

**TO THE MEMBERS OF THE LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288 (RECEIVERS AND MANAGERS APPOINTED)(RECEIVER APPOINTED) (“FMIF”)**

TAKE NOTICE that, on 15 March 2017, David Whyte has applied to the Supreme Court of Queensland for directions as to:-

1. Whether he is justified in raising the “clear accounts” rule in response to the claim in the application filed on 20 May 2016, by John Park and Ginette Muller as liquidators of LM Investment Management Limited (in Liquidation) (Receivers and Managers appointed) ACN 077 208 461 (“LMIM”) and LMIM, to be indemnified for their costs and expenses from the assets of the FMIF;
2. Whether, if he is so justified, it is appropriate that Mr Whyte raise as grounds of objection to the claim, by reason of the clear accounts rule:-
  - (i) allegations of loss caused to, or amounts which LMIM is alleged to be liable to restore to, the FMIF as a result of conduct of LMIM occurring before the appointment of Mr Park and Ms Muller as administrators of LMIM; and/or
  - (ii) allegations of loss caused to, or amounts which LMIM is alleged to be liable to restore to, the FMIF as a result of conduct of Mr Park and Ms Muller, occurring after their appointment as administrators of LMIM; and
3. Whether Mr Whyte is justified, in responding to the application filed 20 May 2016, in advancing submissions to the effect that some, or all, of the expenses claimed in the application filed on 20 May 2016 were not properly incurred in the execution of the FMIF.

Mr Whyte’s application for directions is set down to be heard by the Supreme Court of Queensland at Brisbane on 29 March 2017, at 10.00am.

Copies of the court documents filed in respect of the application (except those to be kept confidential) will be available on the website [www.lmfimf.com](http://www.lmfimf.com).

Any member who reasonably requires a hard copy of the application and supporting material should call BDO on +61 7 3237 5999.

Dated: 24 March 2017