

TO THE INVESTOR AS ADDRESSED

3 November 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 eleventh update to investors which provides details of the progress made in the winding up of the Fund, since my last report to investors dated 31 July 2015.

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

- There have been realisations of approximately \$7.7 million from the sale of properties charged to the Fund since my last report on 31 July 2015. Further details are provided at Section 3 below;
- The Liquidator of Bellpac Pty Ltd, has been successful in recovering a further \$1M (before preservation and realisation costs) in regard to the claim for redemption of \$2M of Bonds held in Wollongong Coal Limited. Further details are provided in Section 4.2.2 below;
- The Court's decision in the \$8M Bonds proceedings has been handed down in favour of the Liquidator of Bellpac Pty Ltd. The \$8M Bonds are held in Wollongong Coal Limited. Further details are provided in Section 4.2.2 below;
- The continued public examination of the Fund's former auditors, certain directors and former directors of LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (LMIM) and three additional persons was held for 9 days ending on 29 October 2015. Further details are provided in Section 4.1 below;
- Cash at bank as at 30 September 2015 was \$51.9 million;
- The estimated return to investors is currently 14.4 to 16.3 cents per unit. As previously advised, I am on notice from a number of parties of potential claims against the Fund;
- Since my last update to investors, KordaMentha as trustee of the Managed Performance Fund (the Trustee) has obtained directions that it would be justified in continuing with two proceedings in the Supreme Court of Queensland against LMIM seeking equitable compensation

against LMIM and a declaration of constructive trust over assets of the Fund in the sum of about \$29.2M plus interest (see Section 2 below for further details). The Receivers and Managers of the Fund appointed by the secured creditor are also yet to retire because of these potential claims. I will not be in a position to make distributions to investors until these matters have been resolved;

- Legal proceedings have also been progressed during the period, details of which are provided at Section 4;
- On 15 October 2015, a judgement was handed down by the Supreme Court of Queensland in relation to an application by the Liquidators of LMIM (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 Fund. The directions made by the Court are to be reflected in formal Orders which are yet to be made; further details are provided at Section 8;
- A decision on FTI's remuneration and legal expenses are still to be resolved as detailed at Section 8.

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 Secured creditor and proceedings by KordaMentha

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 claims by KordaMentha as the new trustee of the MPF (the Trustee) is resolved;
- In August 2014, the Trustee filed two proceedings in the Supreme Court of Queensland against LMIM seeking equitable compensation and a declaration of constructive trust over assets of the Fund in the sum of about \$29.2M plus interest relating to two loans that were allegedly assigned from the FMIF to the MPF on 28 August 2008 in the sums of about \$9.7 million and \$19.5 million;
- On 29 May 2015 the Trustee filed an application under the Trusts Act for directions that it is justified in prosecuting the two claims. The hearing of the application was adjourned to 18 August 2015 so further evidence could be filed to assist the Court to determine the application, and written submissions could be exchanged.

Further developments since my last report to investors is summarised below:

Proceedings by KordaMentha (as Trustee of the MPF)

- The Trustee's application for directions was heard on 18 August 2015 and judgment was reserved;

- On 26 August 2015, judgment was delivered giving the directions sought by the Trustee under the Trusts Act that it would be justified in prosecuting the two proceedings against LMIM, subject to the filing in the Court of Deed Polls signed by the Trustee's litigation funder confirming that the litigation funder agrees to pay adverse costs orders made in the proceedings against the Trustee during the term of the litigation funding agreement. The Deed Polls have now been filed in the Court;
- The Court did not make any findings as to disputed questions of fact or law, or make any final orders in the Trustee's application for directions; rather, the purpose of the application for directions was for the Court to determine whether or not the Trustee would be justified in continuing with the proceedings, having regard to, among other things, whether it would be in the best interests of the members of the MPF for the Trustee to do so;
- To assist the Court in considering whether or not the Trustee's application for directions should be granted, I conducted some preliminary investigations and filed in the Court evidence questioning the quantum of the claims asserted by the Trustee in the proceedings, and in particular, questioning whether the payments made by the MPF for the assignment of the loans the subject of the proceedings can be traced into identifiable property of the Fund;

As a result of my preliminary investigations I believe that the quantum of the claims made by the Trustee against assets of the FMIF is, at the very least, highly questionable;

- At the same time, the Trustee's applications for leave to proceed against LMIM were granted (under the Corporations Act, because LMIM is in liquidation, the leave of the Court is required in order to bring a claim against it);
- I became concerned that the Trustee might have a conflict of duty, or a potential conflict of duty, if it prosecuted the proceedings, by reason of KordaMentha acting as Investigating Accountant (IA) for the Commonwealth Bank of Australia (CBA), the Fund's financier, from late 2008 to mid 2010. My investigations into this issue are ongoing;
- Amended statements of claim were served on LMIM on 8 September 2015;
- Further amended statements of claim were served on LMIM on 14 October 2015 seeking additional proprietary relief against assets of the FMIF, including:
 - Declarations to the effect that LMIM is entitled to be indemnified out of the Fund's assets in respect of any liability of LMIM to the Trustee in the proceedings and that the Trustee is entitled to be subrogated to the rights of LMIM in this regard;
 - An equitable charge or lien over the assets of the FMIF to secure any liability of LMIM to the Trustee in the proceedings;
- Given my preliminary investigations to date, I consider that the claims made against assets of the FMIF in the proceedings should be defended, given that the quantum of such claims appear highly questionable, and any adverse judgment has the potential to erode the assets of the FMIF available for distribution to members.
- I have filed applications and a supporting Affidavit in the Court seeking directions that:

- I would be justified in representing the interests of LMIM in the proceedings and in conducting the defence of the claim made against the LMIM in the name of LMIM to the extent necessary to defend any claim pursuant to which relief is sought against the assets of the Fund;
- Alternatively, that I would be justified in seeking to be joined as court appointed receiver of the property of the Fund as a party to the proceedings as a further defendant and to defend the claims made in the proceedings for relief against the assets of the Fund.
- The Liquidators of LMIM are due to file any affidavit material in reply to my application for directions by 11 November 2015. The Liquidators have previously suggested in correspondence that they ought to have carriage of the day-to-day conduct of the Defence, and that I ought to undertake the accounting investigations relevant to the constructive trust remedy sought in the proceedings;
- My application for directions is listed for hearing on 7 December 2015;
- Following the determination of the application for directions, the matter will be further listed for review by the Court.

Position of the secured creditor

- The Trustee's solicitors have advised that:
 - The Trustee has concluded its investigations in relation to a number of matters and that it is unlikely that it will pursue many of the possible claims referred to in previous correspondence;
 - The Trustee no longer considers it likely that its claims will exhaust the Fund's assets.
- Given the above and that no claim has been made by the Trustee against DB or the Receivers, I have continued to liaise with the DB Receivers as to their ongoing role.

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

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. The claim is for in excess of \$20M.

The proceedings are at the discovery stage. See Section 4.2.1 below for further details.

3. Realisation of Assets

In my report dated 31 July 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 31 July 2015

Location	Description of Asset
QLD	90 strata titled hotel rooms. Since my last report, the two units remaining have settled.
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. The Fund held a second mortgage over these properties which settled in October 2015.

3.2 Assets with partial realisations

Location	Description of asset	
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, no further properties have been sold, with 11 lots remaining.	On the market
QLD	72 strata titled unit resort complex with management rights. At the time of my appointment 57 units remained. 31 units plus the management rights remain to be sold.	On the market
WA	The development has been subdivided into three super lots. The first lot was sold in January 2014. The remaining lots settled on 27 July 2015 and 30 July 2015 respectively. Possession of a guarantor's property has been obtained, which is now on the market for sale.	Sold/ on the market

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)

I summarise the status of this matter as at the date of my last report 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 for the examination of the former auditors and certain directors and former directors (Directors) of LM Investment Management Ltd (In Liquidation) (Receivers and Managers Appointed).

- The former 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 first day of the PE was on 16 March 2015 when the examinees (directors and former auditors) produced a small quantity of documents. As a consequence of the delay in the former 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 on the former 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 obtained further Court dates from 19 to 30 October 2015 to finalise the public examinations.
- The production of documents pursuant to the summonses by the former auditors was not complete. I sought further documents from the former auditors (mainly emails) and they agreed to provide the documents in three tranches, with the final tranche due by 29 August 2015.
- The transcripts from the public examinations conducted in June were sent to the examinees for review and confirmation.
- The information obtained from the June public examinations was extensive. Further details about the public examinations will be provided to investors in due course.

Further developments since my last report to investors is summarised below:

- The transcripts from the June examinations have now been signed by the examinees.
- As a consequence of the evidence obtained at the June 2015 public examination, I made application to the Court to examine three further persons as follows:
 - Alexander David Monaghan (David Monaghan). Mr Monaghan was a former commercial manager. He later commenced a legal practice, Monaghan Lawyers, which operated from LMIM's premises.
 - Shelley Chalmers was a former paralegal officer for LMIM; and
 - Angelo Venardos was a former chairperson for LMIM's compliance committee
- The Court granted the orders on 24 September 2015 and summonses were issued for the additional examinees soon thereafter.

Substantial further investigations were undertaken by BDO on the former auditor's working papers, additional documents and emails received, and the LM server documents. A further extensive brief was provided to our counsel to facilitate our counsel in questioning the parties under oath at the public examination.

The public examination continued on 19 October 2015 and concluded on 29 October 2015. Prior to the commencement of the examination of David Monaghan, I received objections from the Trustees of MPF and the Liquidators of LMIM (FTI) on the basis that questions put and answers given by Mr Monaghan may be subject to legal professional privilege. Although I did not agree with the objections raised, I

agreed a procedure with the Trustee whereby the examination of Mr Monaghan on certain matters continue in a closed court (not open to the general public examination) in order to avoid a delay or deferment of the public examination.

Whilst the transcripts of the October 2015 public examination have not yet been received and signed by the examinees, the information obtained from the public examination is extensive. Further details about the outcome of the public examinations will be provided to investors in due course.

The manner in which the former auditors sought to comply with their obligations for the production of documents for the public examination has in my view made our preparation and conduct of the public examination more difficult and this has contributed to the cost of the public examinations. In my view, the former auditors' conduct included:

- Delayed production of documents
- Disorderly production
- Missing documents
- Unreadable documents
- And the provision of an encrypted Laptop. Many electronic documents were not received in hard copy. The encryption of the laptops prevented any printing, access of the hard drive or ability to download documents and information.

These matters were raised by our solicitors with the former auditors' solicitors and were raised with the former auditors at the public examination.

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;
- 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;
- 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 sought 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;
- 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.

Further developments since my last report to investors is summarised below:

- During my investigations in relation to the Bellpac matter and discussions with former directors/employees I am concerned emails may have been deleted. My enquiries of a forensic IT expert indicated that there is a much greater chance of recovering permanently deleted emails from a forensic image of computer servers (particularly taken at an earlier point in time) than it would be from an IT copy of the computer servers taken in December 2014, which is the copy that I, FTI and the Trustee obtained;

- As part of the document plan for discovery of the documents, I proposed to the parties that after I undertake discovery of documents directly relevant to an allegation in issue in the proceedings from the LM servers, that FTI discover any relevant permanently deleted emails from the forensic image copy of the LM servers (FI Server) taken by FTI shortly after their appointment as Voluntary Administrators of LMIM in March 2013.

FTI resisted this part of the document plan on the basis of the likely cost of the process. As a consequence and in order to not delay the discovery process, that part of the document plan was removed however, I reserved the right to seek this disclosure once further investigations were undertaken of the process and cost of recovering permanently deleted emails from the FI Server.

- The parties conferred and agreed on the process by which the documents are to be exchanged in the discovery process, a timetable to meet the dates allocated by the Court and on an appropriate order for directions regarding disclosure.
- At the review hearing on 14 August 2015, the orders agreed with the parties were granted. In summary:
 - I am permitted to undertake discovery of all documents of LMIM, the MPF and LMIM for the purposes of the proceeding which is directly relevant to an allegation in issue in the proceedings;
 - Each of the Director Defendants are relieved from making disclosure;
 - The other parties make disclosure and exchange their disclosure in accordance with the Document Plan;
 - FTI deliver to us its response to my request dated 17 July 2015 for further and better particulars of FTI's defence by 17 August 2015.
- FTI provided to us its further and better particulars on 17 August 2015 however, FTI in many instances, did not provide a proper response. FTI advised that some of our requests were not proper requests and further particulars would be provided at the completion of interlocutory steps. Despite disputing these issues with FTI, they declined to provide further information.
- One of the responses provided by FTI included a schedule titled "MPF's contributions" with transactions up to late November 2010, to support the amount in its defence being approximately \$1.638M for funding of three proceedings, related litigation, other associated costs and Receivers and Liquidators fees. The amount pleaded in our statement of claim was that the funding of the Gujarat proceedings did not exceed \$1.38M. MPF pleaded in its defence that the funding by MPF exceeded \$1.38M;
- As part of the discovery process, further extensive investigations have been undertaken by us to review the relevant LM servers and 3rd party documents obtained in respect of the costs claimed by MPF as being for the funding of the Gujarat litigation. Based on our investigations, the funding of the Gujarat proceedings by MPF was less than \$1.38M;
- My investigations of the process and cost of recovering permanently deleted emails from the FI Server indicate it will not be costly to undertake and I have now agreed a process with FTI to recover and extract any permanently deleted emails that are directly relevant to an allegation in issue in the proceedings.

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.
- 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 had paid the Liquidator \$500,000 and subject to an amended deed of settlement being executed, a further \$500,000 was to be paid with two further instalments of \$500,000 each.

Further developments since my last report to investors is summarised below:

- WCL failed to provide the BG by the due date and an extension to 14 July 2015 was agreed by the Liquidator. WCL then failed to provide the BG by 14 July 2015 and proposed further varied terms.
- The Liquidator negotiated with WCL on the terms of an amending deed which included the provision of a bank guarantee by 19 August 2015 and proposed to execute the amending deed.
- Before the terms of the amending deed were finalised, WCL advised that they were unable to obtain a BG and offered to provide a corporate guarantee from its parent company domiciled in India;
- The corporate guarantee was rejected by the Liquidator and following further negotiations, WCL agreed to amend the timing for the three remaining payments, as follows;
 - the 2nd \$500K instalment on execution of a further amending deed;
 - the 3rd \$500K instalment by 15 October, 2015;
 - the 4th \$500K instalment by 21 December 2015
- The Liquidator has executed the further amending deed and the 2nd and 3rd \$500,000 instalments have been received by him.

I have continued to liaise with the Liquidator in relation to each aspect of the above developments and will continue to do so in relation to the remaining \$500K instalment.

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.

The Liquidator has advised that before any funds are remitted to us, they will need to obtain advice in relation to a claim made by a 3rd ranking secured creditor of Bellpac to have priority by way of charge over the \$2M Bonds. This was claimed in Federal Court proceedings against the Liquidator in another Federal Court proceeding. These are the Austcorp proceedings (see Section c. below) which have been discontinued against the Liquidator, LMIM, the Bellpac Receivers and insurers and remains only against PTAL. The Liquidator has also advised that it proposes to seek approval for its accrued remuneration currently in the order of \$151,000 plus GST and that it is likely it will need to be approved by the Court. Under the funding agreement with the Liquidator, he is entitled to priority for care, preservation and realisation costs from the proceeds of realisation of the Bonds.

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.

Further developments since my last report to investors is summarised below:

- The decision was handed down on 18 September 2015 and Bellpac was successful in its primary case.
- Submissions to the Court in terms of the orders to give effect to the judgement have been filed and these include:
 - Declarations that Bellpac is the true owner of the Bonds;
 - Declarations that the defendants deliver up the original Bonds to the Liquidator;
 - Orders that WCL rectify its register of bondholders to reflect Bellpac as the owner of the Bonds;
 - Orders as to costs payable by the defendants in favour of Bellpac.

Once the Orders are settled, I understand that the Liquidator intends to serve notices on WCL at the earliest opportunity, being January 2016, to convert the Bonds to shares so steps can be taken to realise the shares or if there is again a failure by WCL to issue shares (as happened with the \$2M Bonds matter), seek redemption of the Bonds for cash.

c. Proceedings against Bellpac Receivers, LMIM, PTAL and others ("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 third mortgagee over Bellpac commenced proceedings against the Parties in relation to the alleged sale at undervalue of the Bellpac property. 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.

- 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 steps in the proceedings.
- The applications to strike out the proceedings and interlocutory application filed by the plaintiffs to vary the security for costs orders 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.

Further developments since my last report to investors is summarised below:

- On 14 September 2015, the proceedings against the Bellpac Receivers were discontinued and security was put up by the plaintiffs to continue the proceedings against PTAL.
- At the review hearing on 22 October 2015, a timetable was set for the proceedings to continue with PTAL required to file its defence by 2 December 2015.

Under the custody agreement with PTAL, it has a right of indemnity from LMIM out of the Fund's assets for any liability, demand, loss etc. incurred in connection with any action, suit, claim and demand which may be brought or threatened against PTAL by reason of it complying with any instruction by an authorised person.

As a consequence of the plaintiffs discontinuing the proceedings against the other defendants, including LMIM and the Bellpac Receivers, we are entitled to claim our costs incurred in the proceedings against the plaintiffs. We have instructed our solicitors to have the costs assessed and have arranged for the Bellpac Receivers to have their costs assessed by the same costs assessor. Once these costs are assessed we will be pursuing the plaintiffs for the payment of these costs.

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.

As part of our investigations for the public examinations, we have reviewed the above issues as they relate to the financial statements and compliance plan audits. Subject to the outcome and advice received following the recent public examinations, we will assess what claims if any, that may arise against certain parties.

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 was undertaken in preparation for and during the recent public examinations.

In addition, investigations have been undertaken into the redemption of units held by the Feeder Funds in the FMIF which LMIM permitted during a time the Fund had suspended redemptions. In various disclosures made by LMIM as RE of the Fund, redemptions were suspended, except for hardship cases and Feeder Fund payments for distributions and expenses. These transactions with the Feeder Funds are related party transactions and as such, the Feeder Funds should not be given preferential treatment to other investors and LMIM as RE should not derive a benefit. My investigations indicate management fees were paid by the Feeder Funds from the funds received from redemptions.

Subject to the outcome and advice received following the recent public examinations, I will assess what claims that may arise against certain parties.

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

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.

On 13 August 2015, His Honour Edelman J made directions regarding minor amendments to the statement of claim, foreshadowed directions to be made shortly by consent and relisted the matter for directions on 12 October 2015.

On 12 October 2015, the matter was relisted for directions on 20 November 2015.

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

4.4 Former Auditors

I refer to my update in Section 4.1 of this report.

I have obtained copies of the former auditor's working papers that were produced as part of the public examination which concluded on 30 October 2015 and I (including BDO auditors) have undertaken substantial investigations of those working papers and the LM server documents.

Once the final transcripts of the public examinations are produced by the Court and signed by the examinees, I will obtain legal advice and provide an update to investors in the report following the receipt of the advice.

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

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

- 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.
- The matter is set down for a 4 day trial commencing on 2 November 2015.

Further developments since my last report to investors is summarised below:

- The parties were required to file a joint experts report which occurred on 29 September 2015;
- The report concludes that the quantity surveyor overvalued the progress claims by \$2.1M (excluding interest).

An update will be provided to investors in the next report to investors.

4.5.2 Various claims against guarantors

Several claims are being pursued against guarantors where it is considered commercially worthwhile to do so.

5 Western Union

As advised in my previous report, I was of the understanding that a number of payments in respect of capital distributions to overseas investors in March 2013 were retained by Western Union and not forwarded to the intended recipients. However, further investigations into this matter have indicated that this was not the case. Rather, the balance of funds held in FMIF's account with Western Union is a result of payments returned to the account due to investor details not being up to date.

Upon the appointment of Administrators to LMIM, Western Union closed all unsettled forward contracts (across all related LM entities), thereby causing LMIM's obligations to purchase stipulated amounts of foreign currency to crystallise. Western Union then proceeded to set off funds held in all LM related entity accounts against this resulting liability.

Western Union's solicitors have previously advised that they have a right to set off the funds held in the FMIF account against the liabilities of all LM related entities.

The legal advice sought in relation to this matter confirms that Western Union may only set off amounts due to FMIF against amounts due from the FMIF. Accordingly, I have demanded the repayment of \$93,340.74 plus interest representing the balance held in FMIF's account with Western Union.

6. Management Accounts

The management accounts for the year ending 30 June 2015 are currently being finalised and will be uploaded to the website www.lmfmf.com later this week.

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 14.4 cents and 16.3 cents per unit as at 30 September 2015, calculated as follows:

	Low \$	High \$
Cash at Bank	51,825,184	51,825,785
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 October 21015 and the date of this report)	15,100,000	19,800,000
Estimated Assets Position	82,925,184	87,625,184
<i>Less:</i>		
Selling costs (2.5% of sale price)	(190,000)	(307,500)
Estimated current land tax & rates	(38,227)	(38,227)
Other unsecured creditors	(7,316,561)	(2,587,496)
FTI Fees & legal expenses advised (subject to approval)- refer to Section 8.2 for further details	(3,973,055)	(3,973,055)
Receivers and Managers' Fees (McGrathNicol)	(95,231)	(95,231)
Receivers and Managers' Legal fees (McGrathNicol)	(46,266)	(46,266)
Receiver's fees & outlays (BDO) (including controllerships)	(2,215,481)	(2,215,481)
Receiver's legal fees (BDO)	(206,639)	(206,639)
Total Costs	14,081,460	9,469,895
Estimated net amount available to investors as at 30 September 2015	68,843,724	78,155,289
Total investor units	478,274,000	478,274,000
Estimated return in the dollar	14.4 cents	16.3 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.

In calculating the estimated return to investors, I have also not provided any allowance for the claim filed by the Trustees of the MPF (as detailed in Section 2 of this report) as the prospects of a successful claim against the Fund is unknown at this stage noting the claim will be vigorously defended.

In relation to the total investor units, I have identified a discrepancy between the units recorded in the investor register and the units recorded in the audited and management accounts for the 2012 financial year. My investigations indicate that the discrepancy relates to the method of issuing units to investors who subscribed for units in foreign currencies. I have sought advice from my solicitors in relation to addressing this issue and will provide a further update in my next report.

7.2 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. Indeed two proceedings have now commenced in this respect seeking relief against the Fund's assets. 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 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 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.

7.3 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 7.4 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 January 2016.

7.4 Investors Queries

For any changes to investors details, please review the Useful Forms/Procedures tab on the website www.lmfimif.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 communications are sent via email to enquiries@lmfmif.com with original documents to be mailed as required to:

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

8 LM Investment Management Ltd (“LMIM”)

8.1 Residual Powers application by LMIM (by its Liquidators, FTI Consulting)

As previously advised, 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 and expenses.

The Court delivered its Judgement on 15 October 2015, clarifying the role of the liquidators of LMIM. The directions made by the Court are to be reflected in formal Orders which are yet to be made.

A copy of the formal Orders will be posted on the website www.lmfmif.com in due course.

8.2 Remuneration and other expenses claimed by LMIM (by its Liquidators, FTI Consulting)

The Liquidators of LMIM have advised of outstanding remuneration and costs, made out to the Fund, totalling \$3,973,055 excluding GST for the period up to 30 September 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)	1,795,365
Allocation of Responsible Entity time (category 2)	1,282,387
Legal Advisor costs	665,930
Loan recovery costs	229,373
	3,973,055

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. Notwithstanding my previous attempts to agree a process for determining the validity of the Liquidators claims, I am hopeful that, given the Judgement as outlined in section 8.1 above has now been handed down; a process to resolve this matter can be agreed prior to the further hearing to be held on 17 and 18 December 2015.

In relation to the Liquidators' legal advisor costs, it was brought to my attention that Russells, the Liquidators' solicitors, had made an application to Court to have their costs assessed totalling approximately \$1.45 million and which may be sought for payment against the assets of the FMIF. As a result, I made an application for directions on how this should be dealt with in so far as any costs to be claimed from the FMIF are concerned.

My application was heard on 20 October 2015 and the decision of the Court was reserved. Judgment was delivered on Thursday, 29 October 2015. My solicitors and I are presently considering the judgment. I will provide investors with a further update in my next report.

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.

A copy of all documentation in relation to my applications can be found on the website www.lmfimif.com.

In addition to the remuneration previously approved by the Court, I calculate that, on a time basis, I have incurred further remuneration of \$2,005,920.50 plus outlays of \$27,512.91 plus GST from 1 May 2015 to 23 October 2015 plus work undertaken in respect of the controllerships for the retirement

village assets of \$179,958 plus outlays of \$2,088.70 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)	2,005,920.50	27,512.91
OVST Pty Ltd (In Liquidation) (Controllers Appointed)	33,969.50	43.68
Pinevale Villas Morayfield Pty Ltd (In Liquidation) (Controllers Appointed)	34,007.50	73.36
Bridgewater Lake Estate Ltd (In Liquidation) (Controllers Appointed)	68,208.00	9.51
Redland Bay Leisure Life Ltd (In Liquidation) (Controllers Appointed)	29,431.00	1,962.15
Redland Bay Leisure Life Development Ltd (In Liquidation) (Controllers Appointed)	2,330.50	Nil
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Receivers & Managers Appointed) (Controllers Appointed)	12,011.50	Nil
	2,185,879	29,602

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

- The work undertaken in relation to the Public Examinations and some of the other litigation matters are allocated to the 'Investigations' milestone (refer to the attached remuneration reports). I note that of the total time incurred for the relevant period, approximately \$1.15 million relates to Investigations, which has included, among other things, the following:
 - Dealing with investigations specifically in relation to the Public Examinations including, among other things:
 - Extensive research of the Fund's books and records, including additional resources being required to prepare for the Public Examinations held between 16 and 26 June 2015 and 19 and 29 October 2015 including assistance provided by the BDO auditors;
 - Preparing information and briefs for solicitors and counsel to assist in the public examination of the former auditors, certain directors and former LM staff members;

- Attendance at the Public Examinations between 16 and 26 June 2015 and between 19 October and 23 October 2015 to provide assistance to our solicitors and counsel in examining the auditors, directors and former LM staff members;
As detailed in section 4.1 of this report, the manner in which the former auditors have sought to comply with their obligations in the production of documents for the public examination has added significantly to my time costs.
- Dealing with the investigation and litigation matters mentioned at Section 4 of this report which included, among other things:
 - Attendance at mediation in relation to a litigation matter;
 - Progressing the claim against the MPF and others;
 - Progressing claims against guarantors.
- Progressing issues in relation to Western Union's set off claim;
- Dealing with FTI's court application in respect of the Liquidators' residual powers, including meetings and correspondence with our solicitors and counsel and correspondence with FTI's solicitors;
- Undertaking 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;
- Negotiating with the mortgagor and the purchaser of the retirement villages that the FMIF held a second mortgage over;
- Preparation of unit price calculation as at 30 June 2015;
- Preparation of management accounts as at 30 June 2015 and review of asset listings under the control of the Court Appointed Receiver;
- Preparation of reports to Investors in July 2015 and October 2015.

I anticipate that my next application to Court for the approval of my remuneration will be made in November 2015 covering the period 1 May 2015 to 30 October 2015. A copy of my application in this respect will be posted to the website www.lmfimf.com and investors will be notified when this application has been lodged.

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@lmfimf.com

Yours sincerely

A handwritten signature in black ink, appearing to be 'David Whyte'. The signature is fluid and cursive, with several loops and a long horizontal stroke.

David Whyte
Receiver

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015

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

Employee	Position	Division	Rate	Totals		Task Area									
				hrs	\$	Assets		Creditors		Trade On		Investigations		Administration	
						hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	BRI	560	377.4	211,344.00	82.8	46,368.00	72.1	40,376.00	90.4	50,624.00	91.7	51,352.00	40.4	22,624.00
Clark Jarrold	Partner	Audit	560	410.1	229,656.00							410.1	229,656.00		
Eric Leeuwendal	Director	BRI	495	857.4	424,413.00	261.3	129,343.50	77.1	38,164.50	13.6	6,732.00	498.1	246,559.50	7.3	3,613.50
Clark Jarrold	Partner	Audit	485	334.5	162,232.50							334.5	162,232.50		
Craig Jenkins	Partner	Audit	485	340.3	165,045.50							340.3	165,045.50		
Scott Birkett	Partner	Corporate Finance	470	0.3	141.00							0.3	141.00		
Margaux Beauchamp	Associate	Corporate Finance	470	61.9	29,093.00							61.9	29,093.00		
John Somerville	Senior Manager	BRI	440	219.6	96,624.00	27.3	12,012.00	48.7	21,428.00	64.2	28,248.00	26.4	11,616.00	53.0	23,320.00
Alastair Raphael	Senior Manager	BRI	440	97.7	42,988.00			1.7	748.00	0.0	0.00	95.8	42,152.00	0.2	88.00
Chris Catanzaro	Director	Corporate Finance	400	2.0	800.00							2.0	800.00		
Michelle Matchett	Associate	Private Clients	390	4.6	1,794.00					4.6	1,794.00				
Tim Mann	Partner	Audit	390	11.0	4,290.00							11.0	4,290.00		
Julie Pagcu	Senior Manager	Audit	365	170.1	62,086.50							170.1	62,086.50		
Murray Daniel	Supervisor	BRI	360	601.5	216,540.00	216.8	78,048.00	60.6	21,816.00	135.1	48,636.00	117.8	42,408.00	71.2	25,632.00
Ashleigh Simpson-Wa	Supervisor	BRI	360	345.9	124,524.00	147.4	53,064.00	10.8	3,888.00	0.0	0.00	181.1	65,196.00	6.6	2,376.00
Daniel Tipman	Supervisor	BRI	360	21.3	7,668.00	0.2	72.00	7.6	2,736.00	13.4	4,824.00			0.1	36.00
Michael Dharmaratne	Supervisor	BRI	360	0.3	108.00									0.3	108.00
Ashleigh Simpson-Wa	Supervisor	BRI	350	5.1	1,785.00	0.6	210.00					0.8	280.00	3.7	1,295.00
Mia Russo	Supervisor	Private Clients	280	0.2	56.00									0.2	56.00
Nicola Kennedy	Senior Accountant II	BRI	280	125.3	35,084.00	0.9	252.00	3.7	1,036.00	62.0	17,360.00	53.8	15,064.00	4.9	1,372.00
Sarah May	Supervisor	Audit	275	17.5	4,812.50							17.5	4,812.50		
Selina Leung	Supervisor	Audit	275	2.5	687.50							2.5	687.50		
Kirsty Bauer	Senior Accountant I	Private Clients	250	0.3	75.00										
Rycko Taniran	Senior Analyst I	Corporate Finance	240	0.5	120.00							0.5	120.00		
Clare Coyle	Senior Accountant I	Audit	240	21.5	5,160.00							21.5	5,160.00		
Nicola Kennedy	Senior Accountant II	BRI	225	110.7	24,907.50	1.8	405.00	1.8	405.00	104.1	23,422.50			3.0	675.00

Employee	Position	Division	Rate	Totals		Task Area													
				hrs	\$	Assets		Creditors		Trade On		Investigations		Administration					
						hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$				
Samantha Brown	Accountant II	BRI	195	168.0	32,760.00	0.8	156.00	103.8	20,241.00	0.0	0.00	37.9	7,390.50	25.5	4,972.50				
Dermot O'Brien	Accountant II	BRI	195	92.5	18,037.50							5.2	1,014.00	87.3	17,023.50				
Julia Mayne	Accountant II	BRI	195	185.7	36,211.50	1.0	195.00	65.5	12,772.50	26.4	5,148.00	1.4	273.00	91.4	17,823.00				
Sarah Cunningham	Team Assistant	BRI	195	14.0	2,730.00	0.5	97.50			12.2	2,379.00			1.3	253.50				
Ainsley Watt	Accountant I	BRI	195	0.7	136.50			0.3	58.50	0.0	0.00	0.4	78.00						
Dale Ludwig	Accountant I	Private Clients	185	111.3	20,590.50					111.3	20,590.50								
Dermot O'Brien	Accountant II	BRI	185	14.2	2,627.00									14.2	2,627.00				
Kurtis Hosie	Consultant II	Tax	170	0.2	34.00									0.2	34.00				
Samantha Brown	Accountant II	BRI	160	80.6	12,896.00			25.1	4,016.00	0.5	80.00	39.0	6,240.00	16.0	2,560.00				
Nicole Jackson	Team Assistant	BRI	155	7.7	1,193.50			3.2	496.00	0.0	0.00	0.5	77.50	4.0	620.00				
Ashley Richardson	Team Assistant	BRI	155	0.7	108.50									0.7	108.50				
Ashley Lambden	Accountant II	Private Clients	155	8.5	1,317.50									8.5	1,317.50				
Philippa Redman	Accountant II	Private Clients	145	4.5	652.50					4.5	652.50								
Bodie Smith	Accountant I	Private Clients	145	0.9	130.50									0.9	130.50				
Lisa Fishwick	Team Assistant	Audit	130	1.0	130.00							1.0	130.00						
Brooke Streidl	Team Assistant	Audit	130	152.2	19,786.00									152.2	19,786.00				
Emma Sheehy	Junior Practice Assistant	Audit	115	11.2	1,288.00									11.2	1,288.00				
Moira Hattingh	Team Assistant	BRI	80	39.2	3,136.00	0.3	24.00							38.9	3,112.00				
Ashley Richardson	Team Assistant	BRI	80	1.5	120.00									1.5	120.00				
TOTALS				5,034.1	2,005,920.50	741.7	320,247.00	482.0	168,181.50	642.6	210,565.50	2,523.1	1,153,955.00	644.7	152,971.50				
				GST	200,592.05														
				TOTAL INC GST	2,206,512.55														
AVERAGE HOURLY RATE				398			432			349			328			457			237

Note: All amounts exclude GST unless otherwise noted

Disbursements for the period 1 May 2015 to 23 October 2015
LM First Mortgage Income Fund (Receivers and Managers Appointed)
(Receiver Appointed)

Expense Type	Amount (\$ ex GST)
Courier	30.66
Search Fee	152.10
Postage	13,970.29
General	7,811.04
Archive Retrieval	29.78
Taxi fares	317.77
Parking	18.18
Photocopy	2,694.60
Printing	1,348.80
ASIC	9.00
Airfares	712.73
Accommodation	417.96
TOTAL	27,512.91
GST	2,751.29
TOTAL INC GST	30,264.20

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
OVST Pty Ltd (In Liquidation) (Controllers Appointed)

Employee	Position	Division	Rate	Totals		Task Area											
				hrs	\$	Assets		Creditors		Employees		Trade On		Investigations		Administration	
						hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Leisa Rafter	Partner	Tax	600	1.3	780.00									1.3	780.00		
David Whyte	Partner	BRI	560	2.6	1,456.00	0.1	56.00	0.1	56.00	0.1	56.00	2.2	1,232.00			0.1	56.00
John Somerville	Senior Manager	BRI	440	19.9	8,756.00	1.3	572.00					13.7	6,028.00			4.9	2,156.00
Joanne Garcia	Manager	BRI	400	0.6	240.00							0.6	240.00				
Ashleigh Simpson-Wade	Supervisor	BRI	360	0.3	108.00	0.1	36.00									0.2	72.00
Murray Daniel	Supervisor	BRI	360	2.1	756.00							0.2	72.00			1.9	684.00
Samuel Alexander	Supervisor	Tax	320	3.2	1,024.00									3.2	1,024.00		
Nicola Kennedy	Senior Accountant II	BRI	280	27.3	7,644.00	0.2	56.00			0.2	56.00	24.6	6,888.00			2.3	644.00
Nicola Kennedy	Senior Accountant II	BRI	225	11.7	2,632.50	0.7	157.50					10.2	2,295.00			0.8	180.00
Sarah Cunningham	Team Assistant	BRI	195	12.8	2,496.00							9.4	1,833.00			3.4	663.00
Samantha Brown	Accountant II	BRI	195	0.7	136.50			0.4	78.00							0.3	58.50
Julia Mayne	Accountant II	BRI	195	38.9	7,585.50	0.1	19.50	1.0	195.00			33.2	6,474.00			4.6	897.00
Samantha Brown	Accountant II	BRI	160	0.6	96.00											0.6	96.00
Leisa Muller	Consultant II	Tax	135	0.2	27.00											0.2	27.00
Moira Hattingh	Team Assistant	BRI	80	2.9	232.00											2.9	232.00
TOTALS				125.1	33,969.50	2.5	897.00	1.5	329.00	0.3	112.00	94.1	25,062.00	4.5	1,804.00	22.2	5,765.50
				GST	3,396.95												
				TOTAL INC GST	37,366.45												
AVERAGE HOURLY RATE				272		359		219		373		266		401		260	

Note: All amounts exclude GST unless otherwise noted

**Disbursements for the period 1 May 2015 to
23 October 2015
OVST Pty Ltd (In Liquidation)
(Controllers Appointed)**

Expense Type	Amount (\$ ex GST)
Postage	43.68
TOTAL	43.68
GST	4.37
TOTAL INC GST	48.05

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
Pinevale Villas Morayfield Pty Ltd (In Liquidation) (Controllers Appointed)**

Employee	Position	Position	Rate	Totals		Task Area							
				hrs	\$	Assets		Creditors		Trade On		Administration	
						hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	BRI	560	3.8	2,128.00	0.3	168.00	0.1	56.00	3.1	1,736.00	0.3	168.00
John Somerville	Senior Manager	BRI	440	17.3	7,612.00	1.0	440.00			11.7	5,148.00	4.6	2,024.00
Joanne Garcia	Manager	BRI	400	0.6	240.00					0.6	240.00		
Murray Daniel	Supervisor	BRI	360	1.9	684.00					0.2	72.00	1.7	612.00
Nicola Kennedy	Senior Accountant II	BRI	280	27.4	7,672.00	0.2	56.00			23.1	6,468.00	4.1	1,148.00
Damien Hicks	Consultant I	Private Clients	225	1.7	382.50							1.7	382.50
Nicola Kennedy	Senior Accountant II	BRI	225	15.9	3,577.50	0.8	180.00			14.0	3,150.00	1.1	247.50
Samantha Brown	Accountant II	BRI	195	0.5	97.50			0.3	58.50			0.2	39.00
Julia Mayne	Accountant II	BRI	195	40.8	7,956.00	0.5	97.50	0.3	58.50	37.1	7,234.50	2.9	565.50
Sarah Cunningham	Team Assistant	BRI	195	15.6	3,042.00					11.0	2,145.00	4.6	897.00
Samantha Brown	Accountant II	BRI	160	2.5	400.00	1.1	176.00			0.5	80.00	0.9	144.00
Moira Hattingh	Team Assistant	BRI	80	2.7	216.00							2.7	216.00
TOTALS				130.7	34,007.50	3.9	1,117.50	0.7	173.00	101.3	26,273.50	24.8	6,443.50
				GST	3,400.75								
				TOTAL INC GST	37,408.25								
				AVERAGE HOURLY RATE	260		287		247		259		260

Note: All amounts exclude GST unless otherwise noted

**Disbursements for the period 1 May 2015
to 23 October 2015
Pinevale Villas Morayfield Pty Ltd (In
Liquidation) (Controllers Appointed)**

Expense Type	Amount (\$ ex GST)
Postage	73.36
TOTAL	73.36
GST	7.34
TOTAL INC GST	80.70

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
Bridgewater Lake Estate Pty Limited (In Liquidation) (Controllers Appointed)**

Employee	Position	Division	Rate	Totals		Task Area									
				hrs	\$	Assets		Creditors		Trade On		Investigations		Administration	
				hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Leisa Rafter	Partner	Tax	620	5.5	3,410.00							5.5	3,410.00		
Leisa Rafter	Partner	Tax	600	1.3	780.00							1.3	780.00		
David Whyte	Partner	BRI	560	9.2	5,152.00	5.0	2,800.00			3.8	2,128.00			0.4	224.00
John Somerville	Senior Manager	BRI	440	72.4	31,856.00	40.1	17,644.00	1.4	616.00	28.5	12,540.00			2.4	1,056.00
Joanne Garcia	Manager	BRI	400	0.4	160.00					0.4	160.00				
Murray Daniel	Supervisor	BRI	360	3.9	1,404.00	0.2	72.00			0.7	252.00			3.0	1,080.00
Ashleigh Simpson-Wade	Supervisor	BRI	360	1.0	360.00	1.0	360.00								
Rachael Nyst	Supervisor	Tax	350	2.0	700.00							2.0	700.00		
Samuel Alexander	Supervisor	Tax	350	3.0	1,050.00							3.0	1,050.00		
Samuel Alexander	Supervisor	Tax	320	7.2	2,304.00							7.2	2,304.00		
Nicola Kennedy	Senior Accountant II	BRI	280	16.9	4,732.00	0.2	56.00			14.7	4,116.00			2.0	560.00
Nicola Kennedy	Senior Accountant II	BRI	225	9.4	2,115.00	1.6	360.00			7.7	1,732.50			0.1	22.50
Julia Mayne	Accountant II	BRI	195	35.6	6,942.00	1.2	234.00	0.7	136.50	32.0	6,240.00			1.7	331.50
Samantha Brown	Accountant II	BRI	195	5.2	1,014.00	4.6	897.00							0.6	117.00
Sarah Cunningham	Team Assistant	BRI	195	21.2	4,134.00					17.5	3,412.50			3.7	721.50
Joanna Lane	Consultant II	Tax	170	8.3	1,411.00									8.3	1,411.00
Samantha Brown	Accountant II	BRI	160	1.5	240.00					0.8	128.00			0.7	112.00
Sarah Matthews	Team Assistant	BRI	140	1.4	196.00									1.4	196.00
Moir Hattingh	Team Assistant	BRI	80	3.1	248.00									3.1	248.00
TOTALS				208.5	68,208.00	53.9	22,423.00	2.1	752.50	106.1	30,709.00	19.0	8,244.00	27.4	6,079.50
					GST		6,820.80								
					TOTAL INC GST		75,028.80								
				AVERAGE HOURLY RATE	327		416		358		289		434		222

Note: All amounts exclude GST unless otherwise noted

**Disbursements for the period 1 May
2015 to 23 October 2015
Bridgewater Lake Estate Pty
Limited (In Liquidation)**

Expense Type	Amount (\$ ex GST)
Postage	9.51
TOTAL	9.51
GST	0.95
TOTAL INC GST	10.46

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
Redland Bay Leisure Life Pty Ltd (In Liquidation) (Controllers Appointed)**

Employee	Position	Division	Rate	Totals		Task Area								
				hrs	\$	Assets		Creditors		Trade On		Administration		
						hrs	\$	hrs	\$	hrs	\$	hrs	\$	
David Whyte	Partner	BRI	560	1.5	840.00					1.4	784.00	0.1	56.00	
John Somerville	Senior Manager	BRI	440	14.4	6,336.00	0.8	352.00			11.2	4,928.00	2.4	1,056.00	
Joanne Garcia	Manager	BRI	400	0.6	240.00					0.6	240.00			
Murray Daniel	Supervisor	BRI	360	1.8	648.00					0.4	144.00	1.4	504.00	
Nicola Kennedy	Senior Accountant II	BRI	280	24.9	6,972.00	0.2	56.00			21.1	5,908.00	3.6	1,008.00	
Nicola Kennedy	Senior Accountant II	BRI	225	16.3	3,667.50	1.2	270.00			14.3	3,217.50	0.8	180.00	
Samantha Brown	Accountant II	BRI	195	0.7	136.50			0.2	39.00			0.5	97.50	
Julia Mayne	Accountant II	BRI	195	30.1	5,869.50	0.5	97.50	0.3	58.50	26.5	5,167.50	2.8	546.00	
Sarah Cunningham	Team Assistant	BRI	195	22.9	4,465.50					16.3	3,178.50	6.6	1,287.00	
Samantha Brown	Accountant II	BRI	160	0.3	48.00					0.3	48.00			
Moira Hatttingh	Team Assistant	BRI	80	2.6	208.00	0.2	16.00	0.1	8.00			2.3	184.00	
TOTALS				116.1	29,431.00	2.9	791.50	0.6	105.50	92.1	23,615.50	20.5	4,918.50	
				GST	2,943.10									
				TOTAL INC GST	32,374.10									
AVERAGE HOURLY RATE				253			273			176			256	240

Note: All amounts exclude GST unless otherwise noted

Disbursements for the period 1 May 2015
to 23 October 2015

**Redland Bay Leisure Life Pty Ltd (In
Liquidation) (Controllers Appointed)**

Expense Type	Amount (\$ ex GST)
Postage	54.32
General	1,907.83
TOTAL	1,962.15
GST	196.22
TOTAL INC GST	2,158.37

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
Redland Bay Leisure Life Development Pty Ltd (In Liquidation) (Controllers Appointed)**

Employee	Position	Division	Rate	Totals							
				hrs	\$	Creditors		Trade On		Administration	
						hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	BRI	560	1.2	672.00			1.1	616.00	0.1	56.00
John Somerville	Senior Manager	BRI	440	0.2	88.00					0.2	88.00
Murray Daniel	Supervisor	BRI	360	1.7	612.00					1.7	612.00
Nicola Kennedy	Senior Accountant II	BRI	280	1.2	336.00			0.8	224.00	0.4	112.00
Nicola Kennedy	Senior Accountant II	BRI	225	0.8	180.00			0.6	135.00	0.2	45.00
Sarah Cunningham	Team Assistant	BRI	195	1.2	234.00			0.5	97.50	0.7	136.50
Julia Mayne	Accountant II	BRI	195	0.3	58.50			0.2	39.00	0.1	19.50
Samantha Brown	Accountant II	BRI	195	0.4	78.00	0.3	58.50			0.1	19.50
Samantha Brown	Accountant II	BRI	160	0.2	32.00					0.2	32.00
Moira Hattingh	Team Assistant	BRI	80	0.5	40.00					0.5	40.00
TOTALS				7.7	2,330.50	0.3	58.50	3.2	1,111.50	4.2	1,160.50
				GST	233.05						
				TOTAL INC GST	2,563.55						
				AVERAGE HOURLY RATE	303		195		347		276

Note: All amounts exclude GST unless otherwise noted

**Disbursements for the period 1 May 2015
to 23 October 2014**

**Redland Bay Leisure Life
Development Pty Ltd (In Liquidation)
(Controllers Appointed)**

Expense Type	Amount (\$ ex GST)
TOTAL	
GST	
TOTAL INC GST	

**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2015 to 23 October 2015
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Receivers and Managers Appointed) (Controllers Appointed)**

Employee	Position	Division	Rate	Totals		Task Area					
				hrs	\$	Assets		Trade On		Administration	
				hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	BRI	560	0.8	448.00			0.7	392.00	0.1	56.00
John Somerville	Senior Manager	BRI	440	9.1	4,004.00	0.4	176.00	5.4	2,376.00	3.3	1,452.00
Joanne Garcia	Manager	BRI	400	0.4	160.00			0.4	160.00	0.0	0.00
Murray Daniel	Supervisor	BRI	360	2.0	720.00			0.2	72.00	1.8	648.00
Nicola Kennedy	Senior Accountant II	BRI	280	10.2	2,856.00	0.2	56.00	8.2	2,296.00	1.8	504.00
Nicola Kennedy	Senior Accountant II	BRI	225	7.3	1,642.50	0.1	22.50	7.2	1,620.00	0.0	0.00
Samantha Brown	Accountant II	BRI	195	0.1	19.50			0.0	0.00	0.1	19.50
Julia Mayne	Accountant II	BRI	195	3.4	663.00	0.1	19.50	2.5	487.50	0.8	156.00
Sarah Cunningham	Team Assistant	BRI	195	6.7	1,306.50			5.3	1,033.50	1.4	273.00
Samantha Brown	Accountant II	BRI	160	0.4	64.00			0.4	64.00		
Moira Hattingh	Team Assistant	BRI	80	1.6	128.00	0.1	8.00	0.0	0.00	1.5	120.00
TOTALS				42.0	12,011.50	0.9	282.00	30.3	8,501.00	10.8	3,228.50
GST					1,201.15						
TOTAL INC GST					13,212.65						
AVERAGE HOURLY RATE					286		313		281		299

Note: All amounts exclude GST unless otherwise noted

**Disbursements for the period 1 May 2015
to 23 October 2015
Cameo Estates Lifestyle Villages
(Launceston) Pty Ltd (Receivers
and Managers Appointed)
(Controllers Appointed)**

Expense Type	Amount (\$ ex GST)
TOTAL	
GST	
TOTAL INC GST	