

TO THE INVESTOR AS ADDRESSED

22 December 2023

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 44th update to investors, which provides details of the progress made in the winding up of the Fund since my last report to investors dated 29 September 2023. This report should be read in conjunction with my previous reports, which are available on the website www.lmfimf.com.

An application to court for me to obtain orders to finalise the winding up and pay the final distribution to members has been prepared. However, unfortunately, the winding up of the FMIF cannot be finalised until the proceeding brought by the LMIM liquidator, John Park detailed at section 2.1.1 of this report has been determined or resolved.

2. Progress and Status of the Winding Up

2.1 Legal Actions/Potential Recoveries

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

I refer to my previous reports to members in relation to this proceeding (BS12317/14), which I caused LMIM as RE of the FMIF to commence against the trustee of the MPF, LMIM and a number of former directors of LMIM.

As advised in my last report to members on 29 September 2023, costs were awarded in favour of the first to fourth, sixth and seventh defendants in respect of the proceeding, and the appeal (Costs). The costs of the seventh defendant, the Liquidators of LMIM, were paid in a fixed amount from the assets of the FMIF pursuant to the Orders of the Court dated 28 February 2020.

On 11 November 2022, a settlement was reached with the first to fourth, and sixth defendants in respect of the Costs (the Settlement).

On 11 November 2022, I notified the Liquidator of LMIM, John Park and advised him of the Settlement and that I intended to make payment of the settlement sum out of the assets of the FMIF, and that if he objected to this payment being made, he was required to bring an application to prevent this from occurring.

On 17 November 2022, the Liquidator caused LMIM in its own right, and in its capacity as the Responsible Entity of the FMIF, the LM Institutional Currency Protected Australian Income Fund and the LM Currency Protected Australian Income Fund, to bring an application in the Supreme Court of Queensland against me in my capacity as the Court Appointed Receiver of the FMIF (the Application).

The Application, as amended on 23 December 2022, sought final substantive relief to the following effect:

- I. declaratory relief that LMIM is not entitled to pay the adverse costs from the property of the FMIF;
- II. injunctive relief restraining me from paying the adverse costs from the property of the FMIF;
- III. an order that I pay the adverse costs personally.

On 24 February 2023, the Liquidator caused LMIM in the four different capacities detailed above to file and serve a Statement of Claim (**Statement of Claim**), seeking relief under section 8 of the *Trusts Act 1973 (QLD)*.

On 6 March 2023, his Honour Justice Kelly ordered the parties to attend a mediation by 31 March 2023, and otherwise made timetabling orders for the hearing of my foreshadowed application to strike out the Statement of Claim.

On 21 March 2023, I attended at a mediation with the Liquidator and our respective legal counsel, conducted by the Honourable John Byrne AO RFD, however no settlement was achieved.

My application to strike out the Statement of Claim was heard before his Honour Justice Kelly on 27 April 2023, with the following orders being made on 16 June 2023:

- The application was dismissed;
- Submissions on costs had to be filed and served by the parties (this has been completed and an order made on 30 June 2023 for the plaintiff's costs of the strike out application to be assessed on the indemnity basis and paid from the FMIF);
- I was directed to file and serve a defence to the amended statement of claim by 18 August 2023;
- The matter was listed for a review on 1 September 2023.

, The time for the filing of my Defence was extended by order of the Court.

On 7 September 2023, I filed a defence to the Claim.

A Defence was filed in the Court which redacts references to privileged or confidential matters.

An unredacted version of the Defence and a bundle of critical, confidential or privileged documents, has been served on the plaintiff, on a strictly confidential basis and confidentiality orders are to be sought with respect to these documents.

The Court ordered that the parties attend a further mediation, which was held on 30 October 2023 and has been adjourned and is to resume by 13 February 2024, with the matter listed for a review by the Court on 19 February 2024.

2.1.2 Liquidators of LMIM (FTI Consulting)

2.1.2.1 Remuneration claim and expenses claim

I refer to my previous reports to investors, which summarise the outcomes of prior remuneration and expenses claims by the Liquidator of LMIM.

The judgement and orders made with respect to FTI's most recent remuneration application and expenses application are summarised in paragraph 2.1.3.2 of my report to investors dated 22 December 2022.

There are currently no applications on foot by the Liquidator for payment of remuneration or expenses from the FMIF. I anticipate that further application/s by the Liquidator for payment of remuneration or expenses from the FMIF will be made before the conclusion of the winding up.

2.1.2.2 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 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 with this being paid on 28 September 2022. The First EY Proof and a second EY Proof have been withdrawn.

2.1.2.3 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.

3. Management Accounts

As advised in my previous report, the management accounts for the year ending 30 June 2023 are available on the website www.lmfimf.com.

The management accounts for the half-year ending 31 December 2023 will be uploaded to the website www.lmfimf.com by 31 March 2024.

4. Estimated Return to Investors

4.1 Based on current cash at bank and excluding future recoveries and costs

I provide an estimated remaining return to Investors of 11.4 cents per unit as at 30 November 2023, and a total estimated return of 17.9 cents per unit taking into account the interim distribution paid of 6.5 cents per unit, calculated as follows:

Description	30 November 2023
Estimated net amount of assets available to investors as at period end (\$)	49,651,190
Estimated Benefit of Feeder Fund settlement of amounts withheld	6,412,861
Total Number of Units	492,125,624
Estimated return in the dollar	11.4 cents

Please note that the estimate and prior estimates do not take into account future operating costs and future Receiver's fees.

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 net amounts payable to the Feeder Funds, as follows:

Feeder Fund	Estimated Return
LM Currency Protected Australian Income Fund ("CPAIF")	6.1 cents
LM Institutional Currency Protected Australian Income Fund ("ICPAIF")	6.1 cents
LM Wholesale First Mortgage Income Fund ("WFMIF")	8.9 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 distributed from the net cash that is paid to each of the Feeder Funds before distributions are made to Feeder Fund investors.

4.2 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.

As advised above, an application to court for me to obtain orders to finalise the winding up and pay the final distribution to members has been prepared. However, unfortunately, the winding up of the FMIF cannot be finalised until the proceeding brought by the LMIM liquidator, John Park detailed at section 2.1.1 of this report has been determined or resolved.

Once that proceeding is determined or resolved, the finalisation application will be lodged and served.

4.3 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 4.4 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 March 2024.

4.4 Investors Queries

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

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

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

It is preferable that all questions about the winding up, or communications are sent via email to lmfmif@bdo.com.au 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

5. 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.

A copy of all documentation in relation to my previous applications, including the seventeenth application, can be found on the website www.lmfmf.com.

In addition to the remuneration previously approved by the Court, I calculate that, on a time basis, I have incurred further remuneration of \$843,520.50 (exclusive of GST) plus disbursements of \$36,049.06 (exclusive of GST) from 1 May 2022 to 30 November 2023 as detailed in the attached summary. Approval of my current and future remuneration will be sought in my Finalisation Application.

6. 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: lmfmif@bdo.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Whyte'. The signature is stylized and somewhat abstract, with several loops and a long horizontal stroke extending to the left.

David Whyte
Receiver



ANNEXURE 1
ESTIMATED RETURN TO FEEDER FUNDS

Further Estimated Return to Feeder Funds as at 30 November 2023					
Feeder Fund	Number of Units	Distribution (\$)	Amounts withheld (\$)	Net Amount Paid (\$)	Net Cents per Unit
CPAIF	120,702,630	12,177,844	4,871,138	7,306,707	6.1
ICPAIF	9,350,802	943,414	377,366	566,049	6.1
WFMIF	99,488,929	10,037,567	1,164,358	8,873,209	8.9
Total	229,542,361	23,158,825	6,412,861	16,745,964	



SCHEDULE A - Summary of Professional Fees by Category of Work for the Period 1 May 2022 to 30 November 2023

LM First Mortgage Income Fund (Receiver Appointed)

Employee	Position	Rate	Totals		Task Area															
			hrs	\$	Assets		Creditors		Trade On		Investigations		Dividends		Administration					
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$				
David Whyte	Partner	690	5.7	3,933.00					5.7	3,933.00										
David Whyte	Partner	655	246.9	161,719.50	47.7	31,243.50	24.5	16,047.50	160.2	104,931.00									14.5	9,497.50
Craig Jenkins	Partner	605	1.0																	
Craig Jenkins	Partner	575	2.7																	
Clark Jarrold	Partner	575	0.8																	
Charles Haines	Director	555	79.4	43,956.00	0.3	166.50	58.7	32,578.50			3.3	1,831.50	1.4	777.00	15.5	8,602.50				
Alastair Raphael	Director	555	0.4	222.00					0.4	222.00										
Jayden Coulston	Senior Manager	555	2.9	1,609.50			2.9	1,609.50												
Charles Haines	Director	540	3.0	1,620.00			2.2	1,188.00							0.8	432.00				
Jayden Coulston	Senior Manager	530	27.6	14,628.00			24.1	12,773.00							3.5	1,855.00				
Julie Pagcu	Director	520	2.5																	
Jordan Devery	Manager	515	0.6	309.00			0.6	309.00												
Julie Pagcu	Director	495	1.7																	
Ryan Whyte	Senior Analyst	390	698.3	272,337.00	1.6	624.00	419.1	163,449.00	192.0	74,880.00	57.2	22,308.00	19.1	7,449.00	9.3	3,627.00				
Nigel Wenck	Senior Analyst	370	7.0	2,590.00			6.0	2,220.00							1.0	370.00				
Jordan Devery	Senior Analyst	350	99.1	34,685.00			87.8	30,730.00	11.3	3,955.00										
Matt Burns	Senior Analyst	350	11.0	3,850.00			11.0	3,850.00												
Nigel Wenck	Analyst	295	314.6	92,807.00			299.5	88,352.50	1.2	354.00	6.5	1,917.50	2.4	708.00	5.0	1,475.00				
Mitchell Sallis	Analyst	295	6.2	1,829.00							6.2	1,829.00								
Jason Morcom	Graduate Analyst	255	6.0	1,530.00			6.0	1,530.00												
Sarah Cunningham	Financial Assistant	255	0.2	51.00											0.2	51.00				
Nigel Wenck	Graduate Analyst	240	49.7	11,928.00			49.1	11,784.00					0.5	120.00	0.1	24.00				
Sarah Cunningham	Financial Assistant	240	27.9	6,696.00											27.9	6,696.00				
Jason Morcom	Graduate Analyst	240	188.3	45,192.00			128.7	30,888.00	24.2	5,808.00	9.7	2,328.00			25.7	6,168.00				
Georgia Frank	Graduate Analyst	240	107.6	25,824.00			73.6	17,664.00	2.5	600.00	27.2	6,528.00			4.3	1,032.00				
Jay Brown	Undergraduate Analyst	195	476.9	92,995.50			475.8	92,781.00	1.1	214.50										
Miah Clarke	Graduate Analyst	195	36.8	7,176.00			23.1	4,504.50							13.7	2,671.50				
Laura Hagi	Professional Services Support	190	10.1	1,919.00											10.1	1,919.00				
Moira Hattlingh	Administration Assistant	120	0.7	84.00											0.7	84.00				
Moira Hattlingh	Administration Assistant	115	122.0	14,030.00											122.0	14,030.00				
TOTALS			2,537.6	843,520.50	49.6	32,034.00	1,692.7	512,258.50	398.6	194,897.50	110.1	36,742.00	23.4	9,054.00	254.3	58,534.50				
GST				84,352.05																
TOTAL INC GST				927,872.55																
AVERAGE HOURLY RATE				332		646		303		489		334		387		230				

Note: All amounts exclude GST unless otherwise noted



Disbursements for the period 1 May 2022 to 30 November 2023

LM First Mortgage Income Fund (Receiver Appointed)

Expense Type	Amount (\$ ex GST)
Postage	35,761.96
Photocopy	287.10
TOTAL	36,049.06
GST	3,604.91
TOTAL INC GST	39,653.97