

TO THE INVESTOR AS ADDRESSED

31 July 2015

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

1. Executive Summary

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

I now provide my tenth update to investors which provides details of the progress made in the winding up of the Fund, since my last report to investors dated 30 April 2015.

A summary of the key issues covered in the report, is as follows:

- There have been realisations of approximately \$8.5million from the sale of properties charged to the Fund since my last report on 30 April 2015. Further details are provided at Section 3 below;
- Cash at bank has increased to \$49.9M as at 30 June 2015.
- The estimated return to investors is currently between 13.7 and 16.6 cents per unit. The updated unit price as at 30 June 2015 is 15 cents per unit as detailed at Section 7. As previously advised, I am on notice from a number of parties of potential claims against the Fund. The Receivers and Managers of the Fund appointed by the secured creditor are also yet to retire because of these potential claims. Therefore I will not be in a position to make distributions to investors until these matters have been resolved.
- A Public Examination was held between 15 and 26 June 2015, where the former directors and auditors were examined under oath. Further examinations will be undertaken between 19 and 29 October 2015. Details of the Public Examination are provided at Section 4 below.
- Legal proceedings have also been progressed during the period, details of which are provided at Section 4.
- On 20 July 2015, the Supreme Court of Queensland heard an application by FTI for directions and orders in relation to the extent of their powers and responsibilities and in respect of their remuneration as Liquidators of the responsible entity of the FMIF. The Court has reserved its decision. I will provide an update to investors via the website www.lmfimf.com once

judgement has been handed down and will include further information in my next report to investors.

- FTI's remuneration and legal expenses are still to be resolved as detailed at Section 8.
- On 23 June 2015, the Supreme Court of Queensland approved the Court Appointed Receiver's remuneration sought in respect of work undertaken in dealing with FMIF during the period from 1 October 2014 to 30 April 2015. In addition, the court approved the remuneration sought in respect of the work undertaken on the controllerships during the period 1 October 2014 to 30 April 2015. Details of the remuneration is detailed at Section 9 below.

2. Position of the Secured Creditor, the potential claim by KordaMentha, the trustee of the LM Managed Performance Fund ('MPF') and claims filed against the Fund

2.1 Potential claims by KordaMentha

Please refer to my previous reports to investors for further background information however, I summarise the status of this matter as at the date of my last report as follows:

- Even though the secured creditor has been repaid in full, the Receivers and Managers appointed by the secured creditor have advised me that they are not in a position to retire until the potential claim by KordaMentha as the new trustee of the MPF is resolved. Despite KordaMentha advising in April 2014 that they would prioritise their investigations with potential claims against the secured creditor, they have not yet confirmed if any claims will be pursued or if they are in a position to release the secured creditor from any claims;
- In August 2014, KordaMentha filed two proceedings against LM Investment Management Ltd (In Liquidation) (Receivers and Managers Appointed) (LMIM) and 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. These claims have not yet been served;
- These two proceedings must be served within 12 months of filing otherwise the claims will lapse unless the court extends this period. If the two filed claims are served on me, it may have implications in relation to the timing and potentially the return to investors;

Developments since my last report are:

- My solicitors again wrote to KordaMentha's solicitors in May 2015 seeking a response in regard to the question of whether they maintain any claim against the secured creditor given that the secured creditor is not mentioned in the two claims mentioned above and the subject loans were assigned prior to the secured creditor's involvement. As no reply has been forthcoming my solicitors wrote to them again on 29 July 2015 seeking clarification of their position.
- On 29 May 2015 KordaMentha filed an application under the Trusts Act for directions to bring the proceedings and an application for leave to proceed against LMIM (given LMIM is in Liquidation). One of the directions KordaMentha are seeking is that they are justified in prosecuting the two claims. The hearing of the application has been adjourned twice and will

be heard on 18 August 2015 after further evidence is put on by the parties and written outlines have been exchanged.

2.2 Proceedings against the MPF, LMIM and the Directors of LMIM

As discussed at section 4.2.1 below, on 17 December 2014, I filed a statement of claim in the Supreme Court of Queensland, against a number of parties including the MPF trustees, in respect of the loss suffered by FMIF as a result of the amount paid to MPF in the Bellpac litigation matter. This claim is for in excess of \$20M.

3. Realisation of Assets

In my report dated 30 April 2015, I provided a summary of the assets to be realised. In the tables below, I summarise the assets realised since then and those remaining to be realised.

3.1 Assets realised since 30 April 2015

Location	Description of Asset
VIC	A supported living community, with 69 completed independent living units and a further 129 proposed.
WA	The development has been subdivided into three super lots. The first lot was sold in January 2014. The two remaining lots settled on 27 July 2015 and 30 July 2015 respectively.

The Victorian retirement village was originally due to settle on 24 July 2015, however the buyer defaulted and subsequently settled on 31 July 2015.

3.2 Assets with partial realisations

Location	Description of asset	
QLD	90 strata titled hotel rooms. Since my last report, when three units remained, a further unit has settled with the remaining two units under contract.	Under Contract
QLD	Residential land subdivision. 80 lots with operational works approval and additional land (approx. 57ha) with pending development approval are on the market. Since my last report to investors, the one remaining residential property has been sold and settled.	On the market

QLD	72 strata titled unit resort complex with management rights. At the time of my appointment 57 units remained. At the time of my last report 22 units had been sold. A further three units have now settled and one unit is under contract with 31 remaining to be sold.	Under contract/on the market
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3.3 Assets to be realised

Location	Description of asset	Status
QLD	Two supported living communities. One currently has 62 completed units with a further 106 proposed. The other has 110 completed units, with 16 units currently vacant.	Borrower in control of the assets/offer accepted for the villages

Documentation is in the course of being finalised for the sale of the above properties, which the Fund holds a second ranking charge over. It is expected that settlement of this transaction will be completed by March 2016.

3.4 Estimated losses on loans

Several investors have enquired as to where the most significant loan losses have been incurred and therefore I summarise in the table below the 13 largest realised/unrealised losses suffered by the Fund totalling \$226.8M. Please note that the realised/unrealised losses are an estimate only as some of the assets are still to be realised.

Property Description	Current Estimated Loss or Write off (\$)
Retirement Village development at Redland Bay, Queensland	36.6M
Refinance and Construction of 72 units at Port Douglas, Queensland	30.5M
Residential Land development/subdivision at Yeppoon, Queensland	29.4M
Construction of 15 luxury apartments at Surfers Paradise, Queensland	27.6M

Retirement Village at Roxburgh Park, Victoria	25.5M
Unit Development at Runaway Bay, Queensland	23.9M
Retirement Village at Banora Point, New South Wales	20.3M
Retail/Industrial and Child Care centre, Greystanes, New South Wales	20.0M
Retirement Village at Caboolture, Queensland	19.3M
Construction of 32 strata titled residential apartments in Perth	10.8M
Student Accommodation at Smithfield, Queensland	9.5M
Purchase of Hotel Townsville, Queensland	7.8M
Retirement Village at Launceston, Tasmania	5.6M
TOTAL	\$266.8M

4. Other Potential Recoveries/Legal Actions

I provide an update in relation to investigations undertaken to date, legal proceedings on foot and further work to be done, as follows:

4.1 Public Examination (PE)

Further background details can be found on the website www.lmfimf.com however, I summarise the status of this matter as follows:

- On 17 November 2014, I filed an application in the Supreme Court of Queensland to conduct a PE in relation to the audits undertaken of the FMIF. The application was granted and the summonses were issued for the examination of the former auditors and certain directors and former directors of LM Investment Management Ltd (In Liquidation) (Receivers and Managers Appointed);
- The auditors filed an application in Court to discharge the summonses against them and to defer the production of the documents to a date following the hearing however they were unsuccessful. The court hearing was on 13 March 2015 with the decision being handed down on 15 May 2015;
- The first day of the PE was on 16 March 2015 when the examinees (directors and auditors) produced a small quantity of documents. As a consequence of the delay in the auditors producing all of the documents pursuant to their summonses, the Directors and auditors were examined under oath between 15 and 26 June 2015;
- Substantial investigations were undertaken by BDO (including our auditors) on the auditors' working papers and the Fund's books and records to assist our counsel in questioning the parties under oath;
- One of the former auditors summoned to be examined was not available on the dates we required that person to appear for the public examination. I have obtained further Court dates from 19 to 30 October 2015 to finalise the public examinations, which will largely be focused on the compliance plan audits and finalising matters arising from the June examinations;

- The production of documents pursuant to the summonses by the auditors was not complete. I have sought further documents from the auditors (mainly emails) and they have agreed to provide the documents in three tranches, with the final tranche due by 29 August 2015;
- The transcripts from the public examinations have been sent to the examinees for review and confirmation they are correct;
- The information obtained from the June public examinations is extensive and has been beneficial to my investigations. Further details about the outcome of the public examinations will be provided to investors in due course following the completion of the public examination and after I have obtained legal advice;
- Should any investor wish to inspect the signed transcripts of the public examination, you may do so at our offices in accordance with the *Corporations Act, 2001*. Inspection can be arranged by contacting us in writing at the addressees detailed at section 10 of this report.

4.2 Bellpac Proceedings

4.2.1 Settlement of Gujarat proceedings - Claim against LMIM, MPF and Certain Directors

FMIF has first ranking security over the assets of a borrower, Bellpac Pty Ltd (In Liquidation) (Receivers and Managers Appointed) (Bellpac).

I refer to my previous reports to investors and summarise the matter as follows:

- In November 2010, proceedings by Bellpac, LMIM and LMIM's custodian (PTAL) against Gujarat NRE Minerals Limited (Gujarat) were agreed to be settled at mediation;
- As MPF funded the majority of the costs of the litigation, the settlement proceeds received in 2011 totalling approximately \$45.6M, were shared between the funds on the basis of a 65%/35% split;
- According to the security held by FMIF and MPF over the property the subject of the litigation, FMIF held first priority to all of the proceeds of the settlement and was entitled to all of the settlement proceeds;
- On 17 December 2014, I filed a statement of claim in the Supreme Court of Queensland claiming \$15,546,147.85 plus interest (calculated from mid/late 2011 with the claim in excess of \$20M) being the loss suffered by FMIF as a result of the amount paid to MPF, against LMIM, MPF and 6 directors/former directors (Director Defendants);
- In order to progress the claim, have it actively managed by the court, and to minimise delays, I applied to have the proceedings placed on the Commercial List, which was granted on 8 April 2015. Orders were also made for directions requiring the Director Defendants to file any interlocutory application in relation to their claim to be entitled to privilege (against self-incrimination and exposure to a civil penalty) and the timing of delivery of their intention to defend and filing of defences.
- The Director defendants were successful in their interlocutory applications to lodge a limited defence due to privilege.

An update on developments since my last report to investors is summarised below:

- In early May 2015, the Liquidators and FTI filed an application for certain Directions from the Court including that they are justified in granting access to the Director Defendants to the books and

records of LMIM to enable them to prepare their defences. The Orders were granted by the Court on 14 May 2015 including orders that the Liquidators' costs of their application be payable from the FMIF (59%), MPF (23%) and the balance to certain other funds named in the application. I did not oppose the application by FTI;

- I have amended the statement of claim on two occasions in response to certain developments and to further plead out certain facts in relation to the claim;
- All of the defences have now been filed and served. I have filed and served Replies to those defences and I have filed and served Requests for Further and Better Particulars on the 7th defendant, LMIM and 8th defendant, MPF. In the defences, LMIM and MPF pleaded that I was not entitled to plead a particular cause of action under the Corporations Act against certain parties;
- At a review hearing on 30 June 2015, further orders were made as to the conduct of the proceedings including:
 - That I file and serve by 14 July 2015 an interlocutory application for directions under the Trusts Act that the cause of action against certain parties under the Corporations Act falls within my powers under the Order of my appointment, with such application returnable on 21 July 2015;
 - The parties adopt a proportionate and efficient approach to the management of both paper and electronic documents in the proceeding;
 - By 20 July 2015 the parties are directed to confer and reach agreement, where possible, as to appropriate directions in relation to disclosure of documents in the proceeding; and
 - By 10 August 2015 the parties shall provide to the Court a document plan and proposed directions in relation to disclosure of documents in the proceeding
- The directions under the Trusts Act were granted on 21 July 2015;
- Prior to 20 July 2015, I caused my solicitors to send to the defendants the proposed process for which documents are to be exchanged in the discovery process and a timetable to meet the dates allocated by the Court. The parties are presently conferring regarding an appropriate order for directions regarding disclosure;
- I have engaged a specialist consultant to facilitate discovery which will include undertaking agreed key word searches of the computer servers held by me to identify relevant documents in order to comply with the discovery process required by the Court;
- The matter is next due to be reviewed by the Court on 14 August 2015.

Once discovery has been completed, I will be proposing that the matter is set down for mediation in an effort to save the costs of a trial.

4.2.2 Other Bellpac litigation

a. \$2 million of Wollongong Coal Ltd (WCL) - Convertible Bonds

I refer to my previous reports to investors and summarise the matter as follows:

- FMIF has first ranking security over the assets of a borrower, Bellpac;
- In August 2008 \$10 million of Bonds were issued by WCL to Bellpac however, Bellpac allegedly transferred these Bonds to another party who further transferred the bonds to other parties;

- The proceedings by Bellpac and its Liquidators in regard to \$2 million of Bonds (still in the name of Bellpac) commenced in January 2010. In 2012 Bellpac was successful in obtaining a court order that Bellpac is the true owner of the Bonds and was successful in appeals by the defendants;
- Gujarat NRE Minerals Ltd is a publicly listed company and is now called Wollongong Coal Limited (WCL);
- After WCL failed to convert the Bonds into shares, the Liquidator applied to enforce the terms of the bonds and demanded that WCL redeem the bonds for their face value being \$2 million plus interest.
- The Liquidators then served a creditor's statutory demand (CSD) on WCL for \$2.9 million being the face value of the bonds plus interest and WCL filed an application to set aside the CSD;

Further developments are as follows:

- In May 2015, the Liquidator negotiated a settlement with WCL prior to the adjourned hearing of WCL's application to set aside the CSD on the basis that WCL pays the Liquidators \$2M over a period of twelve months with a bank guarantee (BG) as partial security;
- WCL have paid the Liquidator \$500,000 and subject to an amended deed of settlement being executed, a further \$500,000 will be paid with two further instalments of \$500,000 each.

I continue to liaise with the Liquidator in relation to their negotiations to finalise the amended deed of settlement.

As FMIF will be the beneficiary of the funds recovered from the \$2 million bonds claim after costs, FMIF is funding the Liquidator's care and preservation costs of realising the Bonds for the benefit of investors.

b. \$8 million of WCL Convertible Bonds

I refer to my previous reports to investors and summarise the status of this matter as follows:

- The proceedings by Bellpac and its Liquidators commenced in July 2012 seeking orders that Bellpac is the true owner of the \$8 million Bonds and the recovery of \$4.7 million transferred by Bellpac (pre Liquidation) to two of the defendants;
- The trial was heard over four days and ended on 12 March 2015 with the decision reserved;
- If the Liquidators are successful in obtaining a declaration from the Court that Bellpac is the true owner of the Bonds, FMIF will be the beneficiary of the funds recovered by the Liquidator from realising the Bonds, after costs. In order to protect the interest of FMIF in Bellpac's claim to title to the Bonds, FMIF is continuing to fund the Liquidator's costs in the proceedings;

There have been no further developments since my last report with the decision remaining reserved.

c. Proceedings against Bellpac Receivers, LMIM , The Trust Company Ltd ('the Parties')

I refer to my previous reports to investors and summarise the status of this matter as follows:

- In February 2013, parties including the second mortgagee over Bellpac commenced proceedings against the Parties in relation to the alleged sale of the Bellpac property at an undervalue. The property that was sold formed part of the settled proceedings outlined at Section 4.2.1 above;
- LMIM as RE for FMIF and the other respondents filed applications seeking security for costs from the applicants which were successful as the plaintiffs were required to pay \$550,000 into Court before the proceedings could continue

Further developments are as follows:

- Despite a number of adjournments, the plaintiffs failed to lodge the security for costs and the defendants then filed applications to strike out the proceedings. At a hearing on 9 July 2015 orders were made requiring the plaintiffs to pay the costs of the hearing and set a timetable for further applications and replies to be filed in response to the strike out applications and any variation to the security for costs orders which was raised by the plaintiffs solicitor at the hearing. The applications to strike out the proceedings and variation to the security for costs was heard on 30 July 2015 with the decision reserved.
- On 13 July 2015 the plaintiffs filed Notices of Discontinuance of the proceedings as against LMIM and the insurers, who were also party to the proceedings. They also filed an application to revise the security for costs orders in favour of the remaining defendants being the Bellpac Receivers (appointed by LMIM as RE of FMIF) and the Fund's custodian.

As the FMIF is funding the Receivers and Managers costs of defending the claim, pursuant to the terms of an indemnity, I will continue to monitor the progress of the proceedings and will provide a further update in my next report to investors.

4.3 Other Potential Claims against LMIM and related Parties

4.3.1 LM Administration Pty Ltd (In Liquidation)('LMA')/Director related claims

I refer to my previous reports to investors in which I summarised the status of my investigations in relation to the following matters:

- Management Service Agreements with LMA;
- Changes to Constitution;
- Fund Valuation Policy;

Whilst I consider the directors of LMIM may have breached their duties in regard to these matters and that there may be a claim against them and/or LMA, I do not currently consider it commercially worthwhile to pursue these claims bearing in mind:

- I have commenced proceedings against the directors for an amount in excess of \$20m (including interest) in respect of the claim discussed at section 4.2.1 above;
- LMA is in liquidation with no dividend expected to creditors at this stage.

4.3.2 Distribution to Class B Unit Holders

I summarise the matter as follows:

- During the financial year ended 30 June 2012 distributions of approximately \$16.9M were made to Class B unit holders at a time when class A and C unit holders did not receive any distributions, apart from hardship distributions;
- Class B unit holders relate to the three feeder funds of FMIF;
- The auditors qualified the financial statements in regard to this transaction;
- As a result of the distribution and reinvestment of a major portion of that distribution into units in FMIF, Class B unit holders increased their units in the fund from 44.33% to 46.14% at the expense of the Class A & C unit holders. This will result in the Class B unit holders (the feeder funds) receiving a greater amount in the winding up of the Fund;

Further investigation of this matter is proposed to be undertaken at the public examination in October 2015 and which will include additional transactions in 2012.

4.3.3 External Valuations

I have continued to review the loans where material losses have occurred to ascertain whether the valuations relied on were too high and if there was negligence by the valuer which contributed to the losses.

I have engaged an expert valuer to review professional valuations relied on in three substantial matters and I am awaiting his report on two of the matters to determine if there may be a claim against the valuer for negligence. I have received a report on one matter and the valuer has advised that as the valuation was within a reasonable range (within 10%) of the value of the property it could not be the subject of a claim for negligence.

4.3.4 Claim by ASIC against the directors

I confirm that in November 2014, ASIC commenced civil penalty proceedings in the Federal Court of Australia against Peter Drake, Francene Mulder, Eghard Van Der Hoven, Simon Tickner and Lisa Darcy. ASIC alleges Mr Drake used his position to gain an advantage for himself and the former directors breached their duties for failing to act with the proper degree of care and diligence regarding transactions involving the MPF.

In January 2015, Mr Drake became a bankrupt. Under the law, ASIC may make a banning order against a person if the person becomes bankrupt.

On 24 March 2015, ASIC banned Mr Drake from providing any financial services until 11 January 2018, being the remaining period of his bankruptcy.

On 15 April 2015, the proceedings were listed for the hearing of an interlocutory application on 22 May 2015 at which Orders were made in relation to discovery. The matter is relisted for directions on 13 August 2015.

Further details can be found on the ASIC website www.asic.gov.au under media releases.

4.4 Auditors

I confirm that I have obtained copies of most of the auditors working papers as part of the PE which commenced on 16 March 2015 and examinations held over nine days in June 2015. Auditors at BDO are continuing to assist me with my investigations. Further investigations are being undertaken of the existing documents obtained under the PE summonses as well as on further documents I expect to receive from the former auditors by the end of August 2015 in preparation for the further PE of certain Directors and former auditors of LMIM due to take place between 19 and 30 October 2015.

Once my investigations are complete in relation to each of the above matters, I will update investors accordingly.

4.5 Other actions against Borrowers and guarantors

In late February 2015, by agreement with McGrathNicol, the Receivers and Managers of the Fund, I now have the conduct of the following matters:

4.5.1 Claim against a quantity surveyor in the amount of \$2.4 million plus interest

Expert evidence has been submitted by both parties and a mediation was held in June 2015 in Sydney. The matter was not settled at mediation and it is expected that the matter will proceed to trial in November 2015.

4.5.2 Various claims against guarantors

These claims are being reviewed and will only be pursued if it is in the interests of investors to do so.

In two of the claims against guarantors, proceedings had been filed but not served. Recent investigations revealed that these guarantors own or have a joint ownership interest with other parties in real properties, however these properties are encumbered. One of the claims has now been served and the guarantor has failed to file a defence. An application is now being made for default judgement.

5 Western Union

As advised in my previous report, a number of the payments in respect of capital distributions to overseas investors in March 2013 were retained by Western Union and not forwarded to the intended recipients.

I have been advised by Western Union's solicitors that they had a right to set off these funds against the liabilities of other LM entities.

I am currently waiting on advice from my solicitors to determine the ability to recover these monies for the benefit of investors.

6 Management Accounts

The management accounts for the half year ending 30 June 2015 are currently being prepared and I anticipate that they will be finalised by 30 September 2015. Previous management accounts are available on the website www.lmfmf.com.

7. Investor Information

7.1 Estimated Return to Investors

Based on the professional valuations, offers received and unconditional contracts entered into for the properties charged to the Fund, I provide an estimated return to Investors of between 13.7 cents and 16.6 cents per unit as at 30 June 2015, calculated as follows:

	Low \$	High \$
Cash at Bank	49,964,462	49,964,462
Deferred Payment - Sale of Retirement Villages (secured by Bank Guarantee)	16,000,000	16,000,000
Estimated selling prices of properties to be sold (including properties which settled between 1 July 2015 and the date of this report)	18,859,430	27,235,371
Estimated Assets Position	84,823,892	93,235,371
<i>Less:</i>		
Selling costs (2.5% of sale price)	(471,486)	(681,773)
Estimated current land tax & rates	(1,095,368)	(500,000)
Other unsecured creditors	(8,311,842)	(3,582,777)
FTI Fees & legal claimed/advised (subject to approval)	(4,642,766)	(3,922,766)
Receivers and Managers' Fees (McGrathNicol)	(141,285)	(141,285)
Receiver's fees & outlays (BDO) (including controllerships)	(1,152,469)	(1,152,469)
Receiver's legal fees (BDO)	(492,302)	(492,302)
Estimated GST payable on sale of retirement villages	(3,172,000)	(3,172,000)

Total Costs	19,479,517	13,715,371
Estimated net amount available to investors as at 30 June 2015	65,344,375	79,520,000
Total investor units	478,274,000	478,274,000
Estimated return in the dollar	13.7 cents	16.6 cents

The above table does not take into account future operating costs and future Receivers fees. The table also excludes any legal recoveries against borrowers, valuers or other third parties.

I have identified a discrepancy between the investor register and the amount recorded in the audited and management accounts for 2012 financial year. I am in the process of reconciling the investor register against the management accounts for the 2012 financial year and subsequent periods. The auditors' working papers received from the public examination will assist me in this review.

7.2 Updated Unit Price

The unit price will be updated twice a year as at 30 June and 31 December. In this regard, I provide below an updated unit price as at 30 June 2015 of 15 cents, which is based on the mid-point of the high and low estimated selling prices of the secured assets as at 30 June 2015.

	\$000's
Total Value of Fund Assets as at 30 June 2015 (net of land tax and rates)	89,029,632
Less Creditors and Other Payables	(17,114,985)
Total Net Value of Fund Assets	71,914,647
Total Number of Units as at 31 June 2015	478,274,000
Unit Price	0.15

I *attach* a copy of a letter that may be forwarded to Centrelink confirming the unit price as at 30 June 2015, which may be used by investors to assist with the review of their pensions.

7.3 Distributions to Investors

As previously advised, I am on notice from KordaMentha that the MPF potentially have a breach of trust claim against the Fund. In addition, the Receivers and Managers who were appointed to Bellpac have put me on notice not to distribute funds until the proceedings mentioned at section 4.2.2 above are

resolved and also due to the MPF position, the secured creditor has not yet released its charge or retired its Receivers.

Once the Receivers and Managers of the fund have retired and funds released to me, I will be required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the Bellpac litigation, the funds received for the loan/lease agreements of the aged care facilities (which totals approximately \$12 million) and potentially in relation to the KordaMentha claims.

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

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

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

7.4 Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor in the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if investors could nominate an email address as their preferred method to receive correspondence. Investors may update their details as outlined in Section 7.5 below. For those investors that do not have an email address, correspondence will continue to be sent to you via post.

My next report to investors will be issued by 31 October 2015.

7.5 Investors Queries

For any changes to investors details, please review the Useful Forms/Procedures tab on the website www.lmfmf.com which includes information regarding the following procedures:

- Change of Contact Address/Bank Account Details
- Change of Contact Address/Bank Accounts Details of a Deceased Estate
- Change of Trustee of Self-Managed Super Fund
- Transfer of Unit Holding from a Super Fund/ Trustee Company to Personal Name(s)
- Transfer of Unit Holding from a Deceased Estate to a Sole Survivor
- Transfer from a Deceased Estate to a Beneficiary of an Estate

It is a requirement that advisors or other third parties acting on behalf of Unit Holders are doing so pursuant to a relevant Authority/Power of Attorney. Please ensure that a relevant Authority/Power of Attorney accompanies the abovementioned documents as necessary (if an Authority/Power of Attorney has not previously been provided).

It is preferable that all requests are sent via email on enquiries@lmfmif.com. Alternatively please send via post to the contact details as follows:



BDO
GPO Box 457
Brisbane QLD 4001
Phone: +61 7 3237 5999
Fax: +61 7 3221 9227

7.6 LM Investor Victim Centre (LMIVC)

The LMIVC are trying to gather support for potential collective action and have setup a website that has been brought to my attention, <https://sites.google.com/site/lminvestorvictimcentre/home>.

I have no involvement in the website content and do not accept any responsibility for any of the views expressed therein. I simply bring it to your attention and you should take appropriate legal and/or financial advice before proceeding with any legal or other actions.

8 Fees and other expenses claimed by LM Investment Management Ltd (In Liquidation) ("LMIM") (by its liquidators, FTI Consulting)

The liquidators of LMIM, have advised of outstanding remuneration and costs from LMIM, made out to the Fund, totalling \$3,618,015 excluding GST for payment in relation to their remuneration and out of pocket expenses for the period up to 30 June 2015.

The claim can be broken down into the following four categories:

- Category 1 relates to time spent working on specific fund matters;
- Category 2 is in respect of LMIM's role as the Responsible Entity of the Fund with the time spent by the liquidators and their staff being allocated across all Funds under their control based on a percentage of funds under management;
- Legal advisors costs
- Loan recovery costs

	Outstanding (GST exclusive) \$
Direct time charged to work undertaken for the Fund - including outlays (category 1)	1,764,634
Allocation of Responsible Entity time (category 2)	1,248,759
Legal Advisor costs	375,249
Loan recovery costs	229,373
	3,618,015

As previously advised, both McGrathNicol and I have raised legal questions as to whether certain work done by the liquidators of LMIM can properly be charged to the Fund, as well as questions as to the quantum claimed.

Previous attempts to agree to a process for determining the validity of their claims have been unsuccessful. The Liquidators of LMIM made an application to the Supreme Court of Queensland, which was heard on 20 July 2015, for directions and orders in relation to their ongoing role and the extent of their powers and responsibilities to undertake certain duties on behalf of the FMIF and in respect of their remuneration.

The directions and orders sought in the application include (among others) orders to the following effect:

1. Directions as to whether the liquidators are responsible for the discharge of certain functions, duties and responsibilities (as set out in the application) under the *Corporations Act* in the winding up of the FMIF and of LMIM;
2. Directions as to whether LMIM is responsible for the discharge of certain functions, duties and responsibilities (as set out in the application) under the Constitution of the FMIF in the winding up of the FMIF; and
3. An order that the liquidators' remuneration, costs and expenses of discharging the functions, duties and responsibilities mentioned above shall be paid from the assets of the FMIF.

The judge has reserved his decision. I will provide an update to investors via the website www.lmfimf.com once judgement has been handed down and will include a further update in my next report to investors in October 2015.

Copies of all court documents are available on the website www.lmfimf.com.

FTI has recently advised that legal fees of \$375,249 are outstanding in relation to the costs of appealing the decision relating to my appointment. I have requested further information as to why this should be paid from the Fund and may have to seek the directions of the court in this respect.

Additionally, it has recently come to my attention that FTI's solicitors, Russells, have made an application to court to have their costs assessed totalling approximately \$1.45 million and which appear to relate to the Fund. I have requested further details in this regard and requested that the court application be adjourned until the position is clarified and so that consideration can be given as to the most appropriate way of determining any costs to be paid from the Fund's assets.

9 Receiver's Remuneration and Expenses

There have been three applications to court to date to approve my remuneration from the date of my appointment on 8 August 2013 until 30 April 2015.

The third hearing took place on 23 June 2015. The court approved the remuneration sought of \$1,761,911.25 (inclusive of GST) in respect of work undertaken in dealing with FMIF during the period from 1 October 2014 to 30 April 2015.

In addition, the court approved the remuneration sought of \$442,214.30 in respect of the work undertaken on the controllerships during the period 1 October 2014 to 30 April 2015.

A copy of the court order, originating application and supporting material can be found on the website www.lmfimf.com.

In addition to the remuneration above, I calculate that, on a time basis, I have incurred further remuneration of \$1,044,723.50 plus outlays of \$21,685.80 plus GST from 1 May 2015 to 24 July 2015 including work undertaken in respect of the controllerships for the retirement village assets of \$107,745.50 plus outlays of \$2,078.62 plus GST as detailed in the table below and attached summaries.

	Remuneration (GST exclusive) \$	Outlays (GST exclusive) \$
LM First Mortgage Income Fund (Receivers & Managers Appointed) (Receiver Appointed)	1,044,723.50	21,685.80
OVST Pty Ltd (In Liquidation) (Controllers Appointed)	18,881.00	42.56
Pinevale Villas Morayfield Pty Ltd (In Liquidation) (Controllers Appointed)	19,181.00	72.24
Bridgewater Lake Estate Ltd (In Liquidation) (Controllers Appointed)	44,624.00	5.59
Redland Bay Leisure Life Ltd (In Liquidation) (Controllers Appointed)	16,806.50	1,958.23
Redland Bay Leisure Life Development Ltd (In Liquidation) (Controllers Appointed)	1,289.00	0
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Receivers & Managers Appointed) (Controllers Appointed)	6,964.00	0
	1,152,469	23,764.42

Significant work has been undertaken during this period including the following:

- Dealing with the investigation and litigation matters mentioned at Section 4 of this report which included, among other things:
 - Extensive research of the Fund's books and records, including additional resources being required to prepare for the Public Examination including assistance provided by the BDO auditors;

- Prepare information for solicitors and counsel to assist in the public examination of the former auditors and certain directors;
 - Attendance at the Public Examination over a nine day period to provide assistance to our solicitors and counsel in examining the auditors and directors;
 - Attendance at mediation in relation to a litigation matter;
 - Progress the claim against the MPF and others.
- Dealing with FTI's court application in respect of the liquidator's residual powers.
 - Dealing with the investor management function for approximately 4,500 investors including answering queries on the winding up of the Fund and maintaining the investment database, including any change in details or transfer of units.
 - Preparing the last remaining retirement village asset for sale, finalisation of the sale process and including meetings and negotiations with the purchaser;
 - Finalising outstanding trading matters from the sale of the other four retirement villages and finalising creditor payments;
 - Negotiating with the mortgagor and the purchaser of the retirement villages which the FMIF holds a second mortgage over
 - Preparation of unit price calculation and review asset listings and information supplied by McGrathNicol

10 Queries

Should unit holders wish to advise of any changes in details or require further information, please contact BDO as follows:

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

Yours sincerely



David Whyte
Receiver

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

LM First Mortgage Income Fund (Receivers & Managers Appointed) (Receiver Appointed)

Employee	Position	Rate	Totals		Task Area									
					Assets		Creditors		Trade On		Investigations		Administration	
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	560	209.1	117,096.00	41.7	23,352.00	17.7	9,912.00	56.3	31,528.00	53.1	29,736.00	40.3	22,568.00
Eric Leeuwendal	Director	495	429.3	212,503.50	118.4	58,608.00	32.9	16,285.50	10.9	5,395.50	262.3	129,838.50	4.8	2,376.00
Craig Jenkins	Partner	485	216.8	105,148.00							216.8	105,148.00		
Clark Jarrold	Partner	485	339.2	164,512.00							339.2	164,512.00		
Scott Birkett	Partner	470	0.3	141.00							0.3	141.00		
Margaux Beauchamp	Associate	470	61.9	29,093.00							61.9	29,093.00		
Alastair Raphael	Senior Manager	440	97.7	42,988.00			1.7	748.00			95.8	42,152.00	0.2	88.00
John Somerville	Senior Manager	440	102.6	45,144.00	12.8	5,632.00	17.0	7,480.00	27.2	11,968.00	1.5	660.00	44.1	19,404.00
Chris Catanzaro	Director	400	2.0	800.00							2.0	800.00		
Tim Mann	Partner	390	11.0	4,290.00							11.0	4,290.00		
Michelle Matchett	Associate	390	4.6	1,794.00	3.2	1,248.00							1.4	546.00
Julie Pagcu	Senior Manager	365	73.8	26,937.00							73.8	26,937.00		
Ashleigh Simpson-Wade	Supervisor	360	214.6	77,256.00	96.2	34,632.00	0.9	324.00			112.8	40,608.00	4.7	1,692.00
Daniel Tipman	Supervisor	360	21.3	7,668.00	0.2	72.00	7.6	2,736.00	13.4	4,824.00			0.1	36.00
Murray Daniel	Supervisor	360	244.4	87,984.00	35.5	12,780.00	21.9	7,884.00	121.4	43,704.00	26.7	9,612.00	38.9	14,004.00
Michael Dharmaratne	Supervisor	360	0.3	108.00									0.3	108.00
Mia Russo	Supervisor	280	0.2	56.00	0.2	56.00								
Sarah May	Supervisor	275	17.5	4,812.50							17.5	4,812.50		
Selina Leung	Supervisor	275	2.5	687.50							2.5	687.50		
Kirsty Bauer	Senior Accountant I	250	0.3	75.00									0.3	75.00
Clare Coyle	Senior Accountant I	240	21.5	5,160.00							21.5	5,160.00		
Rycko Taniran	Senior Analyst II	240	0.5	120.00							0.5	120.00		
Nicola Kennedy	Senior Accountant II	225	110.7	24,907.50	1.8	405.00	1.8	405.00	104.1	23,422.50			3.0	675.00
Dermot O'Brien	Accountant II	195	92.5	18,037.50							5.2	1,014.00	87.3	17,023.50
Julia Mayne	Accountant II	195	97.8	19,071.00	0.7	136.50	0.5	97.50	19.5	3,802.50			77.1	15,034.50
Samantha Brown	Accountant II	195	26.7	5,206.50			12.5	2,437.50					14.2	2,769.00
Sarah Cunningham	Team Assistant	195	7.5	1,462.50	0.5	97.50			6.9	1,345.50			0.1	19.50
Ainsley Watt	Accountant I	195	0.7	136.50			0.3	58.50			0.4	78.00		
Dale Ludwig	Accountant I	185	91.3	16,890.50	83.4	15,429.00							7.9	1,461.50
Samantha Brown	Accountant II	160	80.6	12,896.00			1.1	176.00	0.5	80.00	39.0	6,240.00	40.0	6,400.00
Nicole Jackson	Team Assistant	155	4.5	697.50			0.5	77.50					4.0	620.00
Ashley Lambden	Accountant II	155	8.5	1,317.50							8.5	1,317.50		
Bodie Smith	Accountant I	145	0.9	130.50									0.9	130.50
Phillippa Redman	Accountant II	145	4.5	652.50	4.5	652.50								
Lisa Fishwick	Team Assistant	130	1.0	130.00							1.0	130.00		
Brooke Streidl	Team Assistant	130	53.2	6,916.00							53.2	6,916.00		
TOTALS			2,672.9	1,044,723.50	399.1	153,100.50	116.4	48,621.50	360.2	126,070.00	1,412.5	610,693.00	384.7	106,238.50
GST				104,472.35										
TOTAL INC GST				1,149,195.85										
AVERAGE HOURLY RATE				391		384		418		350		432		276

Note: All amounts exclude GST unless otherwise noted

**LM First Mortgage Income Fund (Receivers & Managers Appointed)
(Receiver Appointed)**

Expense Type	Amount (\$ ex GST)
Airfares	712.73
Accommodation	417.96
Photocopy	2,633.10
Printing	666.60
General	6,786.95
Courier	30.66
Search Fee	111.20
Taxi fares	83.31
Postage	10,195.33
Parking	18.18
Archive Retrieval	29.78
TOTAL	21,685.80
GST	2,168.58
TOTAL INC GST	23,854.38

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015
OVST Pty Ltd (In Liquidation)(Controllers Appointed)

Employee	Position	Rate	Totals		Task Area											
			hrs	\$	Assets		Creditors		Employees		Trade On		Investigations		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Leisa Rafter	Partner	600	1.3	780.00								1.3	780.00			
David Whyte	Partner	560	1.9	1,064.00	0.1	56.00			0.1	56.00	1.7	952.00				
John Somerville	Senior Manager	440	12.7	5,588.00	1.0	440.00					7.6	3,344.00		4.1	1,804.00	
Joanne Garcia	Manager	400	0.6	240.00							0.6	240.00				
Ashleigh Simpson-Wade	Supervisor	360	0.1	36.00	0.1	36.00										
Murray Daniel	Supervisor	360	1.8	648.00							0.2	72.00		1.6	576.00	
Samuel Alexander	Supervisor	320	3.2	1,024.00								3.2	1,024.00			
Nicola Kennedy	Senior Accountant II	225	11.7	2,632.50	0.7	157.50					10.2	2,295.00		0.8	180.00	
Sarah Cunningham	Team Assistant	195	5.0	975.00							4.3	838.50		0.7	136.50	
Julia Mayne	Accountant II	195	28.9	5,635.50			0.2	39.00			25.4	4,953.00		3.3	643.50	
Samantha Brown	Accountant II	195	0.2	39.00										0.2	39.00	
Samantha Brown	Accountant II	160	0.6	96.00										0.6	96.00	
Leisa Muller	Team Manager	135	0.2	27.00								0.2	27.00			
Moir Hattingh	Team Assistant	80	1.2	96.00										1.2	96.00	
TOTALS			69.4	18,881.00	1.9	689.50	0.2	39.00	0.1	56.00	50.0	12,694.50	4.7	1,831.00	12.5	3,571.00
			GST	1,888.10												
			TOTAL INC GST	20,769.10												
			AVERAGE HOURLY RATE	272	363	195	560	254	390	286						

Note: All amounts exclude GST unless otherwise noted

OVST Pty Ltd (In Liquidation)(Controllers Appointed)

Expense Type	Amount (\$ ex GST)
Postage	42.56
TOTAL	42.56
GST	4.26
TOTAL INC GST	46.82

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

Pinevale Villas Morayfield Pty Ltd (In Liquidation)(Controllers Appointed)

Employee	Position	Rate	Totals		Task Area							
					Assets		Creditors		Trade On		Administration	
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	560	2.4	1,344.00			0.1	56.00	2.3	1,288.00		
John Somerville	Senior Manager	440	11.3	4,972.00	0.5	220.00			6.9	3,036.00	3.9	1,716.00
Joanne Garcia	Manager	400	0.6	240.00					0.6	240.00		
Murray Daniel	Supervisor	360	1.6	576.00					0.2	72.00	1.4	504.00
Nicola Kennedy	Senior Accountant II	225	15.9	3,577.50	0.8	180.00			14.0	3,150.00	1.1	247.50
Sarah Cunningham	Team Assistant	195	8.9	1,735.50					8.9	1,735.50		
Julia Mayne	Accountant II	195	32.0	6,240.00					30.0	5,850.00	2.0	390.00
Samantha Brown	Accountant II	160	2.5	400.00	1.1	176.00			0.5	80.00	0.9	144.00
Moirra Hattingh	Team Assistant	80	1.2	96.00							1.2	96.00
TOTALS			76.4	19,181.00	2.4	576.00	0.1	56.00	63.4	15,451.50	10.5	3,097.50
GST				1,918.10								
TOTAL INC GST				21,099.10								
AVERAGE HOURLY RATE			251		240		560		244		295	

Note: All amounts exclude GST unless otherwise noted

**Pinevale Villas Morayfield Pty Ltd (In Liquidation)(Controllers
Appointed)**

Expense Type	Amount (\$ ex GST)
Postage	72.24
TOTAL	72.24
GST	7.22
TOTAL INC GST	79.46

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

Bridgewater Lake Estate Ltd (In Liquidation) (Controllers Appointed)

Employee	Position	Rate	Totals		Task Area									
					Assets		Creditors		Trade On		Investigations		Administration	
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Leisa Rafter	Partner	600	1.3	780.00							1.3	780.00		
David Whyte	Partner	560	7.1	3,976.00	4.2	2,352.00			2.6	1,456.00			0.3	168.00
John Somerville	Senior Manager	440	56.0	24,640.00	33.2	14,608.00	1.4	616.00	19.6	8,624.00			1.8	792.00
Joanne Garcia	Manager	400	0.4	160.00					0.4	160.00				
Ashleigh Simpson-Wade	Supervisor	360	1.0	360.00	1.0	360.00								
Murray Daniel	Supervisor	360	3.6	1,296.00	0.2	72.00			0.7	252.00			2.7	972.00
Samuel Alexander	Supervisor	320	7.2	2,304.00							7.2	2,304.00		
Nicola Kennedy	Senior Accountant II	225	9.4	2,115.00	1.6	360.00			7.7	1,732.50			0.1	22.50
Sarah Cunningham	Team Assistant	195	15.1	2,944.50					15.0	2,925.00			0.1	19.50
Julia Mayne	Accountant II	195	24.8	4,836.00	0.8	156.00			23.0	4,485.00			1.0	195.00
Samantha Brown	Accountant II	195	4.3	838.50	4.3	838.50								
Samantha Brown	Accountant II	160	1.5	240.00					0.8	128.00			0.7	112.00
Sarah Matthews	Team Assistant	140	0.5	70.00							0.5	70.00		
Moira Hattingh	Team Assistant	80	0.8	64.00									0.8	64.00
TOTALS			133.0	44,624.00	45.3	18,746.50	1.4	616.00	69.8	19,762.50	9.0	3,154.00	7.5	2,345.00
			GST	4,462.40										
			TOTAL INC GST	49,086.40										
			AVERAGE HOURLY RATE	336	414	440	283	350	313					

Note: All amounts exclude GST unless otherwise noted

Bridgewater Lake Estate Ltd (In Liquidation) (Controllers Appointed)

Expense Type	Amount (\$ ex GST)
Postage	5.59
TOTAL	5.59
GST	0.56
TOTAL INC GST	6.15

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

Redland Bay Leisure Life (In Liquidation) (Controllers Appointed)

Employee	Position	Rate	Totals		Task Area									
					Assets		Creditors		Trade On		Administration			
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$		
David Whyte	Partner	560	1.1	616.00					1.1	616.00				
John Somerville	Senior Manager	440	9.4	4,136.00	0.4	176.00			7.2	3,168.00	1.8	792.00		
Joanne Garcia	Manager	400	0.6	240.00					0.6	240.00				
Murray Daniel	Supervisor	360	1.8	648.00					0.4	144.00	1.4	504.00		
Nicola Kennedy	Senior Accountant II	225	16.3	3,667.50	1.2	270.00			14.3	3,217.50	0.8	180.00		
Sarah Cunningham	Team Assistant	195	15.8	3,081.00					15.8	3,081.00				
Julia Mayne	Accountant II	195	21.6	4,212.00			0.3	58.50	19.4	3,783.00	1.9	370.50		
Samantha Brown	Accountant II	195	0.4	78.00							0.4	78.00		
Samantha Brown	Accountant II	160	0.3	48.00					0.3	48.00				
Moir Hattingh	Team Assistant	80	1.0	80.00			0.1	8.00			0.9	72.00		
TOTALS			68.3	16,806.50	1.6	446.00	0.4	66.50	59.1	14,297.50	7.2	1,996.50		
			GST	1,680.65										
			TOTAL INC GST	18,487.15										
			AVERAGE HOURLY RATE	246		279		166		242		277		

Note: All amounts exclude GST unless otherwise noted

Redland Bay Leisure Life (In Liquidation) (Controllers Appointed)

Expense Type	Amount (\$ ex GST)
Postage	50.40
General	1,907.83
TOTAL	1,958.23
GST	195.82
TOTAL INC GST	2,154.05

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

Redland Bay Leisure Life Development Ltd (In Liquidation) (Controller Appointed)

Employee	Position	Rate	Totals		Task Area			
					Trade On		Administration	
			hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	560	0.8	448.00	0.8	448.00		
Murray Daniel	Supervisor	360	1.4	504.00			1.4	504.00
Nicola Kennedy	Senior Accountant II	225	0.8	180.00	0.6	135.00	0.2	45.00
Sarah Cunningham	Team Assistant	195	0.5	97.50	0.5	97.50		
Julia Mayne	Accountant II	195	0.1	19.50	0.1	19.50		
Samantha Brown	Accountant II	160	0.2	32.00			0.2	32.00
Moira Hattingh	Team Assistant	80	0.1	8.00			0.1	8.00
TOTALS			3.9	1,289.00	2.0	700.00	1.9	589.00
				GST	128.90			
				TOTAL INC GST	1,417.90			
				AVERAGE HOURLY RATE	331		310	

Note: All amounts exclude GST unless otherwise noted

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 24 July 2015

Cameo Estates Lifestyles Villages

Employee	Position	Rate	Totals		Task Area					
					Assets		Trade On		Administration	
			hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	560	0.4	224.00			0.4	224.00		
John Somerville	Senior Manager	440	6.5	2,860.00	0.3	132.00	3.4	1,496.00	2.8	1,232.00
Joanne Garcia	Manager	400	0.4	160.00			0.4	160.00		
Murray Daniel	Supervisor	360	1.7	612.00			0.2	72.00	1.5	540.00
Nicola Kennedy	Senior Accountant II	225	7.3	1,642.50	0.1	22.50	7.2	1,620.00		
Sarah Cunningham	Team Assistant	195	5.3	1,033.50			5.2	1,014.00	0.1	19.50
Julia Mayne	Accountant II	195	1.6	312.00			0.9	175.50	0.7	136.50
Samantha Brown	Accountant II	160	0.4	64.00			0.4	64.00		
Moira Hattingh	Team Assistant	80	0.7	56.00					0.7	56.00
TOTALS			24.3	6,964.00	0.4	154.50	18.1	4,825.50	5.8	1,984.00
			GST	696.40						
			TOTAL INC GST	7,660.40						
			AVERAGE HOURLY RATE	287	386	267	342			

Note: All amounts exclude GST unless otherwise noted

TO WHOM IT MAY CONCERN

31 July 2015

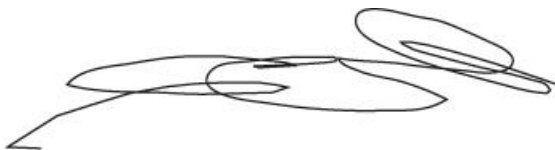
LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED) ARSN 089 343 288 ('the Fund' or 'FMIF')

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

I provide an update on the estimated unit price of the fund as at 30 June 2015, calculated as follows:

	\$
Total Value of Fund Assets as at 30 June 2015	89,029,632
Less Creditors and Other Payables	(17,114,985)
Total Net Value of Fund Assets	71,914,647
Total Number of Units as at 31 December 2014	478,274
Unit Price	0.15

Should you have any queries in respect of the above, please contact Murray Daniel of my office on (07) 3237 5785.



David Whyte
Receiver