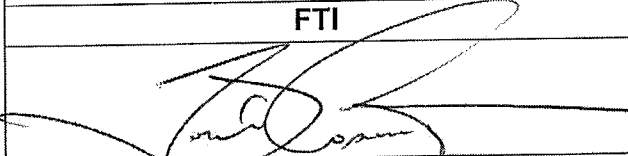
Awaiting Approval

APCA ID 372357  
 From Account FMIF WORKING UNRESTRICTED - BUSINESS EVERYDAY ✓  
 049726640  
 Your Reference L-MFEE-MIF  
 Timing Immediate  
 Total Amount \$214,426.40  
 Number of Credits 1  
 Created By MS IRENE COLINA CALING 04/07/2013 01:47:56 PM

Account Name	BSB	Account Number	Reference	Amount
LM Administration PL (Administra ✓)	064-000	013405835	8973Inv004 ✓	\$214,426.40 ✓

Information as at: Thursday, 4th July 2013 2:23:51 PM AEST

FUND A/c : FMIF Working Acct: 049726640	
Steve Hannan – A	Simon Tickner – B
1 <sup>st</sup> AUTH	2 <sup>nd</sup> AUTH
	

FUND A/c : FMIF Working Acct: 049726640
FTI


Deutsche Bank

CUSTODIAN AUTHORISATION	
1st Signatory	2nd Signatory

V135148

## LM Administration Pty Ltd (Administrators Appointed) ("LMA")

### Tax Invoice

ABN 62 558 147 220

Date: 30 June 2013

To: The Trust Company (PTAL) Limited  
As custodian for LM First Mortgage Income Fund  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8973Inv004

Reference: LMA – Loan Management Fees June 2013

Date	Description	Amount \$
30/06/13	Loan Management Fees June 2013 – schedule attached	194,933.09

Sale Amount: 194,933.09

GST: 19,493.31

Total Inc GST: 214,426.40

Total Paid: 0.00

**Balance Due: 214,426.40**

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13405835  
Payment Reference: 8973Inv003





## Irene Caling

---

**From:** Lucy Bloomfield  
**Sent:** Thursday, 4 July 2013 12:57 PM  
**To:** Irene Caling  
**Cc:** Glenn.OKearney@fticonsulting.com  
**Subject:** FW: Monthly loan recovery costs  
**Attachments:** 1. Summary of FMIF recovery costs t0 30.6.13.xls; 8973inv004.pdf

Hi Irene  
Can we please arrange to have the attached invoice paid please?  
Thanks very much.  
Lucy

### Lucy Bloomfield

Assistant to Finance Director | Finance  
T +61 7 5584 4500 | D +61 7 5584 4546 | F +61 7 5592 2505 | E [lbloomfield@lmaustralia.com](mailto:lbloomfield@lmaustralia.com)  
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---

**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]  
**Sent:** Thursday, 4 July 2013 11:27 AM  
**To:** Lucy Bloomfield; Simon Tickner  
**Cc:** Shelley Chalmers; Zоргdrager, Ryan; Corbett, John; Trenfield, Kelly-Anne  
**Subject:** FW: Monthly loan recovery costs

Hi Lucy

Please find attached invoice for June loan management costs. Please proceed to process this invoice through the normal channels for approval.

I note that the invoice is payable to the LMA account listed on invoice.

Regards

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

F T I Consulting  
+61.7.5630.5222 main  
+61.7.5630.5205 direct  
+61.7.5630.5299 fax  
[Glenn.OKearney@fticonsulting.com](mailto:Glenn.OKearney@fticonsulting.com)

Level 9 Corporate Centre One  
2 Corporate Court  
Bundall QLD 4217  
Australia  
[www.fticonsulting-asia.com](http://www.fticonsulting-asia.com)

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---

**From:** Shelley Chalmers [<mailto:Schalmers@lmaustralia.com>]  
**Sent:** Thursday, 4 July 2013 11:01 AM  
**To:** O'Kearney, Glenn  
**Cc:** Zorgdrager, Ryan  
**Subject:** RE: Monthly loan recovery costs

Thanks Glen,

Here are the final numbers for June:

FMIF \$203,705.08

AIF \$ 20,983.50

**Shelley Chalmers**

PAM Team Leader & Paralegal | Property Asset Management

T +61 7 5584 4500 | D +61 7 5584 4502 | F +61 7 5592 2505 | E [schalmers@lmaustralia.com](mailto:schalmers@lmaustralia.com)

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V135148

# LM Administration Pty Ltd (Administrators Appointed) ("LMA")

## Tax Invoice

ABN 62 558 147 220

ENTERED

Date: ~~4 July 2013~~ *June*

To: The Trust Company (PTAL) Limited  
As custodian for LM First Mortgage Income Fund  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8973Inv004 ✓

Reference: LMA – Loan Management Fees June 2013

Date	Description	Amount \$
4/7/13	Loan Management Fees June 2013 – schedule attached	194,933.09

Sale Amount:	194,933.09
GST:	19,493.31
<b>Total Inc GST:</b>	<b>214,426.40</b>
Total Paid:	0.00
<b>Balance Due:</b>	<b>214,426.40</b> ✓

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed) ✓  
 BSB: 064 000 ✓  
 Account Number: 13405835 ✓  
 Payment Reference: 8973Inv003

## Irene Caling

---

**From:** Irene Caling  
**Sent:** Monday, 8 July 2013 4:03 PM  
**To:** Glenn.OKearney@fticonsulting.com  
**Cc:** Eryn Vannucci (evannucci@outlook.com) (evannucci@outlook.com); Lucy Bloomfield  
**Subject:** June Invoice Loan Management Fees \$214,246.40  
**Attachments:** img-7081558-0001.pdf

Hi Glenn,

Attached invoice is dated 4th July.

Can you please re-issue the attached invoice to reflect the month of June.

Thanking you.

Regards,

LM Administration Pty Ltd (Administrators Appointed) ("LMA")

Tax Invoice

ABN 62 558 147 220

Date: 25 July 2013

To: The Trust Company (PTAL) Limited  
As custodian for LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8973Inv005

Reference: LMA - Loan Management Fees 1 - 25 July 2013

Date	Description	Amount \$
25/07/13	Loan Management Fees 1 - 25 July 2013 schedule attached	
	For loan management services provided on LM FMIF by LMA as per Management Services Agreements held with The Trust Company (PTAL) Limited and LM Investment Management Ltd.	231,623.52
	Credit Simon Tickner overcharge June 2013 invoice	(2,250.00)
		<u>229,373.52</u>

Sale Amount: 229,373.52  
GST: 22,937.35

Total Inc GST: 252,310.87  
Total Paid: 0.00

**Balance Due: 252,310.87**

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13405835  
Payment Reference: 8973Inv005

**FMIF LOANS - RECOVERY COSTS TO 25 July 2013**

Borrower	Simon Tichauer	Pony Sae	Wale Aye	Trevor	Flord Dransy	Sam Kohing	Ann McCallum	Zoran Mirovavic	Shailly Chandra	Dana Alexander	Sean Haydock	Monthly charge at hourly rate	Development management fee	Sales and Marketing fee	Total fee for loan	Travel expenses & other costs	Total costs for loans	Borrower	
Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	Hourly rate	
Admin General / non billable	350	315	315	315	315	315	315	315	315	315	70	3,150						NON RECOVERABLE	
Hourly rate	350	315	315	315	315	315	315	315	315	315	70	3,150						Hourly rate	
Admin General / non billable	1750	26.5	8347.5	2.3	2396.5	1	315	18	5670	13.2	5827.5	0.05	14.26	7.2	2256	2	650	27,122	Admin General / non billable
ANIS Pty Ltd MPFF Aallo	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	ANIS Pty Ltd MPFF Aallo
Belpac	2	700	0	5.5	1732.5	7.8	2457	0	0	0	0	0	0	0	0	0	0	8,418	Belpac
Brambleton Pty Ltd	3	1050	0	1.9	598.5	2.7	950.5	17	5385	3.1	976.5	3.35	664.75	7.2	2266	1.5	472.5	12,525.75	Brambleton Pty Ltd
BRIDGEWATER LAKE ESTATE	1.5	325	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	840	Bushland Beach LMIM at LM Managed Perf Fund
BRIDGEWATER LAKE ESTATE LTD	2	700	1.5	472.5	0	0	0	0	0	0	0	0	0	0	0	0	0	16,816.25	Bridgewater Lake Estate Ltd
Carrington Management Pty Ltd (Cabootture)	6	2100	0	0	0	4.8	1512	0	0	0	0	0	0	0	0	0	0	8,537	Carrington Management Pty Ltd (Cabootture)
Couller Developments	1.5	325	0	0	0	0.5	157.5	3.3	1039.5	0.3	94.5	1.25	366.25	0.6	169	0	0	5,572.25	Couller Developments
Cameo Estates P/L	2	700	1.5	472.5	1.6	472.5	0	0	0	0	0	0	0	0	0	0	0	7,301	Cameo Estates P/L
Eden Apartments Pty Ltd	0	0	0	0	0	3.3	1039.5	0	0	0	0	0	0	0	0	0	0	6,642	Eden Apartments Pty Ltd
Glendinning Developments Pty Ltd	0	0	0	0	0	1.4	441	0	0	0	0	0	0	0	0	0	0	1,323	Glendinning Developments Pty Ltd
Green Square Property Developments	2	700	0	2.1	661.5	0.2	63	3	945	0.3	94.5	0	0	1	315	0	0	3,199	Green Square Property Developments
Greystanes Projects Pty Ltd (DM fee removed as asset is now to be sold)	1	350	1.5	472.5	0	0	0	0	0	0	0	0	0	0	0	0	0	1,331	Greystanes Projects Pty Ltd
Kingopon P/L	3	1050	1.4	441	15.3	4819.5	2.6	919	0	0	0	0	0	0	0	0	0	1,323	Kingopon P/L
Lot 111 Pty Ltd.	1.5	325	0	1.2	378	0.2	63	8	2520	0.4	126	0	0	1.5	472.5	0	0	4,274	Lot 111 Pty Ltd.
Madrers Properties Pty Ltd	0	0	0	0	0	3.2	1008	2.2	955	0	0	0	0	0	0	0	0	3,273	Madrers Properties Pty Ltd
Northshore Bayview St Pty Ltd	2	700	0	0	0	0.7	220.5	32	10080	5.5	1732.5	7.7	2194.5	10.5	3307.5	0	0	24,750.58	Northshore Bayview St Pty Ltd
Ovst Pty Ltd	6	2100	0	0	0	1.3	409.5	0	0	0	0	0	0	0	0	0	0	1,251	Ovst Pty Ltd
Redland Bay Leisure Life (Petrac)	6	2100	0	15.5	4687.5	1	315	0	0	0	0	0	0	0	0	0	0	55,865	Redland Bay Leisure Life (Petrac)
Redland Bay Leisure Life development (Petrac)	2	700	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	700	Redland Bay Leisure Life development (Petrac)
Source Student Lodge Pty Ltd	0	0	0	0	0	3.9	1228.5	0	0	0	0	0	0	0	0	0	0	1,323	Source Student Lodge Pty Ltd
Source Developments No 1 Pty Ltd	1.5	325	1.5	472.5	0	0	0	2.5	787.5	1.1	346.5	1.55	447.75	2.3	724.5	1	315	20,787.25	Source Developments No 1 Pty Ltd
St Crispin's Property Pty Ltd	3	1050	0	6	1890	6.9	2173.5	7.3	2299.5	1.1	346.5	0.5	157.5	0.6	189	1	315	12,465.75	St Crispin's Property Pty Ltd
Tall Trees Tanah Merah (Living Concepts) Pty Ltd (UPD) - Includes TT Rocoleda (ie no debt but security remains as X-Coll to ITM)	0	0	0	0	0	3.5	1102.5	0.4	126	0	0	0	0	0	0	0	0	3,465	Tall Trees Tanah Merah (Living Concepts) Pty Ltd (UPD) - Includes TT Rocoleda (ie no debt but security remains as X-Coll to ITM)





" DW-22 "

## LM Administration Pty Ltd (Administrators Appointed) ("LMA")

### Tax Invoice

ABN 62 558 147 220

Date: 31 May 2013

To: The Trust Company (PTAL) Limited  
As custodian for LM First Mortgage Income Fund  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8973Inv003

Reference: LMA – Loan Management Fees March 2013 to May 2013

Date	Description	Amount \$
31/05/13	Loan Management Fees March 2013	209,953.67
	Loan Management Fees April 2013	252,793.12
	Loan Management Fees May 2013	251,310.20
	(Less – income received in advance by LMA from LM FMIF prior to appointment of Voluntary Administrators on 19 March 2013)	(509,747.84)
	<b>Total Invoice</b>	

Sale Amount: 204,309.15

GST: 20,430.92

Total Inc GST: 224,740.07

Total Paid: 224,740.07

**Balance Due: 0.00**

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)

BSB: 064 000

Account Number: 13405835

Payment Reference: 8973Inv003

Note: This invoice replaces previously issued invoices by LM Investment Management Ltd (Administrators Appointed) 1106, 1108, 1109, 1118.

## Eric Leeuwendal

---

**From:** Lucy Bloomfield <latkins@lmaustralia.com>  
**Sent:** 4 December 2013 4:57 PM  
**To:** Charles Haines  
**Cc:** Simon Tickner  
**Subject:** FW: LM FMIF - resend of Email attachment  
**Attachments:** 8973inv003.pdf

Hi Charles

Can you open any of the attachments? All the ones I sent were XLS files except the email that had been saved from FTI which I am assuming is causing the problem.

I am now "forwarding" you the email instead of sending it as a saved document to see if this helps.

Can you let me know if the other document sent as excel files were OK or if I need to resend them too?

Regards

Lucy

### Lucy Bloomfield

Assistant to Finance Director | Finance

T +61 7 5584 4500 | D +61 7 5584 4546 | F +61 7 5592 2505 | E [lbloomfield@lmaustralia.com](mailto:lbloomfield@lmaustralia.com)

A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217, Queensland, Australia

[www.LMaustralia.com](http://www.LMaustralia.com)

*We wish to advise that our office will close at 12pm on Friday 20th December 2013 and will re-open 8.30am Monday 6 January 2014.*

*From the LM team, we wish you a safe and happy Christmas!*

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---

**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]

**Sent:** Wednesday, 7 August 2013 4:36 PM

**To:** Lucy Bloomfield

**Subject:** FW: LM FMIF

8973 # 3

---

**From:** O'Kearney, Glenn

**Sent:** Wednesday, 3 July 2013 11:47 AM

**To:** Lucy Bloomfield ([latkins@lmaustralia.com](mailto:latkins@lmaustralia.com)); 'evannucci@outlook.com'

**Cc:** [STickner@lmaustralia.com](mailto:STickner@lmaustralia.com)

**Subject:** LM FMIF

Hi Lucy and Eryn

Updated invoices for LM FMIF as discussed this morning. Please call should you wish to discuss.

"DW-23"

## REPORT BY ADMINISTRATORS



### Report

---

19 JULY 2013

LM Administration Pty Ltd  
(Administrators Appointed)  
ACN 055 691 426

*Pursuant to Section 439A of the Corporations Act*

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# 1 Appointment by Administrators

## 1.1 Progress of the Administration

We, John Park and Ginette Muller, were appointed as Administrators of LM Administration Pty Ltd (the Company or LMA) on 19 March 2013 pursuant to Section 436A of the *Corporations Act 2001 (Cth)* (the Act). We were also appointed as Administrators of LM Investment Management Limited (LMIM) on the same date.

On appointment we assumed control of the Company's operations and assets, communicated with all key stakeholders including employees and major creditors, and implemented new controls for operations.

As you are aware, the Administrators filed an application in the Supreme Court of Queensland (the Court) seeking an order that the period within which the Administrators must convene the second meeting of creditors of the Company be extended up to and including 25 July 2013. The application was heard on 12 April 2013 and the Court made the following relevant orders:

- The convening period for the meeting of creditors be extended up to and including Thursday 25 July 2013.
- The meetings for LMIM and LMA may be held together or separately and at any time during, or within five business days of the end of the convening period.

We have become aware that various stakeholders have queried the possibility of conflicts arising when the Administrators adjudicate upon claims in relation to the following:

- Claims between creditors; and
- Fund claims against the Company (where the Administrators represent the Fund and the Company).

Whilst we are accustomed to adjudicating between these various classes of claimants and have various method of resolving conflicts if and when they arise, we have decided to take steps to remove ourselves from the possibility of such a claim by declining to accept the position of Liquidator at the upcoming meeting of creditors.

Instead we have called upon Mr David Clout and Ms Lorraine Smith of David Clout and Associates to conduct the winding up of the Company.

Further details of the conduct of the Administration to date are contained below.

## 1.2 Object of the Administration

Section 435A of the Act states the objects of the Administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

- maximises the chance of the company, or as much as possible of its business, continuing in existence, or
- if it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

This report has been prepared in accordance with Section 439A (4) of the Act.

This report has been prepared from information obtained from the Company's records, the Directors and management of the Company and from our own enquiries.

Our investigations into the Company's affairs have been limited due to the relatively short time period provided under the Act within which we must issue a report about the Company's business, property, affairs and financial circumstances for the Second Meeting of Creditors.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the Second Meeting of Creditors.

Neither FTI Consulting nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

### 1.3 Prior involvement with the Company

We advise creditors that we have had no prior involvement with the Company, its Directors or any related party which would preclude us from accepting the appointment. Up to the date of our appointment, our involvement with the Company commenced on 7 March 2013 and had been to prepare for the orderly conduct of the Administration.

Further, we advise that we have had no prior involvement with the Company's secured creditor, any critical trade supplier or any dominant union in advising such parties concerning the Company.

There has been no change to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities included with the first Circular to Creditors.

### 1.4 First meeting of creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of the Company in administration within eight business days of being appointed (the First Meeting of Creditors).

The First Meeting of Creditors for the Company was held on 2 April 2013.

At the First Meeting of Creditors, we advised that it would be in the interests of the creditors if a Committee of Creditors was formed for the Company. We also recommended the Committee of Creditors should comprise one or more individuals representing each of the main creditor interest groups.

A resolution was passed by the creditors present at the meeting to appoint a Committee of Creditors for the Company (the Committee) and there have been three meetings of the Committee to date.

### 1.5 Second meeting of creditors

We are required to convene a Second Meeting of Creditors of the Company in administration pursuant to Section 439A of the Act (the Second Meeting of Creditors) to consider the future of the Company.

Before the Second Meeting of Creditors, we must prepare a report on the relevant Company's business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be in a position to vote at the Second Meeting of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- the Company to execute a deed of company arrangement (DOCA)
- the administration to end, or
- the Company to be wound up.

A DOCA has not been proposed, so this option is not available to be considered.

We advise that the Second Meeting of Creditors will be held at the Training Room Level 1, 38 Cavill Avenue, Surfers Paradise, Queensland, on 26 July 2013 at 11:00 am. Formal notice of the meeting accompanies this Report. Registration for the meeting will commence at 10:45 am.

A Form 532 – Appointment of Proxy also accompanies this report. If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate creditor, you are required to complete the Appointment of Proxy Form appointing your representative. Appointment of Proxy forms may be sent to FTI Consulting, PO Box 8965, GCMC, QLD, 9726, by facsimile (07) 5630 5299 or email to [stuart.clancy@fticonsulting.com](mailto:stuart.clancy@fticonsulting.com) no later than 4:00pm, 25 July 2013.

If you are representing a company, please ensure that your Appointment of Proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the meeting.

Creditors are required to have lodged Proofs of Debt no later than 4:00pm on 25 July 2013, failing which they may be excluded from voting at the meeting. A Form 535 - Formal Proof of Debt or Claim, accompanies this Report. Proofs of Debt may be sent to FTI Consulting, PO Box 8965, GCMC, QLD, 9726, by facsimile (07) 5630 5299, or email to [stuart.clancy@fticonsulting.com](mailto:stuart.clancy@fticonsulting.com).

Those creditors who have already lodged a Proof of Debt are not required to lodge a further Proof of Debt (unless they wish to amend their claim).

## 1.6 Conduct of Administration

LMA is the service entity to LMIM and provides management services including employment of staff, leasing of premises, provision of plant and equipment, payment of operating costs, funds management services, consulting and other services for the purpose of providing assistance in the operation of LMIM's funds management business.

LMIM was licensed as an Australian Financial Services Licensee and Responsible Entity under the Act. LMIM and its Funds are regulated by the Australian Securities and Investments Commission (ASIC).

At the date of our appointment LMIM was the Responsible Entity/Manager for the following funds (the Funds):

- LM Australian Income Fund (AIF)
- LM Australian Income Fund Currency Protected LUXM (LUXF)
- LM Australian Structured Products Fund (ASPF)
- LM Managed Performance Fund (MPF) - ceased 12 April 2013
- LM Cash Performance Fund (CPF)
- LM First Mortgage Income Fund (MIF)
- LM Currency Protected Australian Income Fund (CPAIF)
- LM Institutional Currency Protected Income Fund (ICPAIF)

Following our appointment we continued the operations of the Company as we considered this to be in the best interests of all parties concerned. Since the date of appointment, the Administrators have spent significant time undertaking investigations, statutory, operational and fund level tasks. The conduct of the administration to date has included the following:

- Issuing notifications of the appointment to banking institutions, utility providers, statutory bodies, employees, ASIC, and creditors of various kinds.
- Holding staff meetings, securing locations and identifying relevant parties and assets through review of records and statutory searches.
- Implementing trading controls including review of leased asset position, new bank accounts, processes, supplier accounts and cash flow preparation.
- Reviewing operations including the relationship between corporate and fund level.

- Reviewing accounting functions at each level and initial asset/balance sheet review and identifying and securing assets.
- Liaising with directors and management regarding Report as to Affairs and information requirements.
- Notifying insurance broker, meeting with pre appointment insurance broker and premium funder and arranging appropriate cover.
- Reviewing financial reporting obligations and AFSL licence position.
- Dealing with creditor, investor, adviser and media queries.
- Preparing for and conduct of the First Meeting of Creditors.
- Undertaking cost cutting actions to bring costs under control by eliminating excess spending (disclaiming leases, closing overseas and interstate offices etc).
- Reducing the head count as operations have required and reducing office space at Head Office.
- Conducting preliminary investigations into the Company's affairs, transactions and any breaches of director duties.
- Preparing the Report to Creditors on the Company's business, property, affairs and financial circumstances and provide an analysis of the alternatives available.

## 1.7 Receipts and payments of administration

\*Attached as Appendix 1 is a summary of the receipts and payments for the period from 19 March 2013 to 30 June 2013. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.

# 2 Company background

## 2.1 History of the Company

The main activity of the Company was its role as Trustee of the LM Administration Trust, acting as service entity to the related party LMIM providing staff, plant and equipment, administrative funds management services, consulting and other services for the purpose of providing assistance in the operation of LMIM's funds management business. The Company also acted as Trustee for the Ekard Property Trust which previously held a significant commercial property in Sydney.

As a result of the appointment of the Administrators, the Company became a bare trustee in relation to the Trustee positions held, continuing to hold legal ownership of the trust assets on behalf of the beneficiaries of the Trust but with more limited powers to deal with trust assets. It is noted a bare trustee is still entitled to an indemnity out of trust assets in respect of liabilities incurred on behalf of the trust.

Detailed below is information regarding the Company obtained a company and Personal Property Security Register search obtained from ASIC and another medium as at the date of appointment.

Company details	
Commencement date	3 April 1992
Registered office	Level 4, RSL Centre, 9 Beach Road SURFERS PARADISE QLD 4217
Trading premises	Level 4, RSL Centre, 9 Beach Road SURFERS PARADISE QLD 4217



Shareholder name	Number of shares held	Class of share	Beneficially held and fully paid up
Drake, Peter Charles	1	Ord	Yes & Yes
Drake, Peter Charles	2	Ord	Yes & Yes
<b>Total</b>	<b>3</b>	<b>Ord</b>	<b>Yes &amp; Yes</b>

Charges	Date created	ASIC charge number	Status
Provident Capital Limited (released)	22 December 2009	201112211290246	Current
Capital Finance Australia Limited	30 January 2012	20111221234115	Current
Capital Finance Australia Limited	30 January 2012	20112212344363	Current
Northern Managed Finance Pty Ltd	30 January 2012	20112212767508	Current
Capital Finance Australia Limited	30 January 2012	201112212789238	Current
Australia and New Zealand Banking Group Limited (ANZ)	23 September 2009	201112290035831	Current
St George Finance Limited	30 January 2012	201201110115834	Current
The Trust Company (PTAL) Limited (assigned to MPF)	13 June 2002	201201240186427	Current
Mercedes-Benz Financial Services Australia	31 January 2012	201201310109311	Current

With the exception of The Trust Company (PTAL) Limited charge, all other charges relate to equipment or motor vehicles or have been released.

The Trust Company (PTAL) Limited holds a registered charge over the Company that purports to secure a debt due to the MPF by the Company (as borrower) as Trustee of the Ekard Property Trust and in its own right. We understand the amount outstanding to the MPF in relation to this loan is approximately \$205,000. We understand this charge also purports to secure a debt owing by Peter Drake to the MPF to which the Company provided a guarantee in its own right and as Trustee of the Ekard Property Trust. We are currently investigating the charge and the extent of the Company's assets (if any) that may be secured by the charge.

We are not aware of any winding up petitions having been made against the Company.

## 2.2 Directors and officers

Detailed below is information regarding the Director and Secretary of the Company obtained from ASIC as at the date of appointment.

Director name	Appointment date	Cessation date
Drake, Peter Charles	3 April 1992	Current

13 Albatross Avenue,  
NOBBY BEACH QLD 4218

Secretary name	Appointment date	Cessation date
Drake, Peter Charles	3 April 1992	Current

13 Albatross Avenue,  
NOBBY BEACH QLD 4218

Our preliminary investigations indicate the other Directors of LMIM may be or have been shadow directors of the Company, however our investigations are continuing.

### 2.3 Related entities

Detailed below is a summary of related entities of the Company, who are also creditors of the Company at 19 March 2013.

Related entity	Amount
LMIM	280,670
MIF	560,722
MPF	12,340,377
AIF	868,802
CPF	6,983
<b>Total</b>	<b>14,057,554</b>

The amount listed as owing to LMIM is reflected in the records of the Company as a loan account between the two related entities.

The balance of the related party creditors are recorded in the records of the Company as income received in advance from the respective funds where the Company provided services under the former service agreement held with LMIM as trustee/responsible entity of the respective funds.

The above claims have not yet been adjudicated. However, if the Company is placed in liquidation and there are sufficient funds realised for the Liquidators to make a distribution to creditors, the related entities will each be required to provide a Proof of Debt with evidence, which will then be adjudicated.

### 2.4 Events leading up to Administration

The Director of the Company has advised the financial position can be attributed to similar reasons to that of LMIM, which is:

- High volatility in the Australian Dollar created a net margin requirement to the foreign exchange providers which depleted the contingency held for same.
- An inability of MPF to meet the net margins saw certain foreign currency providers close out their positions.
- Institutional investors, Friends Provident and Royal Skandia, removed MPF as an investment option, thereby significantly reducing forward cash flow projections for the fund.
- The resultant potential "illiquidity" within MPF could result in the Company becoming insolvent (and potentially trading insolvent) as it would be unable to draw its management fee revenue from the Fund, revenue that was required to meet the overheads of the business and to pay creditors.

Our investigations indicate the Company's financial difficulties can be attributed to:

- Appointment of Administrators to LMIM; and
- Excessive loan accounts to and payment of personal expenses of related parties of the Director and the Director himself.

## 2.5 Report as to Affairs

The Director has provided a Report as to Affairs (RATA) to us. A RATA provides information on the financial position of the Company as at the date of our appointment.

A summary of the RATA is detailed below:

Report as to Affairs	Book or cost valuation	Estimated realisable value
Assets not specifically charged	35,067,133	458,354
Assets subject to specific charges (net of specific charges)	Nil	Nil
<b>Total assets</b>	<b>35,067,133</b>	<b>458,354</b>
Less payable in advance of secured creditor(s)	125,119	125,119
Less amounts owing and secured by debenture or floating charge over assets	Nil	Nil
Less preferential claims ranking behind secured creditors	Nil	Nil
Balances owing to partly secured creditors	Nil	Nil
Balances owing to unsecured creditors	18,203,388	18,203,388
Contingent assets	Nil	Nil
Contingent liabilities	400,000	400,000
<b>Estimated surplus/(deficiency) subject to the costs of the Administration</b>	<b>16,338,626</b>	<b>(18,270,153)</b>

Creditors should note the above summary is the Director's view in relation to the financial position of the Company and is largely based on the management accounts that were available to the Director as at the date of the Administration. Please see section 4.4 for the Administrators analysis of the financial position of the Company.

## 2.6 Historical financial performance

Detailed in Appendix 10 is a summary of the comparative balance sheets and profit and loss statements of the Company, for two previous financial years (2010 and 2011). At the date of this report the 2012 financial statements have not yet been finalised, however a summary has still been included at Appendix 10.

The Company's financial statements disclose the following:

- balance sheet movements indicate that over the course of this two year period:
  - Current assets increased by 316%, from \$137,761 to \$572,450, due to a large increase in cash and trade and other receivables.

- Non-current assets increased by 23%, from \$13,971,483 to \$17,195,047, due to an increase in receivables and property, plant and equipment.
- Current liabilities increased by 16%, from \$13,818,801 to \$16,081,135, due to the significant 'Other Liability' position. This 'Other Liability' mainly relates to income received in advance.
- Non-current liabilities increased by 11% due to an increase in borrowings and long-term provisions.
- the profit and loss movements indicate that over the course of this two year period:
  - Gross income increased by 118%, from \$9,539,623 to \$20,789,689, namely due to a 200.49% increase in management fees.
  - Total expenditure increased by 35%, from \$10,391,220 to \$13,980,592, whilst the largest increased in individual expenditure items were seen in commission, computer expenses, consultant fees, employment agency fees and external accounting fees.
- The 2012 financial statements reveal a significant increase in both net operating profit and net assets. This increase is currently being reviewed.
- The Company's working capital position was poor from 2010 to 2011 being in deficit of \$13,681,040 and \$15,508,685 respectively. However, in 2012 there was a positive working capital position of \$7,032,594, which is attributable to the reclassification of the related party loan accounts from non-current to current assets and allocated to cash and cash equivalents in the draft balance sheet.

## 2.7 Searches

Motor vehicle and property searches have been carried out with a view to determine if the Company is the registered owner of any motor vehicles or property.

The property search revealed the Company as trustee of the Ekard Property Trust is the registered owner of the following property:

- 1405 Island Street, South Stradbroke Qld; and
- 1406 Island Street, South Stradbroke Qld.

The motor vehicle search revealed the Company is the registered owner of the following motor vehicles:

Motor vehicle model	Registration number	Registration state	Status
Lexus LX470	142IWU	QLD	Owned and held
Mercedes-Benz SL65 AMG	169JYM	QLD	Leased and disclaimed
Mazda 323	236GWG	QLD	Owned and held
Toyota RAV4	647GYY	QLD	Owned and held
Subaru Liberty	923JPR	QLD	Owned and held

## 3 Investigations

### 3.1 Administrators' investigations

Under the Act, we are required to investigate the Company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 of the Act, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a Liquidator, if creditors resolve to place the Company into liquidation.

Our investigations are at a preliminary stage and we are not in a position to provide any final comments about potential offences that may have been committed or amounts of money that may be recoverable in the event of the Company being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a Liquidator (if appointed), and independent legal advice sought in order to determine the likely success of any actions contemplated in respect to the matters detailed below.

### 3.2 Overview of Administrators' investigations

Our investigations to date have focused on the following matters:

- Breaches of duty and other offences under the Act by the Director; and
- Potential actions by a Liquidator (if appointed).

### 3.3 Approach to preliminary investigations

Throughout our preliminary investigation, we:

- Analysed and where required, maintained the integrity and security of the IT systems of the Company. We were required to take immediate steps to stop any intrusions into the Company's IT systems.
- Undertook a review of the Company information technology system that included securing devices including:
  - Computer servers
  - Desktop and laptop computers and their hard disk drives
  - Backup tapes.

Further to the computer forensic aspects outlined above, we also:

- Held discussions with the Director of the Company.
- Held discussions with key employees, including the Financial Controller.
- Identified, reviewed, reconstructed where required, and analysed financial information in both hard copy and electronic form.
- Undertook searches of various publicly available databases, including ASIC and Office of State Revenue records.
- Spoke with various external parties, including suppliers of goods and services to the Company.

### 3.4 Offences under the Act by the directors

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- A past or present officer, or member, of the company may have been guilty of an offence in relation to the company; or
- A person who has taken part in the formation promotion, administration, management or winding up of the company may have misapplied money or property of the company or may have been guilty of negligence, default, breach of duty or trust in relation to the company.

We set out below our comments as to whether investigations are warranted in relation to particular offences. A draft report to ASIC has been prepared however will be held subject to the appointment of a Liquidator.

#### **3.4.1 Books and records**

Failure to maintain adequate books and records may be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

From our investigations to date, we consider that the Company has maintained books and records in accordance with the requirements of the Act.

#### **3.4.2 Care and diligence and duty to act in good faith**

The duty to act in good faith includes the following:

- To act honestly
- To exercise powers in the interests of the Company
- To avoid conflicts of interest
- To use their position properly
- To use information only for its proper purpose.

From our investigations to date, there is evidence to indicate that the Company may have traded whilst insolvent for a period and entered into certain transactions that may be voidable against a Liquidator.

If this is the case, then it may be that the provisions of Sections 180, 181, 182 and 184 of the Act may have also been breached, that is the Director may not have acted in the interests of the Company.

Ultimately, the determination of whether the Director has breached these provisions of the Act will be made by a Court after action taken by a Liquidator.

### **3.5 Potential recovery actions available to a liquidator**

#### **3.5.1 Voidable transactions**

##### *Unfair preferences*

If the Company is placed into liquidation, various provisions of the Act enable the Liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Company. A Liquidator is able to look back at the preceding six months to determine whether or not any such transactions occurred i.e., a Liquidator is able to review transactions between the period 19 September 2012 to 19 March 2013.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show that the Company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a Liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the company was insolvent or would become insolvent.

A preliminary review of the Company's records indicates that certain payments made to the Australian Taxation Office may be preferential however, further analysis will need to be undertaken in this regard.

*Uncommercial transactions*

A transaction of a company is a voidable transaction if the following elements are established by a Liquidator:

- The transaction was entered into or given effect to within two years of the date of appointment of the Administrator.
- At the time the transaction was entered into, or when given effect to, the company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

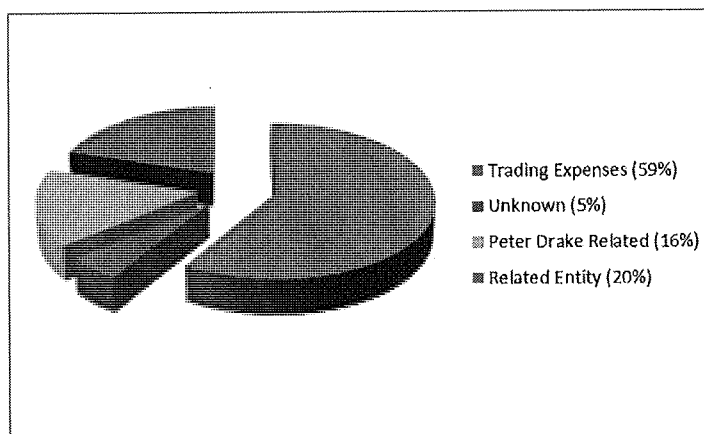
As part of our preliminary investigations we have reviewed the transactions and payments entered into by the Company for the period 1 January 2012 to 19 March 2013 to form an understanding of how funds flowed through entities and their ultimate destination.

A detailed analysis has not been conducted into each transaction, rather an overall picture created on an aggregate transaction level as described in the Company's records.

The results reveal a total of \$49,254,973 via 5,963 individual payments were made during the period 1 January 2012 to 19 March 2013 and of these payments:

- Circa 59% are clearly related to operational expenses of the funds management business;
- Circa 5% contain insufficient details to classify;
- Circa 20% relate to payments on behalf of related entities (including funds which were reimbursed), payments to LMIM, and loans to related entities; and
- Circa 16% relate to payments made to or on behalf of the Director including for personal expenses and drawings, which appear to be recorded as a loan.

A diagram summarising the above is set out below:



A review of the payments from the Company bank accounts during the period 19 March 2011 to 19 March 2013 indicate the Company made payments to related entities and these payments were recorded as loans to these entities. Based on the records of the Company the balances of the related party loan accounts as at 19 March 2013 were as follows:

Entity	Amount \$
Drake Pty Ltd	299,755
The Trustee for Ekard Investments	1,702,038
Peter Charles Drake	26,473,875
Drake Management Trust	1,709,555
<b>Total</b>	<b>30,185,254</b>

Formal loan agreements were not entered into for any for these loans and to date none of the loans have been repaid to the Company, however the parties did acknowledge the loans were payable on demand. Please see section 4.4 of this report for further discussion on this matter.

The payments made to the related entities are all potentially uncommercial transactions, however further analysis will need to be undertaken in this regard.

*Unreasonable director related transactions*

A transaction of a company is an unreasonable director related transaction if the following elements are established by a Liquidator:

- The transaction was entered into or given effect to within four years of the date of appointment of the Administrator.
- The payment was made to the Director of the Company or a close associate of the Director of the Company or a person on behalf of the Director or a close associate of the Director of the Company.
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the company in entering into the transaction and the respective benefits to other parties.

A review of the payments from the Company's bank accounts during the relevant period reveal the Company provided funds direct to the Director and on his behalf to a number of parties. As previously advised, the draft balance of the Director's loan account as at the date of our appointment was \$26,473,876. The Administrators have made a demand for repayment of this amount.

Should this loan account be unable to be repaid, the payments would potentially be unreasonable director related transactions, however further analysis will need to be undertaken in this regard including an assessment on whether it is commercial to pursue.

*Unfair loans*

Essentially an unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed Liquidator, whether or not the company was insolvent at any time after the loan was entered into. From our investigations, we are not aware of any unfair loans entered into by the Company.



**3.5.2 Insolvent trading**

Under the Act, a director is personally liable to the company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent.

This claim must be proven by the Liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost.

The Act provides a number of possible defences to a director to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the director had reasonable grounds to expect and did expect that the Company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the director had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the Company's solvency and that person was fulfilling that responsibility.
- The director through illness or some other good reason was not taking part in the management of the Company at the time the debt was incurred.
- The director took all reasonable steps to prevent the Company from incurring the debt.

It is crucial to note that, with the exception of unfair loans or unreasonable director related transactions, in order for a Liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the Liquidator must first be able to show that at a relevant point in time the Company was insolvent.

The Act states the Company is considered to be solvent if, and only if, the Company is able to pay its debts as and when they become due and payable. A Company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

To date, an exact date of insolvency has not been determined. The financial statements of the Company were last prepared by an external accountant as at 30 June 2011. A review of these financial statements indicates the Company may have been insolvent at this date given the Company had current assets of \$572,450 and current liabilities of \$16,081,135. It should also be noted related entity loans totalling \$14,792,230 were recorded as non-current assets.

A review of financial statements prepared internally from this date indicates the related party loans were reclassified as current assets from 1 July 2011 onwards.

A financial ratio analysis of the Company's end of month financial statements from July 2012 to March 2013 reveals the following:

Ratio	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Working Capital	4,904,252	4,311,628	7,466,359	8,553,334	9,067,507	9,380,849	12,077,788	12,890,438	12,066,315
Working Capital (excluding related party loans)	(20,446,656)	(22,226,543)	(18,815,110)	(18,807,548)	(18,592,341)	(18,888,865)	(16,485,416)	(16,513,482)	(17,186,778)
Current ratio	1.21	1.18	1.38	1.43	1.46	1.49	1.72	1.77	1.69
Current ratio (excluding related party loans)	0.11	0.08	0.05	0.05	0.06	0.02	0.02	0.02	0.02
Cash ratio	0.04	0.06	0.02	0.02	0.03	0.00	0.00	0.00	0.00

An explanation of the above ratios is as follows:

*Working Capital*

Working Capital is current assets less current liabilities. A negative working capital position is an indicator of insolvency.

*Current Ratio*

A current ratio, which is less than 1 or 100%, measures the Company's ability to pay its current liabilities by selling of current assets, without resorting to sale of fixed assets.

*Cash Ratio*

A current ratio, which is less than 1 or 100%, measures the Company's ability to pay its debts as they fall and is an indicator of solvency.

It must be acknowledged these financial statements have not been prepared or reviewed by an external accountant and have been extracted directly from the Company records. Adjustments may need to be made in order to confirm the financial statements are an accurate representation of the financial position of the Company.

The question of whether the Company was insolvent will be dependent on:

- The correct classification of the related party loan accounts (current or non-current assets);
- Whether the related entities could repay these loans at certain dates; and
- The ability of the Company to receive further management fees in advance from the Funds.

Further investigation will need to be undertaken in relation to all these matters to determine the date the Company was insolvent.

Any claim for insolvent trading against the Director of the Company, however, would need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defenses available to Director;
- Cost of litigation; and
- Likelihood of recovery against the Director of the Company.

As previously advised, the Director is indebted to the Company in the amount of \$26,473,875. We are currently attempting to recover this loan account. No recovery has been made to date.

The net personal asset position of the Director is currently being investigated and further details are contained in Section 3.7 below.

As stated earlier, the Act provides directors with a number of defenses to a claim for insolvent trading. We are unable to comment, at this stage, as to whether he would be able to avail himself of these defences.

### **3.5.3 Other Investigations/Recovery Avenues**

*Management Fees and Loan/Development Management Fees*

We have reviewed the records of the Company and LMIM to gain an understanding of the accounting treatment of management fees and the flow of funds. Cash was transferred from Funds to LMA when required to meet operating expenses it was incurring as service entity to LMIM, and the management fees would be expensed in the respective funds at month end and applied against any prepaid balance (if one existed at that time).

LMA also earned income from loan and development management services provided on behalf of the Funds.. It appears that loan and development management fee income due to the Company would also be applied against any prepaid income balance (if one existed at that time) when expensed at month end in the Fund.

Investigations reveal prepaid income balances to LMA at 30 June 2011, 30 June 2012, and 19 March 2013 as follows:

Fund	30-Jun-11	30-Jun12	19-Mar-13
AIF	\$284,410.73	\$333,802.40	\$228,802.40
CPF	\$6,804.44	\$7,077.24	\$6,983.49
ICPAIF	\$97,694.59	-\$10,000.00	\$0.00
MIF	\$8,200,000.00	-\$4,543,205.81	\$560,722.62
MPF	\$5,167,309.75	\$20,752,638.61	\$12,340,377.87

Our investigations confirm the MIF amount at 30 June 2011 was cleared by 31 March 2012 and whilst the movement in the prepaid income account throughout the 2013 financial year also resulted in a temporary position where LMA had been prepaid income at 19 March 2013, the prepaid balance has been reduced to nil as a result of the ongoing management of the fund and offsetting of income due to LMA.

The prepayment position in relation to MPF, AIF and CPF remain and we expect these funds to claim in the Administration. It is noted the majority of the MPF prepayment appears to relate to prepaid development management fees that were payable to the Company in relation to its management services provided to the MPF for the Madison Estate project.

#### *Insurance Policy*

It is a condition of the Australian Financial Services Licence held by LMIM that it hold professional indemnity insurance. The Administrators are currently investigating whether any insurance held by LMIM responds to potential claims that the Company and others may have against the Director. Due to confidentiality obligations the Administrators are not able to disclose any further detail regarding these matters.

#### *Breaches of Trust*

As indicated above, the Company acted as a service entity of LMIM, which was the Responsible Entity or Trustee of a number of funds.

A review of the Service Agreement between the Company and LMIM did not indicated any obvious breaches of this agreement or any obligation to LMIM, however a detailed review will need to be undertaken to confirm this.

There have been suggestions LMIM may have committed breaches of trust and consideration needs to be given on the role of LMA if that is the case.

### **3.5.4 Costs**

The costs of pursuing voidable transactions and insolvent trading would come from the assets of the Company or funding from creditors of the Company. Alternatively, the Liquidators could seek litigation insurance funding if appropriate.

### **3.6 Offences**

Our investigations to date have revealed the Director may have committed the following offences prior to our appointment:

- Contravention of Section 180 Care and Diligence – Civil Obligations

- Contravention of Section 181 Good Faith – Civil Obligations
- Contravention of Section 182 Use of Position – Civil Obligations
- Contravention of Section 184 Good Faith, Use of Position and Use of Information – Criminal Offences
- Contravention of Section 408C of the Criminal Code (Qld) Fraud – Criminal Offences

In *Resource Equities v Carr Resource Equities v Garrett [2009] NSWSC 1385*, Justice McDougall held the directors were in breach of Sections 180, 181 and 182 of the Act as a result of their failure to properly consider an unsecured loan to a director.

A similar situation may be present in LMA due to there being no loan agreement in place, no agreed repayment schedule, no security taken and no evidence to suggest it could be repaid on demand.

The related party loans may also be breaches Section 184 of the Act and of Section 408C of the *Criminal Code (Qld)* as it appears the ultimate source of funds for the related party loans were from investors in MPF and other funds

### 3.7 Company Director’s personal financial position

We requested details of the Directors assets and liabilities. He has failed to provide this information, however from public available information we have determined the below.

#### 3.7.1 ASIC searches

A search of ASIC’s database for the Director indicates he holds the current positions with the following companies.

Director	Direct Shareholder	Secretary
Aalto Apartments Pty Ltd	Blue Star Capital Holdings Pty Ltd	Aalto Apartments Pty Ltd
Australian International Investment Services Pty Ltd	Drake Pty Ltd	Australian International Investment Services Pty Ltd
Baronsand Pty Ltd	Lauxes Group Pty Ltd	N/A
Blue Star Capital Holdings Pty Ltd	LM Administration Pty Ltd (Administrator Appointed)	N/A
Coomera Ridge Pty Ltd	Oceanboard Pty Ltd	Coomera Ridge Pty Ltd
Drake Pty Ltd		Drake Pty Ltd
Lauxes Group Pty Ltd		Lauxes Group Pty Ltd
LM Aged Care Pty Ltd		LM Aged Care Pty Ltd
LM Bushland Beach Pty Ltd		N/A
LM Capalaba Pty Ltd		LM Capalaba Pty Ltd
LM Coomera Holdings Pty Ltd		LM Coomera Holdings Pty Ltd
LM Investment Management Limited (Administrators Appointed)		N/A
LM MPF Developments No 1 Pty Ltd		LM MPF Developments No 1 Pty Ltd
LM Property Services Group Pty Ltd		LM Property Services Group Pty Ltd
LMIM Asset Management Pty Ltd		LMIM Asset Management Pty Ltd
Maddison Estate Pty Ltd		Maddison Estate Pty Ltd

Retirement Holdings Pty Ltd  
Oceanboard Pty Ltd

Retirement Holdings Pty Ltd  
Oceanboard Pty Ltd

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### 3.7.2 Motor vehicle searches

We have conducted a Queensland Department of Transport search on the Director, which reveals the following vehicles are registered in his name:

Motor vehicle model	Registration number
Leyland Moke	823 JOP
Toyota Rav 4	921IPX
Marksply Marklin speedboat	PCD 23

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### 3.7.3 Real property searches

Property searches indicate the Director appears to be the registered proprietor of the following real property:

- 13 to 15 Albatross Avenue, Mermaid Beach Queensland (sole ownership).
  - This property is subject to mortgages with Australia & New Zealand Banking Group Limited (ANZ) and a caveat to Belinda Julie Gates.
- 12 Kao Road, Russell Island Queensland (sole ownership).
  - This property is not subject to a mortgage.
- 1 Treloars Lane, Maldon Victoria (joint ownership with Janet Anne Drake).
  - This property is not subject to a mortgage.

### 3.7.4 International/Other Investigations

Investigations reveal amounts totalling circa \$333,048 being transferred from LMA to a Fiji bank account held with ANZ during the period 1 July 1997 to 19 March 2013.

We are aware of a property located in Savu Savu Fiji owned by the Director, however are not aware of its value or whether any mortgages exist. We are currently unable to identify how these funds were spent and any other assets owned in Fiji.

Investigations reveal amounts totalling circa \$157,750 being transferred from LMIM to its subsidiary's Hong Kong bank account during the period 1 January 2012 to 19 March 2013. Whilst the majority of these funds were likely for operating expenses of that entity, the records suggest some may have been used by the Director personally. We are currently unable to identify how these funds were spent and whether assets exist in Hong Kong.

Investigations also reveal Mr Drake is a director of and associated with Century Star Investments Limited, however we have been unable to identify any real property or significant investments held by this entity.

Our investigations do not reveal any real property, substantial shareholdings (above 5%) or significant investments in any other countries. The Director advises he does not and never owned assets in the United Kingdom or Europe.

### 3.7.5 Personal guarantee claims

Our investigations reveal a number of personal guarantee claims to financiers and we are aware of significant liabilities to MPF in addition to the loan owing to the Company. The capacity of the Director to pay these claims is unknown.

## 3.8 Limitation of investigations

The opinion outlined above is based on investigations undertaken by our office into the Company's affairs, business and financial position. Our investigations have been based on the following information:

- Representations of the Director, management and employees of the Company
- The details of the Company's assets and liabilities as established by our office
- The books and records of the Company, which have been written up to record transactions of the Company to 19 March 2013 that have been made available to us.

## 3.9 Offences in relation to the Company – Section 438D

I have prepared a draft report to ASIC in relation to possible breaches of director's duties, negligence, breach of duty or trust of the Company. The breaches relate to:

- Contravention of Section 180 Care and Diligence – Civil Obligations
- Contravention of Section 181 Good Faith – Civil Obligations
- Contravention of Section 182 Use of Position – Civil Obligations
- Contravention of Section 184 Good Faith, Use of Position and Use of Information – Criminal Offences
- Contravention of Section 408C of the Criminal Code (Qld) Fraud – Criminal Offences

This draft report is unlikely to be concluded by the Second Meeting of Creditors and consequently will be handed to the incoming Liquidators to assist them to prepare a report pursuant to Section 533 of the *Corporations Act 1966 (Cth)*.

# 4 Alternatives available to Creditors

## 4.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors. Our recommendation is based on what is in the best interests of creditors with regard to repaying their existing debts and must also ensure that those creditors who have an ongoing relationship with the Company are comfortable in their dealings with the Company.

We make the following general comments in respect to each option:

### 4.1.1 Deed of Company Arrangement

We have not received a proposal for a DOCA.

### 4.1.2 Bringing the administration to an end

It is possible creditors may consider ending the Administration and returning the Company to the existing Director. This is not a commercial proposition at this stage given the financial position of the Company and LMIM and the assistance it requires to trade out of its difficulties. The Company's Director would resume control of the assets and be able to deal with them as they deem appropriate. This will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have the Company wound up at their own expense.

Should creditors resolve that the Administration be terminated, the Company will be placed in a similar position to that existing prior to our appointment as Administrators.

**4.1.3 Winding up the Company**

At the Second Meeting of Creditors, creditors may resolve that the Company be wound up. Should they do so, the Company will be placed into liquidation. In usual circumstances this means the Company is taken to have nominated us to be the Liquidators. The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the Company's past dealings and affairs, and the past actions of the Director.

The effects of the liquidation of the Company include:

- the moratorium available under the Voluntary Administration process will cease
- the Liquidators will be empowered to recover potential voidable transactions, as outlined in Section 3 of this report
- the Liquidators will be required to conduct an investigation into the affairs of the Company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

**4.2 Recommendation**

It is our opinion that given no DOCA proposal has been received it would be in creditors' interests for the Company to be placed into Liquidation.

**4.3 Reasons for recommendation**

It is clear at this stage the Company has a deficiency of assets to liabilities and further that it is insolvent, in that it cannot meet its debts as and when they fall due. In our view, the winding up of the Company appears to be the most viable option for creditors in that the Liquidators will be in a position to wind up the affairs of the Company and realise the Company's remaining assets for the benefit of creditors.

This option also allows the investigation of voidable transactions, insolvent trading, breaches of director duties and other offences to be investigated more thoroughly:

If the Company is wound up, creditors with guarantees from the Company's Director could pursue the Director for those debts immediately.

**4.4 Financial analysis of alternatives**

A summary of the analysis of the alternatives is provided below. The book value column is based on the information contained in the records of the Company and the Report as to Affairs prepared by the Director. The Director's RATA is the Director's estimate of the Company's assets and liabilities.

Statement of Position	Book Value \$	Liquidation Optimistic \$	Liquidation Pessimistic \$	Notes
<del>Assets</del>				
Cash at Bank	9,050	10,166	10,166	1
Related Party Loans	30,185,254	Unknown	Nil	2
Investments	37,904	37,904	Unknown	3
Bonds/Deposits	79,882	Nil	Nil	4
Fixed Assets	4,390,070	205,350	66,575	4

REPORT BY ADMINISTRATORS LM Administration Pty Ltd (ADMINISTRATORS APPOINTED)

Leased Assets	Nil	Nil	Nil	5
Preference Recoveries	N/A	Unknown	Nil	6
Uncommercial/Unreasonable Director Related Transactions	N/A	Unknown	Nil	7
Insolvent Trading Action	N/A	Unknown	Nil	8
<b>Total</b>	<b>34,702,160</b>	<b>Unknown</b>	<b>Unknown</b>	
<b>Less:</b>				
Trading Deficit/(Surplus)	N/A	(Unknown)	Nil	9
Administrators' Remuneration and Disbursements	N/A	280,107	280,107	10
Administrators'/Liquidators' Future Remuneration and Disbursements	N/A	70,000	120,000	10
<b>Total</b>	<b>N/A</b>	<b>Unknown</b>	<b>400,107</b>	
<b>Estimated monies available for distribution to secured and priority creditors</b>				
	<b>34,702,160</b>	<b>Unknown</b>	<b>Unknown</b>	
Secured Creditor	N/A	Nil	Unknown	11
Accrued Payroll Liability - Superannuation	53,097	72,621	72,621	12
Leave Entitlements	715,000	620,835	620,835	12
PILN/Redundancy	N/A	1,368,153	1,368,153	12
<b>Total</b>	<b>768,097</b>	<b>2,061,609</b>	<b>Unknown</b>	
<b>Estimated monies for unsecured creditors – unsecured liabilities</b>				
	<b>33,934,063</b>	<b>Unknown</b>	<b>Unknown</b>	
Trade creditors	979,987	979,987	979,987	13
Australian Taxation Office	2,314,886	1,173,024	Unknown	14
Related Party Creditors	14,057,554	14,057,554	Unknown	15
<b>Total</b>	<b>17,352,427</b>	<b>16,210,565</b>	<b>Unknown</b>	
<b>Estimated deficiency</b>	<b>Nil</b>	<b>Unknown</b>	<b>Unknown</b>	
<b>Distribution to unsecured creditors (cents in \$)</b>				
	<b>N/A</b>	<b>Unknown</b>	<b>Unknown</b>	

## Notes

### Note 1: Cash at Bank

The Company held bank accounts with Suncorp Metway Ltd, ANZ and HSBC Bank Ltd (HSBC). Following our appointment we requested these accounts be closed. We recovered \$8,446 from the Suncorp Bank accounts.



ANZ and HSBC are currently in the processes of transferring the nominal funds remaining in those respective accounts.

**Note 2: Related Party Loans**

The records of the Company list the following related party loans as owing to the Company as at the date of our appointment:-

Entity	Book Value
Drake Pty Ltd	299,786
Trustee for Ekard Investment Trust	1,702,038
Peter Drake	26,473,875
Drake Management Trust	1,709,555
<b>TOTAL</b>	<b>30,185,254</b>

The Administrators have issued multiple demands to the abovementioned entities listed requesting repayment of the loans to the Company. To date we have not recovered any funds in relation to these debtors. This matter has been placed in the hands of our legal advisors and we are initiating proceedings against the debtors.

Based on our investigations and records received to date, it appears these entities may have limited capacity to repay the amounts owing. Notwithstanding that, the Administrators will continue recovery action in relation to the amounts outstanding whilst it is commercial to do so. For the purposes of this report we have estimated that there will be nil recoveries in pessimistic scenario with recoveries unknown in an optimistic scenario.

**Note 3: Investments**

The records of the Company list the following investments as at the date of our appointment:-

	Book Value
Investment In MIF	29,405
Investment in ASPF	8,499
<b>TOTAL</b>	<b>37,904</b>

Records received by my office confirm the Company holds units in these schemes that are managed by LMIM as Responsible Entity.

Given the current status of the funds and the work that is currently being undertaken in relation to the assessment of the value of these funds, we are currently unable to provide an estimated realisable value in relation to these investments. For the purposes of this report we have adopted the book value for our estimated optimistic recovery.

**Note 4: Bonds/Deposits**

The records of the Company reflect that \$79,882 was held as rental bonds and/or security deposits. Our investigations have revealed that no funds will be recoverable in relation to these bonds following certain leased premises of the Company being disclaimed by the Administrators as they were not required for ongoing operations. The cost of continuing with the respective leases outweighed the benefit of the bonds held.

**Note 5: Fixed Assets Plant and Equipment**

The records of the Company list the following fixed assets of the Company as at the date of our appointment:-

	Book Value
Computer Software/Software Development	2,060,266
Computer Hardware	28,264
Plant and Equipment	148,185
Furniture and Fittings	210,347
Leasehold Improvements	1,893,693
Small Business Pool	49,295
<b>TOTAL</b>	<b>4,390,070</b>

The bulk of the Company's fixed assets are currently being utilised in the ongoing operations of the Company. As the operations are further consolidated, any unutilised equipment will be removed for sale. For the purposes of this report we estimate the realisable value of the fixed assets of the Company to range between \$66,575 and \$205,350 being the forced sale and insitu fair market value respectively. These figures have been based on the valuation prepared for the Administrators by Lloyd's Asset Services.

In relation to the fixed assets of the Company I note material variances between the book value and our estimated realisable value are due to the following:

- Items being longstanding and obsolete; and
- Items are fixed to the premises and are unable to be removed and realised without damaging the property.

**Note 6: Preference Recoveries**

A preliminary review of the Company's records indicates certain payments made to the Australian Taxation Office may be preferential, however, further analysis will need to be undertaken in this regard. This is discussed further in Section 3.5 of this report.

**Note 7: Uncommercial/ Unreasonable Director Related Transactions**

Preliminary investigations reveal during the relevant period the Company provided funds direct to the Director and on his behalf to a number of parties.

Should these loan accounts be unable to be repaid, the payments would potentially be unreasonable director related transactions or uncommercial transactions, and the actions of the Director and shadow directors would need to be examined.

**Note 8: Insolvent Trading Action**

From our preliminary investigations it appears the Company may have traded whilst insolvent. Further investigation will need to be undertaken in relation to all these matters to determine the date the Company was insolvent. Any claim for insolvent trading against the Director or shadow directors of the Company, however, would need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defences available to Director;
- Cost of litigation; and

- Likelihood of recovery against the Director of the Company.

This is also discussed further in Section 3.5 of this report.

**Note 9: Trading Deficit/(Surplus)**

As noted, LMA acts as a service provider to LMIM of staff, plant and equipment, administrative funds management services, consulting and other services for the purpose of providing assistance in the operation of the funds management business that LMIM operates.

At this stage we do not anticipate there to be any shortfall suffered in relation to the operational costs incurred as a result of the continued trading of the Company. It is anticipated the Company will recover at a minimum its operational costs incurred in the ongoing trading and may make a nominal surplus depending on the future trading/operational requirements of Company and LMIM as responsible entity of the various Funds. However, at this time we are not able to quantify the extent of any such surplus. It is noted the Administrators have implemented substantial cost control measures and have significantly reduced non-essential operating expenses.

Creditors should note the position in relation to the ongoing trading and the estimated deficit/surplus position may be subject to change should circumstances outside the control of the Administrators occur.

**Note 10: Administrators/Liquidators Remuneration and disbursements**

Pursuant to Section 556 of the Act, the Administrators' remuneration and disbursements are paid in priority to employees and unsecured creditors' claims. We advise our firm charges professional fees on the basis of time spent by the principal appointees and their staff at the Schedule of FTI Consulting Rates. The costs will vary depending on the work required to be performed in respect of issues arising from the Administration. Due to efficiencies in processing, staff and operations, we will endeavour to apply our time efficiently and to limit our overall time costs.

To date we have incurred expenses relating to the continuation of the business. However for the purposes of the statement of position we have assumed these costs will be met from service income receivable.

For the period 19 March 2013 to 30 June 2013 our remuneration in relation to non-business operating tasks totals \$271,925.17 (inclusive of GST) and our disbursements total \$8,182.58 (inclusive of GST).

We anticipate future remuneration and disbursements from 1 July 2013 onwards to range between \$55,000 and \$85,000 (inclusive of GST) and disbursements to range between \$15,000 and \$35,000 (inclusive of GST). As noted, the costs will vary depending on the work required to be performed in respect of issues arising from the Administration. Due to efficiencies in processing, staff and operations, we will endeavor to apply our time efficiently and to limit our overall time costs. Creditors should note that the future disbursements estimate includes an estimate of legal costs anticipated to be incurred in relation to collection of the related party loans as detailed in note 2.

Creditors should note for the purposes of the statement of position, we have included only those disbursements we currently expect would be met from the assets of the Company, if available. We have not included those costs incurred on behalf of LMIM as responsible entity/trustee of the Funds that we expect will be met as outlays from LMIM or the respective Funds rather than from the assets of the Company. For full details of remuneration incurred please refer to section 6 of this report. Creditors should note this position may be subject to change.

**Note 11: Secured Creditor**

The Trust Company (PTAL) Limited holds a registered charge over the Company that purports to secure a debt due to the MPF by the Company (as borrower) as Trustee of the Ekard Property Trust and in its own right. We understand the amount outstanding to the MPF in relation to this loan is approximately \$205,000. We understand this charge also purports to secure a debt owing by Peter Drake to the MPF to which the Company provided a guarantee in its own right and as Trustee of the Ekard Property Trust.

The Ekard Property Trust owns two properties in Qld that may satisfy the debt owing by the Trustee to the MPF in relation to this matter. A Trustee may be entitled to be indemnified out of the Trust assets in order to satisfy

any debts is has incurred on behalf of the Trust. We are reviewing the ability of the Company to be indemnified out of the Trust assets.

We understand this charge also purports to secure a debt owing by Peter Drake to the MPF to which the Company provided a guarantee in its own right and as Trustee of the Ekard Property Trust. We are currently investigating the charge and the extent of the Company's assets (if any) that may be secured by the charge.

**Note 12: Priority Creditors**

The records of the Company indicate employees of the Company are owed \$72,621 for outstanding superannuation entitlements, \$620,835 for outstanding leave entitlements and \$1,368,153 for outstanding redundancy entitlements.

Pursuant to Section 556 of the Act, employees receive a priority for payment of their entitlements in full, prior to any distribution to unsecured creditors.

The Director of the Company, however, is classed as an excluded employee and are therefore only entitled to receive, as a priority, \$2,000 for outstanding wage less any superannuation entitlements and \$1,500 for outstanding leave entitlements. For the balance of his claim for outstanding employee entitlements, the Director will rank as unsecured creditor of the Company. Creditors should note we are not aware of any claim held by the Director in relation to employee entitlements.

*Fair Entitlements Guarantee (FEG)*

Employees of the Company may be able to lodge a claim with FEG. FEG is a safety net scheme operated by the Australian Government for employees of insolvent entities that have been placed in liquidation. Under the scheme, employees that are residents of Australia may be able to claim for amounts owing for wages, annual leave, long service leave, payment in lieu of notice and redundancy.

**Note 13: Trade Creditors**

The Company's records indicate there is \$979,987 owing to trade creditors of the Company. Please note this amount is subject to calling for Formal Proofs of Debt from creditors.

**Note 14: Australian Taxation Office**

The Australian Taxation Office has lodged a proof of debt in the Administration in the amount of \$1,173,023.85 in relation to running balance account debts.

We advise income tax returns are outstanding for the year ended 30 June 2012 and the period 1 July 2012 to the date of our appointment. The debt to the ATO may increase in this regard.

**Note 15: Related Party Creditors**

The records of the Company list the following related party creditors of the Company as at the date of the Administration:-

Entity	Amount	Details
LMM	250,570	Related Party Loan
MIF	560,722	Prepaid income
MPF	12,340,377	Prepaid income
AIF	868,802	Prepaid income
CPF	6,983	Prepaid income
<b>TOTAL</b>	<b>14,057,554</b>	

The amount listed as owing to LMIM is reflected in the records of the Company as a loan account between the two related entities.

The balance of the related party creditors listed are noted in the records of the Company as income received in advance from the respective funds where the Company provided services under the former service agreement with LMIM as trustee/responsible entity of the respective funds and the loan management/development management agreements that were in place. Please see section 3.5.3 for further discussion on this.

As noted earlier, we understand the Company has provided a guarantee in relation to a debt owing by Peter Drake to the MPF in the amount of \$17,084,593. The Company appears to have provided this guarantee in its own right and as Trustee of the Ekard Property Trust. As mentioned, we are currently investigating this matter further, however the guarantee from the Company appears to only be given in its own right and as trustee for Ekard Property Trust, and any claim against the Company be limited to be held against the Company in those capacity's.

#### 4.4.1 Assumptions

In the preparation of the Statement of Position, we have made the following assumptions:

- The income to be recovered by the Company in relation to its role as service entity will be sufficient to meet the operational costs of the Company.
- Only those disbursements that are currently expected to be met from the assets of the Company have been included. We have not included those costs incurred on behalf of LMIM as responsible entity/trustee of the Funds that we expect will be met as outlays from LMIM or the respective Funds rather than from the assets of the Company.
- The software owned by the Company would have a limited realisable value in the open marketplace.
- The records of the Company are accurate.

## 5 Estimated return to Creditors

### 5.1 Amount

As stated above the estimated dividend to unsecured creditors from the winding up of the Company is unknown. We anticipate a dividend to unsecured creditors will be unlikely unless successful recoveries are made in relation to related party debtors and/or voidable transactions. Creditors should also note the significant amount owing to priority creditors of the Company in relation to outstanding employee entitlements and superannuation.

### 5.2 Timing

The timing of a distribution of a dividend, if any, will depend on factors such as asset realisations and any recoveries of voidable transactions in liquidation.

## 6 Remuneration of Administrators

In this Administration we are seeking approval of our remuneration on a time basis in accordance with the FTI Consulting Schedule of Hourly Rates.

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

- Time based on hourly rates – this is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

- Fixed fee – the total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. At times, an insolvency practitioner will finalise an administration for a fixed fee.
- Percentage – the total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- Contingency – the fee is structured to be contingent on a particular outcome being achieved.

FTI Consulting calculates remuneration on the basis of an hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed as it fairly reflects the necessary work performed and overcomes the difficulty in identifying the scope of the work required, particularly on longer term engagements. A copy of the Schedule of FTI Consulting Rates was supplied with the Notice of the First Meeting of Creditors and is **\*attached**. It will also be available at the Second Meeting of Creditors. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage. An information sheet for creditors in relation to approving remuneration has been released by ASIC (Information Sheet 85) and is available on request.

The Committee has been asked to approve the Administrators remuneration based on these for the period 19 March 2013 to 30 June 2013 in the amount of \$706,464.77 (inclusive of GST). Creditors should note this includes those costs incurred on behalf of LMIM as responsible entity/trustee of the Funds that we expect will be met as outlays from LMIM or the respective Funds rather than from the assets of the Company.

In addition, at the Second Meeting of Creditors, we will be seeking approval of our remuneration based on these rates, for the period 1 July 2013 to the Second Meeting of Creditors. We have undertaken a proper assessment of this remuneration claim for our appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed was necessary and properly performed for the conduct of the administration.

Remuneration for the period 1 July 2013 to 14 July 2013 has been incurred in the amount of \$60,906.45 (inclusive of GST). We estimate remuneration totalling \$55,000 (inclusive of GST) will be incurred from 15 July 2013 to the Second Meeting of Creditors. A summary of the tasks completed for the period 1 July 2013 to 14 July 2013 and those to be completed for the period 15 July 2013 to the Second Meeting of Creditors is attached at Appendix 3 and 4. The calculation of actual remuneration for the period 1 July 2013 to 14 July 2013 is attached as Annexure 5. Estimated remuneration by person is attached at Appendix 6.

Given the consent to act received from Lorraine Smith and David Clout, we will not seek approval of any future remuneration at the Second Meeting of Creditors.

For your information, here is a summary of the remuneration incurred and approved:

<b>Remuneration</b>	<b>\$</b>
<b>Remuneration approvals</b>	
19 March 2013 to 30 June 2013	706,464.77
1 July 2013 to 14 July 2013	60,906.45
Estimated Remuneration – 15 July 2013 to Second Creditor Meeting	55,000.00
<b>Total remuneration approvals</b>	<b>822,371.22</b>

## 6.1 Disbursements

Attached as Appendix 7 is a summary of disbursements incurred to date and estimated future disbursements. Disbursements have been categorised as follows:

- Category A – Externally provided professional fees which are recovered at cost
- Category B1 – Externally provided non-professional costs
- Category B2 – Internally provided non-professional costs

## 7 Further information

Creditors requiring further information regarding the administration can contact Stuart Clancy on (07) 5630 5222 or [stuart.clancy@fticonsulting.com](mailto:stuart.clancy@fticonsulting.com).

Dated this 19<sup>th</sup> day of July 2013.



**Ginette Muller**  
Administrator

\*Attach.

Our Ref: LMC\_8973(2<sup>nd</sup> RTC).docx



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### About FTI Consulting

FTI Consulting, LLP, is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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## Appendix 1 – Summary of receipts and payments

A summary of the receipts and payments for the period from 19 March 2013 to 30 June 2013 (Gross Method) – Cash Basis.

Type	Account	GST	Total
<b>Trading Receipts</b>			
	Capital Distribution - trading income		407.44
	Loan Management Fees	20,430.92	224,740.07
	Refunds	358.83	22,005.51
	Resource Fee Received	149,741.84	1,647,160.23
	Commission	12.25	134.70
	Fund Reimbursement	267.16	4,803.88
		<u>170,811.00</u>	<u>1,899,251.83</u>
<b>Non-Trading Receipts</b>			
	Equity: Opening Balance - Cash at Bank		14,317.74
	GST Control: GST Paid (Received)		1,318.00
	Interest Income		2.75
	Loan from LMIM		1,871,900.30
	Loan from LMIM (Advance to Employees)		56,755.75
			<u>1,944,294.54</u>
<b>Total Receipts</b>		<u>170,811.00</u>	<u>3,843,546.37</u>
<b>Trading Payments</b>			
	Motor Vehicle Expenses		(383.35)
	Accounting Expenses	(100.00)	(1,100.00)
	Advance to Employees - Entitlements		(54,755.75)
	Freight Outwards	(76.87)	(955.97)
	Hire & Leasing	(2,362.50)	(50,092.90)
	Insurance	(328.79)	(3,616.77)
	IT Costs	(3,743.55)	(41,179.12)
	Printing & Stationery	(237.97)	(2,668.00)
	Rent & Rates	(10,896.79)	(119,864.69)
	Repairs & Maintenance	(48.32)	(531.52)



Type	Account	GST	Total
	Security	(286.14)	(3,147.65)
	Staff Donation Paid		(611.00)
	Staff Donation Withheld		611.00
	Staff Expenses	(52.19)	(63,776.23)
	Stamp Duty		(178.58)
	Subcontractors	(6,846.13)	(84,619.75)
	Sundry Expenses	( 8.45)	(5,964.48)
	Suppliers		(132.00)
	Telephone & Fax	(3,775.75)	(48,180.67)
	Travel Expenses	(50.84)	(559.19)
	Wages & Salaries		(1,396,906.74)
	PAYG Control (Trading): PAYG Paid		(305,172.00)
	PAYG Control (Trading): PAYG Withheld		379,268.00
	Superannuation Control (Trading): Superannuation Paid		(24,539.07)
	Workplace health and Safety Inspection	(30.00)	(330.00)
	Payroll NSW		(2,710.47)
	Payroll QLD		(44,624.83)
		<u>(28,844.29)</u>	<u>(1,876,721.73)</u>
<b>Non-Trading Payments</b>			
	ASIC charges		(87.00)
	Bank Charges		( 61.37)
	Loan from LMIM - Repayment		(1,871,900.30)
		<u>( 0.00)</u>	<u>(1,872,048.67)</u>
<b>Total Payments</b>		<u>(28844.29)</u>	<u>(3,748,770.40)</u>
<b>Net Receipts (Payments)</b>			<u>94,775.97</u>

## Appendix 2 – Schedule of FTI Consulting rates

<b>FTI Consulting Standard Rates effective 1 October 2012</b>		
<b>Excluding GST</b>		
<b>Classification</b>	<b>\$/hour</b>	<b>Guide to Level of Experience</b>
Senior Managing Director	575	Registered/Official Liquidator and/or Trustee. Specialist skills brought to the administration. Generally in excess of 10 years experience.
Managing Director	550	Specialist skills brought to the administration. Generally in excess of 10 years experience. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration.
Director 2	545	More than 8 years insolvency experience or equivalent. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration. May also be Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become a Registered/Official Liquidator or Trustee.
Director 1	485	5-8 years insolvency experience or equivalent. Well developed technical and commercial skills. Will have conduct of small to large administrations and experience in control of a medium to large team of staff.
Manager 2	395	4-6 years insolvency experience or equivalent. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists planning and control of medium to larger administrations.
Manager 1	345	3-4 years insolvency experience or equivalent. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Senior Accountant 2	325	2-3 years insolvency experience or equivalent. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Accountant 1	285	Graduate with 1-2 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Accountant	235	Undergraduate or graduate with 0-1 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.

<b>FTI Consulting Standard Rates effective 1 October 2012</b>		
<b>Excluding GST</b>		
<b>Classification</b>	<b>\$/hour</b>	<b>Guide to Level of Experience</b>
Administration	130	Administrative work including superior knowledge of software packages, personal assistance work, high speed and accurate data entry. Appropriate skills, including books and records management and accounts processing particular to the administration including filing. Appropriate software and data processing skills necessary to record banking and accounting information.

<b>FTI Consulting Standard Rates (excluding Sydney) effective 1 July 2013</b>		
<b>Excluding GST</b>		
<b>Classification</b>	<b>\$/hour</b>	<b>Guide to Level of Experience</b>
Senior Managing Director	590	Registered/Official Liquidator and/or Trustee. Specialist skills brought to the administration. Generally in excess of 10 years experience.
Managing Director	550	Specialist skills brought to the administration. Generally in excess of 10 years experience. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration.
Director 2	545	More than 8 years insolvency experience or equivalent. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration. May also be Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become a Registered/Official Liquidator or Trustee.
Director 1	485	5-8 years insolvency experience or equivalent. Well developed technical and commercial skills. Will have conduct of small to large administrations and experience in control of a medium to large team of staff.
Manager 2	395	4-6 years insolvency experience or equivalent. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists planning and control of medium to larger administrations.
Manager 1	345	3-4 years insolvency experience or equivalent. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.

<b>FTI Consulting Standard Rates (excluding Sydney) effective 1 July 2013</b>		
<b>Excluding GST</b>		
<b>Classification</b>	<b>\$/hour</b>	<b>Guide to Level of Experience</b>
Senior Accountant 2	325	2-3 years insolvency experience or equivalent. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Accountant 1	285	Graduate with 1-2 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Accountant	235	Undergraduate or graduate with 0-1 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	130	Administrative work including superior knowledge of software packages, personal assistance work, high speed and accurate data entry. Appropriate skills, including books and records management and accounts processing particular to the administration including filing. Appropriate software and data processing skills necessary to record banking and accounting information.

## Appendix 3 – Summary of work completed for the Period 1 July 2013 to 14 July 2013

Task Area	General Description	Includes
<b>Assets</b> <b>9.50</b> <b>\$3,622.00</b>	Plant and Equipment	Liaising with valuers, auctioneers and interested parties reconciling asset listings with physical assets on site Reviewing asset listings
	Sale of Real Property	Liaising with valuers, agents, and strata agent
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b> <b>9.90</b> <b>\$3,843.50</b>	Creditor and Investor Enquiries	Receive and follow up creditor and investor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post. Maintenance and development of voluntary administration website for the purpose of investor, creditor and adviser communications. Correspondence with committee of creditors members including providing updates and answering queries. Calling and conducting meetings of the committee of creditors.
	Secured creditor reporting	Preparation and sending of correspondence to secured creditor.
	Creditor reports	Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements
<b>Employees</b> <b>27.90</b> <b>\$12,135.00</b>	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post

		Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	GEERS	Correspondence with GEERS regarding early admission for payments in VA scenario Discussions with employees regarding GEERS timing and requirements. Preparing GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Workers compensation claims	Review insurance policies Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
<b>Trade On</b> <b>27.70</b> <b>\$12,774.50</b>	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Cash flow preparation and management Finalising trading profit or loss Meetings to discuss trading position
<b>Investigation</b> <b>9.60</b> <b>\$4,776.00</b>	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conduct preliminary preference review

		<p>Conduct preliminary uncommercial transaction review</p> <p>Conduct preliminary insolvent trading review</p> <p>Conduct preliminary unreasonable Director related transaction review</p> <p>Review of personal asset position of the Director</p> <p>Extracting and analysing financial data from Company server</p> <p>Analyse and quantify payments to related entities</p> <p>Financial ratio analysis</p> <p>Review potential breaches of Section 180, 181 and 182 of the Act</p> <p>Review potential breaches of Section 407C of the Criminal Code QLD</p> <p>Review case law surrounding potential breaches</p> <p>Review related party loan accounts</p> <p>Review management fee prepayment arrangements</p> <p>Preparing draft Section 438D report</p> <p>Review professional indemnity insurance policy</p> <p>Consider potential breaches of Trust with regard to related entities and Funds</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of investigation file</p>
	Litigation / Recoveries	<p>Internal meetings to discuss status of litigation - FMIF and MPF</p> <p>Preparing brief to solicitors and meeting with solicitors to discuss ongoing litigation.</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Attending to negotiations in regards to the vesting order</p>
	ASIC reporting	<p>Preparing Section 438D report</p> <p>Liaising with ASIC in regards to the AFSL and relief application as well as ongoing litigation and compliance with 912C notices.</p>
<p><b>Administration</b></p> <p><b>59.20</b></p> <p><b>\$18,218.50</b></p>	Correspondence	<p>Ongoing correspondence to creditors, investors, advisers, financial institutions etc.</p>
	Document maintenance/file review/checklist	<p>Ongoing FTI LM team staff meetings to discuss the administration and allocate tasks.</p> <p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	Insurance	<p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing insurance requirements</p> <p>Reviewing insurance policies</p> <p>Correspondence with previous brokers</p>

	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Appendix 4 – Calculation of actual fees for the Period 1 July 2013 to 14 July 2013

LM Administration Pty Ltd																
Name	Position	Charge Out Rate	Total Hours	Total \$	Investigation		Assets		Creditors		Employees		Trade On		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Ginette Muller	Senior Managing Director	\$ 590.00	0.10	\$ 59.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.10	\$ 59.00
Kelly-Anne Trenfeld	Senior Managing Director	\$ 590.00	2.60	\$ 1,534.00	\$ -	\$ -	0.10	\$ 59.00	0.40	236.00	\$ -	\$ -	0.30	\$ 531.00	1.20	\$ 708.00
Sally McBoyd	Managing Director	\$ 550.00	21.10	\$ 11,605.00	\$ -	\$ -	0.80	\$ 440.00	-	-	12.90	\$ 7,095.00	3.50	\$ 1,925.00	3.90	\$ 2,145.00
Andrew Weatherley	Director 2	\$ 545.00	2.50	\$ 1,362.50	2.00	\$ 1,090.00	\$ -	\$ -	-	-	-	\$ -	\$ -	-	0.50	\$ 272.50
Christine Abrator	Director 2	\$ 545.00	4.10	\$ 2,234.50	\$ -	\$ -	\$ -	\$ -	-	-	0.30	\$ 163.50	1.00	\$ 545.00	2.80	\$ 1,526.00
Glenn O'Keamey	Director 2	\$ 545.00	13.20	\$ 7,194.00	\$ -	\$ -	1.00	\$ 545.00	0.80	327.00	\$ -	\$ -	10.40	\$ 5,688.00	1.20	\$ 654.00
Jamae Court	Director 1	\$ 485.00	9.30	\$ 4,510.50	7.60	\$ 3,688.00	\$ -	\$ -	1.50	727.50	\$ -	\$ -	\$ -	\$ -	0.20	\$ 97.00
Renee Lobb	Director 1	\$ 485.00	1.70	\$ 824.50	\$ -	\$ -	\$ -	\$ -	-	-	0.10	\$ 48.50	\$ -	\$ -	1.60	\$ 776.00
Elea Zuardi	Manager 1	\$ 345.00	51.80	\$ 17,871.00	\$ -	\$ -	0.50	\$ 172.50	7.40	2,553.00	12.70	\$ 4,381.50	11.80	\$ 4,105.50	19.30	\$ 6,659.50
Stuart Clancy	Manager 1	\$ 345.00	7.30	\$ 2,518.50	\$ -	\$ -	6.70	\$ 2,311.50	-	-	-	\$ -	\$ -	\$ -	0.60	\$ 207.00
Benjamin Robson	Accountant	\$ 235.00	16.60	\$ 3,911.00	\$ -	\$ -	0.40	\$ 94.00	-	-	1.80	\$ 466.50	\$ -	\$ -	14.30	\$ 3,360.50
Brittany Newman	Administration	\$ 130.00	6.50	\$ 845.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	6.50	\$ 845.00
Joan Springate	Administration	\$ 130.00	0.30	\$ 39.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	0.30	\$ 39.00
Tracy Rumbold	Administrative	\$ 130.00	0.10	\$ 13.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	0.10	\$ 13.00
Ashleigh Ubank	Administrative	\$ 130.00	0.30	\$ 39.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	0.30	\$ 39.00
Caroline Halcoop	Administrative	\$ 130.00	0.30	\$ 39.00	\$ -	\$ -	\$ -	\$ -	-	-	\$ -	\$ -	\$ -	\$ -	0.30	\$ 39.00
<b>Total</b>			<b>143.80</b>	<b>\$ 66,369.50</b>	<b>9.60</b>	<b>\$ 4,776.00</b>	<b>9.60</b>	<b>\$ 3,622.00</b>	<b>9.90</b>	<b>\$ 3,843.50</b>	<b>27.90</b>	<b>\$ 12,136.00</b>	<b>27.70</b>	<b>\$ 12,774.50</b>	<b>69.20</b>	<b>\$ 18,218.60</b>
GST				\$ 6,538.96												
<b>Grand Total</b>				<b>\$ 60,806.46</b>												

## Appendix 5 – Summary of tasks to be undertaken for the Period 15 July 2013 to the Second Meeting of Creditors

Task Area	General Description	Includes
<b>Assets</b> <b>4.10</b> <b>\$1,829.50</b>	Plant and Equipment	Liaising with valuers, auctioneers and interested parties reconciling asset listings with physical assets on site Reviewing asset listings
	Sale of Real Property	Liaising with valuers, agents, and strata agent
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b> <b>11.20</b> <b>\$5,662.00</b>	Creditor and Investor Enquiries	Receive and follow up creditor and investor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post. Maintenance and development of voluntary administration website for the purpose of investor, creditor and adviser communications. Correspondence with committee of creditors members including providing updates and answering queries. Calling and conducting meetings of the committee of creditors.
	Secured creditor reporting Creditor reports	Preparation and sending of correspondence to secured creditor. Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors

		<p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
<p><b>Employees</b>  <b>27.50</b>  <b>\$12,692.50</b></p>	Employees enquiry	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p> <p>Preparation of letters to employees advising of their entitlements and options available</p> <p>Receive and prepare correspondence in response to employees objections to leave entitlements</p>
	GEERS	<p>Correspondence with GEERS regarding early admission for payments in VA scenario</p> <p>Discussions with employees regarding GEERS timing and requirements.</p> <p>Preparing GEERS distributions</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p> <p>Liaising with solicitors regarding entitlements</p>
	Workers compensation claims	<p>Review insurance policies</p> <p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements</p> <p>Correspondence with previous brokers</p>
	Other employee issues	<p>Correspondence with Child Support</p> <p>Correspondence with Centrelink</p>
<p><b>Trade On</b>  <b>29.30</b>  <b>\$11,783.00</b></p>	Trade On Management	<p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Attendance on site</p> <p>Authorising purchase orders</p> <p>Maintaining purchase order registry</p> <p>Preparing and authorising receipt vouchers</p> <p>Preparing and authorising payment vouchers</p> <p>Liaising with superannuation funds regarding contributions, termination of employees employment</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	<p>Entering receipt and payments into accounting system</p>

	Budgeting and financial reporting	<p>Reviewing company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Cash flow preparation and management</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
<p><b>Investigation</b>  <b>14.50</b>  <b>\$6,902.50</b></p> <p>Conducting investigation</p>	Conducting investigation	<p>Collection of company books and records</p> <p>Reviewing company's books and records</p> <p>Review and preparation of company nature and history</p> <p>Analyse and quantify payments to related entities</p> <p>Financial ratio analysis</p> <p>Review case law surrounding potential breaches</p> <p>Review related party loan accounts</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of investigation file</p>
	Litigation / Recoveries	<p>Internal meetings to discuss status of litigation - FMIF and MPF</p> <p>Preparing brief to solicitors and meeting with solicitors to discuss ongoing litigation.</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Attending to negotiations in regards to the vesting order</p>
	ASIC reporting	<p>Preparing Section 438D report</p> <p>Liaising with ASIC in regards to the AFSL and relief application as well as ongoing litigation and compliance with 912C notices.</p>
<p><b>Administration</b>  <b>23.90</b>  <b>\$11,139.50</b></p>	Correspondence	<p>Ongoing correspondence to creditors, investors, advisers, financial institutions etc.</p>
	Document maintenance/file review/checklist	<p>Ongoing FTI LM team staff meetings to discuss the administration and allocate tasks.</p> <p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>
	Insurance	<p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing insurance requirements</p> <p>Reviewing insurance policies</p> <p>Correspondence with previous brokers</p>
	Bank account administration	<p>Preparing correspondence opening and closing accounts</p> <p>Requesting bank statements</p> <p>Bank account reconciliations</p>

REPORT BY ADMINISTRATORS LM Administration Pty Ltd (ADMINISTRATORS APPOINTED)

		Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505 Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage

## Appendix 6 – Calculation of estimated fees for the Period 15 July 2013 to the Second Meeting of Creditors

LM Administration Pty Ltd																
Name	Position	Charge Out Rate	Total Hours	Total \$	Investigation		Assets		Creditors		Employees		Trade On		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Ginette Muller	Senior Managing Director	\$ 590.00	4.00	\$ 2,360.00	2.00	\$ 1,180.00		\$ -		\$ -		\$ -		\$ -	2.00	\$ 1,180.00
Kelly-Anne Trenfield	Senior Managing Director	\$ 590.00	5.10	\$ 3,009.00	1.00	\$ 590.00	1.00	\$ 590.00	1.00	\$ 590.00		\$ -	0.10	\$ 59.00	2.00	\$ 1,180.00
Sally McBryde	Managing Director	\$ 550.00	24.50	\$ 13,475.00	1.00	\$ 550.00	1.00	\$ 550.00	3.00	\$ 1,650.00	15.00	\$ 8,250.00	2.00	\$ 1,100.00	2.50	\$ 1,375.00
Andrew Weatherley	Director 2	\$ 545.00	10.00	\$ 5,450.00	3.00	\$ 1,635.00		\$ -	3.00	\$ 1,635.00		\$ -	1.00	\$ 545.00	3.00	\$ 1,635.00
Christine Alleraor	Director 2	\$ 545.00	4.70	\$ 2,561.50	0.50	\$ 272.50		\$ -		\$ -	0.50	\$ 272.50	1.20	\$ 654.00	2.50	\$ 1,362.50
Glenn O'Kearney	Director 2	\$ 545.00	7.10	\$ 3,869.50	1.00	\$ 545.00	0.10	\$ 54.50	2.00	\$ 1,090.00		\$ -	2.00	\$ 1,090.00	2.00	\$ 1,090.00
James Court	Director 1	\$ 485.00	5.50	\$ 2,667.50	1.00	\$ 485.00		\$ -	0.50	\$ 242.50		\$ -	3.00	\$ 1,455.00	1.00	\$ 485.00
Renee Lobb	Director 1	\$ 485.00	7.00	\$ 3,395.00	1.00	\$ 485.00		\$ -		\$ -	1.00	\$ 485.00	3.00	\$ 1,455.00	2.00	\$ 970.00
Eloa Zuardi	Manager 1	\$ 345.00	26.50	\$ 9,142.50	1.00	\$ 345.00	1.00	\$ 345.00	0.50	\$ 172.50	10.00	\$ 3,450.00	12.00	\$ 4,140.00	2.00	\$ 690.00
Stuart Clancy	Manager 1	\$ 345.00	4.50	\$ 1,552.50	1.00	\$ 345.00	0.50	\$ 172.50		\$ -		\$ -	1.00	\$ 345.00	2.00	\$ 690.00
Benjamin Robson	Accountant	\$ 235.00	9.70	\$ 2,279.50	2.00	\$ 470.00	0.50	\$ 117.50	1.20	\$ 282.00	1.00	\$ 235.00	4.00	\$ 940.00	1.00	\$ 235.00
Various	Administration	\$ 130.00	1.90	\$ 247.00		\$ -		\$ -		\$ -		\$ -		\$ -	1.90	\$ 247.00
<b>Total</b>			<b>110.60</b>	<b>\$ 60,009.00</b>	<b>14.50</b>	<b>\$ 6,902.60</b>	<b>4.10</b>	<b>\$ 1,829.60</b>	<b>11.20</b>	<b>\$ 6,662.00</b>	<b>27.60</b>	<b>\$ 12,692.60</b>	<b>29.30</b>	<b>\$ 11,783.00</b>	<b>23.90</b>	<b>\$ 11,139.60</b>
<b>GST</b>				<b>\$ 5,000.90</b>												
<b>Grand Total</b>				<b>\$ 65,009.90</b>												

## Appendix 7 – Summary of tasks to be undertaken for the Period 15 July 2013 to the Second Meeting of Creditors

<b>LMA Future</b>		
<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Assets</b> <b>4.10</b> <b>\$1,829.50</b>	Plant and Equipment	Liaising with valuers, auctioneers and interested parties reconciling asset listings with physical assets on site Reviewing asset listings
	Sale of Real Property	Liaising with valuers, agents, and strata agent
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b> <b>11.20</b> <b>\$5,662.00</b>	Creditor and Investor Enquiries	Receive and follow up creditor and investor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post. Maintenance and development of voluntary administration website for the purpose of investor, creditor and adviser communications. Correspondence with committee of creditors members including providing updates and answering queries. Calling and conducting meetings of the committee of creditors.
	Secured creditor reporting Creditor reports	Preparation and sending of correspondence to secured creditor. Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filling POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors

		<p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
<p><b>Employees</b>  <b>27.50</b>  <b>\$12,692.50</b></p>	Employees enquiry	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p> <p>Preparation of letters to employees advising of their entitlements and options available</p> <p>Receive and prepare correspondence in response to employees objections to leave entitlements</p>
	GEERS	<p>Correspondence with GEERS regarding early admission for payments in VA scenario</p> <p>Discussions with employees regarding GEERS timing and requirements.</p> <p>Preparing GEERS distributions</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p> <p>Liaising with solicitors regarding entitlements</p>
	Workers compensation claims	<p>Review insurance policies</p> <p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements</p> <p>Correspondence with previous brokers</p>
	Other employee issues	<p>Correspondence with Child Support</p> <p>Correspondence with Centrelink</p>
	<p><b>Trade On</b>  <b>29.30</b>  <b>\$11,783.00</b></p>	Trade On Management



		<p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	<p>Entering receipt and payments into accounting system</p>
	Budgeting and financial reporting	<p>Reviewing company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Cash flow preparation and management</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
<p><b>Investigation</b>  <b>14.50</b>  <b>\$6,902.50</b></p>	<p>Conducting investigation</p>	<p>Collection of company books and records</p> <p>Reviewing company's books and records</p> <p>Review and preparation of company nature and history</p> <p>Conduct preliminary preference review</p> <p>Conduct preliminary uncommercial transaction review</p> <p>Conduct preliminary insolvent trading review</p> <p>Conduct preliminary unreasonable Director related transaction review</p> <p>Review of personal asset position of the Director</p> <p>Extracting and analysing financial data from Company server</p> <p>Analyse and quantify payments to related entities</p> <p>Financial ratio analysis</p> <p>Review potential breaches of Section 180, 181 and 182 of the Act</p> <p>Review potential breaches of Section 407C of the Criminal Code QLD</p> <p>Review case law surrounding potential breaches</p> <p>Review related party loan accounts</p> <p>Review management fee prepayment arrangements</p> <p>Preparing draft Section 438D report</p> <p>Review professional indemnity insurance policy</p> <p>Consider potential breaches of Trust with regard to related entities and Funds</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of investigation file</p>
	Litigation / Recoveries	<p>Internal meetings to discuss status of litigation - FMIF and MPF</p> <p>Preparing brief to solicitors and meeting with solicitors to discuss ongoing litigation.</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Attending to negotiations in regards to the vesting order</p>

	ASIC reporting	Preparing Section 438D report Liaising with ASIC in regards to the AFSL and relief application as well as ongoing litigation and compliance with 912C notices.
<b>Administration</b>  <b>23.90</b>  <b>\$11,139.50</b>	Correspondence	Ongoing correspondence to creditors, investors, advisers, financial institutions etc.
	Document maintenance/file review/checklist	Ongoing FTI LM team staff meetings to discuss the administration and allocate tasks. Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

## Appendix 8 – Disbursements

A summary of the disbursements for the period from 19 March 2013 to 26 May 2013.

<b>Disbursements</b>	<b>\$ Actual</b>	<b>\$ Estimated</b>
<b>Category A – External professional fees</b>		
Legal/Accounting	1,100	30,000
Valuers/auctioneers	Nil	1,500
Real estate agents	Nil	Nil
<b>Total disbursements - Category A</b>	<b>1,100</b>	<b>31,500</b>
<b>Category B1 – External non-professional fees</b>		
Travel	1,044	1,000
Room Hire	384	500
External mailhouse	4,293	2,000
Search fees	115	100
<b>Total disbursements - Category B1</b>	<b>5,836</b>	<b>3,600</b>
<b>Category B2 – Internal non-professional fees</b>		
Telephone	921	550
Advertising	727	800
Postage	9,622	2,500
<b>Total disbursements - Category B2</b>	<b>11,270</b>	<b>3,850</b>
<b>Total disbursements</b>	<b>18,206</b>	<b>38,950</b>

## Appendix 9 – Historical financial performance

Detailed below is a summary of the comparative balance sheets and profit and loss statements of the Company, for two previous financial years. At the date of this report, the 2012 financial statement had not yet been finalised but have been included in a separate table below.

Profit and loss statement for the years ending 30 June	2010 \$0	2011 \$0
<b>Income</b>		
Commissions received	91,054	13,278
Management fees	4,414,270	13,264,586
Service fee - Monaghan Lawyers	0.00	604,545
Service fee – LMIM	4,951,818	6,903,455
Administration Charge	39,546	0
Interest received	548	1,352
Expenses recovered	37,332	0
Other Revenue	11,000	2,473
Capital Gain (loss) on sale non-current assets	(5,945)	0
<b>Gross income</b>	<b>9,539,623</b>	<b>20,789,689</b>
<b>Expenditure</b>		
Advertising, promotion and marketing	206,126	196,269
Auditors Remuneration	192,384	71,467
Bad debts written off	40,222	0
Bank Charges	61,480	12,199
Borrowing expenses	4,122	0
Cleaning	5,933	4,964
Commission	408	100,000
Compliance fees	5,199	4,033
Computer Expenses	96,194	302,140
Consultants fees	71,310	469,572
Depreciation	117,316	314,236
Depreciation - low value pool	0	4,003

REPORT BY ADMINISTRATORS LM Administration Pty Ltd (ADMINISTRATORS APPOINTED)

Directors fees	50,001	89,237
Donations	10,884	10,000
Electricity and Gas	48,276	45,333
Employment agency fees/advertising	11,260	104,800
Entertainment expenses	66,402	35,283
External accounting fees	81,469	186,080
Fees and permits	0	284
Fines and penalties	4,350	5,084
Fringe benefit tax	29,231	26,482
Fund expenses	0	175,946
Insurance	23,977	28,684
Interest paid	164,781	126,790
Japan consulting fees	332,246	358,235
Leasing charges	510,834	313,121
Legal costs	65,668	130,232
Lodgment fees	5,872	8,331
Loss on loan forgiven	78,854	0
Loan management fees	0	2,619,294
Motor Vehicle expenses	13,206	4,176
Payroll tax	347,089	350,556
Postage	88,609	61,250
Printing and stationery	88,844	57,007
Rates and body corporate	18,570	23,343
Rent	398,694	391,280
Repairs and maintenance	17,174	20,380
Search fees	15,920	13,238
Security costs	7,899	8,099
South Africa consulting fees	0	18,628
Staff training and welfare	30,656	51,107
Storage fees	17,788	17,521
Subscriptions	47,887	45,699
Superannuation contributions	580,571	731,179

REPORT BY ADMINISTRATORS LM Administration Pty Ltd (ADMINISTRATORS APPOINTED)

Sydney office expenses	276,683	284,959
Telephone	263,472	333,557
Travelling expenses	570,868	540,988
USA consulting fees	0	94,083
Wages	5,318,454	5,185,567
Wages - on costs	4,037	5,876
<b>Total expenditure</b>	<b>10,391,220</b>	<b>13,980,592</b>
<b>Net Operating Profit (Loss)</b>	<b>(851,597)</b>	<b>6,809,097</b>
Retained profits (accumulated losses) at the beginning of the financial year	0	(851,597)
Transfer to reserve	0	423,345
<b>Total Available for Distributions (Loss)</b>	<b>(851,597)</b>	<b>5,534,155</b>
Distribution to beneficiaries		
Peter Drake	0	215,000
Ekard Property Trust	0	662,000
LM Coomera Pty Ltd	0	3,922,155
Ekard Investment Trust	0	735,000
<b>Total Distribution</b>	<b>0</b>	<b>5,534,155</b>
<b>Retained Profits (accumulated losses) at the end of the financial year</b>	<b>(851,597)</b>	<b>0</b>

**Profit and Loss Statement for the years ending 30 June 2012 \$0**

<b>Income</b>	
Interest Income	1,407
Commission Income	42,544
Commission Income - Duetshe Bank	665,194
Management Fee	14,995,298
Management Fee - Loans	4,699,916
Development Fees on Maddison	3,600,000
Rental Income	16,188
Service Fee LMIM	3,978,004
Miscellaneous Income	2,254,765
Service Fee Income - Monaghan Lawyers	309,091

REPORT BY ADMINISTRATORS LM Administration Pty Ltd (ADMINISTRATORS APPOINTED)

Loss on sale of non-current assets	(540)
<b>Gross income</b>	<b>30,561,867</b>
Expenditure	
Employment costs	12,345,153
Commission expenses	337,960
Marketing expenses	155,742
General Expenses	5,055,430
Borrowing expenses	809,005
Depreciation Expense	758,406
<b>Total expenditure</b>	<b>19,461,696</b>
<b>Net Operating Profit (Loss)</b>	<b>11,100,171</b>

<b>Balance Sheet as at 30 June</b>	<b>2010</b>	<b>2011</b>
	<b>\$0</b>	<b>\$0</b>

**ASSETS**

**Current assets**

Cash and cash equivalents	10,350	319,166
Trade and other receivables	42,799	172,378
Other assets	84,612	80,906
<b>Total Current Assets</b>	<b>137,761</b>	<b>572,450</b>

**Non-Current Assets**

Trade and other receivables	12,449,811	14,792,230
Property, plant and equipment	1,521,672	2,402,817
<b>Total Non-Current Assets</b>	<b>13,971,483</b>	<b>17,195,047</b>
<b>TOTAL ASSETS</b>	<b>14,109,244</b>	<b>17,767,497</b>

**LIABILITIES**

**Current liabilities**

Trade and other payables	2,515,168	2,316,133
Borrowings	98,109	8,084
Other	11,205,524	13,756,918

Balance Sheet as at 30 June	2010 \$0	2011 \$0
Total Current Liabilities	13,818,801	16,051,135
<b>Non-current liabilities</b>		
Borrowings	802,605	838,512
Long-term provisions	339,425	424,495
<b>Total Non-Current Liabilities</b>	1,142,030	1,263,007
<b>TOTAL LIABILITIES</b>	14,960,831	17,344,142
<b>NET ASSETS (LIABILITY)</b>	(851,587)	423,355
<b>TRUST FUNDS</b>		
Settled sum	10	10
Reserves	-	423,345
Retained profits (accumulated losses)	(851,597)	-
<b>TOTAL TRUST FUNDS (DEFICIENCY)</b>	(851,587)	423,355

Balance Sheet as at 30 June	2012 \$0
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	25,203,683
Trade and other receivables	2,103,613
Investments	66,540
<b>Total Current Assets</b>	27,373,836
<b>Non-Current Assets</b>	
Property, plant and equipment	4,177,170
<b>Total Non-Current Assets</b>	4,177,170
<b>TOTAL ASSETS</b>	31,551,006



<b>Balance Sheet as at 30 June</b>		<b>2012</b>
		<b>\$0</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables		20,341,242
<b>Total Current Liabilities</b>		<u>20,341,242</u>
<b>Non-current liabilities</b>		
Borrowings		52,105
<b>Total Non-Current Liabilities</b>		<u>52,105</u>
<b>TOTAL LIABILITIES</b>		<u>20,393,347</u>
<b>NET ASSETS (LIABILITY)</b>		<u>11,157,659</u>
<b>EQUITY</b>		
Tax Adjustment Reserve		423,345
Settlement Sum		10
<b>TOTAL EQUITY</b>		<u>423,355</u>

*Corporations Act 2001 (Cth)*

**NOTICE OF SECOND MEETING OF CREDITORS  
OF COMPANY UNDER ADMINISTRATION**

**LM ADMINISTRATION PTY LTD  
(ADMINISTRATORS APPOINTED)  
("the Company")  
ACN 055 691 426**

NOTICE IS HEREBY GIVEN that the second meeting of creditors of the Company will be held on 26 July 2013 at Training Room Level 1, 38 Cavill Avenue, Surfers Paradise, Queensland, commencing at 11:00am.

**AGENDA**

1. The purpose of the meeting is:-
  - a) to review the report of the Administrators and their recommendation in connection with the business, property, affairs and financial circumstances of the Company; and
  - b) for the creditors of the Company to resolve:-
    - i) that the Company execute a deed of company arrangement; or
    - ii) that the administration should end; or
    - iii) that the Company be wound up.
2. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis, at the FTI Consulting Standard Rates, for the period 1 July 2013 to 26 July 2013;
3. If the Company is placed into Liquidator, to consider the appointment of alternative liquidators;
4. If the Company is placed into Liquidation, to consider the appointment of a Committee of Inspection and if required, to determine the members; and
5. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00pm on the last business day prior to the meeting, by post to FTI Consulting, PO Box 8965, GCMC, QLD, 9726, by fax (07) 5630 5299 or email to [Eloa.Zuardi@fticonsulting.com](mailto:Eloa.Zuardi@fticonsulting.com). A form of proxy is **\*attached**.

Dated this *19<sup>th</sup>* day of July 2013.



**Ginette Muller  
Administrator**

**\*Attach.**

LMC\_8973n16.doc

<b>APPOINTMENT OF PROXY</b>	<b>Form 532</b>
<b>LM Administration Pty Ltd (Administrators Appointed) ACN 055 691 426 ("the Company")</b>	<b>Regulation 5.6.29</b> <i>Corporations Act 2001 (Cth)</i>

**A. Insert Full Name and Contact Details (please print)**

Given Name	Surname
Company Name	Telephone Number
Address	

**B. Appointment of a Proxy (please complete)**

I/We, a creditor of the Company appoint:  
 \_\_\_\_\_ of \_\_\_\_\_  
 as my/our proxy, or in his/her absence \_\_\_\_\_, to vote at the second meeting of creditors to be held on 26 July 2013 at the Training Room Level 1, 38 Cavill Avenue, Surfers Paradise, Queensland at 11:00am or at any adjournment of that meeting.

**C. Voting by Your Proxy**

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf.

AND/OR

Option 2: If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (please tick).

	Resolution ( <i>please specify the particular resolution</i> )	For	Against	Abstain
(a)	That the Company executes a Deed of Company Arrangement; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b)	That the Administration should end: or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c)	That the Company be wound up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**D. Signature Section (in accordance with Sections 82A, 127 or 250D of the Corporations Act 2001 (Cth))**

Signature of individual or person authorised by corporate resolution to represent corporation

Print Name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_

**CERTIFICATE OF WITNESS**

**Please Note:** This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy. I, \_\_\_\_\_ of \_\_\_\_\_ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness: \_\_\_\_\_

**Form 535**

*Corporations Act 2001 (Cth)*

**LM Administration Pty Ltd (Administrators Appointed)  
ACN 055 691 426**

**FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)**

To: The Administrators of LM Administration Pty Ltd

1. This is to state that the company was on 19 March 2013 and still is, justly and truly indebted:-

TO: .....  
(name of creditor)

OF: .....  
(address of creditor)

FOR: .....  
(amount owed to creditor)

AND ..... cents.

Particulars of the debt are:-

<u>Date</u> (insert date when debt arose)	<u>Consideration</u> (state how the debt arose & <b><u>attach supporting invoices &amp; statements of account</u></b> )	<u>Amount (\$)</u>	<u>Remarks</u> (include details of voucher substantiating payment)
--	--	--------------------	---

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: (insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

<u>Date</u>	<u>Drawer</u>	<u>Acceptor</u>	<u>Amount (\$...c)</u>	<u>Due Date</u>
-------------	---------------	-----------------	------------------------	-----------------

\*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

\*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this \_\_\_\_\_ day of \_\_\_\_\_

Signature .....

Name .....

Address .....

\*Delete if not applicable.

Our Ref: EBZ\_8973pod.doc

"DW-24"

## LM Investment Management Limited (In Liquidation)

### Tax Invoice

ABN 68 077 208 461

Date: 31/10/2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv12

Reference: Fund allocation of resource and business expenses 1 October 2013 to 31 October 2013

Date	Description	Amount \$
31/10/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity for period 1 October 2013 to 31 October 2013 LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	10,339.98
	Total Invoice	10,339.98

Sale Amount: 10,339.98  
GST: 1,033.99

Total Inc GST: 11,373.97  
Total Paid: 0.00

**Balance Due: 11,373.97**

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv12

LMIM Operational Costs 1/10/13 to 31/10/13  
 LM Investment Management Ltd (in Liquidation)

Description	Payment To	\$ Amount (GST Exclusive)
<b>INSURANCE</b>		
	Macquarie Premium Funding	-9,546.26
<b>SUBCONTRACTORS</b>	Carolyn Hodge	-2,598.75
	<b>Total</b>	<b>-12,145.01</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM

net

Fund Name	FUM EOM 30 October 2013	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$277,992,019.84	85.14%	-\$10,339.98
LM Australian Income Fund	\$48,511,075.02	14.86%	-\$1,805.03
<b>Grand Total</b>	<b>\$326,403,094.86</b>	<b>100%</b>	<b>-\$12,145.01</b>

## Irene Caling

---

**From:** Zuardi, Eloa <Eloa.Zuardi@fticonsulting.com>  
**Sent:** Monday, 18 November 2013 2:53 PM  
**To:** Irene Caling  
**Cc:** O'Kearney, Glenn  
**Subject:** RE: LM FMIF/LM AIF  
**Attachments:** 8974inv12.pdf; 8974inv13.pdf

Hi Irene

Please see attached amended invoices as requested.

Please advise once this is paid.

Thanks

Eloa Zuardi  
Senior Consultant  
Corporate Finance/Restructuring

**FTI Consulting**  
+61.7.5630.5201 direct  
[Eloa.Zuardi@fticonsulting.com](mailto:Eloa.Zuardi@fticonsulting.com)

Level 9 Corporate Centre One  
2 Corporate Court  
Bundall QLD 4217  
Australia  
[www.fticonsulting-asia.com](http://www.fticonsulting-asia.com)

We've joined FTI Consulting – click [here](#) to learn more

Liability limited by a scheme approved under Professional Standards Legislation

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**From:** Irene Caling [<mailto:icaling@lmaustralia.com>]  
**Sent:** Monday, 18 November 2013 2:34 PM  
**To:** O'Kearney, Glenn  
**Cc:** Simon Tickner; Lucy Bloomfield  
**Subject:** FW: LM FMIF/LM AIF

Hi Glenn,

Attached invoice is dated 15th November.

Can you please re-issue the to reflect the month the invoice is for being October.

Thanking you.

Regards,

**Irene Caling**

Corporate Finance - Accounts | Finance

T +61 7 5584 4500 | D +61 7 5584 4598 | F +61 7 5592 2505 | E [icaling@lmaustralia.com](mailto:icaling@lmaustralia.com)

A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217,

Queensland, Australia  
[www.LMaustralia.com](http://www.LMaustralia.com)

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**From:** Simon Tickner  
**Sent:** Monday, 18 November 2013 10:28 AM  
**To:** Irene Caling  
**Subject:** FW: LM FMIF/LM AIF

Hi Irene

Can you please prepare these draws for FMIF and AIF

**Simon Tickner**

|  
T +61 7 5584 4500 | D | F +61 7 5538 1965 | E [stickner@lmaustralia.com](mailto:stickner@lmaustralia.com)  
A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217,  
Queensland, Australia  
[www.LMaustralia.com](http://www.LMaustralia.com)

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**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]  
**Sent:** Friday, 15 November 2013 11:47 AM  
**To:** Simon Tickner  
**Cc:** Corbett, John; Irene Caling; Lucy Bloomfield; Zuardi, Eloa; Teixeira, Aline  
**Subject:** LM FMIF/LM AIF

Hi Simon,

Please find attached invoices for October 2013 for allocation of operating costs incurred by LM Investment Management Ltd (In Liquidation) ("LMIM") across LM FMIF and LM AIF on a % of FUM basis. I note that this allocation is based on previous allocations performed in relation to this category of costs and we have used FUM at 31 October 2013 for allocation basis.

Please proceed with processing the attached invoices on LM AIF and LM MIF, or contact me with any queries you have.

Regards

Glenn O'Kearney  
Senior Director  
Corporate Finance/Restructuring

**F T I Consulting**  
+61.7.5630.5222 main  
+61.7.5630.5205 direct  
+61.7.5630.5299 fax  
[Glenn.OKearney@fticonsulting.com](mailto:Glenn.OKearney@fticonsulting.com)



# SUNCORP BANK Internet Banking

## Business Payments Credit

### Business Payment History Details

**Receipt number** 76462600  
**APCA ID** 372357  
**From Account** FMIF WORKING UNRESTRICTED - BUSINESS EVERYDAY - 049726640  
**Your Reference** RFEE-FMIF  
**Timing** Immediate  
**Status** Processed  
**Processed on** 08/07/2013  
**Created by** MS IRENE COLINA CALING 05/07/2013 10:52:36 AM  
**Approved by** MR ANTHONY MICHAEL NIGRO 08/07/2013 02:16:04 PM  
**Approved by** MR TRENT FRANKLIN 08/07/2013 02:50:12 PM  
**Total Amount** \$414,915.00  
**Number of Credits** 1

Account Name	BSB	Account Number	Reference	Amount
LM Investment Management Ltd(Adm)	064-000	013409158	LM Comm	\$414,915.00

Information as at: Monday, 8th July 2013 2:58:43 PM AEST

# SUNCORP BANK Internet Banking

## Business Payments Credit

### Confirmation

Your Business Payment Credit was successfully submitted for Approval on Friday, 5th July 2013 10:52:50 AM AEST.

From Account FMIF WORKING UNRESTRICTED - BUSINESS EVERYDAY ✓  
 049726640

Your Reference RFEE-FMIF

Timing Immediate



Status Awaiting Approval


Total Amount \$414,915.00

Number of Credits 1

Account Name	BSB	Account Number	Reference	Amount
LM Investment Management Ltd(Adm)	064-000 ✓	013409158 ✓✓	LM Comm	\$414,915.00

Information as at: Friday, 5th July 2013 10:52:50 AM AEST

FUND A/c : FMIF Working Acct: 049726640	
Steve Hannan – A	Simon Tiekner – B
1 <sup>st</sup> AUTH 	2 <sup>nd</sup> AUTH 

FUND A/c : FMIF Working Acct: 049726640
FTI 

Deutsche Bank

CUSTODIAN AUTHORISATION	
1st Signatory	2nd Signatory

# LM Investment Management Limited (Administrators Appointed)

## Tax Invoice

ABN 68 077 208 461

Date: 30 June 2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv1

Reference: Fund allocation of resource and business expenses 19 March 2013 to 30 June 2013

Date	Description	Amount \$
30/06/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (Administrators Appointed) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (Administrators Appointed) for period 19 March 2013 to 30 June 2013.  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	1,380,464.92
	Total Invoice	1,380,464.92

Sale Amount: 1,380,464.92  
GST: 138,046.49

Total Inc GST: 1,518,511.41  
Total Paid: 1,103,596.41

**Balance Due: 414,915.00 ✓**

Please pay to following account:

Account Name: LM Investment Management Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13409158 ✓  
Payment Reference: 8974inv1

# LM Administration Pty Ltd (Administrators Appointed) ("LMA")

## Tax Invoice

ABN 62 558 147 220

Date: 4 July 2013

To: LM Investment Management Limited (Administrators Appointed) ("LMIM")  
PO Box 8965  
GCMC QLD 4217

Invoice No: 8973Inv002

Reference: LMA - Resources fee 19 March 2013 to 30 June 2013

Date	Description	Amount \$
4/07/13	Resources Fee calculated pursuant to clause of 4.2 of Services Agreement as follows:  Net operational Costs incurred LMA 19 March 2013 to 30 June 2013 as per attached schedule.	2,043,782.83
	<b>Total Invoice</b>	<b>2,043,782.83</b>

Sale Amount: 2,043,782.83  
GST: 204,378.28

Total Inc GST: 2,248,161.11  
Total Paid: 0.00

**Balance Due: 2,248,161.11**

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13405835  
Payment Reference: 8973Inv001

Note: This invoice replaces previously issued invoice 8973inv001.

LMA Operational Costs 19.03.13 to 30.06.13  
LM Administration Pty Ltd (Administrators Appointed)

Description	Payment To	\$ Amount (GST Exclusive)
ASIC CHARGES	Australian Securities and Investments	-87
FREIGHT OUTWARDS	TNT Express Australia	-879
HIRE & LEASING EQUIPMENT	Various suppliers	-44,150
IT COSTS	Various suppliers	-37,436
PRINTING & STATIONERY	Worldwide Online Printing	-2,430
RENT & RATES PREMISES	Robbie & Associates Pty Ltd Trust	-105,380
REPAIRS & MAINTENANCE	Various suppliers	-483
SECURITY	Paradise Security Australia Pty Ltd	-2,862
SUBCONTRACTORS	ST Business Trust	-76,927
SUNDRY EXPENSES	Various suppliers	-6,008
TELEPHONE & FAX	Macquarie Telecom	-44,405
WORKPLACE HEALTH AND SAFETY INSPECTION	WHSO Consultants	-300
TRAVEL EXPENSES	Corporate Traveller QLD107	-199
WAGES & SALARIES	Employees	-1,017,641
PAYG WITHHELD (accrued to 30 June 2013)	Employees	-379,266
SUPERANNUATION (accrued to 30 June 2013)	Employees	-124,811
PAYROLL TAX (accrued to 30 June 2013)	OSR EPS Tax Remitting Account	-71,321
WORKCOVER	Work Cover Queensland	-3,056
STAFF EXPENSES	Employees	-126,064
<b>Total</b>		<b>-2,043,782.83</b>

LMIM Operational Costs 19.03.13 to 30.06.13  
LM Investment Management Ltd (Administrators Appointed)

Description	Payment To	\$ Amount (GST Exclusive)
<b>ASIC CHARGES</b>	Australian Securities and Investments	-22.00
<b>BANK CHARGES</b>	Commonwealth Bank of Australia - Transaction	-83.55
<b>LICENCE CHARGES</b>	Financial Ombudsman Service Limited	-550.00
<b>INSURANCE</b>	Various	-123,795.08
<b>Total</b>		<b>-124,450.63</b>

## Irene Caling

---

**From:** Lucy Bloomfield  
**Sent:** Friday, 5 July 2013 9:46 AM  
**To:** Irene Caling  
**Cc:** Simon Tickner; Eryn Vannucci (evannucci@outlook.com)  
**Subject:** FW: LM FMIF - Recovery Cost invoice from FTI  
**Attachments:** 8974inv1.pdf

Hi Irene

As per Glens instruction below - can we please process the attached invoice for **MIF Recovery costs** for payment . I will forward the email that has the AIF invoice attached thru to you as well.

*"FMIF invoice to be sent through normal channels for processing asap. AIF invoice can be prepared for payment – we will just need to confirm cash flow for payment."*

Thanks!  
Lucy

### Lucy Bloomfield

Assistant to Finance Director | Finance  
T +61 7 5584 4500 | D +61 7 5584 4546 | F +61 7 5592 2505 | E [bloomfield@lmaustralia.com](mailto:bloomfield@lmaustralia.com)  
A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217, Queensland, Australia  
[www.LMAustralia.com](http://www.LMAustralia.com)

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---

**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]  
**Sent:** Thursday, 4 July 2013 6:50 PM  
**To:** Lucy Bloomfield; [evannucci@outlook.com](mailto:evannucci@outlook.com)  
**Cc:** Simon Tickner  
**Subject:** RE: LM FMIF

Hi Lucy and Eryn – amended invoice 8974inv1 for LM FMIF attached.

Any queries let me know.

Regards

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

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Australia  
[www.fticonsulting-asia.com](http://www.fticonsulting-asia.com)

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---

**From:** O'Kearney, Glenn  
**Sent:** Wednesday, 3 July 2013 11:47 AM  
**To:** Lucy Bloomfield ([lbtkins@lmaustralia.com](mailto:lbtkins@lmaustralia.com)); 'evannucci@outlook.com'  
**Cc:** [STickner@lmaustralia.com](mailto:STickner@lmaustralia.com)  
**Subject:** LM FMIF

Hi Lucy and Eryn

Updated invoices for LM FMIF as discussed this morning. Please call should you wish to discuss.

The attached invoice 8974inv1 should be submitted for payment approvals. I will discuss this invoice with Simon as well.

The 8973inv003 is considered paid in full. I will prepare the June loan management fee invoice later today and will send this across for payment processing.

Regards

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

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LMI INVESTMENT MANAGEMENT LTD (ADMINISTRATORS APPOINTED) ("LMI")

Operational Costs for Period 19 March 2013 to 30 June 2013

\$

LMI Administration Pty Ltd (Administrators appointed) resources fee as detailed in attached invoice 5973m002  
 LMI Investment Management Ltd (Administrators appointed) operational costs incurred directly - schedule attached

TOTAL OPERATIONAL COSTS LMI/LMA 19 March 2013 to 30 June 2013

LMA Managed Performance Fund Allocation of costs for period 19 March 2013 to 12 April 2013 based on % FUM to 12 April 2013  
 Balance of operational costs owing for period 19 March 2013 to 30 June 2013

Allocation of balance of operational costs across LMI FMIIF and LMI AIF managed by LMI

Fund Name	FUM FOM Aggregate March - June 2013	FUM as percentage of Total	Allocation of Costs
LMI First Mortgage Income Fund	\$278,724,192.00	83.52%	\$1,380,464.92 net
LMI Australian Income Fund	\$45,869,552.00	14.09%	\$226,179.24 net
<b>Grand Total</b>	<b>\$324,593,744.00</b>	<b>100%</b>	<b>\$1,606,644.16 net</b>

\$2,043,732.85 net  
 \$132,450.69 net  
**\$2,168,233.46 net**

\$501,539.39 net  
 \$1,605,844.16 net

\$1,606,644.16 net

# LM Investment Management Limited (Administrators Appointed)

## Tax Invoice

ABN 68 077 208 461

Date: 26/07/2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv5

Reference: Fund allocation of resource and business expenses 1 to 26 July 2013

Date	Description	Amount \$
26/07/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (Administrators Appointed) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (Administrators Appointed) for period 1 to 26 July 2013  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	322,430.39
	Total Invoice	

Sale Amount: 322,430.39

GST: 32,243.03

Total Inc GST: 354,673.42

Total Paid: 0.00

**Balance Due: 354,673.42**

Please pay to following account:

Account Name: LM Investment Management Ltd (Administrators Appointed)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv5

LMIM Operational Costs 1/7/13 to 26/7/13  
LM Investment Management Ltd (Administrators Appointed)

Description	Payment To	\$ Amount (GST Exclusive)
RESOURCES - LMA	LM Administration Pty Ltd (Administrators Appointed) to 26/7/13	-368,268.63
LICENCE CHARGES	Financial Ombudsman Service Limited	-450.00
INSURANCE	Macquarie Premium Funding	-9,546.26
<b>Total</b>		<b>-378,264.89</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM

net

Fund Name	FUM EOM 30 June 2013	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$276,077,527.32	85.24%	-\$322,430.39
LM Australian Income Fund	\$47,807,687.06	14.76%	-\$55,834.50
<b>Grand Total</b>	<b>\$323,885,214.38</b>	<b>100%</b>	<b>-\$378,264.89</b>

## Irene Caling

---

**From:** O'Kearney, Glenn <Glenn.OKearney@fticonsulting.com>  
**Sent:** Tuesday, 30 July 2013 4:29 PM  
**To:** Simon Tickner  
**Cc:** Zorgdrager, Ryan; Corbett, John; Trenfield, Kelly-Anne; Irene Caling; Lucy Bloomfield  
**Subject:** LM FMIF/LM AIF  
**Attachments:** 8974inv5FMIF.PDF; 8974inv6AIF.PDF

Hi Simon,

Please find attached invoices for period 1 July 2013 to 26 July 2013 for allocation of operating costs incurred by the Administrators of LMIM across FMIF and AIF on a % of FUM basis. Note that I have used FUM at 30 June 2013 numbers for allocation basis.

The invoices cover the period 1 to 26 July which accounts for the operational costs incurred by the Administrator of LM Administration Pty Ltd (In Liquidation) ("LMA"). I note that there may be an additional operational cost invoice for the period to 30 June 2013 once the Liquidator of LMA has invoiced LM Investment Management Limited (Administrators Appointed) for costs incurred during their period (26-31 July and onwards).

The attached invoices follow the procedure that was put in place last month for the initial invoicing of operational costs incurred for period 19 March 2013 to 30 June 2013. The method to calculate the allocation of costs will be periodically reviewed to ensure that the underlying assumptions reflect commercial reality and equity between the funds.

Please proceed with processing the attached invoices on AIF and MIF.

Regards

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

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# SUNCORP BANK Internet Banking

## Business Payments Credit

### Business Payment History Details

Receipt number 92942601  
APCA ID 372357  
From Account FMIF RESTRICTED WORKING - BUSINESS SAVER ACCOUNT - 451081276  
Your Reference LMIM-FMIF  
Timing Immediate  
Status ProcessedRepeat  
Processed on 01/10/2013  
Created by MS IRENE COLINA CALING 26/09/2013 09:25:44 AM  
Approved by MR ANTHONY MICHAEL NIGRO 01/10/2013 01:46:23 PM  
Approved by MR TRENT FRANKLIN 01/10/2013 02:50:51 PM  
Total Amount \$160,913.67  
Number of Credits 1

Account Name	BSB	Account Number	Reference	Amount
LM Investment Management Ltd(Adm	064-000	013409158	8974inv8	\$160,913.67

Information as at: Wednesday, 2nd October 2013 8:47:15 AM AEST

# SUNCORP BANK Internet Banking

## Business Payments Credit

### Confirmation

Your Business Payment Credit was successfully submitted for Approval on Thursday, 26th September 2013 9:26:00 AM AEST.

From Account FMIF RESTRICTED WORKING - BUSINESS SAVER ACCOUNT - 451081276 ✓

Your Reference LMIM-FMIF

Timing Immediate

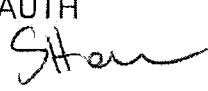
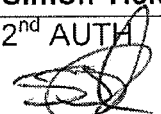
Status Awaiting Approval

Total Amount \$160,913.67

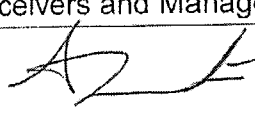
Number of Credits 1

Account Name	BSB	Account Number	Reference	Amount
LM Investment Management Ltd(Adm)	064-000 ✓	013409158 ✓	8974inv8 ✓	\$160,913.67

Information as at: Thursday, 26th September 2013 9:26:00 AM AEST

FMIF Restricted Working Acc 451081276	
Steve Hannan -- A	Simon Tickner -- B
1 <sup>st</sup> AUTH 	2 <sup>nd</sup> AUTH 

Authorisation : FTI Consulting
(Administrators Appointed)

Authorisation: McGrathNicol
Receivers and Managers


Deutsche Bank

CUSTODIAN AUTHORISATION	
1st Signatory	2nd Signatory

**SUNCORP BANK** Internet Banking

Business Payments Credit

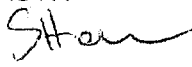
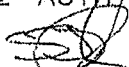
Confirmation

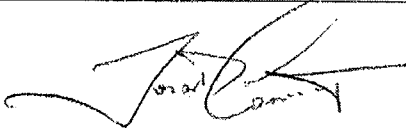
Your Business Payment Credit was successfully submitted for Approval on Thursday, 26th September 2013 9:26:00 AM AEST.

From Account **FMIF RESTRICTED WORKING - BUSINESS SAVER ACCOUNT - 451081276**  
 Your Reference **LMM-FMIF**  
 Timing **Immediate**  
 Status **Awaiting Approval**  
 Total Amount **\$160,913.67**  
 Number of Credits **1**

Account Name	BSB	Account Number	Reference	Amount
LM Investment Management Ltd(Adm)	064-000 ✓	013409158 ✓	8974inv8 ✓	\$160,913.67

Information as at: Thursday, 26th September 2013 9:26:00 AM AEST

FMIF Restricted Working Acc 451081276	
Steve Hannan - A	Simon Tickner - B
1 <sup>st</sup> AUTH 	2 <sup>nd</sup> AUTH 

Authorisation : FTI Consulting (Administrators Appointed) 
--

Authorisation: McGrathNicol
Receivers and Managers

Deutsche Bank

<b>CUSTODIAN AUTHORISATION</b>	
1st Signatory	2nd Signatory

V135142 -64355

## LM Investment Management Limited (In Liquidation)

### Tax Invoice

ABN 68 077 208 461

Date: 11/09/2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv8

Reference: Fund allocation of resource and business expenses 26 July 2013 to 30 August 2013

Date	Description	Amount \$
11/09/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (In Liquidation) for period 26 July 2013 to 30 August 2013  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	146,285.16
	Total Invoice	

Sale Amount: 146,285.16  
GST: 14,628.51

Total Inc GST: 160,913.67  
Total Paid: 0.00

**Balance Due: 160,913.67**

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv8



LMIM Operational Costs 26/07/13 to 30/08/13  
LM Investment Management Ltd (In Liquidation)

Description	Payment To	\$ Amount (GST Exclusive)
RESOURCES - LMA INSURANCE	LM Administration Pty Ltd (In Liquidation) to 09/08/13 Macquarie Premium Funding	-162,421.60 -9,546.26
<b>Total</b>		<b>-171,967.86</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM

Fund Name	FUM EOM 31 July 2013	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$277,979,504.81	85.07%	-\$146,285.16
LM Australian Income Fund	\$48,803,742.67	14.93%	-\$25,682.70
<b>Grand Total</b>	<b>\$326,783,247.48</b>	<b>100%</b>	<b>-\$171,967.86</b>

↑

Net amt due to  
PTI

LM Administration Pty Ltd (In Liquidation) ("LMA")

Tax Invoice

ABN 62 558 147 220

Date: 11 September 2013  
 To: LM Investment Management Limited (In Liquidation) ("LMTM")  
 PO Box 8965  
 GCMC QLD 4217  
 Invoice No: 5429Inv001  
 Reference: LMA - Resources fee 26 July 2013 to 9 August 2013

*Ants Pd Direct to LMA (No GST)*

Date	Description	Amount \$
11/09/2013	Resources Fee calculated as follows: Operational Costs incurred LMA 26 July 2013 to 9 August 2013 as per attached schedule.	162,421.60
	Total Invoice	\$162,421.60

Amount Invoice: 162,421.60  
 GST: 0.00

Total Inc GST: 162,421.60  
 Total Advanced: (162,421.60)

Balance Due: \$0.00

*\$9K + Insurance costs Pd by LMIM*

Please pay to following account:

Account Name: LM Administration Pty Ltd (In Liquidation)  
 BSB: 184 446  
 Account Number: 303 227 961  
 Payment Reference: 5429Inv001

*pd to*  
*Split + Crossed up.*

## Irene Caling

---

**From:** Simon Tickner  
**Sent:** Wednesday, 25 September 2013 5:09 PM  
**To:** Irene Caling  
**Cc:** Corbett, John; Lucy Bloomfield; Zuardi, Eloa; Teixeira, Aline; 'O'Kearney, Glenn'  
**Subject:** RE: LM FMIF/LM AIF

Irene

Can you prepare the paperwork for these please.

Thanks

Simon

### Simon Tickner

T +61 7 5584 4500 | D | F +61 7 5538 1965 | E [stickner@lmaustralia.com](mailto:stickner@lmaustralia.com)  
A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217,  
Queensland, Australia  
[www.LMaustralia.com](http://www.LMaustralia.com)

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**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]  
**Sent:** Wednesday, 25 September 2013 4:25 PM  
**To:** Simon Tickner  
**Cc:** Corbett, John; Irene Caling; Lucy Bloomfield; Zuardi, Eloa; Teixeira, Aline  
**Subject:** LM FMIF/LM AIF

Hi Simon,

Please find attached invoices for period 26 July 2013 to 30 August 2013 for allocation of operating costs incurred by LM Investment Management Ltd (In Liquidation) ("LMIM") across LM FMIF and LM AIF on a % of FUM basis. I note that this allocation is based on previous allocations performed in relation to this category of costs and I have used FUM at 31 July 2013 numbers for allocation basis.

The invoices cover the period 26 July 2013 to 30 August 2013 and account for both operational costs incurred as responsible entity directly by LMIM during that period (that we are currently aware of), as well as the operational funding provided by LMIM direct to the Liquidators of LM Administration Pty Ltd (In Liquidation) for the period 26 July 2013 to 9 August 2013 (invoice from Liquidator of LMA attached to our invoice for your records).

Please proceed with processing the attached invoices on LM AIF and LM MIF.

Regards

Glenn O'Kearney  
Senior Director  
Corporate Finance/Restructuring

# LM Investment Management Limited (In Liquidation)

## Tax Invoice

ABN 68 077 208 461

Date: 31/12/2013

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv16

Reference: Fund allocation of resource and business expenses 1 December 2013 to 31 December 2013

Date	Description	Amount \$
31/12/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity for period 1 December 2013 to 31 December 2013  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	7,301.51
	Total Invoice	7,301.51

Sale Amount: 7,301.51  
GST: 730.15

Total Inc GST: 8,031.66  
Total Paid: 0.00

**Balance Due: 8,031.66**

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv16

LMIM Operational Costs 1/12/13 to 31/12/13  
LM Investment Management Ltd (In Liquidation)

Description	Payment To	\$ Amount (GST Exclusive)
INSURANCE	Macquarie Premium Funding	-9,546.26
COMPLIANCE FESS	AUSTRAC	-310.00
	<b>Total</b>	<b>-9,856.26</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM

net

Fund Name	FUM EOM 31 December 2013	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$83,734,890.55	74.08%	-\$7,301.51
LM Australian Income Fund	\$29,298,324.86	25.92%	-\$2,554.75
<b>Grand Total</b>	<b>\$113,033,215.41</b>	<b>100%</b>	<b>-\$9,856.26</b>

## Irene Caling

---

**From:** Zuardi, Eloa <Eloa.Zuardi@fticonsulting.com>  
**Sent:** Tuesday, 7 January 2014 10:12 AM  
**To:** Simon Tickner; O'Kearney, Glenn  
**Cc:** Corbett, John; Irene Caling; Lucy Bloomfield; Teixeira, Aline  
**Subject:** LM FMIF/LM AIF - December Invoices  
**Attachments:** 8974inv16.pdf; 8974inv17.pdf

Hi Simon,

Please find attached invoices for December 2013 for allocation of operating costs incurred by LM Investment Management Ltd (In Liquidation) ("LMIM") across LM FMIF and LM AIF on a % of FUM basis. I note that this allocation is based on previous allocations performed in relation to this category of costs and we have used FUM at 31 December 2013 for allocation basis.

Please proceed with processing the attached invoices on LM AIF and LM MIF, or contact me with any queries you have.

Regards

Eloa Zuardi  
Senior Consultant  
Corporate Finance/Restructuring

**FTI Consulting**  
+61.7.5630.5201 direct  
[Eloa.Zuardi@fticonsulting.com](mailto:Eloa.Zuardi@fticonsulting.com)

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# LM Investment Management Limited (In Liquidation)

## Tax Invoice

ABN 68 077 208 461

Date: 31/01/2014

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv18

Reference: Fund allocation of resource and business expenses 1 January 2014 to 31 January 2014

Date	Description	Amount \$
31/01/14	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity for period 1 January 2014 to 31 January 2014  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	7,064.46
	<b>Total Invoice</b>	<b>7,064.46</b>

Sale Amount: 7,064.46  
GST: 706.45

Total Inc GST: 7,770.91  
Total Paid: 0.00

**Balance Due: 7,770.91**

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv18

**LMIM Operational Costs 1/01/14 to 31/01/14**  
**LM Investment Management Ltd (In Liquidation)**

Description	Payment To	\$ Amount (GST Exclusive)
<b>INSURANCE</b>		
	Macquarie Premium Funding	-9,546.26
	<b>Total</b>	<b>-9,546.26</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM net

Fund Name	FUM EOM 31 January 2014	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$83,751,711.19	74.00%	-\$7,064.46
LM Australian Income Fund	\$29,422,614.47	26.00%	-\$2,481.80
<b>Grand Total</b>	<b>\$113,174,325.66</b>	<b>100%</b>	<b>-\$9,546.26</b>



# LM Investment Management Limited (In Liquidation)

## Tax Invoice

ABN 68 077 208 461

Date: 28/02/2014

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv20

Reference: Fund allocation of resource and business expenses 1 February 2014 to 28 February 2014

Date	Description	Amount \$
28/02/14	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity for period 1 February 2014 to 28 February 2014  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	11,535.01
	Total Invoice	11,535.01

Sale Amount:	11,535.01
GST:	1,153.50

Total Inc GST:	12,688.51
Total Paid:	0.00

<b>Balance Due:</b>	<b>12,688.51</b>
---------------------	------------------

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
 BSB: 064 000  
 Account Number: 13409158  
 Payment Reference: 8974inv20

**LMIM Operational Costs 1/02/14 to 28/02/14**  
**LM Investment Management Ltd (In Liquidation)**

Description	Payment To	\$ Amount (GST Exclusive)
<b>INSURANCE</b>	Macquarie Premium Funding	-9,546.26
<b>LICENSES</b>	Financial Ombudsman Service	-5,000.00
<b>SUBCONTRACTORS</b>	Carolyn Hodge	-1,012.50
	<b>Total</b>	<b>-15,558.76</b>

**Allocation of operational costs across LM FMIF and LM AIF managed by LMIM** net

Fund Name	FUM EOM 31 January 2014	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$83,743,849.51	74.14%	-\$11,535.01
LM Australian Income Fund	\$29,212,264.36	25.86%	-\$4,023.75
<b>Grand Total</b>	<b>\$112,956,113.87</b>	<b>100%</b>	<b>-\$15,558.76</b>

## Irene Caling

---

**From:** Robson, Benjamin <Benjamin.Robson@fticonsulting.com>  
**Sent:** Tuesday, 4 March 2014 11:59 AM  
**To:** Simon Tickner  
**Cc:** Corbett, John; Irene Caling; Lucy Bloomfield; Teixeira, Aline; O'Kearney, Glenn  
**Subject:** RE: LM FMIF/LM AIF  
**Attachments:** 8974inv20.pdf; 8974inv21.pdf

Hi Simon,

Please find attached invoices for February 2014 for allocation of operating costs incurred by LM Investment Management Ltd (In Liquidation) ("LMIM") across LM FMIF and LM AIF on a % of FUM basis. I note that this allocation is based on previous allocations performed in relation to this category of costs and we have used FUM at 28 February 2014 for allocation basis.

Please proceed with processing the attached invoices on LM AIF and LM MIF, or contact me with any queries you have.

Regards

**Ben Robson**

Associate | Corporate Finance/Restructuring

**FTI Consulting**

+61 7 5630 5226 direct | +61 7 5630 5299 fax

[Benjamin.Robson@fticonsulting.com](mailto:Benjamin.Robson@fticonsulting.com)

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"DW-31"

## LM Investment Management Limited (In Liquidation)

### Tax Invoice

ABN 68 077 208 461

Date: 01/05/2014

To: LM First Mortgage Income Fund ("LM FMIF")  
Level 1, 38 Cavill Avenue  
SURFERS PARADISE QLD 4217

Invoice No: 8974inv22

Reference: Fund allocation of resource and business expenses 1 May 2014 to 31 May 2014

Date	Description	Amount \$
01/05/14	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (In Liquidation) as Responsible Entity for period 1 May 2014 to 31 May 2014.  LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	237.06
	Total Invoice	237.06

Sale Amount: 237.06  
GST: 23.71

Total Inc GST: 260.77  
Total Paid: 0.00

**Balance Due: 260.77**

Please pay to following account:

Account Name: LM Investment Management Ltd (In Liquidation)  
BSB: 064 000  
Account Number: 13409158  
Payment Reference: 8974inv22

**LMIM Operational Costs 1/05/14 to 31/05/14**  
**LM Investment Management Ltd (In Liquidation)**

Description	Payment To	\$ Amount (GST Exclusive)
<b>COMPLIANCE FEES</b>		
	DH Finders Corporate Advisors	-318.18
	<b>Total</b>	<b>-318.18</b>

Allocation of operational costs across LM FMIF and LM AIF managed by LMIM net

Fund Name	FUM EOM 31 May 2014	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$83,707,036.62	74.51%	-\$237.06
LM Australian Income Fund	\$28,643,419.45	25.49%	-\$81.12
<b>Grand Total</b>	<b>\$112,350,456.07</b>	<b>100%</b>	<b>-\$318.18</b>

LM Investment Management Limited (in liquidation)  
Attention: Mr John Corbett  
Email: john.corbett@fticonsulting.com

TAX INVOICE: 14060

Date: 12 December 2013

Date	Description	Amount
12 September 2013	Update to Compliance Committee Meeting on 12 September 2013 Attendance telephone conference - 1 hour @ \$350 per hour	\$ 350.00
<b>Total ( inc GST of \$31.82)</b>		<b>\$ 350.00</b>

Terms: 14 Days

Please make cheque payable to D H Flinders Pty Ltd,  
or for EFT payments: BSB:182-512 Account: 9611 53137

**Melbourne**  
Level 3, 454 Collins Street  
Melbourne VIC 3000  
Australia  
Telephone: +613 8352 7100  
Facsimile: +613 8352 7199

**Sydney**  
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Sydney NSW 2000  
Australia  
Telephone: +612 8705 5411  
Facsimile: +613 8352 7199

**Adelaide**  
Level 5, 33 Pirie Street  
Adelaide SA 5000  
Australia  
Telephone: +618 8211 8250  
Facsimile: +618 8211 8256

**Wellington**  
Level 12, 38 Waring Taylor Street  
Wellington 6011  
New Zealand  
Telephone: +64 4 889 2434  
Facsimile: +64 4 939 8701

**Kuala Lumpur**  
Level 2, Tower Block  
Menara Milenium, Jalan Damansara  
Pusat Bandar Damansara  
50490 Malaysia  
Telephone: +60 3211 75154  
Facsimile: +60 3209 39542

"Dw-32"

Ledger transaction list

Date	Voucher	Dimensions	Transaction text	Currency	Amount
<b>Ledger account: 14000</b>					
31/03/2013	GJ029419	MIF	MIF - March 13 Mgmt Fee Exp/	-367,652.31	367,652.31
31/03/2013	GJ029420	MIF	MIF - Loan Mgmt Fee Exp/Paya	-230,949.04	230,949.04
31/03/2013	GJ029422	MIF	REV MARCH 13 MIF - Mgmt Fe	367,652.31	367,652.31
31/03/2013	GJ029424	MIF	FIX MIF - Mar 13 Mgmt Fee Ex	-367,652.31	367,652.31
31/03/2013	GJ029425	MIF	REV MIF - Loan Mgmt Fee Exp.	230,949.04	230,949.04
31/03/2013	GJ029426	MIF	FIX MIF - Loan Mgmt Fee Exp/f	-230,949.04	230,949.04
31/03/2013	GJ029428	MIF	REV MIF - Loan Mgmt Fee Exp.	230,949.04	230,949.04
31/03/2013	GJ029429	MIF	REV MIF - Loan Mgmt Fee Exp.	-230,949.04	230,949.04
31/03/2013	GJ029795	MIF	REVERSE MIF March 13 Mgmt	367,652.31	367,652.31
19/04/2013	GJ029431	MIF	Offset MIF Loan Mgt Fee Payat	-149,829.65	149,829.65
26/04/2013	GJ029421	MIF	MIF - Mgmt Fee Exp/Payable (fi	-318,798.42	318,798.42
26/04/2013	GJ029543	MIF	MIF - Cash Pymt to LMA for Mg	506,506.80	506,506.80
30/04/2013	GJ029531	MIF	MIF - Mgmt Fee Exp/Payable (fi	-49,048.17	49,048.17
30/04/2013	GJ029797	MIF	REVERSE MIF April 13 Mgmt F	367,846.59	367,846.59
6/05/2013	GJ029544	MIF	MIF - Cash Pymt to LMA for Mg	49,048.17	49,048.17
31/05/2013	GJ029799	MIF	REVERSE MIF May 13 Mgmt F	368,097.31	368,097.31
30/06/2013	VP030828	MIF	MIF - Offset Prepaid Mgmt Fee	-1,103,596.21	1,103,596.21
<b>Ledger account: 14000</b>				<b>2,488,701.57</b>	<b>2,488,701.57</b>
				<b>3,049,424.19</b>	<b>3,049,424.19</b>
				<b>560,722.62</b>	<b>560,722.62</b>

**Irene Caling**

**From:** Lucy Bloomfield  
**Sent:** Thursday, 11 July 2013 2:17 PM  
**To:** Irene Caling  
**Cc:** Simon Tickner; Zorgdrager, Ryan (Ryan.Zorgdrager@fticonsulting.com); Glenn.OKearney@fticonsulting.com; john.corbett@pelicapital.com; Francene Mulder  
**Subject:** FW: Fees - Costs Recovery Summary - PART PAYMENT of AIF invoice for \$226,179.24 + GST

Hi Irene

Can we please pay an amount of \$204,328.74 (\$194,112.31 + GST) today from AIF as part payment of the invoice issued by FTI for Recovery Costs (invoice amt of \$226,179.24 + GST.)

Thanks Irene

Lucy

**Lucy Bloomfield**

Assistant to Finance Director | Finance  
 T +61 7 5584 4500 | D +61 7 5584 4546 | F +61 7 5592 2505 | E lbloomfield@lmaustralia.com  
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**From:** Simon Tickner  
**Sent:** Monday, 8 July 2013 2:58 PM  
**To:** Eryn Vannucci; Francene Mulder; ryan.zorgdrager@fticonsulting.com; glenn.okearney@fticonsulting.com; Corbett, John (John.Corbett@fticonsulting.com)  
**Cc:** Lucy Bloomfield; Irene Caling  
**Subject:** Fees - Costs Recovery Summary

Hello all

Can we all clarify the current position for AIF and FMIF Cost Reimbursement. This is how I see it.

**FMIF**

We have claimed \$414,915 costs re-imbursments and \$214,426.40 Loan Management Fees from FMIF (via DB) for June 2013. This has been authorised by DB this afternoon and the payment will be processed by PTAL today.

Under the previous Management Fee regime FMIF is entitled to 1.5% + GST per month of FUM from 1<sup>st</sup> March 2013 to 30<sup>th</sup> June 2013 (on the basis that the pre-paid fee which existed on appointment has been repaid and that no fee was drawn for march prior to VA), an amount of \$1,457,020.55 (\$1,384,169.52). The amount actually taken from FMIF for the period is \$1,518,511.41 meaning an excess of \$61,490.86 above the 1.5% + GST Management Fee has been taken. We should advise this amount to Norton Rose as to whether that is considered material and require disclosure.



AIF

The pre-paid fee as at 19<sup>th</sup> March 2013 was \$868,802.40 and this remains unchanged. Costs have been incurred and apportioned to the Fund of \$226,179.24 + GST and an invoice is to be raised for this amount. Under the previous Management Fee regime AIF would be entitled to 1.5% incl GST from 19<sup>th</sup> March 2013 to 30<sup>th</sup> June 2013, an amount of \$204,328.74 (\$194,112.31 + GST) which is intended to be drawn from AIF as part payment of the invoice.

Eryn assuming that we now only claim "costs" from 19<sup>th</sup> March 2013 can we expenses fees due from 1<sup>st</sup> to 19<sup>th</sup> March to reduce the pre-paid, if that has not already been done

General

Advice pending from Norton Rose will clarify what, if any, disclosure is required to unit holders on the basis of a) the quantum of costs recovered, b) the process of cost reimbursement versus management fee and, c) whether all costs actually being reimbursed are classified as costs and expenses in the two relevant constitutions, rather than services for which only fees can be levied

We also need to address the position of an apportionment of costs between FMIF and its feeder funds. We will undertake an apportionment of time allocated by administration staff to FMIF, CPAIF, ICPAIF and then deduct the feeder fund apportionment from the amount currently levied against FMIF. From a cash flow perspective this may need to be funded by FMIF (possibly by way of inter fund loan) and then reconciled each time FMIF distributes capital to unit holders. We should again seek advice whether this is permissible under the constitution, but I believe it would be. We had also advised feeder fund investors in November 2012 that there would be 0% management fees charged so we need legal advice as to whether the administration costs those funds will reimburse to LMIM need to be disclosed to investors.

In the first instance are we happy that the invoice to AIF is raised on this basis for the part payment to be made as above or should we wait to seek clarification from Norton Rose

Regards

**Simon Tickner**

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**From:** Eryn Vannucci  
**Sent:** Monday, 8 July 2013 11:11 AM  
**To:** Francene Mulder  
**Cc:** Lucy Bloomfield; Simon Tickner; Irene-Caling  
**Subject:** RE: AIF

Hi Fran,

The current prepaid balance in AIF is \$868,802.40.

Glenn advised that the prepaid balance for AIF will effectively be frozen and these 'Fund Allocation of resource and business expenses' will be treated differently therefore payment can be made. Was that to your knowledge?

Cheers,

Eryn

**Eryn Vannucci**

Financial Controller | Finance

T +61 7 5584 4500 | D +61755844551 | F +61755922505 | E [evannucci@lmaustralia.com](mailto:evannucci@lmaustralia.com)

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**From:** Francene Mulder

**Sent:** Monday, 8 July 2013 10:24 AM

**To:** Eryn Vannucci

**Cc:** Lucy Bloomfield; Simon Tickner; Irene Caling

**Subject:** Re: AIF

I sent through a calc on Friday Eryn. Please get that from Simon.

Also we need to know what prepaid exists currently in AIF please before paying.

Thanks

Fran

Kind Regards

Francene Mulder

LM Investment Management Ltd

**Francene Mulder**

Executive Director - Distribution/Product |

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On 08/07/2013, at 10:19 AM, "Eryn Vannucci" <[evannucci@lmaustralia.com](mailto:evannucci@lmaustralia.com)> wrote:

Great thanks.

**Eryn Vannucci**

Financial Controller | Finance

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**From:** O'Kearney, Glenn [<mailto:Glenn.OKearney@fticonsulting.com>]  
**Sent:** Monday, 8 July 2013 10:18 AM  
**To:** Eryn Vannucci  
**Cc:** Eryn Vannucci  
**Subject:** Re: AIF

Hi Eryn

Split and invoice hasn't changed. That is just the amount that will be paid on the aif invoice at this time. Think the payment calc should be 104 days though if Fran has started from 19 march.

Glenn O'Kearney  
Director  
Corporate Finance/Restructuring

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On 08/07/2013, at 10:12 AM, "Eryn Vannucci" <[evannucci@outlook.com](mailto:evannucci@outlook.com)> wrote:

Hi Glenn,

I have received this email below in regards to AIF. Has the split changed?

The last split I have for FMIF and AIF is \$1,380,464.92 net (FMIF) & \$226,179.24 net (AIF).

Also I am back on my LM email address just for today.

Thanks,

Eryn

---

**From:** [FMulder@lmaustralia.com](mailto:FMulder@lmaustralia.com)  
**To:** [STickner@lmaustralia.com](mailto:STickner@lmaustralia.com); [latkins@lmaustralia.com](mailto:latkins@lmaustralia.com);  
[icaling@lmaustralia.com](mailto:icaling@lmaustralia.com)  
**CC:** [evannucci@outlook.com](mailto:evannucci@outlook.com)  
**Date:** Fri, 5 Jul 2013 15:36:48 +1000  
**Subject:** RE: AIF

It looks like the AIF amount for the 103 days will have to vary to:-

\$193,302.58 net or \$212,632.84 inclusive of gst.

We are awaiting confirmation for payment from FTL.

Thanks

Fran

**Francene Mulder**  
Executive Director - Distribution/Product |  
T +61 7 5584 4500 | D +61 7 5584 4529 | F +61 7 5592 2505 | E  
[fmulder@lmaustralia.com](mailto:fmulder@lmaustralia.com)  
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---

**From:** Simon Tickner  
**Sent:** Friday, 5 July 2013 11:08 AM  
**To:** Lucy Bloomfield; Irene Calling  
**Cc:** Eryn Vannucci ([evannucci@outlook.com](mailto:evannucci@outlook.com)); Francene Mulder  
**Subject:** RE: AIF

Hi All

There is cash available to process the invoice but please liaise with Fran as the amount claimed may need to vary.

Simon

**Simon Tickner**

|  
T +61 7 5584 4500 | D +61 7 5584 4558 | F +61 7 5538 1965 | E  
[stickner@lmaustralia.com](mailto:stickner@lmaustralia.com)  
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923, Surfers Paradise, 4217, Queensland, Australia  
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---

**From:** Lucy Bloomfield  
**Sent:** Friday, 5 July 2013 9:47 AM  
**To:** Irene Caling  
**Cc:** Simon Tickner; Eryn Vannucci ([evannucci@outlook.com](mailto:evannucci@outlook.com))  
**Subject:** FW: AIF

Hi Irene

Here is the AIF invoice that Glenn instructed to be prepared for payment but held off until cash permits it to be processed.

Lucy

**Lucy Bloomfield**  
Assistant to Finance Director | Finance  
T +61 7 5584 4500 | D +61 7 5584 4546 | F +61 7 5592 2505 | E  
[lucy@lmaustralia.com](mailto:lucy@lmaustralia.com)  
A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box  
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---

**From:** O'Kearney, Glenn [mailto:Glenn.OKearney@fticonsulting.com]  
**Sent:** Thursday, 4 July 2013 6:51 PM  
**To:** Lucy Bloomfield  
**Cc:** Simon Tickner  
**Subject:** RE: AIF

Lucy – copy of amended invoice 8974inv2 for LM AIF. Please disregard invoice issued yesterday.

Regards

Glenn O'Kearney  
Director

Corporate Finance/Restructuring

**F T I Consulting**  
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+61 7 5630 5205 direct

+61 7 5630 5299 fax  
[Glenn.OKearney@fticonsulting.com](mailto:Glenn.OKearney@fticonsulting.com)

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Australia  
[www.fticonsulting-asia.com](http://www.fticonsulting-asia.com)

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---

**From:** O'Kearney, Glenn  
**Sent:** Wednesday, 3 July 2013 11:49 AM  
**To:** Lucy Bloomfield ([latkins@lmaustralia.com](mailto:latkins@lmaustralia.com)); [STickner@lmaustralia.com](mailto:STickner@lmaustralia.com)  
**Cc:** Zorgdrager, Ryan; Corbett, John  
**Subject:** AIF

Hi Lucy and Simon – please find attached invoice for LM AIF for share of allocation of operational costs incurred by LMIM.

Please submit this for payment approval.

## Regards

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Director

Corporate Finance/Restructuring

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## Irene Caling

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**Attachments:** 8974inv2.pdf

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### Lucy Bloomfield

Assistant to Finance Director | Finance

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"DW-34"

---

LM ADMINISTRATION PTY LTD (IN LIQUIDATION)  
ACN 055 691 426

## REPORT BY THE LIQUIDATORS

4 DECEMBER 2013

**THE APPOINTMENT:** JOINT AND SEVERAL LIQUIDATORS  
**THE APPOINTEES:** DAVID CLOUT AND LORRAINE SMITH  
**THE APPOINTMENT DATE:** 26 JULY 2013

**David Clout & Associates**  
Chartered Accountants  
GPO Box 7870  
BRISBANE QLD 4001  
Telephone: (07) 3129 3316  
Email: [admin@cloutsinsolvency.com.au](mailto:admin@cloutsinsolvency.com.au)



**Chartered  
Accountants**

NUMBER ONE IN NUMBERS

*Liability limited by a scheme approved under Professional Standards Legislation* **513**

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## 1. APPOINTMENT OF LIQUIDATORS

On 19 March 2013, John Park and Ginette Muller of FTI Consulting were appointed as Voluntary Administrators of LM Administration Pty Ltd ("Company") pursuant to Section 436A of the *Corporations Act 2001* (Cth) ("Act").

At a meeting of the Company's creditors on 26 July 2013 it was resolved that the Company be wound up and we, David Clout and Lorraine Smith, be appointed as Joint and Several Liquidators of the Company.

## 2. THE CREDITOR'S VOLUNTARY LIQUIDATION

You have received this correspondence as you are listed as a creditor of the Company in the records which either the Company or the Voluntary Administrators have supplied. **Enclosed** is a list setting out the names of all known creditors and the estimated amounts of their claims.

Pursuant to the provisions of the *Corporations Act 2001* ("the Act") our powers, duties and obligations as Liquidators are to:

- Investigate and examine the affairs of a Company in administration;
- Examine the officers of the Company and their conduct;
- Identify transactions that are considered void and pursue the same;
- Realise the assets and/or conduct and sell any business of the Company; and
- Adjudicate on debts and pay dividends where funds permit.

Traditionally during the course of the winding up of the Company's affairs, the Liquidators would:

- Identify, protect and realise the assets of the Company;
- Review and investigate the Company's books and records and its financial affairs;
- Instigate any appropriate recoveries;
- Report to and coordinate with the regulatory bodies as/when required; and
- Any other business which may properly be brought before the meeting.

This Report is issued to call a Meeting of Creditors to consider the appointment of a Committee of Inspection and to fix the remuneration of the Liquidators. A further more detailed Report detailing the outcomes of our continued investigations is likely to be issued later in this administration.

## 3. HISTORY OF THE COMPANY & BACKGROUND TO OUR APPOINTMENT

We refer to the Voluntary Administrators' reports dated 21 March 2013 and 19 July 2013. At this time, and subject to further investigations by our office, we consider the information setout therein adequately details the historical trading activities of the Company and the background to the appointment of the Voluntary Administrators.

We were appointed at the meeting of creditors held 26 July 2013 following our nomination by the Voluntary Administrators as potential Liquidators of the Company. The Voluntary Administrators did not nominate themselves to act as Liquidators at that meeting due to apparent conflicts between their appointment to the Company and other entities in the LM Investments group.

## 4. ACTIONS SINCE OUR APPOINTMENT

The Company had been under the control of Voluntary Administrators for an extended period prior to our appointment. During their appointment the Voluntary Administrators:-

- continued to trade the Company's business, namely the provision of staff and resources to the LM Investments group; and
- investigated the affairs of the Company and the actions and conduct of its officers.

#### 4.1. CONTINUED TRADING

---

As you may be aware, since the date of our appointment we have continued to trade the Company's business. The remaining employees of the Company and its plant and equipment (which are secured in favour of another entity in the LM Investments group) are provided to the various entities to assist with the winding up of the funds. This continued trading allows certain employees of the Company to maintain their income whilst benefiting the unit holders of the LM Investments group generally.

The costs and disbursements associated with that continued trading are being advanced by a creditor secured over one of the LM Investments group funds. There are no direct costs related to continued trading being borne by creditors of the Company.

#### 4.2. INVESTIGATIONS

---

At the time of our appointment our office was comprehensively briefed by the Voluntary Administrators in relation to their extended investigations into the affairs of the Company and the conduct of its officers. Since that briefing our office has continued to review the books and records of the Company in an effort to identify voidable transactions and potential recoveries for the benefit of creditors.

We have been in contact with the Australian Securities Investments Commission ("ASIC") and supported their application to restrict the travel of the Company's former Director.

Our investigations are at a preliminary stage and are ongoing. As foreshadowed above a more detailed report regarding the outcome of our investigations is likely to be issued in due course. By way of summary, our investigations to date include:

##### Insolvent Trading

---

Section 588G of the Act stipulates that a Director has a duty to prevent the Company from trading whilst insolvent. Should the Director be found guilty of such an offence the Director may be held liable for the debts if the Company was insolvent at the time the debt was incurred or became insolvent due to the incurrence of the debt where it was reasonable to assume the Company was insolvent when the debt was incurred or would become insolvent as a result of the debt; and the Director failed to prevent the debt from being incurred.

A company is considered to be solvent pursuant to Section 95A(1) of the Act if, and only if, the company is able to pay all its debts as and when they become due and payable. A company is insolvent when it cannot meet the definition of "solvency" contained in Section 95A of the Act. That definition states that a person is solvent if "*a person is able to pay his or her debts as and when they become due and payable.*" The test of a company's ability to meet its debts as and when they become due is a cash flow test concerned with commercial reality.

We have examined the position in relation to the Company's insolvency and there is evidence that the Company was insolvent from at least April 2010 and possibly even earlier since June 2009.

Based on our findings of the Company's insolvency, we are currently seeking legal advice before pursuing any potential insolvent trading claim. In addition, should the Liquidators take an insolvent trading action, the Director may rely on a number of defences pursuant to Section 588H of the Act. In our experience, such actions are often defended which make such claims a costly exercise.

##### Voidable Transactions

---

We have conducted investigations into the affairs of the Company to ascertain whether there are any transactions that appear to be voidable in respect of which money, property or other benefits may be

recoverable in a Liquidation scenario pursuant to Part 5.7B of the Corporations Act. The table below summarises the types of transactions we have considered together with the results of our investigations:

Type of transaction	Results of investigations
Unfair preference payments	Yes
Uncommercial transactions	Continuing
Unfair loans to a company	Continuing
Unreasonable Director related transactions	Continuing
Floating charges created within 6 months before relation back day	Nil
Agreements to avoid employee entitlements	Nil

Further a review of the payments from the Company's bank accounts and financial records indicate the Company made significant loans to related entities. Based on the records of the Company, the balances of the related party loan accounts as at 19 March 2013 were as follows:

- Peter Drake (the sole "Director")	\$26,473,875.99
- Drake Pty Ltd	\$299,786.95
- Trustee of Ekard Investments Trust	\$1,702,038.92
- Drake Management Trust	\$1,709,555.49
- TOTAL	\$30,185,257.35

To date, we have not received all of Company's books and records. From our review of available books and records received for LMA, we note formal loan agreements were not entered into for any for these loans and to date none of the loans have been repaid to the Company. Further from a meeting with the Director on 29 August 2013, he advised the repayment of these loan accounts in his personal capacity and from the related entities is highly unlikely, and he will also be looking toward some form of personal insolvency.

The payments made to the related entities are all potentially uncommercial or unreasonable director related transactions, however further analysis will need to be undertaken in this regard including a detailed analysis of source documents to formulate an understanding on how funds flowed through entities and their ultimate destination.

Our investigations are continuing in respect of the recoverability of these loan accounts including seeking legal advice and commencing recovery actions. Given the liquidation is with limited funds, our investigation has also been limited.

#### Report to the Australian Securities and Investments Commission ('ASIC')

Section 533 of the Act requires a Liquidator to submit a report to ASIC if we suspect that any offence or misconduct has occurred in relation to the Company, or if the creditors are unlikely to receive a return of more than 50 cents in the dollar.

We have lodged with ASIC our preliminary report detailing the results of our investigations into the affairs of the Company and the actions of its officers. We are currently preparing our Supplementary Report to ASIC to provide further the results of investigations to date.

#### 4.3. FAIR ENTITLEMENT GUARANTEE

The Company has a significant number of priority employee creditors who are owed amounts in respect of:-

- Wages;
- Annual Leave;
- Long Service Leave;
- Payment In Lieu of Notice;

- Redundancy; and
- Superannuation.

Our office has been assisting the Department of Employment with their administration of employees' claims under the Fair Entitlement Guarantee ("FEG") scheme. At this time we anticipate that eligible employees are likely to receive a distribution in relation to their claims before the end of the calendar year. We note that the ultimate timing of that distribution will be dependent on the Department of Employment.

## 5. LIQUIDATORS' PRIOR INVOLVEMENT

We are registered Liquidators and we are not the Accountants for the Company, nor do we have a social connection with the Company's Director. We advise creditors that neither we nor our staff have had prior involvement with the Company, its Director or any related party which would preclude us from accepting the appointment.

Further, we advise that we have had no prior involvement with any critical trade supplier or any dominant union in advising such parties concerning the Company.

Please refer to our **enclosed** Declaration of Independence, Relevant Relationships and Indemnities for further details.

## 6. MEETING OF CREDITORS

We have convened a meeting of creditors to review aspects of the administration. Details of the meeting are as follows:

<b>Date:</b>	Thursday, 19 December 2013
<b>Time:</b>	11:00 am
<b>Venue:</b>	Level 1, 38 Cavill Avenue, SURFERS PARADISE

Enclosed with this Report is a Notice of Meeting for your information.

### 6.1. SUBMITTING PROOFS OF DEBT

We request that all creditors submit Proofs of Debt ("PODs") in the Liquidation, regardless of whether PODs have previously been submitted to the Voluntary Administrators. Should creditors no longer have access to supporting documentation as it has been previously provided to FTI Consulting, please indicate so.

#### Completing the POD

The POD form is **enclosed** with this Report. The form sets out the various sections to be completed.

Should insufficient space be provided please annex additional details. The purpose of the form is to ensure our office is aware of your debt. Please provide adequate supporting evidence of the debt to allow our office to adjudicate on its validity.

#### How to Submit PODs

There are a number of avenues for returning the POD and supporting documentation; namely:-

- By post to: GPO Box 7870 Brisbane QLD 4001; or
- By fax to: 07 3041 0440; or

- By email to: admin@cloutsinsolvency.com.au

Our preference is to receive PODs by email, but please ensure the scanned POD and supporting documents total no more than 6 megabytes.

To enable us to properly prepare for the creditors meeting all PODs must be submitted before 11:00am on Tuesday 17 December 2013.

## 6.2. VOTING

---

Creditors of the Company are entitled to vote in relation to the resolutions set out in the Notice of Meeting **enclosed**. Creditors can vote without attending the creditor meeting. Teleconference facilities will not be available for the meeting.

### How to Vote

---

In order to vote at the creditor meeting, creditors must complete the Proxy Form (enclosed). There are two main ways Creditors can participate:-

- by attending the meeting themselves (if an individual) and voting by a show of hands. Even if attending the meeting, individual creditors should still complete the Proxy form to indicate to us they will attend;
- by appointing a proxy to vote on their behalf; being either:-
  - o the Chairperson should they not require a representative to attend the meeting; or
  - o a representative of a Company; or
  - o any other person they wish to attend the meeting and vote on their behalf.

When appointing a Proxy (be it a company representative, or the Chairperson) creditors can appoint the proxy in two ways:-

- as a Special Proxy meaning the proxy must vote in the manner the creditor directs, which is achieved by ticking the corresponding voting box on the Proxy Form for each resolution; or
- as a General Proxy which means the proxy may vote on the creditors behalf in whatever way they see fit.

### Completing the Proxy Form

---

In the case of a Company, the form must be completed and executed by an authorised person and must appoint an individual to act as the Proxy for the Company. Should the Company not wish to have a representative attend the meeting they may appoint the Chairperson as their proxy in the manner described above.

Creditors who wish for their proxy to vote in a specific manner should tick whether they are *for* or *against* a resolution. If a creditor does not wish for their proxy to vote on an issue, they must tick *abstain*.

### How to Submit Proxy Forms

---

Proxy forms can be submitted in the same manner as PODs, and can be included with PODs where applicable.

To enable us to properly prepare for the creditors meeting all Proxy Forms must be submitted before 11:00am on Tuesday 17 December 2013.



## 7. REMUNERATION OF LIQUIDATORS

In accordance, Section 499 of the Act provides that the Liquidator's remuneration may be fixed by either:

- i. (i) If there is a committee of inspection – by that committee (Section 499(3)(a)); or
- ii. (ii) By resolution of the creditors (Section 499(3)(b)).

It is our intention to base the fee calculation for the conduct of this Liquidation on the firm's Scale of Fees as amended from time to time (Current Scale of Fees **enclosed**).

Calculation of the fees to be charged are initiated by all staff completing daily timesheets based on a six minute unit with the minimum time charged for a task being one unit.

The mix of staff applied to the various tasks required to discharge duties and obligations under the Act will have the appropriate level of experience, training, and expertise for the specific task ensuring all time that is charged is fair and reasonable.

Please note that it is difficult to estimate costs and fees as unforeseen matters and events arise during the course of liquidation that cannot be reasonable predicted in the early stages of the brief. An estimate of future fees is provided in the remuneration report **enclosed** to this Report. The estimation includes a breakdown of tasks expected to be completed in order to progress the liquidation and final wind up of the Company.

## 8. LIQUIDATION CONTACT DETAILS

Should any queries emanate from this Report or the liquidation generally, please contact Kate Brown of this office on (07) 3039 1516.

Dated this 4th day of December 2013



**David Clout and Lorraine Smith**  
Joint and Several Liquidators

**Declaration of Independence, Relevant Relationships and Indemnities**  
**LM Administration Pty Ltd (Administrators Appointed)**  
**ACN 055 691 426**

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - i the circumstances of the appointment;
  - ii any relationships with the Insolvent and others within the previous 24 months;
  - iii any prior professional services for the Insolvent within the previous 24 months;
  - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of myself, my partners and David Clout & Associates.

**A. Independence**

We, David Clout and Lorraine Smith, of David Clout & Associates have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as joint and several liquidators of **LM Administration Pty Ltd (Administrators Appointed)** in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

**B. Declaration of Relationships**

**i. Circumstances of appointment**

David Clout received a telephone call on 17 July 2013 from Ginette Muller, one of the Joint and Several Administrators of the Company advising there was a perception of a conflict of interest with their appointment as Administrators to the Company. David Clout was advised that at the Second meeting of Creditors, to be held on the 26 July 2013, it would be the Joint Administrators recommendation that the Company be wound up. Due to the conflict issues, the incumbent Administrators intended to decline appointment as Liquidators and as a consequence sought consents from David Clout and Lorraine Smith for consideration at the Creditors Meeting.

Subsequent to this telephone call and provision of the Consent to Act, a copy of the Creditors Report dated 19 July 2013 was emailed to our office as a briefing note on the Administration. The report detailed the current financial situation of the Administration, the results of the Administrators investigations and potential antecedent transactions to be further investigated by a liquidator.

No contact has been made with the Director of the Company nor has any advice been provided to the Joint Administrators. We have received no remuneration for the briefing time incurred by the Firm.

The contact telephone conversation to seek the Consent to Act does not affect our independence for the following reasons:

- David Clout and Lorraine Smith or members of the Firm David Clout & Associates have no relationship with the Director or any officers of the Company or any other entity in the LM Investments Group.

- David Clout and Lorraine Smith, acting in a professional capacity have no involvement in the Administration except to the extent of the information provided in the Creditors Report. This information was the basis upon which the Consent to Act was provided and does not result in a conflict of interest or duty.
- No assurances were provided to the Joint Administrators about the outcome of the Liquidation if appointed by creditors.

**ii. Relevant Relationships (excluding Professional Services to the Insolvent)**

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why no conflict of interest or duty
Ginette Muller and John Park – Joint Administrators	<p>David Clout operated the Firm Clout &amp; Associates Chartered Accountants for the years 1989 to 1993 and both Ginette Muller and John Park were partners in that Firm. The Practice was sold in 1993 where upon David Clout established the current Firm David Clout &amp; Associates.</p> <p>David Clout, as appointee on corporate matters and bankruptcy matters has used the services of the firms in which John Park and Ginette Muller have an interest in subcontracting work to assist in the finalisation of old files, to minimise administration cost.</p> <p>Ginette Muller and John Park referred <b>LM Administration Pty Ltd (Administrators Appointed)</b> to us for consideration to act as joint and several liquidators.</p>	<p>This prior professional relationship is considered an Immaterial Professional Relationship given the partnership was ended 10 years ago.</p> <p>Since that date the work conducted by the firms associated with John Park and Ginette Muller in assisting the completion of administrations has been under the supervision of David Clout as the incumbent appointee. This work undertaken in a subcontracting role was of limited scope, specific to the particular administration and is not subject to review by a practitioner in relation to the proposed appointment.</p> <p>David Clout and Lorraine Smith have a professional relationship with Ginette Muller and John Park of FTI Consulting, as chartered accountants, members of industry associations and continue to accepted insolvency appointments where an area of conflict had arisen. This source of referral is infrequent and will not influence our ability to fully comply with statutory and fiduciary obligations associated with our role as liquidators of the Company in an objective and impartial manner.</p>

**iii. Prior Professional services to the Insolvent**

Neither we, nor our firm, have provided any professional services to **LM Administration Pty Ltd (Administrators Appointed)** in the previous 24 months.

**iv. No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company (except as disclosed above) or any person or entity that has a charge on the whole or substantially whole of Company's property that should be disclosed.

**C. Indemnities and up-front payments**

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 25 July 2013



.....  
David Clout



.....  
Lorraine Smith

**Note:**

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act and the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

## 10. REMUNERATION REQUEST APPROVAL REPORT

### REMUNERATION

---

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. They are:

- a) Time based/hourly rates  
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carries out work multiplied by the number of hours spent by each person on the tasks performed.
- b) Fixed Fee  
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
- c) Percentage  
The total fee is based on a percentage of a particular variable, such as gross proceeds of assets realisations.
- d) Contingency  
The Practitioner's fee is structured to be contingent on a particular outcome being achieved.

### METHOD CHOSEN

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Given the nature of this administration we propose that our remuneration be calculated on time based/hourly rates. This is because:

- It is the most common method
- It is difficult to estimate a fixed fee as various matters and events are uncertain and may evolve during the administration that cannot be foreseen or predicted in the initial stages of an appointment.
- The Practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC, distributing funds in accordance with the provisions of the Act.
- The Practitioner is unable to estimate with certainty the total amount of fees necessary to complete all tasks required in the Administration.
- It is difficult to estimate a fixed fee as various matters and events are uncertain and may evolve during the administration that cannot be foreseen or predicted in the initial stages of an appointment.

### EXPLANATION OF HOURLY RATES

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The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services, and should not be compared to an hourly wage.

LIQUIDATORS' CURRENT SCALE OF FEES

David Clout & Associates Standard Rates effective 1 October 2012		
Excluding GST		
Classification	\$/hour ex GST	Guide to Level of Experience
Partner	485	Official Liquidator and Registered Trustee in Bankruptcy. Specialist skills and experience brought to the administration or insolvency task.
Manager	375	More than 8 years insolvency experience or equivalent. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration.
Supervisor	325	4-7 years insolvency experience or equivalent. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists planning and control of medium to larger administrations.
Senior 1	280	3-4 years insolvency experience or equivalent. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Senior 2	235	2-3 years insolvency experience or equivalent. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Intermediate Accountant	190	Undergraduate or graduate with 1-2 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration Support	170	Administrative work including superior knowledge of software packages, personal assistance work, high speed and accurate data entry. Has minimum of 3-5 years experience.

The tasks undertaken by the Liquidators can be broadly divided into seven (7) categories as follows (where applicable):

- Assets
- Creditors
- Employees
- Trade On
- Investigations
- Dividend
- Administration

We estimate that the cost of the administration to completion is **\$395,782.20** (GST Inclusive).

Part 1: Declaration

We, David Clout and Lorraine Smith, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Liquidators of LM Administration Pty Ltd (In Liquidation) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

Part 2: Executive Summary

To date remuneration has been approved in this administration for the Voluntary Administration period prior to our appointment. This remuneration report details approval sought for the following fees:

PERIOD	REPORT REFERENCE	AMOUNT (EX GST)
Past remuneration approved (FTI Consulting- Voluntary Administrators): 19 March 2013 to 30 June 2013 1 July 2013 to 14 July 2013 15 July 2013 to 26 July 2013 <i>Total past remuneration approved</i>		706,464.77 60,906.45 55,000.00 \$822,371.22
<b>CURRENT REMUNERATION APPROVAL SOUGHT:</b>		
<i>Liquidation</i>		
<b>Resolution 1:</b> Past Fees for the period 26 July 2013 to 8 November 2013	<i>Part 3</i>	162,912.00
<b>Resolution 2:</b> Future Fees for the period 9 November 2013 to finalisation	<i>Part 3</i>	196,890.00
Total Remuneration Sought	<i>Exc GST</i>	359,802.00
	<i>GST</i>	35,980.20
<b>Total Liquidators Fees Resolutions Sought: From 26 July 2013 to Finalisation</b>	<b><i>Part 3 (Inclusive of GST)</i></b>	<b>\$395,782.20</b>
<i>*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.</i>		

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

Part 3: Description of work completed / to be completed

**Resolution 1: Past Fees for the period 26 July 2013 to 8 November 2013**

<b>Company</b>	LM Administration Pty Ltd (In Liquidation)
<b>Practitioners</b>	David Clout and Lorraine Smith
<b>Firm</b>	David Clout & Associates
<b>Administration Type</b>	Creditors Voluntary Liquidation
<b>Fee Type/Period</b>	Past fees for the period from 26 July 2013 to 8 November 2013

TASK AREA	GENERAL DESCRIPTION	INCLUDES
<b>Assets</b> <b>14.40 hours</b> <b>\$5,553.50</b>	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Other Assets	Tasks associated with realising other assets

TASK AREA	GENERAL DESCRIPTION	INCLUDES
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b> 17.30 hours \$5,434.50	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor reporting	Preparing correspondence to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices and proxies
<b>Employees</b> 51.50 hours \$15,308.50	Employees enquiry	Receive and follow up employee enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available
	FEG	Correspondence with FEG Preparing notification spreadsheet Preparing FEG quotations
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reviewing employment contracts
	Workers compensation claims	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
<b>Trade On</b> 233.80 hours \$73,958.75	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Meetings to discuss trading position
<b>Investigation</b> 102.70 hours \$39,338.75	Conducting investigation	Collection of company books and records Correspondence with ASIC regarding investigations Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions Preparation of investigation file



TASK AREA	GENERAL DESCRIPTION	INCLUDES
		Lodgement of investigation with the ASIC
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
<b>Administration</b> <b>56.60 hours</b> <b>\$23,318.00</b>	Correspondence	Processing and recording incoming and outgoing mail
	Document maintenance/file review/checklist	Monthly administration reviews Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Planning / Review	Discussions regarding status of administration
	Books and records	Dealing with books and records

**Resolution 2: Future Fees for the period 9 November 2013 to Finalisation**

<b>Company</b>	LM Administration Pty Ltd (In Liquidation)
<b>Practitioners</b>	David Clout and Lorraine Smith
<b>Firm</b>	David Clout & Associates
<b>Administration Type</b>	Creditors Voluntary Liquidation
<b>Fee Type/Period</b>	Future fees for the period from 9 November 2013 to Finalisation

Task Area	General Description	Includes
<b>Assets</b> <b>30.00 Hours</b> <b>\$9,280.00</b>	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b> <b>48.00 hours</b> <b>\$15,670.00</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Preparing creditor reports, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements

Task Area	General Description	Includes
		<p>Forward notice of meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
<b>Employees</b> <b>53.00 hours</b> <b>\$15,695.00</b>	Employees enquiry	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p> <p>Preparation of letters to employees advising of their entitlements and options available</p> <p>Receive and prepare correspondence in response to employees objections to leave entitlements</p>
	FEG	<p>Correspondence with FEG</p> <p>Preparing notification spreadsheet</p> <p>Preparing FEG quotations</p> <p>Preparing FEG distributions</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and company's books and records</p> <p>Reviewing awards and employment contracts</p> <p>Liaising with solicitors regarding entitlements</p>
	Employee dividend	<p>Correspondence with employees regarding dividend</p> <p>Correspondence with ATO regarding SGC proof of debt</p> <p>Calculating dividend rate</p> <p>Preparing dividend file</p> <p>Advertising dividend notice</p> <p>Preparing distribution</p> <p>Receipting POD's</p> <p>Adjudicating POD's</p> <p>Ensuring PAYG is remitted to ATO</p>
	Workers compensation claims	<p>Review insurance policies</p> <p>Receipt of claim</p> <p>Liaising with claimant</p> <p>Liaising with insurers and solicitors regarding claims</p> <p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements</p> <p>Correspondence with previous brokers</p>
	Other employee issues	<p>Correspondence with Child Support</p> <p>Correspondence with Centrelink</p>
<b>Trade On</b> <b>252.00 hours</b> <b>\$74,460.00</b>	Trade On Management	<p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Attendance on site</p> <p>Authorising purchase orders</p> <p>Maintaining purchase order registry</p> <p>Preparing and authorising receipt vouchers</p> <p>Preparing and authorising payment vouchers</p> <p>Liaising with superannuation funds regarding contributions, termination of employees employment</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	Entering receipt and payments into accounting system

Task Area	General Description	Includes
	Budgeting and financial reporting	<ul style="list-style-type: none"> <li>Reviewing company's budgets and financial statements</li> <li>Preparing budgets</li> <li>Preparing weekly financial reports</li> <li>Finalising trading profit or loss</li> <li>Meetings to discuss trading position</li> </ul>
<b>Investigation</b> <b>120.00 hours</b> <b>\$44,850.00</b>	Conducting investigation	<ul style="list-style-type: none"> <li>Collection of company books and records</li> <li>Reviewing company's books and records</li> <li>Review and preparation of company nature and history</li> <li>Conducting and summarising statutory searches</li> <li>Preparation of comparative financial statements</li> <li>Preparation of deficiency statement</li> <li>Liaising with directors regarding certain transactions</li> <li>Preparation of investigation file</li> <li>Preparation and lodgement of supplementary report if required</li> </ul>
	Examinations	<ul style="list-style-type: none"> <li>Preparing brief to solicitor</li> <li>Liaising with solicitor(s) regarding examinations</li> <li>Attendance at examination</li> <li>Reviewing examination transcripts</li> <li>Liaising with solicitor(s) regarding outcome of examinations and further actions available</li> </ul>
	Litigation / Recoveries	<ul style="list-style-type: none"> <li>Internal meetings to discuss status of litigation</li> <li>Preparing brief to solicitors</li> <li>Liaising with solicitors regarding recovery actions</li> <li>Attending to negotiations</li> <li>Attending to settlement matters</li> </ul>
	ASIC reporting	<ul style="list-style-type: none"> <li>Preparing statutory investigation reports</li> <li>Preparing affidavits seeking non lodgements assistance</li> <li>Liaising with ASIC</li> </ul>
<b>Administration</b> <b>84.00 hours</b> <b>\$25,935.00</b>	Correspondence	Processing and recording incoming and outgoing mail
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>First month, then six monthly administration review</li> <li>Filing of documents</li> <li>File reviews</li> <li>Updating checklists</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>Identification of potential issues requiring attention of insurance specialists</li> <li>Correspondence with insurer regarding initial and ongoing insurance requirements</li> <li>Reviewing insurance policies</li> <li>Correspondence with previous brokers</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>Preparing correspondence opening and closing accounts</li> <li>Requesting bank statements</li> <li>Bank account reconciliations</li> <li>Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>Preparing and lodging ASIC forms including 505, 524, 911 etc</li> <li>Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>Notification of appointment</li> <li>Preparing BAS'</li> <li>Completing group certificates</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>Notifying ATO of finalisation</li> <li>Cancelling ABN / GST / PAYG registration</li> <li>Completing checklists</li> <li>Finalising WIP</li> </ul>
	Planning / Review	Discussions regarding status of administration

Task Area	General Description	Includes
	Books and records / storage	Dealing with records in storage Sending job files to storage
<b>Dividend</b> <b>36.00 hours</b> <b>\$11,000.00</b>	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgment of POD Receipt of PODs and maintain POD register Adjudicating PODs Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend

Part 4: Resolution One - Calculation of Remuneration

Liquidators Fees for the period 26 July 2013 to 8 November 2013

Employee Name	Position	Rate \$	Total Total Hours	Total Total Charge	Administration Hours	Administration Charge	Assets Hours	Assets Charge	Creditors Hours	Creditors Charge	Employees Hours	Employees Charge	Investigations Hours	Investigations Charge	Trade On Hours	Trade On Charge
David Clout	Appointee- DC	485.0	74.0	\$ 35,890.00	30.0	14,550.0	5.8	2,813.0	2.0	970.0	1.5	727.5	17.7	8,560.3	17.1	8,269.3
Lorraine Smith	Appointee- LS	485.0	1.3	\$ 630.50	1.1	533.5	-	-	-	-	-	-	-	-	0.2	97.0
Ana Alexander	Manager- AA	375.0	1.3	\$ 487.50	0.2	75.0	-	-	-	-	1.1	412.5	-	-	-	-
John Kennedy	Manager- JK	375.0	69.8	\$ 26,175.00	6.3	2,362.5	1.3	487.5	1.6	600.0	5.3	1,987.5	4.5	1,687.5	50.8	19,050.0
Vinh Tran	Manager- VT	375.0	87.2	\$ 32,700.00	8.4	3,150.0	2.2	825.0	0.3	112.5	-	-	73.6	27,600.0	2.7	1,012.5
Kate Brown	Senior 1- KB	280.0	232.9	\$ 65,212.00	7.1	1,988.0	5.1	1,428.0	13.4	3,752.0	43.3	12,124.0	2.0	560.0	162.0	45,360.0
Joe Rushwaya	Intermediate Accountant- JR	190.0	7.3	\$ 1,387.00	2.4	456.0	-	-	-	-	-	-	4.9	931.0	-	-
Michael Wilson	Intermediate Accountant- MW	190.0	1.1	\$ 209.00	0.8	152.0	-	-	-	-	0.3	57.0	-	-	-	-
Jane Hall	Administration Support- JH	170.0	1.3	\$ 221.00	0.3	51.0	-	-	-	-	-	-	-	-	1.0	170.0
<b>Totals</b>			<b>476.2</b>	<b>\$162,912.00</b>	<b>56.60</b>	<b>\$ 23,318.00</b>	<b>14.4</b>	<b>\$5,553.50</b>	<b>17.3</b>	<b>\$5,434.50</b>	<b>51.5</b>	<b>\$15,308.50</b>	<b>102.7</b>	<b>\$ 39,338.75</b>	<b>233.8</b>	<b>\$73,958.75</b>
				GST		\$ 16,291.20		\$ 2,331.80		\$ 555.35		\$ 543.45		\$ 1,530.85		\$ 3,933.88
				Total Inc GST		\$ 179,203.20		\$ 25,649.80		\$ 6,108.85		\$ 16,839.35		\$ 43,272.63		\$ 81,354.62
Avg Hourly Rate				\$ 342.11		\$ 411.98		\$ 385.66		\$ 314.13		\$ 297.25		\$ 383.23		\$ 316.40

Part 5: Statement of remuneration claim

At the Meeting of Creditors the Liquidators will seek approval of their remuneration based on the David Clout & Associates Schedule of Hourly Rates, as amended from time to time, for the period from the date of appointment to finalisation. The proposed resolutions are:

**Resolution 1:**

*"That the past remuneration of the Liquidators and their staff be fixed on a time basis for the period from 26 July 2013 to 8 November 2013 in accordance with the David Clout & Associates Schedule of Hourly Rates as amended from time to time and that the Liquidators be empowered to draw those fees to a ceiling limit of \$162,912.00 (exclusive of GST) from the funds in the liquidation account."*

**Resolution 2:**

*"That the future remuneration of the Liquidators and their staff be fixed on a time basis for the period from 9 November 2013 to Finalisation of the liquidation in accordance with the David Clout & Associates Schedule of Hourly Rates as amended from time to time and that the Liquidators be empowered to draw those fees to a ceiling limit of \$196,890.00 (exclusive of GST) from the funds in the liquidation account."*

Future fees will be drawn once tasks have been completed when funds are available.

## Part 6: Remuneration recoverable from external sources

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Remuneration payments received in relation to the Fair Entitlements Guarantee Act 2012 ("FEG") are considered a separate arrangement involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with the IPA Code.

While the money received under the funding arrangement is not subject to creditor approval and can be paid directly to the practitioner. Specific disclosure of the total time charged, funding receipt(s) and shortfall amount will be made in our future remuneration report should funding from FEG is obtained.

## Part 7: Disbursements

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Disbursements are divided into three types: **A, B1, B2.**

- A** Disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.
- B1** Disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** Disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs.

We have undertaken a proper assessment of disbursements claimed for the Company in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

Full details of disbursements on this appointment are as follows:

<i>Disbursements</i>	<i>Rate (Exc. GST)</i>
<i>Advertising</i>	<i>At Cost</i>
<i>Courier</i>	<i>At Cost</i>
<i>Faxes</i>	<i>\$0.15 per page</i>
<i>Photocopies</i>	<i>\$0.80 per page</i>
<i>Postage</i>	<i>At Cost</i>
<i>Stationery</i>	<i>At Cost</i>
<i>Folders</i>	<i>\$12.00 per folder</i>
<i>Storage and destruction</i>	<i>At cost</i>

## Part 8: Summary of Receipts and Payments

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A summary of receipts and payments to and from the external Administration bank account is as follows:

<b>Type</b>	<b>Account</b>	<b>Total</b>
<b>RECEIPTS</b>		
	Expenses Advance	1,043,977.21
	Donation- Baby Hudson	220.00
	Hire & Lease Refund	9.42
	PAYG Control (Trading): PAYG Withheld	190700.00
	GST Control: GST Paid (Received)	12,715.00
	<b>Total Receipts</b>	<b>1,247,621.63</b>

## PAYMENTS

Bank Charges	( 37.92)
Donation- Baby Hudson	( 220.00)
Insurance	(6,501.22)
Freight	( 308.94)
Hire & Leasing	(75,198.86)
Motor Vehicle Expenses	( 390.95)
PAYG Control (Trading): PAYG Paid	(108,033.00)
Payroll Tax	(22,369.75)
Printing & Stationery	(7,102.07)
Record Storage	(6,488.92)
Rent & Rates	(60,108.86)
Repairs & Maintenance	(6,034.95)
Stamp Duty	( 175.34)
Subcontractors	(93,713.79)
Sundry Expenses	(1,303.03)
Superannuation Control (Trading)	(54,424.12)
Utilities	(22,267.27)
Wages & Salaries	(672,855.00)
<b>Total Payments</b>	<b>(1,137,533.99)</b>

**Cash at Bank as at 14 November 2013**

**\$110,087.64**

### Part 9: Queries

Please contact Kate Brown on (07) 3039 1516 to discuss any questions you may have with the contents of this notice.

Creditors are advised that all source documentation evidencing the Liquidators' remuneration including details of work undertaken by the Liquidators and their staff, as well as disbursements incurred by the Liquidators, are available for inspection at our Brisbane office during normal office hours. Should creditors wish to review the documentation, please contact Kate Brown of this office on (07) 3039 1516 to make appropriate arrangements. A copy of this documentation can be provided to creditors upon request.

### Part 10: Information Sheet

ASIC has an online portal specifically designed to meet the needs of stakeholders likely to be impacted by corporate insolvency. The portal, which is available at [www.asic.gov.au/insolvency](http://www.asic.gov.au/insolvency), provides information specific to each stakeholder group about their rights and obligations and responds to frequently asked questions. It also assists stakeholders to understand the technical jargon of insolvency and outlines the most common forms of corporate insolvency administration.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

**Important note:** The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You

will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

**Copies of the Information Sheets:** To obtain copies of the information sheets, visit ASIC's website at [www.asic.gov.au/insolvency](http://www.asic.gov.au/insolvency). The information sheets are also available from the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.



11. THE LATEST AVAILABLE LISTING OF CREDITORS – FROM THE COMPANY'S RECORDS.

**SECURED CREDITORS**

<b>Creditor Name</b>	<b>Debt Amount (\$)</b>
The Trust Company (PTAL) Limited	Unknown
<b>Total Secured Creditors</b>	<b>Unknown</b>

**PARTLY SECURED CREDITORS**

<b>Creditor Name</b>	<b>Debt Amount (\$)</b>
Provident Capital Limited	Unknown
Capital Finance Australia Limited	73,469.71
Northern Managed Finance Pty Ltd	Unknown
Australia and New Zealand Banking Group Limited	Unknown
St George Finance Limited	Unknown
Mercedes- Benz Financial Services Australia	Unknown
<b>Total Partly Secured Creditors</b>	<b>Unknown</b>

**PREFERRED CREDITORS**

<b>Employee Entitlement</b>	<b>Debt Amount (\$)</b>
Wages	425
Annual Leave	136,729
Long Service Leave	351,581
Payment In Lieu of Notice	248,359
Redundancy	604,301
Superannuation	80,955
<b>Total Preferred Creditors</b>	<b>1,422,350</b>

**UNSECURED CREDITORS**

<b>Creditor Name</b>	<b>Debt Amount (\$)</b>
Action Insurance Brokers	Unknown
Allens Linklaters	4,232.14
Amber Koeman	54.99
American Express	1,554.40
Ashurst	9,342.30
ASIC	1,086.00
Australia and New Zealand Banking	10,274,718.20
Australian Tax Office	1,709,854.85
B & G Park Co Ltd (Thailand)	3,339.51
Baronsand Pty Ltd	91,487.18

Bankside Consultants	13,835.29
Bell Gully Trust	1,337.59
Box Advertising	5,742.00
Cameron Kohring	190.05
Care Group Pty Ltd	143.00
CCIQ	2,200.00
Chandler Direct Personalised Communication	26,373.12
CK Communications group Pty Ltd T/A	35,795.00
CSG (NSW) Telecommunications	3,212.00
D M Van Dam	520.00
Dillon Eustace	170,492.17
Diners Club	37,608.36
eBECS	264.71
Endeavour Couriers	89.82
Energy Australia	5,632.09
Foxtel	148.90
Francotyp-Postalia	222.16
Glen Curley	4,125.00
Gowlings Lawyers	47,409.22
Grace Records Management	1,743.59
Green Design	1,133.72
Hickey Lawyers	45,511.40
Howler Digital	6,160.00
HP Financial Services	Unknown
Impressions Finance Pty Ltd	Unknown
IT Leaders	319.00
James Andrew Young	1,815.35
KordaMentha Pty Ltd and Calibre	Unknown
Kyocera Mita Aust	1,648.60
LM Australian Income Fund	868,802.00
LM Cash Performance Fund	6,983.49
LM First Mortgage Income Fund	560,722.00
LM Investment Management Ltd	280,670.00
LM Managed Performance Fund	12,340,377.00
Luke Barnett	3,038.32
MacFarlanes UK	22,927.02
Macquarie Telecom Pty Ltd	7,294.06
Mark Kelly Investments Pty Ltd	28,131.51
Matthew Ayre	62.00
MB Finance	Unknown
Media Monitors	1,978.82
Merv Gay Insurance Agencies Pty Ltd	1,900.00
Millenium Convenience Store	137.35
National Business Review NZ	448.86

Norton Rose Australia	272,899.75
Office of State Revenue-QLD	Unknown
OSR EPS Tax Remitting Account	Unknown
PKF Chartered Accountants (Gold	43,891.50
RP Data Ltd	Unknown
RRA & Associates	91,487.18
Sarah Williams	3,595.07
Sean Háydock	163.20
Search Factory	3,300.00
Somerset College	3,300.00
ST Business Trust	8,487.99
Staples Australia	12,990.80
Sydney Residential (Metro)	9,470.00
Surfers Paradise RSL Sub Branch Lic	1,934.97
Telstra Corporation Limited	1,954.32
The Creative Partnership (Bangkok)	9,389.00
The Shell Company of Australia Ltd	233.15
TNT Express	1,898.37
Tony Beer	106.43
Toyota Finance	Unknown
Travelex/Western Union	25.47
Trend Personnel	10,071.60
Trevor Wheatley	136.88
Web Design Magic Pty Ltd	1,772.10
WHSO Consultants	825.00
Xerox Business Centre	282.59
Zip Heaters Aust Pty Ltd	290.95
<b>Total Unsecured Creditors</b>	<b>27,111,320.46</b>

**Total All Creditors**

**Unknown**

Form 529

*Corporations Act 2001 (Cth)*

**NOTICE OF MEETING OF CREDITORS  
LM ADMINISTRATION PTY LTD (IN LIQUIDATION)  
ACN 055 691 426  
("the Company")**

NOTICE IS HEREBY GIVEN that a meeting of creditors of the Company will be held pursuant to Section 479 of the *Corporations Act 2001 (Cth)* on **Thursday, 19 December 2013 at Level 1, 38 Cavill Avenue, SURFERS PARADISE commencing at 11:00AM.**

**AGENDA**

1. Consider the appointment of a Committee of Inspection to assist in the conduct of the Liquidation;
2. To fix the remuneration of the Liquidators; and
3. To consider authorising the Liquidators to destroy the books and records of the Company six months after the completion of the winding up and after receiving the requisite authority from the Australian Securities and Investments Commission.
4. Any other business which may properly be brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 11:00am on Tuesday 17 December 2013, by either:-

- post to David Clout & Associates, GPO Box 7870, BRISBANE QLD 4001;
- facsimile on (07) 3041 0440; or
- email on [admin@cloutsinsolvency.com.au](mailto:admin@cloutsinsolvency.com.au)

A form of proxy is enclosed.

In addition to the Proxy Form please note, a person is not entitled to vote as a creditor at the meeting unless he or she has lodged with the Chairperson of the meeting particulars of the debt or claim which he or she claims to be due to him or her from the Company. A Formal Proof of Debt form is **enclosed**.

Dated this 4<sup>th</sup> day of December 2013



**David Clout and Lorraine Smith  
Joint and Several Liquidators**

<b>APPOINTMENT OF PROXY</b>	<b>Form 532</b>
<b>LM Administration Pty Ltd (In Liquidation) ACN 055 691 426</b> <b>("Company")</b>	<b>Regulation 5.6.29</b> <i>Corporations Act 2001 (Cth)</i>

**A. Insert Full Name and Contact Details (please print)**

Given Name \_\_\_\_\_ Surname \_\_\_\_\_

Company Name \_\_\_\_\_ Telephone Number \_\_\_\_\_

Address \_\_\_\_\_

**B. Appointment of a Proxy (please complete)**

I/We, a creditor of the Company appoint:

\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy, or in his/her absence \_\_\_\_\_, to vote at the meeting of creditors to be held on Thursday, 19 December 2013, at Level 1, 38 Cavill Avenue, SURFERS PARADISE, commencing at 11:00am or at any adjournment of that meeting.

**C. Voting by Your Proxy**

**Option 1:** If appointed as a general proxy, as he/she determines on my/our behalf.

**AND/OR**

**Option 2:** If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (please tick).

Resolution (please specify the particular resolution)	For	Against	Abstain
"That the meeting is at a time and place convenient to the majority of creditors"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That a Committee of Inspection be appointed."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the past remuneration of the Liquidators and their staff be fixed on a time basis for the period from 26 July 2013 to 8 November 2013 in accordance with the David Clout & Associates Schedule of Hourly Rates as amended from time to time and that the Liquidators be empowered to draw those fees to a ceiling limit of \$162,912.00 (exclusive of GST) from the funds in the liquidation account."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That the future remuneration of the Liquidators and their staff be fixed on a time basis for the period from 9 November 2013 to the finalisation of the liquidation in accordance with the David Clout & Associates Schedule of Hourly Rates as amended from time to time and that the Liquidators be empowered to draw those fees to a ceiling limit of \$196,890.00 (exclusive of GST) from the funds in the liquidation account."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
"That six months after deregistration, the books and records of the Company be destroyed subject to approval by the Australian Securities and Investment Commission."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**D. Signature Section (in accordance with Sections 127 or 250D of the Corporations Act 2001 (Cth))**

Signature of individual or person authorised by corporate resolution to represent corporation

\_\_\_\_\_

Print Name:

The common seal was affixed hereto in the presence of:

\_\_\_\_\_

Director

\_\_\_\_\_

Director/Company Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_

**CERTIFICATE OF WITNESS**

**Please Note:** This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy. I, \_\_\_\_\_ of \_\_\_\_\_ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness: \_\_\_\_\_

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

**FORM 535**  
**Corporations Act 2001 (Cth)**  
**LM ADMINISTRATION PTY LTD (IN LIQUIDATION)**  
**ACN 055 691 426**  
**("the Company")**

To: The Liquidators of **LM Administration Pty Ltd (In Liquidation)** ACN 055 691 426 ("the Company")

This is to state that the Company was on 19 March 2013 and still is, justly and truly indebted:-

TO: .....  
 (name of creditor)

OF: .....  
 (address of creditor)

FOR: .....  
 (amount owed to creditor).

Particulars of the debt are:-

<u>Date</u>	<u>Consideration</u>	<u>Amount (\$)</u>	<u>Remarks</u>
(insert date when debt arose)	(state how the debt arose & <b><u>attach supporting invoices &amp; statements of account</u></b> )		(include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: (insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

<u>Date</u>	<u>Drawer</u>	<u>Acceptor</u>	<u>Amount (\$...c)</u>	<u>Due Date</u>
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\*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

\*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this \_\_\_\_ day of \_\_\_\_\_

Signature.....

\* Delete if not applicable.

Name .....

Address .....

Phone .....

Email .....