

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: of 2015

BS 3508

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

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

AND

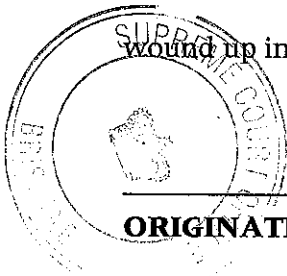
Respondent: DAVID WHYTE AS THE PERSON APPOINTED TO SUPERVISE THE WINDING UP OF THE LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288 PURSUANT TO SECTION 601NF OF THE CORPORATIONS ACT 2001

A. DETAILS OF APPLICATION

This Application is made under Subsections 511(1) and 601NF(2) of the *Corporations Act 2001* ("the Act").

On the facts stated in the supporting Affidavits, the Applicants seek:-

1. Directions as to how the LM First Mortgage Income Fund ("FMIF") is to be wound up in the circumstances of:-



ORIGINATING APPLICATION

Filed on behalf of the Applicants

Form 2 (v.2) Rule 2.2

Russells
Solicitors
Level 18
300 Queen Street
BRISBANE
Phone: 07 3004 8888
Fax: 07 3004 8899

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- (a) the orders of Dalton J in proceeding number 3383 of 2013 in this Honourable Court made on 21 August, 2013 and the specific powers granted to the Respondent therein;
 - (b) the provisions of the *Corporations Act 2001*;
 - (c) the obligations of the Second Applicant ("the Trustee") as responsible entity of the FMIF; and
 - (d) the obligations of the First Applicants ("the Liquidators") as liquidators of the responsible entity of the FMIF.

2. Directions, pursuant to subsections 511(1) and 601NF(2) of the Act, as to whether the Liquidators are, in the winding up of the Trustee, and of the FMIF, responsible for and shall discharge the functions, duties and responsibilities set out in Schedule 1.

3. Directions, pursuant to subsections 511(1) and 601NF(2) of the Act, as to whether the Trustee is, in the winding up of the FMIF, responsible for and shall discharge the functions, duties and responsibilities set out in the Schedule 2.

4. An order that the Liquidators' remuneration, costs and expenses of discharging such functions, duties and responsibilities (including in respect this application) shall be paid from the Scheme Property of the FMIF.

5. Such order as to the Respondent's remuneration, costs and expenses as may be appropriate.

6. Such further or other order or relief as the Court thinks fit.

Date: 8 April, 2015

Signed:


Russells

Description:

Solicitors for the Applicants

B. NOTICE TO RESPONDENTS

TO: David Whyte of BDO, Level 10, 12 Creek Street, Brisbane, Queensland

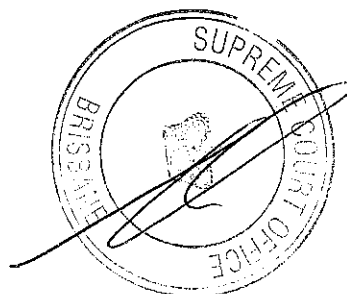
This Application will be heard by the Court at the Law Courts Complex, George Street, Brisbane at a date to be fixed.

If you wish to oppose this Application or to argue that any different Order should be made, you must appear before the Court in person or by your lawyer and you shall be heard. If you do not appear at the hearing the Orders sought may be made without further notice to you. In addition you must before the day for hearing file a Notice of Appearance in this Registry. The Notice should be in Form 4. You must serve a copy of it at the Applicants' address for service shown in this Application as soon as possible.

NOTE: Unless the Court otherwise orders, a Respondent that is a corporation must be represented at a hearing by a legal practitioner. It may be represented at a hearing by a director of the corporation only if the Court grants leave.

C. FILING

Date of filing: - 8 APR 2015



Registrar

This Originating Application is filed by Russells, Solicitors for the Applicants.

D. SERVICE

The Applicants' address for service is Level 18, 300 Queen Street, Brisbane, Queensland, 4000, telephone 07 3004 8888, facsimile 07 3004 8899, email Mail@RussellsLaw.com.au.

It is intended to serve a copy of this Original Application on each Respondent and on any person listed below:-

David Whyte of BDO, Level 10, 12 Creek Street, Brisbane, Queensland

SCHEDULE 1 – THE LIQUIDATORS

The following functions and duties set out in the following provisions of the Act:-

1. subject to the provisions of section 556 of the Act, to pay any class of creditors in full (including creditors for whose debts LMIM has a right of indemnity out of the Scheme Property of the FMIF), pursuant to section 477(1)(b) of the Act;
2. to call for and adjudicate on proofs of debt and claims against LMIM (including those in respect of which LMIM has a right of indemnity out of the Scheme Property of the FMIF), pursuant to Division 6 of Part 5.6 of the Act and to compromise such debts or claims under subsections 477(1)(c) and (d) of the Act;
3. to pay to third parties, in respect of whose claim monies are received under a contract of insurance, the sum necessary to discharge the liability to the third party, after deducting any expenses, pursuant to section 562 of the Act;
4. to recover property of the FMIF pursuant to the provisions of Part 5.7B Division 2 of the Act; and
5. to pay the debts of LMIM (including those in respect of which LMIM has a right of indemnity out of the Scheme Property of the FMIF), pursuant to section 506(3) of the Act.

SCHEDULE 2 – THE TRUSTEE

The following functions and duties set out in the following clauses of the Constitution of the FMIF:-

1. Clause 2.1 – to act as trustee of the FMIF
2. Clause 3.2 – to manage the classes of units
3. Clause 3.6 – to consolidate or divide the capital of the FMIF
4. Part 5 –to issue units
5. Part 9 – to deal with the registration of any transfers
6. Part 10 – to maintain and effect transmissions of units where members die or become bankrupt
7. Part 11 – to determine the Income of the FMIF for each Financial Year
8. Part 12 – to calculate and distribute Distributable Income, and to distribute capital of the FMIF to the Members
9. Part 14 – to deal with complaints of Members
10. Clause 16.6 – to manage the FMIF until such time as all winding up procedures have been completed (subject to the functions expressly assigned to the Respondent in the order of Dalton J made on 26 August, 2013 (“the Order”))

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11. Subclause 16.7(b) – To pay the liabilities of the Trustee (in its capacity as trustee of the FMIF), including liabilities owed to any Member who is a creditor of the FMIF except where such liability is a “Unit Holder Liability”.
 12. Subclause 16.7(c) – to distribute the net proceeds of realisation among members in the proportions specified in clause 12.4.
 13. Subclause 16.7(f) – to retain for as long as it thinks fit any part of the Scheme Property which, in its opinion may be required to meet any actual or contingent liability of the FMIF, subject to the Respondent’s obligation to take possession of, and to sell, all of the Scheme Property.
 14. Subclause 16.7(g) - to distribute among the members in accordance with clause 16.7 and anything retained under Subclause 16.7(f) which is subsequently not required for the winding up of the FMIF
 15. Clause 16.10 - to arrange for an auditor to audit the final accounts of the FMIF after the FMIF is wound up
 16. Part 17 – to obtain valuations of the Scheme Property as may be required
 17. Clause 18.1 – to pay taxes (and to lodge income tax returns and Business Activity Statements of the FMIF)
 18. Clause 18.2 – to set aside money from Scheme Property which, in the opinion of the First Applicants, is sufficient to meet any present or future obligation of the FMIF, subject to the Respondent’s obligation to take possession of, and to sell, all of the Scheme Property

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19. Clause 21.1 - to deal with the Custodian, as agent for LMIM, on the terms and conditions set out in the Custody Agreement, subject to the Respondent's obligation to take possession of, and to sell, all of the Scheme Property
 20. Part 22 – to maintain the Register of Members and any other registers required by the law
 21. Clause 26.1 – to amend the constitution if the First Applicants reasonably consider the change will not adversely affect members' rights, provided that no such amendment would purport to alter the operation of the Order
 22. Clause 27.1 – to appoint auditors to audit the accounts
 23. Clause 27.4 – to keep and prepare the accounts of the FMIF in accordance with applicable Accounting Standards and the Act, and to report to members concerning the affairs of the FMIF and their holdings as required by the Act
 24. Part 28 – to call and convene meetings of Members

The following functions and duties set out in the following provisions of the Act:-

1. to prepare, for each financial year, a financial report for the FMIF, pursuant to Division 1 of Part 2M.3 of the Act
2. to have each such financial report audited in accordance with Division 3 of Part 2M.3 of the Act and to obtain an auditor's report pursuant to section 301 of the Act

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3. to report to members of the FMIF for each financial year in accordance with Division 4 of Part 2M.3 of the Act
 4. to lodge with ASIC the reports for each financial year, pursuant to Division 5 of Part 2M.3 of the Act
 5. to prepare, for each half-year, a financial report for the FMIF, pursuant to Division 2 of Part 2M.3 of the Act
 6. to have each such half-yearly financial report for the FMIF audited or reviewed in accordance with Division 3 of Part 2M.3 of the Act
 7. to lodge with ASIC such half-yearly financial reports and auditors' report, pursuant to Division 3 of Part 2M.3 of the Act
 8. to engage a registered company auditor, an audit firm or an authorised audit company to audit compliance with the FMIF's Compliance Plan in accordance with section 601HG of the Act