

## TO THE INVESTOR AS ADDRESSED

30 September 2022

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

#### **1. Introduction**

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 39<sup>th</sup> update report to investors. This report is prepared in accordance with the relief granted by the Australian Securities and Investments Commission (ASIC Exemption) in relation to financial reporting obligations of the Fund. In this regard, the ASIC Exemption requires a report to be made available to investors for each period of six months starting on 1 January 2022, within three months of the end of each period, which includes the following information (unless disclosure of that information would be prejudicial to the winding up):

- (i) Information about the progress and status of the winding up of the Fund, including details (as applicable) of:
  - A. The actions taken during the period;
  - B. The actions required to complete the winding up;
  - C. The actions proposed to be taken in the next 12 months; and
  - D. The expected time to complete the winding up.
- (ii) The financial position of the Fund as at the last day of the relevant period (based on available information);
- (iii) Financial information about receipts (and payments) of the Fund during the period; and
- (iv) The following information at the end of the period:
  - A. The value of the Fund's property; and
  - B. The potential return to investors.

This report covers, the period 1 January 2022 to 30 June 2022 (the Period).

#### **2. ASIC Financial Reporting Relief**

On 14 September 2022, the Australian Securities and Investments Commission, on my application, issued instrument 22-0765 under subsections 111AT(1) and 601QA(1) of the Corporations Act 2001 ("the Act") granting LM Investment Management Limited (In Liquidation) (Receivers and Managers

Appointed), in its capacity as responsible entity of the LM First Mortgage Income Fund (Receiver Appointed) (“FMIF”) an exemption from compliance with its obligations under:

- The disclosing entity provisions in Part 2M.3 of the Act in relation to a financial year or half year of the FMIF;
- Section 601HG of the Act in relation to a financial year of the FMIF.

A notice explaining the instrument of relief and a copy of the instrument are **attached** and can be found on the website [www.lmfimf.com](http://www.lmfimf.com).

### **3. Progress and Status of the Winding Up**

#### **3.1 Legal Actions/Potential Recoveries**

##### **3.1.1 Proceedings against the MPF, LMIM and the Directors of LMIM**

I refer to my previous updates to investors in relation to proceedings against a number of parties, including the MPF Trustee and a number of directors of LMIM, in respect of loss allegedly suffered by the FMIF as a result of an amount paid to the MPF in the Bellpac litigation matter. The claim was for approximately \$15.5M plus interest.

As previously advised, the Judge dismissed my claim on 22 November 2019.

Costs were awarded in favour of the defendants.

On 20 December 2019 I filed an appeal of the decision. The progress of the appeal was awaiting the outcome of an application for judicial advice. The Court declined to provide me with judicial advice. After careful consideration, taking into account all of the relevant circumstances, I discontinued the appeal. The directors’ costs of the proceedings, the appeal and the judicial advice application are yet to be determined.

##### **3.1.2 Claim against the former auditors (EY Proceeding)**

As advised in my last report to members on 30 June 2022, the Court made orders on 24 June 2022 confirming that I am justified in entering into a settlement of the Proceedings. The terms of the settlement are confidential.

The settlement has been concluded, the Proceedings have been discontinued and the matter is at an end.

##### **3.1.3 Bellpac Proceedings - Wollongong Coal Ltd (WCL)**

I refer to my previous updates to investors and provide a brief summary as follows:

- The liquidator of Bellpac received the settlement amount of \$2 million from WCL in relation to the claim for redemption of the \$2 million Bonds held in WCL. A partial distribution of \$1M was received from the Bellpac liquidator in October 2019;
- The defendants’ appeal of the decision of the Court which acknowledged that Bellpac (under the control of a liquidator) is the true owner of the \$8 million convertible bonds was unsuccessful;
- In January 2016, the Bellpac Liquidator applied for the conversion of the \$8 million Bonds to shares. As WCL did not issue all of the shares as required under the terms of the Bonds, the Bellpac Liquidator brought proceedings against WCL seeking orders requiring WCL to perform its obligation to redeem the Bonds converted to shares outside of the required time;

- The Bellpac liquidator and WCL entered into a binding heads of agreement (HOA) relating to the settlement of the litigation commenced against WCL. The terms of the heads of agreement included that WCL pay to Bellpac a settlement sum of \$6.3 million in return for certain releases and Bellpac returning or cancelling the WCL shares issued to Bellpac;
- The conditions precedent to the settlement with WCL included obtaining necessary approvals to undertake the settlement transactions. In this regard:
  - The Bellpac Liquidator obtained creditor approval to enter into the settlement with WCL;
  - The Court declined to exercise its discretion on WCL's application for approval to acquire and or cancel Bellpac's holding of WCL shares. WCL was therefore required to seek shareholder approval.

The remaining condition precedent (Sunset Date) to the settlement with WCL was extended a number of times over the last four years and WCL paid \$3M towards the settlement into their solicitors' trust account, to be released upon receiving shareholder approval of the settlement.

Delays were encountered in calling the meeting of shareholders, including WCL entering into a scheme of arrangement which was terminated after failing to meet certain conditions, but which was subsequently reinstated. A revised binding heads of agreement was executed on 9 June 2020 with the conditions precedent to be satisfied by 31 October 2020.

As the conditions precedent were not going to be satisfied by 31 October 2020, the Bellpac liquidator entered into further negotiations to try and conclude a settlement. As a result of those negotiations, a further deed of settlement was entered into on 30 October 2020 with \$2.76M payable upon obtaining creditors approval and a further \$600,000 payable within six months if WCL opted to buy-back the shares held in WCL.

Creditors approved the revised deed of settlement at a meeting held on 18 November 2020 and \$2.75M was subsequently distributed to the Fund (\$2.5M on 27 November 2020 and \$250k on 11 March 2021).

WCL did not exercise the option to buy back the shares for \$600,000 within the six month period.

Following a rights issue by WCL to raise \$32M and which was completed on 29 September 2021, Bellpac's shareholding has reduced from approximately 25% of the total shares on issue to approximately 0.75%.

The Bellpac liquidator subsequently received a notice of compulsory acquisition of shares under section 664C of the Corporations Act 2001 from the 90%+ shareholder, Jindal Steel and Power (Mauritius) Limited. At the offer price of \$0.0001 per share this equates to \$247,206.37 for the shares held by the liquidator. Any objections to the compulsory acquisition were to be lodged by 23 April 2022. The Bellpac liquidator did not lodge any objections and would accept the offer price.

The compulsory acquisition has been completed and the Bellpac liquidator made further distributions to the Fund of \$250,000 and \$45,485.77 on 18 May 2022 and 5 July 2022 respectively. The matter is now at an end.

### 3.1.4 Claims against guarantors

There is one remaining matter which can be summarised, as follows:

- PTAL as custodian of the FMIF obtained judgment against a guarantor, for approximately \$3 million, plus interest and costs. The trustee in bankruptcy identified potential recoveries for the benefit of creditors of the bankrupt estate, of which the Fund is a major creditor. The bankrupt, along with other parties, contributed land to a development. The land was subdivided, developed and sold, and the net proceeds of sale in the sum of approximately \$12 million was held in a solicitors trust account on an interim basis, protected by certain undertakings given by the solicitor holding the funds.
- The trustee claimed an entitlement in respect of all or at least a substantial portion of the funds held in the solicitors trust account; however, other parties to the dispute allege that associated entities of the bankrupt are entitled to the funds.
- I instructed PTAL as custodian of the FMIF to enter into a Deed of Indemnity to fund a public examination and any agreed recovery proceedings in respect of this matter. A public examination was held in the Federal Court in November 2019. Subsequently, demands were served on several parties. The trustee held two mediations with several parties in relation to the dispute and there were ongoing settlement negotiations which culminated in a settlement being reached on 1 September 2021.
- The gross return to the bankrupt estate from the settlement will be between \$2,882,181 and \$3,832,181, depending upon the outcome of a taxation objection. The Trustee has estimated that the net return to the bankrupt estate, after deducting AFSA realisations charge, repayment of the funding provided by the FMIF, and the current and former Trustee's unpaid remuneration and expenses, will be approximately \$824,281 to \$1,802,057 and after allowing for the Trustee's future remuneration and expenses.
- The taxation objection was lodged late last year and it was expected a decision would have been made by now. A number of queries have been raised by the ATO and further submissions made with a final decision expected shortly.

Under the Deed of Indemnity, the Trustee is required to make an application to Court seeking an order giving the FMIF a priority over other creditors. This application was heard on 29 September 2022 and vacated to a date to be fixed. The amount payable to the FMIF from the bankrupt estate will depend upon the outcome of this application.

### 3.1.5 Liquidators of LMIM (FTI Consulting)

#### 3.1.5.1 Remuneration claim and expenses claim

I refer to my previous reports to investors.

The judgement regarding and orders made in relation to FTI's first remuneration claim and indemnity claim are available on the websites [www.lmfimf.com](http://www.lmfimf.com) and [www.lminvestmentadministration.com](http://www.lminvestmentadministration.com).

The judgement and orders made with respect to FTI's second remuneration claim are summarised in paragraph 2.1.5.2 of my report to investors dated 31 March 2020.

### 3.1.5.2 Fourth FTI Remuneration Application and Expenses Application

On 15 February 2022, Mr Park filed an application in the Court for approval and payment from the FMIF of his remuneration for the period 1 November 2020 to 30 November 2021 in the sum of \$33,071.31 (including GST), made up of Category 1 remuneration (remuneration that is specifically referable to the FMIF) of \$18,315.00 (including GST), and Category 2 Remuneration (remuneration that relates to all of the funds of which LMIM is the Responsible Entity and that is apportioned between the relevant funds) of \$14,756.31 (including GST).

On 7 March 2022, Mr Park filed an application in the Court for approval and payment from the FMIF of expenses totalling \$50,579.73 plus his costs of the application.

Both applications were heard on 6 May 2022 and orders were made approving the remuneration and expenses. Further details can be found on the websites [www.lmfimf.com](http://www.lmfimf.com) and [www.lminvestmentadministration.com](http://www.lminvestmentadministration.com).

### 3.1.5.3 Indemnity claim against the Fund and proof of debt process

The proof of debt process and claims notified to me, or potential claims by LMIM for indemnity from the FMIF, with respect to debts or claims of creditors of LMIM, are summarised in paragraph 2.1.5.3 of my report to investors dated 31 March 2020.

The Liquidator notified me that he has identified Creditor Indemnity Claims with respect to a proof of debt lodged by Norton Rose for the sum of \$315,601.21 (**Norton Rose Proof**) and a proof of debt lodged by EY in the sum of \$158,896.51 (**First EY Proof**).

I have agreed to pay the Creditor Indemnity Claim made in respect of the claim notified by the Norton Rose Proof in the reduced sum of \$274,209.75. The First EY Proof and a second EY Proof have been withdrawn.

### 3.1.5.4 Claim filed against LMIM

The claims made in this proceeding and the key steps to date in the proceeding, are summarised in paragraph 2.1.5.6 of my report to investors dated 19 December 2019. The current status of this claim is that it remains stayed until further order. I will keep investors updated as to any developments in relation to this claim.

## 4. Financial Position of the Fund

The management accounts for the year ended 30 June 2022 are available on the website [www.lmfimf.com](http://www.lmfimf.com) on the page titled 'Financial Statements & Other Key Documents'.

A summary of the financial position of the Fund as at 30 June 2022 is provided below.

Description	30 June 2022
<b>ASSETS</b>	<b>\$</b>
Cash and cash equivalents	18,500,752
Receivables	40,346,242
<b>TOTAL ASSETS</b>	<b>58,846,994</b>
<b>LIABILITIES</b>	

Description	30 June 2022
Payables and accrued expenses	8,726,744
Distributions payable	2,915,858
<b>Total liabilities excluding net assets attributable to unitholders</b>	<b>11,642,602</b>
<b>NET ASSETS</b>	<b>47,204,392</b>

These figures are subject to the disclaimers and qualifications set out in the management accounts.

#### 4.1 Fund Assets

The total assets of the Fund as at 30 June 2022 were \$58,846,994.

The balance includes cash at bank of \$18,500,752 and receivables of \$40,346,242.

#### 4.2 Fund Liabilities

The total liabilities of the Fund as at 30 June 2022 were \$11,642,602, consisting of payables of \$8,726,744 and distributions payable of \$2,915,858.

The distributions payable balance is made up of:

- \$1,372,036 relates to distributions that appear to have been declared prior to the date of the Court Receiver's appointment which were not paid, or have not cleared or were returned unclaimed. These liabilities have not been verified and Court approval or directions may be required before any payment is made.
- \$1,543,822 relates to distributions that were returned/unclaimed from the interim capital distribution to investors paid by BDO in October 2019 in accordance with the Court order dated 2 October 2019.

The Payables and accrued expenses balance of \$8,726,744 primarily consists of an accrual in respect of the cost orders for the Director's proceedings, legal fees, receiver's fees and fees and expenses claimed by FTI, which remain unpaid as at 30 June 2022.

Some of these liabilities have not been verified, or may be subject to Court approval being obtained.

#### 4.3 Net Assets Attributable to Unit Holders

Net assets attributable to unit holders as at 30 June 2022 were \$47,204,392.

The net assets of the Fund and number of units on issue as at 30 June 2022 and 30 June 2021 is detailed in the table below.

Description	30 June 2022	30 June 2021
Estimated net amount of assets available to investors (\$)	47,204,392	19,737,372
Total investor units (# of units)	492,125,624	492,125,624
<b>Estimated net asset amount per unit available to investors as at period end (cents in the dollar)</b>	<b>9.6 cents</b>	<b>4 cents</b>

The above table does not include the estimated benefit of the Feeder Funds settlement up to the amount of the net amount of assets as at 30 June 2022. Therefore, below is an estimate that includes the benefit of the Feeder Funds settlement up to the amount of the net amount of assets at 30 June 2022.

Description	30 June 2022
Estimated net amount of assets available to investors as at period end (\$)	47,204,392
Benefit of Feeder Fund settlement of amounts withheld	6,096,837
Total investor units (AUD Equivalent as at appointment being 8 August 2013)	492,125,624
<b>Estimated return in the dollar</b>	<b>10.8 cents</b>

If further recoveries are made this will increase the amount due from the Feeder Funds settlement.

Please note that the estimate and prior estimates do not take into account future operating costs and future Receiver's fees or any legal recoveries against borrowers, guarantors or other third parties.

The Feeder Fund settlement will reduce the amount of cash to be paid to the Feeder Funds. Based on the amounts in the above table, I attach at Annexure 1 calculations showing the estimated return to the Feeder Funds, as follows:

Feeder Fund	Estimated return
LM Currency Protected Australian Income Fund ("CPAIF")	5.8 cents
LM Institutional Currency Protected Australian Income Fund ("ICPAIF")	5.8 cents
LM Wholesale First Mortgage Income Fund ("WFMIF")	8.5 cents

These are the amounts that would be paid to the responsible entities of each of the Feeder Funds, the costs and expenses of the Feeder Funds would need to be paid from the net cash that is paid to each of the Feeder Funds before distributions are made to Feeder Fund investors.

## 5. Receipts and Payments of the Fund

All receipts and payments for the Fund since McGrathNicol's appointment on 10 July 2013 until their retirement on 10 December 2018 are on the website [www.lmfimf.com](http://www.lmfimf.com) under Financial Statements & Other Key Documents.

Following McGrath Nicol's retirement and relinquishment of control of the bank accounts, I have taken over responsibility for all receipts and payments and will upload copies of the Receipts and Payments lodged with ASIC to the [www.lmfimf.com](http://www.lmfimf.com) website from time to time.

The receipts and payments of the Fund, for the period 1 January 2022 to 30 June 2022 is summarised in the table below.

Description	\$
<b>Receipts</b>	
Interest	43,495
Loan Reductions	250,000
Return of unclaimed Interim Capital Distribution to investors	1,300
<b>Total receipts</b>	<b>294,795</b>
<b>Payments</b>	
Bank charges	(30)
Receivers fees and disbursements (BDO)	(930,006)
Liquidators fees and disbursements (FTI)	(33,071)
Custodian fees	(11,000)
Legal and other fees	(3,072,985)
IT expenses	(58,899)
Printing and stationary	(12,695)
Record management and storage	(6,394)
Reprocess of Interim Capital Distribution to investors	(3,513)
<b>Total payments</b>	<b>(4,128,593)</b>
<b>Net receipts/(payments)</b>	<b>(3,833,798)</b>

## 6. Investor Information

### 6.1 Estimated Return to Investors

#### 6.1.1 Unit Price as at 30 June 2022

The estimated unit price as at 30 June 2022 is 9.6 cents per unit and a total estimated return of 16.1 cents per unit taking into account the interim distribution paid of 6.5 cents per units.

Description	\$
<b>Total Net Value of Fund Assets</b>	<b>47,204,392</b>
<b>Total Number of Units</b>	<b>492,125,624</b>



Description	\$
Unit Price Estimate	9.6 cents
Add: Distributions to date	6.5 cents
<b>Total estimated return in the dollar</b>	<b>16.1 cents</b>

I *attach* a copy of a letter confirming the unit price as at 30 June 2022, which may be forwarded to Centrelink to assist with the review of investors' pensions.

## 6.2 Further Distributions to Investors

The Court authorised and empowered me on 2 October 2019 to make an interim capital distribution of 6.5 cents per unit to investors of the LM First Mortgage Income Fund. I confirm the interim distribution was paid to investors in October 2019.

Once the above matters in section 3 have been finalised, I intend to pay, subject to court approval, the final distribution to investors.

## 6.3 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 6.4 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 December 2022.

## 6.4 Investors Queries

Arrangements are in place to ensure that any reasonable questions asked by members of the FMIF, about the winding up of the FMIF, will be answered within a reasonable period of time (generally seven days) and without charge to the investor.

For any changes to investors details, please review the Useful Forms/Procedures tab on the website [www.lmfimif.com](http://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 questions about the winding up, or communications are sent via email to [enquiries@lmfmif.com](mailto: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

## **7. Receiver's Remuneration and Expenses**

There have been seventeen applications to Court to date to approve my remuneration since the date of my appointment on 8 August 2013.

The seventeenth application for the approval of my remuneration for the period from 1 November 2021 to 30 April 2022, in the sum of \$381,555.35 (including GST), will be heard by the Court on 18 October 2022.

A copy of all documentation in relation to my previous applications, including the seventeenth application, can be found on the website [www.lmfmif.com](http://www.lmfmif.com).

In addition to the remuneration previously approved by the Court and the seventeenth application set out above, I calculate that, on a time basis, I have incurred further remuneration of \$285,254.50 (exclusive of GST) plus disbursements of \$25,302.84 (exclusive of GST) from 1 May 2022 to 31 August 2022 as detailed in the attached summary.

### **7.1 Actions taken during the Period**

I provide below a summary of actions taken during the period from 1 January 2022 to 30 June 2022:

- Work undertaken in relation to the litigation matters detailed at Section 3.1 of this report;
- Maintaining the financial records of the Fund and preparation of management accounts for the half-year ended 31 December 2021 and the year ended 30 June 2022;
- Undertaking the investor management function for approximately 4,600 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 affidavit and supporting material for an application to Court for approval of the receiver's remuneration for the period 1 November 2021 to 30 April 2022;
- Attending to compliance with ASIC's grant of relief from the requirements of a half year review and annual audit of the financial reports and compliance plan;
- Preparation of unit price calculations as at 31 December 2021 and 30 June 2022; and
- Preparation of update reports to investors in March 2022 and June 2022.

### **7.2 Proposed actions to be taken in the next 12 months/Key actions required to complete the winding up of the Fund**

I provide below a summary of the proposed actions to be taken within the next 12 months and the key actions required to complete the winding up of the Fund:

- Take steps to finalise the cost orders against the Fund (section 3.1.1) and the guarantor matter (section 3.1.4) as soon as possible;
- Make an application to Court to pay a final distribution to investors and finalise the winding up. This will include finalising all claims against the Fund and other administrative matters to conclude the winding up (**finalisation application**);
- Maintain the accounts of the Fund and prepare management accounts for the half-year ending 31 December 2022 and the final accounts of the Fund;
- Maintain the investor management database;
- Report to investors on a quarterly basis.


I am hopeful that the application to Court to pay the final distribution to investors and finalise the winding up will be made in the near future. I estimate that the winding up will be concluded within about four to six months. This estimate assumes that the orders or directions to be sought in the finalisation application are made without significant opposition. Whilst this is my best estimate, the timeframe to complete the winding up may vary depending upon, among other things, the time taken to finalise the cost orders against the Fund (section 3.1.1) and the guarantor matter (section 3.1.4), the time taken for the finalisation application to be heard and determined, the orders or directions made by the Court on the finalisation application and the time taken by auditors to undertake any audit of the final accounts of the fund which may be required.

## 8. 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](mailto:enquiries@lmfmif.com)

Yours sincerely



David Whyte  
Receiver



**ANNEXURE 1**  
**ESTIMATED RETURN TO FEEDER FUNDS**

Feeder Fund	Number of Units	Further Estimated Return to Feeder Funds as at 30 June 2022			
		Distribution (\$)	Amounts withheld (\$)	Net Amount Paid (\$)	Net Cents per Unit
CPAIF	120,702,630	11,577,723	4,631,089	6,946,634	5.8
ICPAIF	9,350,802	896,923	358,769	538,154	5.8
WFMIF	99,488,929	9,542,918	1,106,978	8,435,939	8.5
<b>Total</b>	<b>229,542,361</b>	<b>22,017,564</b>	<b>6,096,837</b>	<b>15,920,727</b>	



**REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2022 to 31 August 2022**  
**LM First Mortgage Income Fund (Receiver Appointed)**

Employee	Position	Rate	Totals		Task Area									
			hrs	\$	Assets		Creditors		Trade On		Dividends		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
David Whyte	Partner	655	85.3	55,871.50	45.8	29,999.00	13.1	8,580.50	16.8	11,004.00			9.6	6,288.00
Craig Jenkins	Partner	575	0.6	345.00	0.6	345.00								
Charles Haines	Director	555	28.2	15,651.00	2.1	1,165.50	19.8	10,989.00			0.2	111.00	6.1	3,385.50
Jayden Coulston	Senior Manager	530	3.7	1,961.00			3.6	1,908.00					0.1	53.00
Ryan Whyte	Senior Accountant	390	255.9	99,801.00	1.2	468.00	175.7	68,523.00	60.8	23,712.00	12.7	4,953.00	5.5	2,145.00
Jordan Devery	Senior Accountant	350	46.6	16,310.00			46.6	16,310.00						
Nigel Wenck	Accountant	295	117.8	34,751.00			116.6	34,397.00			1.2	354.00		
Sarah Cunningham	Accounting Assistant	240	4.1	984.00									4.1	984.00
Nigel Wenck	Accountant	240	49.7	11,928.00			49.1	11,784.00			0.5	120.00	0.1	24.00
Jay Brown	Undergraduate Accountant	195	210.6	41,067.00			210.6	41,067.00						
Laura Hagl	Professional Services Support	190	5.0	950.00									5.0	950.00
Maira Hattingh	Professional Services Support	115	49.0	5,635.00									49.0	5,635.00
<b>TOTALS</b>			<b>856.5</b>	<b>285,254.50</b>	<b>49.7</b>	<b>31,977.50</b>	<b>635.1</b>	<b>193,558.50</b>	<b>77.6</b>	<b>34,716.00</b>	<b>14.6</b>	<b>5,538.00</b>	<b>79.5</b>	<b>19,464.50</b>
				<b>GST</b>		<b>28,525.45</b>								
				<b>TOTAL INC GST</b>		<b>313,779.95</b>								
<b>AVERAGE HOURLY RATE</b>			<b>333</b>		<b>643</b>		<b>305</b>		<b>447</b>		<b>379</b>		<b>245</b>	

**Note:** All amounts exclude GST unless otherwise noted



**Disbursements for the period 1 May 2022 to 31 August 2022**  
**LM First Mortgage Income Fund (Receiver Appointed)**

<b>Expense Type</b>	<b>Amount (\$ ex GST)</b>
Photocopy	287.10
Postage	25,015.74
<b>TOTAL</b>	<b>25,302.84</b>
<b>GST</b>	<b>2,530.28</b>
<b>TOTAL INC GST</b>	<b>27,833.12</b>

30 September 2022

**TO WHOM IT MAY CONCERN**

**LM FIRST MORTGAGE INCOME FUND (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 2022, calculated as follows:

Description	\$
Total Value of Fund Assets as at 30 June 2022	58,846,994
Less Creditors and Other Payables	11,642,602
<b>Total Net Value of Fund Assets</b>	<b>47,204,392</b>
<b>Total Number of Units</b>	<b>492,125,624</b>
<b>Unit Price Estimate</b>	<b>9.6 cents</b>

Should you have any queries in respect of the above, please contact my office on (07) 3237 5999 or [enquiries@lmfmif.com.au](mailto:enquiries@lmfmif.com.au).

Yours faithfully,



David Whyte  
Receiver

## NOTICE EXPLAINING INSTRUMENT OF RELIEF

On 14 September 2022, the Australian Securities and Investments Commission (“ASIC”), on my application, issued instrument 22-0765 (“the Instrument”) under subsections 111AT(1) and 601QA(1) of the *Corporations Act 2001* (“the Act”) granting LM Investment Management Limited (in liquidation) (receiver appointed) (“LMIM”), in its capacity as responsible entity (“RE”) of the LM First Mortgage Income Fund (“FMIF”) an exemption from compliance with its obligations under:

1. the disclosing entity provisions in Part 2M.3 of the Act in relation to:
  - (a) the half-year of the FMIF ending 31 December for each of the half-years from 2016 to 2023 inclusive;
  - (b) the financial year of the FMIF ending 30 June for each of the financial years from 2016 to 2023 inclusive; and
2. section 601HG of the Act in relation to a financial year of the FMIF ending 30 June for each of the financial years from 2016 to 2023 inclusive.

### (“Financial Reporting and Audit Obligations”)

A copy of the Instrument is available on the website [www.lmfimf.com](http://www.lmfimf.com). The purpose of this Notice is to explain the effect of the Instrument, as required by paragraph 5(a) of the Instrument.

There would be significant costs associated with the FMIF complying with the Financial Reporting and Audit Obligations on an ongoing basis, and I applied for ASIC to grant relief in order to minimise that cost to the FMIF.

The disclosing entity provisions in Part 2M.3 of the Act require LMIM as RE of the FMIF to:-

1. prepare a financial report for the FMIF for each financial year, and each half-year;
2. prepare a directors’ report for the FMIF for each financial year and each half-year;
3. have the financial reports audited, and obtain an auditor’s report;
4. provide the financial reports, the directors reports, and the auditors reports to members and lodge the reports with ASIC.

Section 601HG of the Act requires LMIM as RE of the FMIF to engage an auditor to audit the FMIF’s compliance with its compliance plan and prepare an audit report, each financial year.

LMIM as RE of the FMIF is exempt from its obligation to comply with these Financial Reporting and Audit Obligations, for the relevant financial years and half-years specified in the Instrument, so long as it complies with the conditions of the relief granted by the Instrument.



The conditions of the relief are satisfied if I:

1. publish in a prominent place on the website [www.lmfmf.com](http://www.lmfmf.com) a copy of the Instrument, accompanied by a notice explaining the relief granted by the Instrument;
2. prepare and make available to members within three months after the end of each “relevant period” of six months, starting on 1 January 2022, a report for the relevant period which includes certain specified information about:
  - (a) the progress and status of the winding up of the FMIF;
  - (b) the financial position of the FMIF as at the last day of the relevant period;
  - (c) financial information about receipts for the FMIF during the period;
  - (d) information about the value of the FMIF’s property and the estimated return to members of the FMIF;
3. maintain adequate arrangements to answer within a reasonable period of time and without charge to the member, any reasonable questions asked by members of the FMIF about the winding up of the FMIF.

Compliance with these conditions will ensure that investors are kept informed of the progress and status of the winding up and the financial position of the FMIF.

If any member of the FMIF has any questions about the effect of the Instrument, please contact Nigel Wenck or Jay Brown of this office on (07) 3237 5999 or email [enquiries@lmfmif.com.au](mailto:enquiries@lmfmif.com.au).



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David Whyte, Court-Appointed Receiver  
15 September 2022

**Australian Securities and Investments Commission  
Corporations Act 2001 — Subsections 111AT(1) and 601QA(1) — Exemption**

**Enabling legislation**

1. The Australian Securities and Investments Commission makes this instrument under subsections 111AT(1) and 601QA(1) of the Corporations Act 2001 (Act).

**Title**

2. This instrument is ASIC Instrument 22-0765.

**Commencement**

3. This instrument commences on the day it is signed.

**Exemption**

4. LM Investment Management Limited (in liquidation) (receiver appointed) ACN 077 208 461 in its capacity as the responsible entity (Responsible Entity) of LM First Mortgage Income Fund ARSN 089 343 288 (Scheme) does not have to comply with:
  - (a) the disclosing entity provisions in Part 2M.3 of the Act in relation to:
    - (i) the half-year of the Scheme ending 31 December for each of the half-years from 2016 to 2023 inclusive;
    - (ii) the financial year of the Scheme ending 30 June for each of the financial years from 2016 to 2023 inclusive; and
  - (b) section 601HG of the Act in relation to the financial year of the Scheme ending 30 June for each of the financial years from 2016 to 2023 inclusive.

**Where exemption applies**

5. The exemption applies where the Responsible Person does, or causes to be done (or, where the Responsible Person fails to do so, the Responsible Entity although not being required to do, within 28 days of becoming aware that the Responsible Person has failed to do so, does, or causes to be done), the following:
  - (a) publishes in a prominent place on the website maintained by the Responsible Person for the Scheme (or, in the case of the Responsible Entity, the Responsible Entity publishes on a website maintained by it for the purpose of providing information to members of the Scheme), a copy of this instrument accompanied by a notice explaining the relief granted by this instrument;
  - (b) prepares and makes available to members of the Scheme within 3 months after the end of each relevant period, a report for the relevant period which includes the following information unless disclosure of that information would be prejudicial to the winding up:

- (i) information about the progress and status of the winding up of the Scheme, including details (as applicable) of:
  - A. the actions taken during the period;
  - B. the actions required to complete the winding up;
  - C. the actions proposed to be taken in the next 12 months;
  - D. the expected time to complete the winding up; and
- (ii) the financial position of the Scheme as at the last day of the relevant period (based on available information);
- (iii) financial information about receipts for the scheme during the period; and
- (iv) the following information at the end of the period:
  - A. the value of scheme property; and
  - B. any potential return to members of the Scheme; and
- (c) maintains adequate arrangements to answer, within a reasonable period of time and without charge to the member, any reasonable questions asked by members of the Scheme about the winding up of the Scheme.

### Interpretation

6. In this instrument:

*disclosing entity provisions* has the meaning given by section 111AR of the Act.

*relevant period*, in relation to a report, means each period of 6 months starting on 1 January 2022.

*Responsible Person* means the person appointed under subsection 601NF(1) of the Act to take responsibility for ensuring that the Scheme is wound up in accordance with its constitution.

Dated this 14 day of September 2022.



Signed by Juhyun Pak  
as a delegate of the Australian Securities and Investments Commission