

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: BS3508/2015

IN THE MATTER OF LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION)
(RECEIVERS AND MANAGERS 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 MANAGERS 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

AFFIDAVIT OF DAVID WHYTE

I, DAVID WHYTE of C/- BDO, Level 10, 12 Creek Street, Brisbane in the State of Queensland, Official
Liquidator, state on oath:-

1. I am an Official Liquidator and a Partner of the firm BDO. I am the Respondent to this
Proceeding.

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Signed: 

Witnessed by: 

AFFIDAVIT:
Form 46, R.431

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000.
Tele: (07) 300 300 00
Fax: (07) 300 300 33

Filed on behalf of the Respondent

2. I have previously sworn affidavits filed in this Proceeding, including the following:-
 - (a) My affidavit, with exhibit "DW-1", sworn and filed on 12 June 2015 ("My June Affidavit");
 - (b) My affidavit sworn and filed on 19 February 2016, with exhibits "DW-2" to "DW-11" ("My First February Affidavit"); and
 - (c) My affidavit sworn and filed (by leave) on 22 February 2016, with exhibit "DW-35" ("My Second February Affidavit").
3. In this affidavit, if I use a term that is defined in my First February Affidavit, then I intend to use it in the sense in which it is used and defined in my First February Affidavit.
4. I was appointed pursuant to the Order of the Honourable Justice Dalton dated 21 August 2013 (giving effect to Her Honour's judgment and orders pronounced on 8 August 2013 appointing me) the person responsible for ensuring the winding up of the FMIF in accordance with its Constitution, and as receiver of the FMIF; I will refer below to my appointment to those roles as "my appointment".
5. I refer to:-
 - (a) The affidavit of John Richard Park ("Mr Park") sworn and filed on 28 January 2016, with exhibit "JRP-1" ("Mr Park's January Affidavit");
 - (b) An affidavit of Mr Park sworn and filed (by leave) on 22 February 2016, with exhibit "JRP-2" ("Mr Park's February Affidavit"); and
 - (c) An affidavit by Mr Park sworn and filed on 8 March 2016, with exhibit "JRP-3" ("Mr Park's March Affidavit").

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6. Mr Park's March affidavit provides some of the "high level" description of the main tasks and categories of work undertaken by the First Applicants and their staff, for which they seek remuneration.
7. The provision of some context, in this way, to the narrative schedules exhibited to Mr Park's January affidavit has assisted me in identifying:-
 - (a) remuneration for work that I consider is likely to be unobjectionable;
 - (b) in general terms, work undertaken by the First Applicants where I have concerns as to whether it was reasonably necessary to be undertaken for the benefit of the FMIF; and
 - (c) amounts claimed for remuneration where I have a concern as to whether it was for a reasonable amount.
8. In general terms, as a matter of principle, I consider that work undertaken by the First Applicants and their staff for the purpose of getting in, preserving, managing or realising the property of the FMIF is work that would have been properly undertaken for the benefit of the FMIF investors, and thus work for which the First Applicants would (subject to matters of legal principle and the determination of the Court as to that) be properly entitled to be paid remuneration directly from the property of the FMIF.
9. In very general terms, I further consider that:-
 - (a) On and from my appointment, the level of work undertaken by the First Applicants that falls within this "care and preservation" description would have been very limited (if any), particularly given the appointment of Messrs Hayes and Connelly as receivers and managers of the assets and undertaking of the FMIF from 11 July 2013;
 - (b) Such care and preservation work forms part of the work undertaken prior to my appointment for which Category 1 remuneration is claimed, but does not make up the whole of that Category 1 remuneration;

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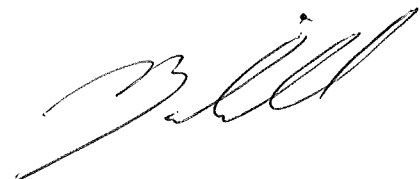
- (c) Nonetheless, I can see that (subject to the specific issue I raise below as to the “Trilogy litigation” and appeal) it might be that there is justification for payment from the FMIF directly to the First Applicants for a reasonable amount of the Category 1 remuneration relating to work performed prior to my appointment, since work directly connected with the FMIF did have to be performed, and (subject to appropriate approvals as to the amount) remuneration for that work would either be paid to the First Applicants out of management fees charged by LMIM to the FMIF, or otherwise pursuant to a direct indemnity from the property of the FMIF if the Court so orders; and
- (d) Thus, in addition to remuneration for ‘care and preservation’ work, I do not (for the purposes of this application) consider it necessary to raise objection to the quantum claimed for Category 1 remuneration claimed by the First Applicants in the Remuneration Application relating to work performed before 8 August 2013, but subject to the issue I raise for the Court’s consideration as regards the claim for remuneration relating to the “Trilogy litigation”; that litigation resulted in the Judgment and Orders of Justice Dalton in August 2013, and the Applicants’ subsequent unsuccessful appeal from that decision.

10. In saying this, I do note that I have not undertaken a “line-by-line” review of the narrative descriptions of the work performed by the First Applicants and their staff (as reflected in the schedules appearing at pages 702 to 828, and 870 to 1102 of Exhibit JRP-1 to Mr Park’s January affidavit).
11. Further, while I am aware from my own experience that the initial period of such a large and complex administration involves a significant amount of work, I do continue to hold reservations as to the overall quantum of remuneration claimed by the First Applicants in the context of the remuneration claimed (and, to some extent paid) by the First Applicants in their capacities as administrators or liquidators of both LMIM and LMA – that is, in the context of the “big picture” of remuneration claimed, and the other fees and charges that have been charged to the property

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of the FMIF, to which I have referred in my First February Affidavit, and which I mention further below.

My concerns

12. My First February Affidavit refers to circumstances which give rise to concerns that I hold as regards to the amounts of remuneration claimed by the Applicants in this proceeding by their Further Amended Originating Application (which I will refer to, for simplicity, as “the Remuneration Application”). I continue to hold those concerns, unless stated to the contrary in this affidavit.
13. Paragraph 5 of Mr Park’s March Affidavit refers to his understanding of some of the concerns that I hold. However, the concerns that Mr Park refers to at paragraph 5 of his March Affidavit are not a complete summary of the concerns that I hold.
14. In very general terms, my concerns regarding the Applicants’ Remuneration Application can be summarised in the following way:

LM Administration Pty Ltd (In liquidation) (“LMA”)

- (a) An amount of some \$330,731.57 is sought by the Applicants to be paid from the FMIF (as the allocation to the FMIF) in respect of work undertaken by the First Applicants not in their capacity as liquidators of LMIM (being the capacity in which the Applicants bring their Remuneration Application) but for work performed by them and their staff in the winding up of LMA; in my view, such a claim against the FMIF assets is not justified;

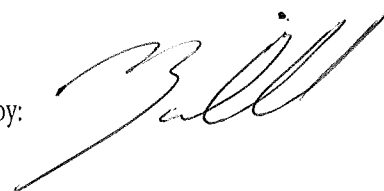
Amounts already paid to LMIM and LMA from the FMIF

- (b) As I understand the Remuneration Application, the First Applicants seek orders for payment directly to the First Applicants of a substantial amount; they do not seek orders fixing an amount to be claimed by LMIM pursuant to LMIM’s indemnity from the FMIF. As to that:

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- (i) I have requested, but have not been provided by the Applicants, a reconciliation of amounts invoiced and/or paid as between:
 - A. the FMIF and LMIM; and
 - B. LMIM and LMA;
- (ii) While I have found it difficult to identify the total amounts paid out of FMIF property during the time in which the Applicants had control of that property and were also administrators of LMA, it appears to me that substantial amounts have been paid out of the FMIF property to LMIM (and also to LMA), and that those amounts appear to exceed the actual expenses incurred by LMIM and LMA in connection with the operation of the FMIF during that period;
- (iii) I have concerns (but in the absence of a full reconciliation have not yet been able to form a concluded view) that the loan management fees may not have been reasonably justified;
- (iv) To the extent to which LMIM claims an indemnity from the FMIF property, it may be that the “clear accounts rule” would operate such that the indemnity would not, in fact, be enforced as against the FMIF property;

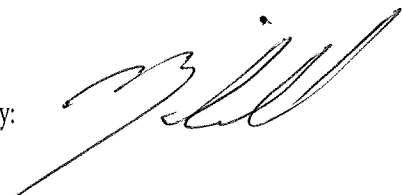
Trilogy litigation – proceedings before Dalton J and appeal

- (c) The Applicants seek to be paid remuneration in respect of work performed by them in resisting the proceedings which resulted in the order of the Honourable Justice Dalton dated 21 August 2013, pursuant to which I was appointed as the receiver of the FMIF and as the person responsible for ensuring that the FMIF is wound up in accordance with its constitution; I have referred to this amount in paragraphs 38 to 47 of my First February Affidavit, and I note that the Applicants have since sought an indemnity from the FMIF in respect of the costs of the appeal from the judgment of Dalton J, with the amount claimed being \$241,453.54;

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- (d) In light of some of the findings and comments in Her Honour's reasons for judgment delivered on 8 August 2013, and in light of Her Honour's further reasons for judgment delivered on 20 December 2013 in respect of the costs of the proceeding, I raise for this Honourable Court's consideration the question as to whether it is appropriate that the Applicants be remunerated in full in respect of that work, or whether it would be appropriate for a portion of the cost of that work to be charged to the FMIF;

Remuneration for work performed after my appointment

- (e) The quantum of the remuneration sought by the Applicants for work performed after my appointment as receiver of the FMIF (by which time Messrs Hayes and Connelly of McGrathNicol had also been appointed as receivers and managers of the undertaking of the FMIF by the secured creditor, Deutsche Bank AG) appears high; in circumstances where, to my mind, the work which it was proper for the Applicants to be performing in respect of the FMIF ought to have been relatively limited, I am concerned at the amount sought to be claimed by the Applicants from the FMIF;

Category 2 remuneration

- (f) Across the periods both before my appointment and following my appointment as receiver, the Applicants seek remuneration for work not directly connected with the management of the FMIF, but rather for work described as "general responsible entity work", for which a portion is sought to be allocated to the FMIF; I have difficulty in perceiving a justification for substantial amounts of such work being charged to the FMIF, particularly relating to the period after my appointment as Receiver of the FMIF, given that I would not expect the First Applicants to be required to undertake any management or operational tasks with respect to the FMIF during that period, save for maintaining the Australian Financial Services Licence, and preservation of insurance cover.

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- (g) Further, I query whether it is appropriate that the work performed by the First Applicants and their staff, in the nature of “general responsible entity work”, should be charged entirely to the funds of which LMIM is responsible entity or trustee (and in particular, my concern relates to the FMIF) in circumstances where LMIM in its own capacity realised in excess of \$2.2 million of assets and, I understand, continues to have assets in the winding up of LMIM;
- (h) I also note that the First Applicants seek orders for payment of remuneration directly to them from the property of the FMIF, but I note that LMIM has raised invoices to the FMIF in respect of “Category 2 remuneration”; in other words, I had understood that, rather than the First Applicants seeking a direct indemnity against the FMIF, prior to their Remuneration Application, LMIM had sought to exercise a right of indemnity under the constitution of the FMIF, for payment from the FMIF property;

Apportionment of Category 2 remuneration

- (i) The Applicants seek an apportionment of “Category 2 remuneration” on the basis of Funds Under Management as between the FMIF and the other funds mentioned in the Remuneration Application (although I note that the Remuneration Application itself refers to an apportionment on the basis of capital contributed to the respective funds); given that the “book values” used in the FMIF accounts in the period prior to my appointment as Receiver were unrealistically high (and were not based on actual values) I am concerned that an apportionment on such a basis may not be an appropriate method of apportionment, if an apportionment is required.

15. I will expand upon certain of those concerns below in this affidavit.

LMA invoices/ reconciliation of accounts between FMIF/LMIM/LMA

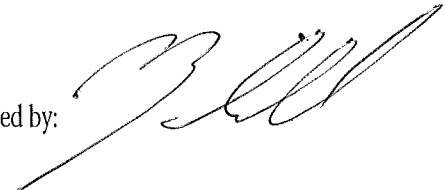
16. On or about 4 March 2016, I instructed Tucker & Cowen Solicitors to write to Russells, solicitors for the Applicants, in connection with the state of accounts as between the FMIF and LMIM, and

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also as between LMIM and LMA. Exhibited hereto and marked "DW-36" is a copy of a letter from Tucker & Cowen Solicitors to Russells lawyers dated 4 March 2016, which I am informed by my solicitors, and believe, was sent at approximately 1.09pm that day.

17. I have not to date received that reconciliation.
18. At paragraph 43 of Mr Park's March Affidavit, Mr Park refers to various fee types to which reference is made in my First February Affidavit; Mr Park refers to:
 - (a) "management fees" charged by LMIM to the FMIF and then paid to LMA pursuant to a services agreement;
 - (b) "loan management fees" charged by LMA to PTAL as custodian for the FMIF; and
 - (c) "resources fee" which was said to have been charged by LMA to LMIM pursuant to the "LMA Services Agreement"; Mr Park deposes at paragraph 43(c) of his March Affidavit that the resources fee ultimately applied only to cover actual operating costs of LMA.
19. I note that the "resources fee" appears to be similar to the "management fees" mentioned at paragraph 43(a) of Mr Park's March Affidavit, but relates to the period after the appointment of the First Applicants as administrators of each of LMA and LMIM, while the "management fees" are said to relate to the period prior to their appointment.
20. I also note that the "resources fee" appears to have been on-charged to the FMIF by invoices for "Fund allocation of resource and business expenses", such as by the invoice 8974inv1 dated 30 June 2013, a copy of which appears at page 474 in exhibit DW-25 to my First February Affidavit.
21. I note that paragraph 43 of Mr Park's March Affidavit does not mention:-
 - (a) the "additional resources fee component" also charged by LMA to LMIM as a LMA resource fee, including amounts for Administrators' remuneration for the ongoing management and trading of LMA; for example, I refer to the LMA invoice 8973Inv007

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dated 30 June 2013, a copy of which appears at page 834 of exhibit JRP-1 to Mr Park's January Affidavit; or

(b) the invoices raised by LMIM to the FMIF for the Category 2 remuneration and out of pocket expenses in respect of the FMIF component of that additional resources fee.

22. While paragraph 43(c) of Mr Park's March Affidavit states that the 'resources fee' was described in some ledgers as a continuation of the management fee, I also note that some invoices raised by LMIM to the FMIF also refer to a management fee calculated as a proportion of funds under management (as I have mentioned in my First February Affidavit), although I understand from paragraphs 36 to 43 of Mr Park's February Affidavit that those management fees were later treated as a credit against the operational expenses invoice raised by LMIM to the FMIF which appears at page 474 of exhibit DW-25 to my First February Affidavit.

23. That invoice refers to an amount paid (but not a credit), but I will assume that Mr Park is referring to the same amount. I do note that the LMA invoice to LMIM that follows that invoice (in exhibit DW-25) and which is expressed to be for the LMA resources fee for the period from 19 March to 30 June 2013, is dated 4 July 2013 (after the invoice from LMIM) and states that there has been no amount paid to LMA in respect of it. Again, I assume that this is simply a timing and accounting issue.

24. In the absence of a complete reconciliation of the transactions between LMA and LMIM, and between LMIM and the FMIF, it is difficult for me to form a complete understanding of the relevant transactions.

25. The letter from Tucker & Cowen to Russells dated 4 March 2016, to which I refer at paragraph 16 above, conveyed a query that I had in relation to the payment of an amount of approximately \$354,673 invoiced on 26 July 2013 by LMIM to the FMIF for operational expenses, which had been paid to LMIM out of FMIF property, but which did not appear to have been paid (either before or after the invoice) by LMIM to LMA.

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26. I note the explanation provided by Mr Park at paragraph 48 of Mr Park's March Affidavit, to the effect that the payment by the FMIF to LMIM was applied against a loan account between LMIM and LMA (rather than being paid for expenses charged to LMIM), although I also note that an amount of \$286,103 remains owing by LMIM to LMA for "LMA Service Fees -- OP Costs Owing" (in addition to between \$378,060 and \$457,529 for "LMA Service Fees -- Category 2 Claims") according to the estimated statement of position of LMIM which appears at page 43 of exhibit JRP-2 to Mr Park's February Affidavit.
27. Among other things, if the amounts said to be owing by LMIM to LMA were paid, then it seems to me that there may be sufficient funds in the winding up of LMA to satisfy the remuneration claimed by Mr Park and Ms Muller from the FMIF in respect of work undertaken in the winding up of LMA.

Loan Management Fees

28. I refer to the explanation by Mr Park at paragraph 43(b) of Mr Park's March Affidavit, to the effect that the loan management fees were ultimately borne by borrowers.
29. I have reviewed the loan account positions with respect to each of the borrowers in respect of whom there were controllership appointments at the time of (and subsequent to) my appointment. After realisation of the securities held by the FMIF over or with respect to those borrowers, there was a significant shortfall in each case of the amount recovered as against the total amount owing to the FMIF.
30. I have concerns about the reasonableness of charging such loan management fees, and whether it was a proper expense to the FMIF.

Category 1 remuneration

31. I refer to my June Affidavit; at pages 248 to 271 of Exhibit "DW-1" are copies of correspondence passing between me and the First Applicants (principally, Ms Ginette Muller) relating to the scope of their responsibilities and work to be undertaken by the First Applicants. I note that I expressed

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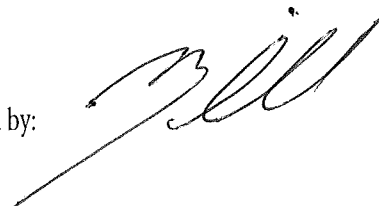
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the view in that correspondence that (in summary) I regarded the ongoing role of the First Applicants in the winding up of the FMIF as being limited.

32. I attended a meeting on 12 August 2013 with representatives of the First Applicants and others; that meeting is referred to in an affidavit of Stephen Russells sworn on 29 February 2016; at that meeting, the persons present discussed a handover of responsibilities from the Applicants.
33. On 28 August 2013, I attended a meeting with Mr John Corbett and Mr Michael Fox (of FTI Consulting) which lasted for approximately 2 hours. During that meeting I said words to the effect that I considered that the ongoing role of FTI (the First Applicants) would be limited, and that I wanted to avoid a situation where FTI did work that they would not be paid for; I also said words to the effect that if FTI considered that they had work to do, then we (that is, FTI and I) should seek directions of the Court to avoid any risk in that respect.
34. I have reviewed the "Fees Summary Schedule" which appears at pages 594 and following of exhibit "JRP-1" of Mr Park's January Affidavit. I have not undertaken a 'line by line' review and critique of the narrative schedules of work, given the likely cost that would incur.
35. In relation to the period after my appointment, I am concerned by the level of fees claimed by the First Applicants for Category 1 work.
36. In particular, I have concerns about the charges identified with respect to the tasks described in the schedule titled "Specific Key Concerns – Review of Category 1 Fee Summary Schedule" which is exhibited hereto and marked "DW-37"; my comments or concerns are set out, briefly, in connection with those particular items and some concerns are explained further below.
37. Mr Park says, at paragraph 23(a) of Mr Park's March Affidavit, that part of the time spent after my appointment for which "Category 1" remuneration is claimed, related to the preparation and review of cash flows or security positions for the benefit of McGrathNicol and myself.
38. I am not aware of FTI preparing cash flows or security positions for our benefit; I had some difficulty with FTI providing their cash flow position after my appointment and I had to make a



number of requests for the cash flow projections that I understood that they had prepared. The only cash flow that I received from the Applicants after my appointment in response to my requests was a document, a copy of which is exhibited hereto and marked "DW-38"; that document was sent to me in PDF format, and not in a format (such as MS Excel) such that I could review and consider the formulae or underlying assumptions used to calculate the figures in it. I found the cash flow document of little use to me.

39. I refer to paragraph 23 (c) of Mr Park's March Affidavit, and observe that part of the work described in categories D1 to D7 of the "Task Schedule" related to arranging for Controllership Payments; I also observe that the amounts reflected in those categories is in addition to the amount claimed at Item C4, relating to the review and authorisation of loan book payments, which is an item I raise in the Schedule exhibited to this Affidavit.

40. I refer to paragraph 23(d) of Mr Park's March Affidavit and:-

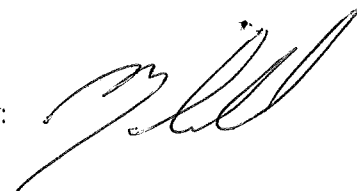
(a) I note that Mr Park says that he considered (on legal advice which I have not seen, and of which I am not aware) that "*it was appropriate for LMIM to maintain independent oversight of what was occurring in respect of loan book management*" following my appointment;

(b) I am not aware how that "independent oversight" was effected, or why it would have been necessary, given my appointment and the appointment of McGrath Nicol as receivers and managers; that is not to say that LMIM and the First Applicants should not have given independent consideration to the specific controllerships to which LMIM continued to be appointed for a period of time, but I am of the view that any work relating to decision making or consideration of realisations in the course of those controllerships should have been charged pursuant to the Deeds of Appointment and Indemnity in respect of those controllerships, and I therefore understand Mr Park to be referring to some other form of oversight in that paragraph of his March Affidavit;

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(c) I am not aware of any oversight of my work in discharging my role as receiver following my appointment, but Mr Park or Ms Muller, nor am I aware of any such oversight of the work performed by McGrath Nicol; at least, any oversight was not communicated to me.

41. I refer to paragraph 23(g) of Mr Park's March Affidavit, in which he refers to time spent by him and his staff in perusing various updates from BDO (my firm) as to the status of the winding up the FMIF. As to that, I observe that I provided those updates to LMIM as a member (as responsible entity for "Feeder Funds" of the FMIF).

42. I refer to paragraph 23(j) of Mr Park's March Affidavit; insofar as I desired access to the books and records and LMA from time to time (LMA being the entity having custody of the computer servers and hard copy books and records relating to the FMIF until orders made on 29 January, 2015 by Justice Daubney), I contacted Mr David Clout, the liquidator of the LMA, and I do not recall any significant number of requests for information being made by my staff of FTI staff.

LMA Category Two Remuneration

43. I refer to paragraph 32 of Mr Park's March Affidavit, in which he described in general terms the work performed in relation to LMA which is reflected in the Category 2 LMA entries.

44. I note that this work was, as I understand it, invoiced by LMA to LMIM, and LMIM has then "on-charged" the FMIF for a proportion of that work, pursuant to invoices which are exhibited to Mr Park's January Affidavit.

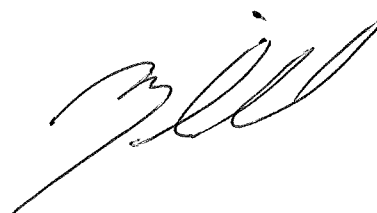
45. In my view, the work described in paragraph 32 is work that relates to the conduct of LMA's business, and which should be paid (if it is to be paid) out of property coming into the hands of Mr Clout as liquidator of LMA, rather than being paid directly from the property of the FMIF.

46. I also observe that the LMA Services Agreement appears to have been intended by the parties to it (who were each then subject to the control of Mr Park and Ms Muller as administrators of LMA and LMIM) to provide a basis for LMA to charge LMIM for the services which are described in

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paragraph 32 of Mr Park's March Affidavit. I observe that a resources fee was, in fact, charged by LMA to LMIM.

LMIM Category 2

47. I have outlined above in this Affidavit and in my First February Affidavit, my concerns regarding the charging of Category 2 remuneration to the FMIF generally, and particularly as regards the claim by the First Applicants to be paid directly from the FMIF property for such work (rather than, if a claim is to be made, for that claim to be made pursuant to the indemnity of LMIM under the constitution of the LMIF).
48. As regards the period after my appointment, I have difficulty perceiving a justification for any amount of Category 2 remuneration to be charged to the FMIF, given that the property of the FMIF ceased to be under the control of LMIM from that time.

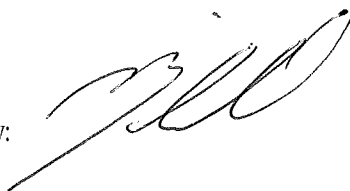
Particular Concerns – LMIM Category 2

49. I refer to paragraph 38 of Mr Park's March Affidavit, describing general categories of work performed in relation to LMIM and which is described as Category 2.
50. I have outlined above my concern as to the justification for charging Category 2 remuneration to the FMIF at any time, and in particular in relation to the period after my appointment. Further to that concern, I have concerns as to whether it is appropriate that remuneration be charged to the FMIF for the following work described in paragraph 38 of Mr Park's March Affidavit:-
- (a) The work described in paragraph 38(c), dealing with media and enquiries; I would ordinarily regard this as an incidental function, rather than work that benefits the funds;
 - (b) Paragraph 38(e), dealing with books and records issues; the books and records were, in fact, held by LMA and, insofar as the issues arose after my appointment, any work undertaken by the Applicants in this regard would have been for the benefit either of

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Witnessed by:



LMIM itself (that is, to seek to preserve privilege that might be claimed by LMIM itself or its officers, rather than in connection with the FMIF) or perhaps, in respect of funds other than the FMIM; I negotiated access to the books and records via Mr Clout, liquidator of LMA, and in the applications in this Court concerning the books and records, I consider that I represented the interests of the FMIF;

- (c) Paragraph 38(f), closing "satellite offices"; I am not aware of what benefit or connection there would have been to the FMIF as a result of this work, which I apprehend related to either the MPF, or to LMA (the service entity) and its own business of marketing and raising funds for investment; and
- (d) In respect of paragraph 38(g), dealing with enquiries from investor advisors, I note that I have not yet received any "creditor indemnity claim" with respect to claims by such advisors.

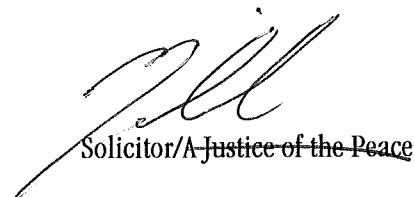
Correction to my First February Affidavit

- 51. At paragraph 88 of my First February Affidavit, I said that between July 2013 and June 2014, "*the ten percent uplift fee totally \$90,882.00*". That figure was incorrect, and the actual amount of the uplift fee mentioned in that paragraph was \$483,061.64.
- 52. All the facts and circumstances above deposed to are within my own knowledge save such as are deposed to from information only and my means of knowledge and sources of information appear on the face of this my Affidavit.

Sworn by DAVID WHYTE on the *11* day of March 2016 at *Brombone* in the presence of:



Deponent



Solicitor/A Justice of the Peace

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

Bound and marked "DW-36" to "DW-38" is a bundle of exhibits to the Affidavit of DAVID WHYTE sworn
this 7th day of March 2016


Deponent


Solicitor/A Justice of the Peace

CERTIFICATE OF EXHIBIT:
Form 47, R.435

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000
Tele: (07) 300 300 00
Fax: (07) 300 300 33

Filed on behalf of the Respondent,
Mr David Whyte

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
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ARSN 089 343 288

AND

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THE WINDING UP OF THE LM FIRST MORTGAGE INCOME FUND ARSN
089 343 288 PURSUANT TO SECTION 601NF OF THE CORPORATIONS
ACT 2001

INDEX OF EXHIBITS

No.	Description	Date	Page No.
DW-36	Letter from Tucker & Cowen to Russells	04.03.2016	1 – 2
DW-37	Review of Category 1 Fee Summary Schedule	Undated	3 – 4
DW-38	FTI Consulting cash flow summary	31.08.2013	5 – 9

Our reference: Mr Schwarz / Mr Ziebell 4 March 2016
Your reference: Mr Tiplady / Mr Sean Russell

Mr Ashley Tiplady and Mr Sean Russell
Russells Lawyers
Brisbane Qld 4000

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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 and to the directions made by the Honourable Justice Jackson on Wednesday, 2 March 2016.

Your clients have been directed to file any further affidavit material today. We confirm our client's request (which has been made in previous correspondence, and was also mentioned after court on Wednesday) for a complete reconciliation of the amounts invoiced in respect of various fees, and also of amounts paid, as between:-

1. The FMIF and LMIM (in its corporate capacity); and
2. LMIM (whether in its own corporate capacity or as responsible entity for the FMIF) and LMA.¹

By way of further explanation (but without derogating from our request for a complete reconciliation) we note that various fees have been charged to the FMIF, as mentioned in paragraph 114 of the Affidavit of Mr Whyte sworn on 19 February, 2016 and filed in this proceeding, but that (at least from our client's perspective) there is a certain lack of clarity as to the transactions and current state of accounts as between each of the FMIF, LMIM and LMA. We note for example that:-

1. Tax Invoice 8974inv5 dated 26 July, 2013, raised by LMIM to the FMIF in respect of "Fund Allocation of Resource and Business Expenses 1 to 26 July, 2013" is said to relate to a "reimbursement of expenses in relation to operational costs" incurred by LMIM whether directly or via LMA (in other words, largely an on-charge of LMA operating expenses to LMIM) in an amount of \$354,673.42;
2. That amount was paid by the FMIF to LMIM on 30 September, 2013, according to the presentation of accounts and statement lodged by your clients as liquidators of LMIM;
3. However, neither our client, nor we, can discern any corresponding payment to LMA of the amount said to have been charged by LMA to LMIM in respect of that period² – if it has been paid by LMIM to LMA, then our client can find no reference to it in the statements of receipts and payments filed with respect to LMA and LMIM; and

¹ The terms "FMIF", "LMIM" and "LMA" are used as defined in previous correspondence between us; for the sake of clarity they refer to the LM First Mortgage Income Fund, LM Investment Management Limited (receivers and managers appointed) (in liquidation) and LM Administration Pty Ltd (in liquidation), respectively.

4. Unfortunately, the copy of the invoice from LMIM to FMIF (8974inv5, mentioned above) does not attach a copy of any invoice from LMA to LMIM, nor does it provide any break down of the staff or premises costs to which the resources fee might relate (as was done with other resources fee invoices relating to operating expenses), also making it harder to identify and reconcile the invoices and payments.

That is one example of the difficulty our client is having in identifying the way in which transactions between LMA, LMIM and the FMIF were accounted for.

Our client also notes that at least two cash payments were made by the FMIF directly to LMA as follows:-

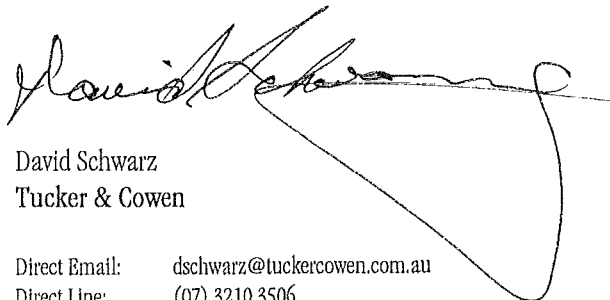
Date	Amount
17.06.13	\$224,740.07
08.07.13	\$214,426.40
TOTAL	\$439,166.47

Between those cash payments and the reimbursement of operational expenses to LMA for the period from 19 March to 26 July 2013, it appears to our client that there ought to be something in the order of \$400,000 at least in cash held by LMA, from which remuneration might be paid to your clients in respect of work performed in LMA (subject of course to any other priority claims that might be made in LMA, of which perhaps Mr Clout is aware, but of which we and our client are not). It appears that LMA does not have that amount, but our client is having some difficulty understanding why that would be the case.

In short, we confirm our client's request for the reconciliation and explanation as to the transactions and state of accounts as between LMA, LMIM and the FMIF as mentioned above. In light of our previous correspondence about this issue, we assume that the reconciliation will be contained in your client's Affidavit of Material to be filed today.

Should you have any queries or wish to discuss this matter, please do not hesitate to call me.

Yours faithfully



David Schwarz
Tucker & Cowen

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

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¹ an amount of \$368,268.63 (GST exclusive) as a resources fee, according to the one page schedule which was attached to the invoice from LMIM to the FMIF

Specific Key Concerns - Review of Category 1 Fee Summary Schedule (JRP-1 pp.594 - 603); post-appointment of D Whyte

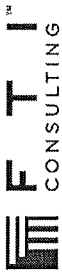
Task description / Allocation	Relevant period	Amount claimed (ex. GST)	Comment / concern
Loan Book Management	8 August 2013 to 31 December 2013	\$115,785.50	<p>While some hand-over tasks were understandable, the management of the loan book was no longer under the control of the Applicants after my appointment as Receiver by Order pronounced on 8 August 2013, and as a result of the appointment of McGrathNicol before then.</p> <p>The amount claimed, effectively for a handover, seems very high.</p> <p>For example:-</p> <ol style="list-style-type: none"> Item C4 - Review and authorise loan book payments; liaise with custodian regarding same; an amount of \$62,141.50 is claimed for this period, which compares to much lower amounts in the earlier periods. I note that controllership payments appear to be dealt with separately, under item D1 (if they were not dealt with as controllership remuneration under the Deeds of Indemnity of LMIM as agent); Item C6 -Preparation and review of cashflows and security positions; \$23,770.50 is claimed. I am not aware of any such cashflows having been prepared specifically for my benefit.
Loan Book Management	1 January 2014 to 31 March 2014	\$48,909	<p>The hand-over was complete by this time, and the amount appears high.</p> <p>An amount of \$39,996 relates to processing payments; I note that this is still higher than the amount for this task relating to the first four months of the appointment of the Applicants as administrators.</p>
Litigation	8 August 2013 to 30 June 2014	\$75,540.50	<p>This relates to the period after judgment was delivered by Dalton J; an amount of \$59,993 relates to the period from 8 August to 31 December 2013.</p> <p>The task descriptions in the schedule indicate that the work related entirely to litigation in which those orders were made, and include the appeal. In addition to the issue I raise for consideration of the Court as to whether it is appropriate for all of this remuneration to be paid from the FMIF (either for the proceedings before Dalton J or, separately, in relation to the appeal), I query whether the amount is reasonable given that this work relates to the period after the hearing and judgment.</p>
Responsible Entity Statutory Compliance	8 August 2013 to 31 December 2013	\$44,855	<p>This amount appears high and I note that the quantum in subsequent periods was significantly lower.</p> <p>I note that an amount of \$17,276.50 relates to item G15, inter-LM fund and operational invoicing, operational costings allocation and consideration. I do not understand why there would have been such work being undertaken in the period after Dalton J pronounced the orders appointing me as</p>

Task description / Allocation	Relevant period	Amount claimed (ex. GST)	Comment / concern
receiver of the FMIF, and when McGrathnicol were also appointed as receivers and managers of the FMIF.			
I also note that most 'operational costs' were incurred by LMA (rather than LMIM), which was by this time controlled by Mr David Clout and Ms Lorraine Smith as liquidators.			
Responsible Entity Statutory Compliance; G15 - Inter-fund invoicing	1 January 2014 to 30 June 2014	\$23,503	<p>I do not understand why the Applicants would have been undertaking such work in this period, which commences many months after my appointment as receiver of the FMIF; I am also aware of only 5 invoices issued to the FMIF in this period that could be regarded as "inter-LM fund invoices" and which are not controllership invoices for which I would expect any remuneration was claimed as Category 3, or in task item D1. Those 5 invoices are at:</p> <ol style="list-style-type: none"> 1. Ex. DW-29, page 494 2. Ex. DW-30, page 496 3. Ex. DW-31, page 499 4. Ex. JRP-1, page 852 5. Ex. JRP-1, page 855

DRAFT FOR INTERNAL DISCUSSION PURPOSES ONLY

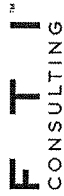


No.	Code	Project Name	31-Aug-13		31-Aug-18		Total Net Cash Flow	Variation from Draft Impaired Loan Bal 31 Dec 2012
			Book Value (Draft Impaired Loan Balance as at 31 December 2012)	Date	Sum of Net Cash Flow to Date	Sum of Future Net Cash Flow		
1	ANIS-1	ANIS Pty Ltd	8,317,511	(64,250)	7,203,750	\$7,139,500	(1,178,041)	
2	BELL-1	Bellpac Pty Ltd A.C.N. 101 713 017	4,679,749	(114,500)	4,000,000	\$3,885,500	(794,249)	
3	BRAM-1	Brambleton Pty Ltd	16,500,000	(281,266)	10,515,120	\$10,233,854	(6,266,146)	
4	BRID-1	Bridgewater Lakes Estate	27,611,305	(313,552)	21,535,708	\$21,222,155	(6,389,150)	
5	CAME-1	Cameo Estates P/I	4,626,000	(124,805)	1,307,396	\$1,182,591	(3,443,409)	
6	TTCA-1-1	Carrington Management (Tall Trees Caboolture)	26,476,816	2,951,985	13,494,292	\$16,446,277	(10,030,539)	
7	COUL-1	Coulter Developments	3,655,989	548,105	2,363,628	\$2,911,733	(744,255)	
8	EDEN-1	Eden Apartments Pty Ltd	1,876,000	(83,765)	0	(\$83,765)	(1,959,765)	
9	GLEN-1	Glendening Developments Pty Ltd	800,000	686,607	0	\$686,607	(113,393)	
10	GREE-1	Green Square Property Developments	1,892,525	0	1,815,000	\$1,815,000	(77,525)	
11	GREY-1	Greystanes Projects Pty Ltd	5,999,999	(746,732)	6,323,770	\$5,577,039	(422,960)	
12	KING-1	Kingpen	10,917,939	19,745	8,295,679	\$8,315,394	(2,602,545)	
13	BUSH-1	LMIM atf LM Managed Perf Fund (Bushland Beach)	1,189,107	0	1,200,000	\$1,200,000	30,893	
14	LOTI-1	Lot 1.11 Pty Ltd	15,733,129	(119,000)	13,509,330	\$13,390,330	(2,342,799)	
15	MADR-1	Madrers Properties Pty Ltd ACN 010 863 037 ioratr Madrers 32	854,266	(36,980)	340,000	\$303,020	(551,247)	
16	NORT-1	34 Marine Pde Kingscliffe Trust Northshore Bayview St Pty Ltd	21,409,013	8,160,701	6,273,962	\$14,434,663	(6,974,349)	
17	OVST-1	OVST P/L & Ocean View Sth Tweed Partnership	21,987,049	(1,090,771)	14,955,356	\$13,864,585	(8,122,465)	
18	REDL-1	Redland Bay Leisure Life Development Pty Ltd ACN 112 002	49,934,720	781,106	26,309,239	\$27,090,345	(22,844,375)	
19	TOWN-1	383 and Redland Bay Leisure Life Pty Ltd ACN 109 932 916 Townsville Commercial Source Student Lodge Pty Ltd ACN 123 184 510 ioratr Source	0	5,763	0	\$5,763	5,763	
20	STLDDG-1	Student Unit Trust	0	15,901	0	\$15,901	15,901	
22	DIAM-1	Source Developments (Diamond Hill)	3,904,500	(2,044,575)	6,298,217	\$4,253,642	349,142	
23	STOR-1	St Crispin's Property Pty Ltd	24,530,405	(181,790)	9,362,453	\$9,180,664	(15,349,741)	
24	TTIM-1	Tall Trees Tanah Merah Pty Ltd	14,529,162	0	10,000,000	\$10,000,000	(4,529,162)	
25	UOWN-1	U-Own Storage (Southbank) Pty Ltd	1,227,600	(15,376)	344,195	\$328,819	(898,781)	
26	KEPP-1	Keppel Bay Estate - Stages 14 - 17	26,481,114	(724,373)	12,882,619	\$12,158,246	(14,322,868)	
[END]								
Total Loan Balance			295,113,898	7,228,149	178,329,714	185,557,863	(116,784,183)	
Management Fees			(\$9,127,034)	(\$2,571,498)	(\$6,555,536)	(\$9,127,034)		
Other Expenses and Interest			(\$13,484,521)	(\$6,281,853)	(\$7,202,669)	(\$13,484,521)		
DB Loan			(\$25,000,000)		(\$25,000,000)	(\$25,000,000)		
Advisor Commissions			(\$4,900,424)	(\$397,823)	(\$4,502,600)	(\$4,900,424)		
Cash			\$7,918,881	\$5,895,856	\$135,068,910	\$7,918,881		
Total Balance			\$242,601,919	\$5,895,856	\$135,068,910	\$140,964,765	(\$116,784,183)	
Number of Units			488,787,330	488,787,330	488,787,330	488,787,330		
Cents per Share in Fund			\$0.496	\$0.012	\$0.276	\$0.288	(\$0.239)	
Cents per Share Distributed since 19 March 2013				\$0.008	\$0.000			
Total Cents per Share			\$0.020	\$0.020	\$0.276	\$0.297		



LM FMIF Fund
Cashflow Projections
in AUD

Month Number	1	2	3	4	5	6	7	8
End-of-month	31-May-13	30-Jun-13	31-Jul-13	31-Aug-13	30-Sep-13	31-Oct-13	30-Nov-13	31-Dec-13
Cash Inflows								
Net proceeds from asset sales	1,437,699	880,010	256,874	3,308,843	3,585,187	4,424,657	1,568,020	6,221,733
Revenue (Existing Assets)	4,012,642	3,210,224	2,047,490	526,849	1,795,030	8,006,989	3,211,137	7,174,994
Cash Outflows								
Expenses (Existing Assets)	(1,618,140)	(1,180,610)	(2,174,346)	(2,108,926)	(1,878,122)	(1,269,596)	(1,130,161)	(1,176,658)
Debt Payments								
Interest Payments	(765,370)	(397,479)	0	(759,699)	(382,192)	(369,863)	(382,192)	(382,192)
Facility Amortization	(1,027,800)	(500,000)	0	(500,000)	0	0	0	0
Prepayment	0	0	0	0	0	0	0	0
Net Cash Flows after Debt Payment	2,039,031	2,012,145	130,017	467,067	3,119,903	10,792,187	3,266,805	11,850,207
Capital works draws	(94,1093)	0	(120,945)	(449,823)	(1,660,218)	(1,681,889)	(897,780)	(1,148,617)
Cash flows Available for Fund Expenses	1,097,938	2,012,145	9,072	17,244	1,459,685	9,110,499	2,369,025	10,701,590
Cost Recovery of Fees	(506,506)	(128,243)	(644,539)	(629,341)	(662,869)	(550,000)	(500,000)	(450,000)
Other fund expenses	(82,598)	(125,881)	(554,236)	(552,745)	(2,661,653)	(321,000)	(141,008)	(110,000)
FX Margin Call Payments	0	0	0	0	0	0	0	0
Net Fund Cash Flows	508,834	1,758,021	(1,189,703)	(1,164,842)	(1,864,837)	8,239,499	1,728,016	10,091,590
Add: Cash direct to main account	92,414	760,556	90,232	32,255				
Add: Cash, beginning	12,995,875	13,597,123	16,115,700	10,941,347	9,783,718	7,918,881	16,158,380	17,886,396
Less: minimum cash balance (restricted cash)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Less: minimum cash balance (capital works account)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Net Cash Available	7,597,123	10,115,700	9,016,229	3,808,761	1,918,881	10,158,380	11,886,396	21,977,986
Investor hardship payments	0	0	0	0	0	0	0	0
Provision for DB Repayment	0	0	0	0	0	0	0	0
DB Loan Adjustment	0	0	0	0	0	0	0	0
Provision for Advisor Commissions	0	0	0	0	0	0	0	0
Free Cashflow Available for Distribution	7,597,123	10,115,700	9,016,229	3,808,761	1,918,881	10,158,380	11,886,396	21,977,986
Unit Holder Distributions	0	0	(4,074,882)	(25,042)	0	0	0	0
Add: minimum cash balance	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Net Cash After Distributions	13,597,123	16,115,700	10,941,347	9,783,718	7,918,881	16,158,380	17,886,396	41,139,290



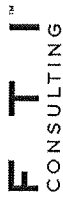
LM FMIF Fund
Cashflow Projections
in AUD

Month Number End-of-month	9 31-Jan-14	10 28-Feb-14	11 31-Mar-14	12 30-Apr-14	13 31-May-14	14 30-Jun-14	15 31-Jul-14	16 31-Aug-14	17 30-Sep-14	18 31-Oct-14
Cash Inflows										
Net proceeds from asset sales	2,113,491	7,496,391	7,114,482	6,966,482	4,569,382	4,581,591	2,257,500	2,277,500	3,597,273	2,142,273
Revenue (Existing Assets)	7,289,636	3,429,931	2,381,131	2,320,731	1,940,731	2,320,731	1,940,731	2,320,731	1,940,731	2,320,731
Cash Outflows										
Expenses (Existing Assets)	(1,119,887)	(1,070,446)	(704,746)	(618,601)	(617,601)	(616,601)	(615,601)	(614,601)	(613,601)	(612,601)
Debt Payments										
Interest Payments	(382,192)	(345,205)	(382,192)	(369,863)	(382,192)	(369,863)	0	0	0	0
Facility Amortization	0	0	0	0	0	0	0	0	0	0
Prepayment	0	0	0	0	0	0	0	0	0	0
Net Cash Flows after Debt Payment	7,900,749	9,510,671	8,408,676	8,298,749	5,510,320	5,915,858	3,582,630	3,983,630	4,924,403	3,850,403
Capital works draws	(1,624,576)	(1,407,573)	(1,400,945)	(1,135,663)	(944,573)	(264,573)	(317,933)	(272,265)	(299,402)	(315,840)
Cash flows Available for Fund Expenses	6,276,173	8,103,098	7,007,731	7,163,086	4,565,747	5,651,285	3,264,697	3,711,365	4,625,001	3,534,563
Cost Recovery of Fees	(346,743)	(330,097)	(308,976)	(290,501)	(271,669)	(259,299)	(244,246)	(236,085)	(226,806)	(215,244)
Other fund expenses	(26,000)	(25,005)	(221,000)	(41,005)	(10,000)	(236,004)	(26,000)	(25,004)	(221,000)	(41,004)
FX Margin Call Payments	0	0	0	0	0	0	0	0	0	0
Net Fund Cash Flows	5,903,430	7,747,996	6,477,755	6,831,579	4,284,078	5,155,982	2,994,450	3,450,276	4,177,194	3,278,316
Add: Cash direct to main account										
Add: Cash, beginning	41,139,290	47,042,720	54,790,715	61,268,470	68,100,050	72,384,128	77,540,109	55,534,560	58,984,836	63,162,030
Less: minimum cash balance (restricted cash)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	0	0	0	0
Less: minimum cash balance (capital works account)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	0	0	0	0
Net Cash Available	41,042,720	48,790,715	55,268,470	62,100,050	66,384,128	71,540,109	80,534,560	58,984,836	63,162,030	66,440,346
Investor hardship payments	0	0	0	0	0	0	0	0	0	0
Provision for DB Repayment	0	0	0	0	0	0	0	0	0	0
DB Loan Adjustment	0	0	0	0	0	0	(25,000,000)	0	0	0
Provision for Advisor Commissions	0	0	0	0	0	0	0	0	0	0
Free Cashflow Available for Distribution	41,042,720	48,790,715	55,268,470	62,100,050	66,384,128	71,540,109	55,534,560	58,984,836	63,162,030	66,440,346
Unit Holder Distributions	0	0	0	0	0	0	0	0	0	0
Add: minimum cash balance	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	0	0	0	0
Net Cash After Distributions	47,042,720	54,790,715	61,268,470	68,100,050	72,384,128	77,540,109	55,534,560	58,984,836	63,162,030	66,440,346



LM FMIF Fund
Cashflow Projections
in AUD

Month Number	19	20	21	22	23	24	25	26	27	28
End-of-month	30-Nov-14	31-Dec-14	31-Jan-15	28-Feb-15	31-Mar-15	30-Apr-15	31-May-15	30-Jun-15	31-Jul-15	31-Aug-15
Cash Inflows										
Net proceeds from asset sales	2,219,545	4,499,045	2,219,545	2,219,545	4,644,545	2,219,545	2,277,500	11,153,000	1,695,500	1,695,500
Revenue (Existing Assets)	1,940,731	2,320,731	1,940,731	2,320,731	962,000	5,962,000	490,000	10,490,000	490,000	490,000
Cash Outflows										
Expenses (Existing Assets)	(611,601)	(610,601)	(609,601)	(608,601)	(607,601)	(606,601)	(444,673)	(443,673)	(234,296)	(233,296)
Debt Payments										
Interest Payments	0	0	0	0	0	0	0	0	0	0
Facility Amortization	0	0	0	0	0	0	0	0	0	0
Prepayment	0	0	0	0	0	0	0	0	0	0
Net Cash Flows after Debt Payment	3,548,675	6,209,175	3,550,675	3,931,675	4,938,944	7,574,944	2,322,827	21,199,327	1,951,204	1,952,204
Capital works draws	(340,928)	(4,573)	(34,231)	(4,573)	(4,573)	(38,902)	(5,485)	(39,229)	(5,485)	(5,485)
Cash flows Available for Fund Expenses	3,207,748	6,204,603	3,516,444	3,927,103	4,934,371	7,536,042	2,317,342	21,193,842	1,911,975	1,946,718
Cost Recovery of Fees	(206,407)	(198,388)	(182,876)	(174,085)	(164,268)	(151,782)	(132,942)	(127,148)	(74,164)	(69,384)
Other fund expenses	(10,000)	(236,003)	(26,000)	(25,003)	(221,000)	(41,002)	(10,000)	(236,002)	(26,000)	(25,001)
FX Margin Call Payments	0	0	0	0	0	0	0	0	0	0
Net Fund Cash Flows	2,991,341	5,770,211	3,307,568	3,728,015	4,609,104	7,343,258	2,174,400	20,830,692	1,811,811	1,852,333
Add: Cash direct to main account										
Add: Cash, beginning	66,440,346	69,431,686	75,201,898	78,509,466	82,237,480	86,846,584	94,189,842	96,364,242	117,194,934	119,006,745
Less: minimum cash balance (restricted cash)	0	0	0	0	0	0	0	0	0	0
Less: minimum cash balance (capital works account)	0	0	0	0	0	0	0	0	0	0
Net Cash Available	69,431,686	75,201,698	78,509,466	82,237,480	86,846,584	94,189,842	96,364,242	117,194,934	119,006,745	120,859,078
Investor hardship payments	0	0	0	0	0	0	0	0	0	0
Provision for DB Repayment	0	0	0	0	0	0	0	0	0	0
DB Loan Adjustment	0	0	0	0	0	0	0	0	0	0
Provision for Advisor Commissions	0	0	0	0	0	0	0	0	0	0
Free Cashflow Available for Distribution	69,431,686	75,201,698	78,509,466	82,237,480	86,846,584	94,189,842	96,364,242	117,194,934	119,006,745	120,859,078
Unit Holder Distributions	0	0	0	0	0	0	0	0	0	0
Add: minimum cash balance	0	0	0	0	0	0	0	0	0	0
Net Cash After Distributions	69,431,686	75,201,698	78,509,466	82,237,480	86,846,584	94,189,842	96,364,242	117,194,934	119,006,745	120,859,078



LM FMIF Fund
Cashflow Projections
in AUD

Month Number End-of-month	29 30-Sep-15	30 31-Oct-15	31 30-Nov-15	32 31-Dec-15
Cash Inflows				
Net proceeds from asset sales	4,120,500	1,985,500	7,033,500	388,000
Revenue (Existing Assets)	490,000	0	0	0
Cash Outflows				
Expenses (Existing Assets)	(232,296)	(231,296)	(32,000)	(31,000)
Debt Payments	0	0	0	0
Interest Payments	0	0	0	0
Facility Amortization	0	0	0	0
Prepayment	0	0	0	0
Net Cash Flows after Debt Payment	4,378,204	1,754,204	7,001,500	357,000
Capital works draws	(5,485)	(38,623)	(5,485)	(5,485)
Cash flows Available for Fund Expenses	4,372,718	1,715,580	6,996,015	351,515
Cost Recovery of Fees	(64,517)	(53,585)	(49,296)	(31,806)
Other fund expenses	(221,000)	(41,001)	(10,000)	(236,001)
FX Margin Call Payments	0	0	0	0
Net Fund Cash Flows	4,087,201	1,620,994	6,936,719	83,708
Add: Cash direct to main account				
Add: Cash, beginning	120,859,078	124,946,280	126,567,274	133,503,993
Less: minimum cash balance (restricted cash)	0	0	0	0
Less: minimum cash balance (capital works account)	0	0	0	0
Net Cash Available	124,946,280	126,567,274	133,503,993	133,587,701
Investor hardship payments	0	0	0	0
Provision for DB Repayment	0	0	0	0
DB Loan Adjustment	0	0	0	0
Provision for Advisor Commissions	0	0	0	0
Free Cashflow Available for Distribution	124,946,280	126,567,274	133,503,993	133,587,701
Unit Holder Distributions	0	0	0	0
Add: minimum cash balance	0	0	0	0
Net Cash After Distributions	124,946,280	126,567,274	133,503,993	133,587,701