

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: 3383 of 2013

Applicants: **RAYMOND EDWARD BRUCE AND VICKI PATRICIA BRUCE**

AND

First Respondent: **LM INVESTMENT MANAGEMENT LIMITED
(IN LIQUIDATION) ACN 077 208 461 IN ITS CAPACITY
AS RESPONSIBLE ENTITY OF THE LM FIRST
MORTGAGE
INCOME FUND**

AND

Second Respondent: **THE MEMBERS OF THE LM FIRST MORTGAGE
INCOME FUND ARSN 089 343 288**

AND

Third Respondent: **ROGER SHOTTON**

AND

Intervener: **AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION**

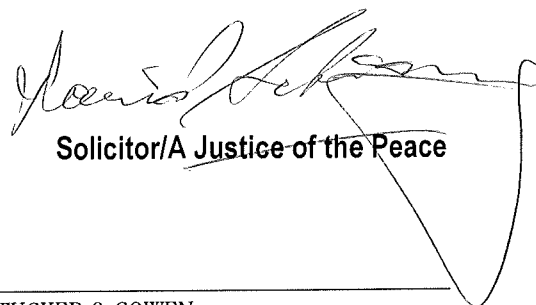
CERTIFICATE OF EXHIBIT

VOLUME 2 OF 4

Exhibit "DW-6" to "DW-17" to the Affidavit of **DAVID WHYTE** sworn this day 7th day of November 2014



Deponent



Solicitor/A Justice of the Peace

CERTIFICATE OF EXHIBIT:
Form 47, R.435

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000
Tele: (07) 300 300 00
Fax: (07) 300 300 33

Filed on behalf of the Applicant, Mr David Whyte

SUPREME COURT OF QUEENSLAND

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VOLUME 2 of 4

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"DW-b"

ASIC & Business Names

ORGANISATIONAL SEARCH ON LM INVESTMENT MANAGEMENT LIMITED

Current Extract

This information was extracted from ASIC database on 07 November 2014 at 09:05AM

This extract contains information derived from the Australian Securities and Investment Commission's (ASIC) database under section 1274A of the Corporations Act 2001. Please advise ASIC of any error or omission which you may identify.

	LM INVESTMENT MANAGEMENT LIMITED	DOCUMENT NO.
077 208 461		
ABN	077 208 461 68 077 208 461	
Registered in	QLD	
Date Registered	31-Jan-1997	
Review Date	31-Jan-2015	

Current Organisation Details

Name	LM INVESTMENT MANAGEMENT LIMITED	7E5097309
Name Start	06-Aug-1998	
Status	EXTERNALLY ADMINISTERED	
	For information about this status refer to the documents listed under the heading "External Administration and/or Appointment of Controller", below.	
Type	AUSTRALIAN PUBLIC COMPANY	
Class	LIMITED BY SHARES	
Subclass	UNLISTED PUBLIC COMPANY	
Disclosing Entity	NO	

Current Registered Office

Address	FTI CONSULTING, 'CORPORATE CENTRE ONE' LEVEL 9, 2 CORPORATE COURT, BUNDALL, QLD, 4217	7E5105009
Start Date	29-Mar-2013	

Current Principal Place of Business

Address	LEVEL 4 RSL CENTRE, 9 BEACH ROAD, SURFERS PARADISE, QLD, 4217
Start Date	01-Jul-1998

Current Director

Officer Name	EGHARD VAN DER HOVEN	1F0109176
ABN	Not available	
Birth Details	21-Jan-1962 DURBAN SOUTH AFRICA	
Address	10 ROWES COURT, SORRENTO, QLD, 4217	

Appointment Date	22-Jun-2006	
Officer Name	PETER CHARLES DRAKE	1E2914414
ABN	Not available	
Birth Details	23-Aug-1955 WHANGARA NEW ZEALAND	
Address	13 ALBATROSS AVENUE, NOBBY BEACH, QLD, 4218	
Appointment Date	31-Jan-1997	
Officer Name	FRANCENE MAREE MULDER	1F0069214
ABN	Not available	
Birth Details	24-Apr-1961 SOUTHPORT QLD	
Address	109 STRAWBERRY ROAD, MUDGEERABA, QLD, 4213	
Appointment Date	30-Sep-2006	

Current Appointed Auditor

Officer Name	ERNST & YOUNG	020698531
Number	024870595	(FR 2004)
ABN	Not available	
Address	'WATERFRONT PLACE' LEVEL 1, 1 EAGLE STREET, BRISBANE, QLD, 4000	
Appointment Date	01-Oct-2003	

Current Receiver Manager

Officer Name	JOSEPH DAVID HAYES	7E5366580
ABN	Not available	
Address	MCGRATHNICOL, 'MCGRATHNICOL' LEVEL 31, 60 MARGARET STREET, SYDNEY, NSW, 2000	
Appointment Date	11-Jul-2013	
Officer Name	ANTHONY NORMAN CONNELLY	7E5366580
ABN	Not available	
Address	LEVEL 14, 145 EAGLE STREET, BRISBANE, QLD, 4000	
Appointment Date	11-Jul-2013	

Current Appointed Liquidator (Creditors Voluntary Winding up)

Officer Name	JOHN RICHARD PARK	7E5415398
ABN	Not available	
Address	FTI CONSULTING, 'CORPORATE CENTRE ONE' LEVEL 9, 2 CORPORATE COURT, BUNDALL, QLD, 4217	
Appointment Date	01-Aug-2013	
Officer Name	GINETTE DAWN MULLER	7E5415398
ABN	Not available	
Address	FTI CONSULTING, 'CORPORATE CENTRE ONE' LEVEL 9, 2 CORPORATE COURT, BUNDALL, QLD, 4217	
Appointment Date	01-Aug-2013	
Officer Name	GINETTE DAWN MULLER	7E5415403
ABN	Not available	

Address FTI CONSULTING, 'CORPORATE CENTRE ONE' LEVEL 9, 2
CORPORATE COURT, BUNDALL, QLD, 4217

Appointment Date 01-Aug-2013

Officer Name JOHN RICHARD PARK 7E5415403

ABN Not available

Address FTI CONSULTING, 'CORPORATE CENTRE ONE' LEVEL 9, 2
CORPORATE COURT, BUNDALL, QLD, 4217

Appointment Date 01-Aug-2013

Appointment of secretary is optional. In the event no secretary is appointed the director(s) assume the responsibilities under the Law.

Current Issued Capital

Type Current 7E2830546

Class ORD
ORDINARY

Number of Shares/Interests issued 35

Total amount paid/taken to be paid \$1032012.56

Total amount due and payable \$0.00

Note: For each class of shares issued by a proprietary company, ASIC records the details of the twenty members of the class (based on shareholdings). The details of any other members holding the same number of shares as the twentieth ranked member will also be recorded by ASIC on the database. Where available, historical records show that a member has ceased to be ranked amongst the twenty members. This may, but does not necessarily mean, that they have ceased to be a member of the company.

Documents Relating to External Administration and/or Appointment

This extract may not list all documents relating to this status. State and territory records should be searched.

Received	Form Type	Processed	No. Pages	Effective	
30-Oct-2014 1500	1500 ANNUAL REPORT TO CREDITORS	30-Oct-2014	9	31-Jul-2014	7E6483251
25-Aug-2014 524J	524 PRESENTATION OF ACCOUNTS & STATEMENT ACCOUNTS OF CREDITORS' VOLUNTARY WINDING UP	25-Aug-2014	13	31-Jul-2014	7E6312669
11-Aug-2014 524N	524 PRESENTATION OF ACCOUNTS & STATEMENT ACCOUNTS OF RECEIVER & MANAGER	11-Aug-2014	13	10-Jul-2014	7E6278230
26-Feb-2014 524J	524 PRESENTATION OF ACCOUNTS & STATEMENT ACCOUNTS OF CREDITORS' VOLUNTARY WINDING UP	26-Feb-2014	13	31-Jan-2014	7E5867779
10-Feb-2014 524N	524 PRESENTATION OF ACCOUNTS & STATEMENT ACCOUNTS OF RECEIVER & MANAGER	10-Feb-2014	12	10-Jan-2014	7E5824920
30-Sep-2013 507F	507 REPORT AS TO AFFAIRS FROM CONTROLLER UNDER S.429(2)(C)	30-Sep-2013	62	26-Sep-2013	7E5546426

06-Sep-2013	507	06-Sep-2013	21	11-Jul-2013	7E5494220
507G	REPORT AS TO AFFAIRS FROM MANAGING CONTROLLER WHO IS ALSO A RECEIVER/MANAGER				
02-Sep-2013	524	02-Sep-2013	14	31-Jul-2013	7E5481607
524Z	PRESENTATION OF ACCOUNTS & STATEMENT PRESENTATION OF FINAL ACCOUNTS OF ADMINISTRATOR				
23-Aug-2013	5011	23-Aug-2013	6	31-Jul-2013	7E5462841
5011A	COPY OF MINUTES OF MEETING OF MEMBERS, CREDITORS, CONTRIBUTORIES OR COMMITTEE OF INSPECTION OTHER THAN UNDER S.436E OR S.439A				
13-Aug-2013	5011	13-Aug-2013	43	01-Aug-2013	7E5436451
5011B	COPY OF MINUTES OF MEETING OF MEMBERS, CREDITORS, CONTRIBUTORIES OR COMMITTEE OF INSPECTION UNDER S.436E OR S.439A				
02-Aug-2013	505	02-Aug-2013	2	01-Aug-2013	7E5415403
505J	NOTIFICATION OF APPOINTMENT OF LIQUIDATOR (CREDITORS' VOLUNTARY WINDING UP)				
02-Aug-2013	509D	02-Aug-2013	2	01-Aug-2013	7E5415398
509DA	NOTICE UNDER S.446A OF SPECIAL RESOLUTION TO WIND UP COMPANY RESOLVED THAT COMPANY BE WOUND UP UNDER 439C(C)				
12-Jul-2013	505	12-Jul-2013	2	11-Jul-2013	7E5366580
505B	NOTIFICATION OF APPOINTMENT OF RECEIVER AND MANAGER				
11-Jul-2013	504	25-Jul-2013	4	11-Jul-2013	028593214
504B	NOTIFICATION OF APPOINTMENT OF A RECEIVER AND MANAGER				
13-May-2013	5011	13-May-2013	4	26-Apr-2013	7E5211783
5011A	COPY OF MINUTES OF MEETING OF MEMBERS, CREDITORS, CONTRIBUTORIES OR COMMITTEE OF INSPECTION OTHER THAN UNDER S.436E OR S.439A				
12-Apr-2013	5011	12-Apr-2013	45	02-Apr-2013	7E5149299
5011B	COPY OF MINUTES OF MEETING OF MEMBERS, CREDITORS, CONTRIBUTORIES OR COMMITTEE OF INSPECTION UNDER S.436E OR S.439A Altered by 028 521 226				
19-Mar-2013	505	19-Mar-2013	2	19-Mar-2013	7E5097309
505U	NOTIFICATION OF APPT OF ADMINISTRATOR UNDER S.436A, 436B, 436C, 436E(4), 449B, 449C(1), 449C(4) OR 449(6)				

Document Details

Received	Form Type	Processed	No. Pages	Effective	
05-Aug-2013	484		0	05-Aug-2013	1F0478329
484E	Change to Company Details Appointment or Cessation of A				

Company Officeholder					
Document under requisition					
02-Aug-2013	484		0	02-Aug-2013	028687053
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
Document under requisition					
08-Jul-2013	484	29-Jul-2013	3	08-Jul-2013	1F0336384
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
20-Jun-2013	484	20-Jun-2013	2	20-Jun-2013	7E5304606
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				
15-May-2013	FS90	15-May-2013	1	19-Mar-2013	7E5217844
FS90A	Notice That a Product in a Pds Has Ceased to Be Available - By Afs Licensee				
01-May-2013	902	05-Jun-2013	47	02-Apr-2013	028521226
902	Supplementary Document Alters 7E5 149 299				
10-Apr-2013	FS67	10-Apr-2013	1	10-Apr-2013	028227992
FS67	Order Suspending Afs Licence				
22-Mar-2013	484	22-Mar-2013	2	22-Mar-2013	7E5105009
484B	Change to Company Details Change of Registered Address				
28-Feb-2013	5122	01-Mar-2013	1	28-Feb-2013	020500750
5122	Notice of Declaration Re Managed Investment Scheme				
17-Jan-2013	FS90	17-Jan-2013	1	16-Jan-2013	7E4965053
FS90A	Notice That a Product in a Pds Has Ceased to Be Available - By Afs Licensee				
03-Dec-2012	FS90	03-Dec-2012	2	04-Oct-2012	7E4885393
FS90A	Notice That a Product in a Pds Has Ceased to Be Available - By Afs Licensee				
28-Nov-2012	878	28-Nov-2012	1	28-Nov-2012	027957724
878	Notice of Australian Offer Under Foreign Recognition Scheme				
07-Nov-2012	FS88	07-Nov-2012	3	07-Nov-2012	7E4833611
FS88A	Pds In-Use Notice - By Afs Licensee				
02-Nov-2012	878	02-Nov-2012	2	02-Nov-2012	7E4824597
878	Notice of Australian Offer Under Foreign Recognition Scheme				
02-Nov-2012	FS88	02-Nov-2012	3	02-Nov-2012	7E4824598
FS88A	Pds In-Use Notice - By Afs Licensee				
22-Oct-2012	484	22-Oct-2012	2	22-Oct-2012	7E4797015
484E	Change to Company Details Appointment or Cessation of A Company Officeholder				

05-Oct-2012	388	09-Nov-2012	44	30-Jun-2012	028208422 (FR 2012)
388A	Financial Report	Financial Report - Public Company Or			
		Disclosing Entity			
07-Sep-2012	484	07-Sep-2012	2	07-Sep-2012	7E4705266
484E	Change to Company Details	Appointment or Cessation of A			
		Company Officeholder			
07-Sep-2012	FS02	07-Sep-2012	26	07-Sep-2012	0L0310250
FS02	COPY OF AFS LICENCE				
06-Sep-2012	FS90	06-Sep-2012	2	31-Aug-2012	7E4701411
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	18-Jul-2012	7E4678949
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	16-Aug-2012	7E4678937
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	21-Jun-2012	7E4678920
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	21-Jun-2012	7E4678906
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	18-Apr-2012	7E4678887
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	26-Apr-2012	7E4678876
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	15-Feb-2012	7E4678848
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	05-Dec-2011	7E4678833
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS90	27-Aug-2012	2	04-Oct-2011	7E4677637
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE -				
	BY AFS LICENSEE				
27-Aug-2012	FS88	27-Aug-2012	3	27-Aug-2012	7E4677593
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
09-Aug-2012	484	09-Aug-2012	2	09-Aug-2012	7E4644566

484E		CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
13-Jul-2012	484		13-Jul-2012	2	13-Jul-2012	7E4588883
484E		CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
05-Jul-2012	878		05-Jul-2012	1	05-Jul-2012	027956096
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
29-Jun-2012	878		29-Jun-2012	2	29-Jun-2012	7E4554303
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
29-Jun-2012	FS88		29-Jun-2012	3	29-Jun-2012	7E4554304
FS88A		PDS IN-USE NOTICE - BY AFS LICENSEE				
15-Jun-2012	FS02		15-Jun-2012	26	15-Jun-2012	0L0310084
FS02		COPY OF AFS LICENCE				
04-Jun-2012	878		04-Jun-2012	1	04-Jun-2012	027954654
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
04-Jun-2012	878		04-Jun-2012	1	04-Jun-2012	027954653
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
01-Jun-2012	878		01-Jun-2012	2	01-Jun-2012	7E4492353
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
01-Jun-2012	FS88		01-Jun-2012	3	01-Jun-2012	7E4492354
FS88A		PDS IN-USE NOTICE - BY AFS LICENSEE				
01-Jun-2012	878		01-Jun-2012	2	01-Jun-2012	7E4492327
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
01-Jun-2012	FS88		01-Jun-2012	3	01-Jun-2012	7E4492328
FS88A		PDS IN-USE NOTICE - BY AFS LICENSEE				
30-May-2012	878		30-May-2012	1	30-May-2012	027954594
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
28-May-2012	878		28-May-2012	2	28-May-2012	7E4479732
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
28-May-2012	FS88		28-May-2012	3	28-May-2012	7E4479733
FS88A		PDS IN-USE NOTICE - BY AFS LICENSEE				
30-Mar-2012	878		30-Mar-2012	2	30-Mar-2012	7E4369372
878		NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
30-Mar-2012	FS88		30-Mar-2012	3	30-Mar-2012	7E4369373
FS88A		PDS IN-USE NOTICE - BY AFS LICENSEE				

30-Mar-2012	878	30-Mar-2012	2	30-Mar-2012	7E4369336
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
30-Mar-2012	FS88	30-Mar-2012	3	30-Mar-2012	7E4369337
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
29-Mar-2012	484	29-Mar-2012	2	29-Mar-2012	7E4367220
484E	CHANGE TO COMPANY DETAILS APPOINTMENT OR CESSATION OF A COMPANY OFFICEHOLDER				
27-Jan-2012	878	27-Jan-2012	2	27-Jan-2012	7E4240824
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
27-Jan-2012	FS88	27-Jan-2012	3	27-Jan-2012	7E4240825
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
27-Jan-2012	878	27-Jan-2012	2	27-Jan-2012	7E4240743
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
27-Jan-2012	FS88	27-Jan-2012	3	27-Jan-2012	7E4240744
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
17-Nov-2011	484	17-Nov-2011	2	17-Nov-2011	7E4097067
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
15-Nov-2011	878	15-Nov-2011	2	15-Nov-2011	7E4091788
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
15-Nov-2011	FS88	15-Nov-2011	3	15-Nov-2011	7E4091789
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
27-Oct-2011	484	27-Oct-2011	2	27-Oct-2011	7E4048590
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS				
30-Sep-2011	388	13-Oct-2011	54	30-Jun-2011	026442958 (FR 2011)
388A	FINANCIAL REPORT FINANCIAL REPORT - PUBLIC COMPANY OR DISCLOSING ENTITY				
16-Sep-2011	878	16-Sep-2011	2	16-Sep-2011	7E3954068
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
16-Sep-2011	FS88	16-Sep-2011	3	16-Sep-2011	7E3954069
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
01-Sep-2011	878	01-Sep-2011	2	01-Sep-2011	7E3920691
878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
01-Sep-2011	FS88	01-Sep-2011	3	01-Sep-2011	7E3920692
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE				
18-Jul-2011	878	18-Jul-2011	2	18-Jul-2011	7E3819934

878	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME					
18-Jul-2011	FS88	18-Jul-2011	3	18-Jul-2011	7E3819935	
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE					
20-May-2011	FS89	20-May-2011	1	20-May-2011	7E3682315	
FS89A	NOTICE OF CHANGE TO FEES AND CHARGES IN A PDS - BY AFS LICENSEE					
30-Mar-2011	5122	31-Mar-2011	1	30-Mar-2011	020500654	
5122	NOTICE OF DECLARATION RE MANAGED INVESTMENT SCHEME					
30-Mar-2011	FS02	30-Mar-2011	26	30-Mar-2011	0L0309025	
FS02	COPY OF AFS LICENCE					
10-Nov-2010	309	11-Nov-2010	33	22-Oct-2010	027320265	
309A	NOTIFICATION OF DETAILS OF A CHARGE					
10-Nov-2010	309	11-Nov-2010	33	22-Oct-2010	027320264	
309A	NOTIFICATION OF DETAILS OF A CHARGE					
01-Oct-2010	388	08-Nov-2010	63	30-Jun-2010	027353763	
388A	FINANCIAL REPORT FINANCIAL REPORT - PUBLIC COMPANY OR DISCLOSING ENTITY (FR 2010)					
30-Jul-2010	350	03-Aug-2010	3	30-Jul-2010	026641595	
350	CERTIFICATION OF COMPLIANCE WITH STAMP DUTIES LAW BY PROVISIONAL CHARGE Alters 025 130 504					
13-Jul-2010	309	13-Jul-2010	36	01-Jul-2010	025130504	
309A	NOTIFICATION OF DETAILS OF A CHARGE Altered by 026 641 595					
02-Jul-2010	312	05-Jul-2010	6	02-Jul-2010	026600340	
312C	NOTIFICATION OF RELEASE OF PROPERTY					
02-Jul-2010	312	05-Jul-2010	6	02-Jul-2010	026600337	
312C	NOTIFICATION OF RELEASE OF PROPERTY					
02-Jul-2010	312	05-Jul-2010	3	02-Jul-2010	026600336	
312C	NOTIFICATION OF RELEASE OF PROPERTY					
15-Apr-2010	FS88	15-Apr-2010	3	15-Apr-2010	7E2831759	
FS88A	PDS IN-USE NOTICE - BY AFS LICENSEE					
15-Apr-2010	484	15-Apr-2010	2	15-Apr-2010	7E2830546	
484	CHANGE TO COMPANY DETAILS					
484O	CHANGES TO SHARE STRUCTURE					
484G	NOTIFICATION OF SHARE ISSUE					
25-Mar-2010	484	26-Mar-2010	3	25-Mar-2010	1F0292823	
484A1	CHANGE TO COMPANY DETAILS CHANGE OFFICEHOLDER NAME OR ADDRESS					
23-Mar-2010	FS02	23-Mar-2010	25	23-Mar-2010	0L0307664	

FS02	COPY OF AFS LICENCE				
17-Mar-2010 2205B	2205	19-Mar-2010	7	30-Sep-2009	026421806
	NOTIFICATION OF RESOLUTION RELATING TO SHARES CONVERT SHARES INTO LARGER OR SMALLER NUMBER				
12-Mar-2010 FS90A	FS90	12-Mar-2010	2	12-Mar-2010	7E2762221
	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE - BY AFS LICENSEE				
11-Nov-2009 5120	5120	12-Nov-2009	7	11-Nov-2009	020500491
	NOTICE OF EXEMPTION RE MANAGED INVESTMENT SCHEME				
11-Nov-2009 5120	5120	18-Nov-2009	0	11-Nov-2009	020500486
	NOTICE OF EXEMPTION RE MANAGED INVESTMENT SCHEME				
28-Oct-2009 350	350	29-Oct-2009	2	28-Oct-2009	024981690
	CERTIFICATION OF COMPLIANCE WITH STAMP DUTIES LAW BY PROVISIONAL CHARGE Alters 025 004 000				
30-Sep-2009 388A	388	27-Oct-2009	59	30-Jun-2009	023417762 (FR 2009)
	FINANCIAL REPORT FINANCIAL REPORT - PUBLIC COMPANY OR DISCLOSING ENTITY				
10-Sep-2009 312C	312	11-Sep-2009	3	10-Sep-2009	025003997
	NOTIFICATION OF RELEASE OF PROPERTY				
10-Sep-2009 311B	311	11-Sep-2009	29	04-Sep-2009	025003998
	NOTIFICATION OF CHANGE TO DETAILS OF CHARGE				
10-Sep-2009 309A	309	11-Sep-2009	43	07-Sep-2009	025004000
	NOTIFICATION OF DETAILS OF A CHARGE Altered by 024 981 690				
19-Aug-2009 878	878	07-Apr-2010	57	19-Aug-2009	026070205
	NOTICE OF AUSTRALIAN OFFER UNDER FOREIGN RECOGNITION SCHEME				
12-Jun-2009 FS89A	FS89	12-Jun-2009	1	12-Jun-2009	7E2239769
	NOTICE OF CHANGE TO FEES AND CHARGES IN A PDS - BY AFS LICENSEE				
27-May-2009 FS02	FS02	27-May-2009	26	27-May-2009	0L0501962
	COPY OF AFS LICENCE				
07-May-2009 FS88A	FS88	07-May-2009	3	06-May-2009	7E2173585
	PDS IN-USE NOTICE - BY AFS LICENSEE				
14-Apr-2009 5120	5120	08-May-2009	5	14-Apr-2009	024672203
	NOTICE OF EXEMPTION RE MANAGED INVESTMENT SCHEME				
14-Apr-2009 5122	5122	08-May-2009	5	14-Apr-2009	024672204
	NOTICE OF DECLARATION RE MANAGED INVESTMENT SCHEME				
26-Mar-2009 388A	388	03-Apr-2009	56	30-Jun-2008	025509063 (FR 2008)
	FINANCIAL REPORT FINANCIAL REPORT - PUBLIC COMPANY OR				

DISCLOSING ENTITY

23-Mar-2009	309	24-Mar-2009	38	20-Mar-2009	025477874
309A	NOTIFICATION OF DETAILS OF A CHARGE				
05-Mar-2009	FS90	05-Mar-2009	1	03-Mar-2009	7E2068686
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE - BY AFS LICENSEE				
05-Mar-2009	FS90	05-Mar-2009	2	03-Mar-2009	7E2068666
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE - BY AFS LICENSEE				
05-Mar-2009	FS90	05-Mar-2009	2	03-Mar-2009	7E2068655
FS90A	NOTICE THAT A PRODUCT IN A PDS HAS CEASED TO BE AVAILABLE - BY AFS LICENSEE				

**THERE ARE FURTHER DOCUMENTS LODGED BY THIS COMPANY.
SELECT THE 'ORDER COMPANY DOCUMENTS' OPTION FROM THE
ORGANISATIONAL SEARCH SUMMARY SCREEN TO OBTAIN A
COMPLETE LIST OF COMPANY DOCUMENTS.**

Financial Reports

Balance Date	Report Due Date	AGM Due Date	Extended AGM Due Date	AGM Held Date	Outstanding	
30-Jun-1999	31-Oct-1999	Unknown	Unknown	Unknown	N	016010134
30-Jun-2000	31-Oct-2000	Unknown	Unknown	Unknown	N	015964651
30-Jun-2001	31-Oct-2001	Unknown	Unknown	Unknown	N	017705919
30-Jun-2002	31-Oct-2002	Unknown	Unknown	Unknown	N	019168593
30-Jun-2003	31-Oct-2003	Unknown	Unknown	Unknown	N	019791166
30-Jun-2004	31-Oct-2004	Unknown	Unknown	Unknown	N	020698531
30-Jun-2005	30-Nov-2005	Unknown	Unknown	Unknown	N	022718227
30-Jun-2006	31-Oct-2006	Unknown	Unknown	Unknown	N	022755830
30-Jun-2007	31-Oct-2007	Unknown	Unknown	Unknown	N	024088738
30-Jun-2008	31-Oct-2008	Unknown	Unknown	Unknown	N	025509063
30-Jun-2009	31-Oct-2009	Unknown	Unknown	Unknown	N	023417762
30-Jun-2010	31-Oct-2010	Unknown	Unknown	Unknown	N	027353763
30-Jun-2011	31-Oct-2011	Unknown	Unknown	Unknown	N	026442958
30-Jun-2012	31-Oct-2012	Unknown	Unknown	Unknown	N	028208422

*** End of Extract ***

"DW-7"



Australian Securities and Investments Commission
Corporations Act 2001 section 915B

Notice of Suspension of Australian Financial Services Licence

To: LM Investment Management Limited ACN 077 208 461
FTI Consulting
Corporate Centre One
Level 9
2 Corporate Court
BUNDALL QLD 4217

TAKE NOTICE that under s915B(3)(b) of the Corporations Act 2001 (Act), the Australian Securities and Investments Commission (ASIC) hereby suspends Australian financial services licence number 220281 held by LM Investment Management Limited ACN 077 208 461 (Licensee) until 9 April 2015.

Under s915H of the Act, ASIC specifies that the licence continues in effect as though the suspension had not happened for the purposes of the provisions of the Act specified in Schedule B regarding the matters specified in Schedule A.

Schedule A


The provision by the Licensee of financial services which are reasonably necessary for, or incidental, to the transfer to a new responsible entity, investigating or preserving the assets and affairs of, or winding up of:

1. LM Cash Performance Fund ARSN 087 304 032;
2. LM First Mortgage Income Fund ARSN 089 343 288;
3. LM Currency Protected Australian Income Fund ARSN 110 247 875;
4. LM Institutional Currency Protected Australian Income Fund ARSN 122 052 868;
5. LM Australian Income Fund ARSN 133 497 917;
6. LM Australian Structured Products Fund ARSN 149 875 669;
7. The Australian Retirement Living Fund ARSN 162 406 162.

Schedule B

- (a) The provisions of Chapter 5C;
- (b) The provisions of Chapter 7, other than the provisions in Parts 7.2, 7.3, 7.4 and 7.5.

Dated this 9th day of April 2013

Signed 
Graeme Darcy Plath, a delegate of the Australian Securities and Investments Commission

"DW-9"

Duplicate

SUPREME COURT OF QUEENSLAND

REGISTRY:

Brisbane

NUMBER: 3383
of 2013

Applicants: RAYMOND EDWARD BRUCE AND VICKI
PATRICIA BRUCE

AND

First Respondent: LM INVESTMENT MANAGEMENT LIMITED
(IN LIQUIDATION) ACN 077 208 461 IN
ITS CAPACITY AS RESPONSIBLE ENTITY OF THE LM FIRST
MORTGAGE
INCOME FUND

AND

Second Respondent: THE MEMBERS OF THE LM FIRST MORTGAGE
INCOME FUND ARSN 089 343 288

AND

Third Respondent: ROGER SHOTTON

AND

Intervener: AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION

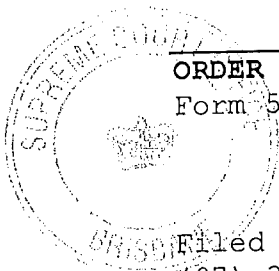
ORDER

Before: A Lyons J

Date: 5 May 2014

Initiating document: Application filed 2 May 2014

THE ORDER OF THE COURT IS THAT:



ORDER
Form 59 R.661

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000.

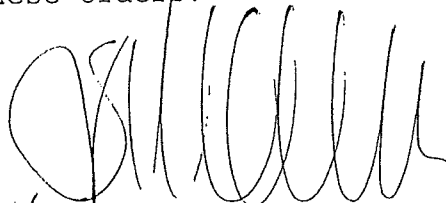
Filed on behalf of the Applicant, Mr David Whyte Tele:
(07) 300 300 00

Fax: (07) 300 300 33

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(TCS00811676) (2).docx

1. Service on the members of the FMIF of the application filed on 2 May 2014 for approval of Mr Whyte's remuneration ("**the Application**") and the supporting affidavit of Mr Whyte sworn on 2 May 2014 ("**the Affidavit**") be effected by:
 - (a) posting in a prominent place on the website "lmfmif.com" ("**the Website**");
 - (i) a notice substantially in the form of Annexure A to this application ("**the Notice**");
 - (ii) the Application and the Affidavit; and
 - (b) sending a copy of the Notice to all members of the FMIF by each member's preferred method for distribution of notices recorded on the FMIF's register of members.
2. Service of the Application and the Affidavit be deemed effected on each of the members of the FMIF ten (10) days after those documents are posted in a prominent place on the Website.
3. Service on the members of the FMIF of any further affidavits filed in the Court on Mr Whyte's behalf in support of the Application be effected by the method in subparagraph 1(a) above.
4. Service of any affidavits referred to in paragraph 3 above be deemed effected on each of the members of the FMIF ten (10) days after those documents are posted in a prominent place on the Website.
5. Costs reserved.
6. All further applications for approval of the remuneration of Mr Whyte be served in accordance with these orders.

Signed:


A/ Deputy Registrar

ANNEXURE A

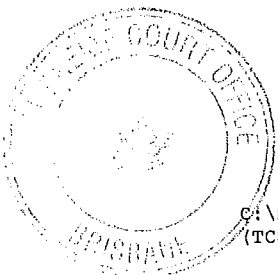
TO THE MEMBERS OF THE LM FIRST MORTGAGE INCOME FUND ARSN
089 343 288 (Receivers and Managers Appointed) (Receiver
Appointed) ("FMIF")

TAKE NOTICE that David Whyte, the person appointed pursuant to section 601NF(1) of the *Corporations Act* 2001 (Cth) to take responsibility for ensuring that the FMIF is wound up in accordance with its constitution, has applied to the Supreme Court of Queensland for an order that the amount that Mr Whyte is entitled to claim as remuneration in respect of time spent by him and by any servants or agents of BDO who have performed work in the winding up of the FMIF for the period 8 August 2013 to 31 March 2014 be fixed in the amount of \$702,480.35 (inclusive of GST).

This application is set down to be heard by the Supreme Court at Brisbane on 26 May 2014 at 10 am.

Copies of the court documents in respect of this application will be available on the website www.lmfimf.com.

Any member who reasonably requires a hard copy of the application and supporting material should call Investor Relations on +61 7 5584 4500 or BDO on +61 7 3237 5999.



"DW-9"

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: 3383 of 2013

Applicants: **RAYMOND EDWARD BRUCE AND VICKI PATRICIA BRUCE**

AND

First Respondent: **LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION) ACN 077 208 461 IN ITS CAPACITY AS RESPONSIBLE ENTITY OF THE LM FIRST MORTGAGE INCOME FUND**

AND

Second Respondent: **THE MEMBERS OF THE LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288**

AND

Third Respondent: **ROGER SHOTTON**

AND

Intervener: **AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION**

ORDER

Before: P Lyons J
Date: 26 May 2014
Initiating document: Application filed 2 May 2014

THE ORDER OF THE COURT IS THAT:

1. The Application is adjourned to 28 and 29 August 2014
2. A copy of these Orders are to be placed in a prominent place on the website "lmfmif.com" ("the website").

ORDER
Form 59 R.661

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000.

Filed on behalf of the Applicant, Mr David Whyte
Tele: (07) 300 300 00
Fax: (07) 300 300 33

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3. The order of 5 May 2014 be varied as follows:
- (a) that in relation to the 31 members identified in exhibit SH-2 of the affidavit of Steve Hannan, save for NMS Nominees Pty Ltd, the estate of Donald Powell and LM Administration Pty Ltd (“LMA”), service be effected by:
 - (i) sending a copy of the notice which is Annexure A together with a copy of these orders to (“the notice”) to each of those members’ last known address recorded in the register of members records maintained by LMA; and
 - (ii) sending a copy of the notice to the financial advisors of each of those members whose details are maintained in the register of members records maintained by LMA identifying the relevant members to the financial advisors;
 - (b) that in relation to NMS Nominees Pty Ltd, service be effected by:
 - (i) sending a copy of the notice to its registered office;
 - (ii) sending a copy of the notice to the financial advisor for NMS recorded in the register of members records maintained by LMA;
 - (c) that in relation to the estate of Donald Powell, service is deemed to have been effected by service upon the beneficiaries of the estate of Donald Powell recorded in the register of members’ records maintained by LMA;
 - (d) in relation to any member of the FMIF whose preferred method of distribution is by forwarding it to the email address of a financial advisor, service is to be effected by sending to the financial advisor, the notice by email and identifying in the email the member to whom the notice is directed;
 - (e) in relation to any member of the FMIF whose preferred method of distribution is by forwarding it to the postal address of a financial advisor, service is to be effected by sending it to the member “care of” the postal address of a financial advisor, unless, by 4pm on Wednesday 28 May 2014, an affidavit is filed on behalf of the applicant deposing to the effect that, in respect of such members, notices that were sent by post pursuant to the Order of 5 May 2014 were addressed to the member ‘care of’ the financial advisor or otherwise identified the member or members in respect of whom the notice was given;

- (f) that service on LMA be effected by service of the notice on the office of the Liquidator of LMA, David Clout.
4. Service upon the members referred to in paragraph 12 of the affidavit of Steve Hannan and paragraphs 3 and 5 of the Affidavit of Shauna Larkin be deemed to be effected upon each of those members by 9 June 2014.
 5. Save for the members referred to in paragraph 4 above, the remainder of members are deemed to have been served with the application claiming remuneration and the supporting affidavit of Mr Whyte in accordance with paragraph 2 of the Order of 5 May 2014 on 16 May 2014.
 6. A copy of this Order is to be sent to:
 - (a) the members identified in paragraph 3 with the notice, in the manner provided for in paragraph 3 above;
 - (b) the members otherwise identified in paragraph 12 of the affidavit of Steve Hannan and paragraphs 3 and 5 of the affidavit of Shauna Larkin in accordance with their preferred method of distribution recorded on the register of members records.
 7. Any person who wishes to be heard at the hearing of the Application of Mr Whyte claiming remuneration, will file and serve any Affidavit, including any expert evidence, upon which they intend to rely by 7 July 2014 with such material identifying any costs of Mr Whyte which are the subject of any objection and the basis of each objection.
 8. Any affidavit in reply to be relied upon by Mr Whyte at the Application will be filed and served (in accordance with paragraph 4 of the orders of A Lyons J dated 5 May 2014) by 28 July 2014.
 9. That the first respondent notify the applicant by its solicitors by the next business day after any decision by it not to provide expert evidence in response to the claim for remuneration by Mr Whyte.
 10. In the event that there is no expert evidence served by the first respondent pursuant to paragraph 7 above or the first respondent notifies the applicant in accordance with paragraph 9 above, the Application may be relisted for hearing in the applications list on the giving of seven days notice to each respondent and by giving seven days notice to members of the FIMF by placing the details of the date and time of hearing on the website.
 11. That the matter be set down for hearing on 28 and 29 August 2014.
 12. Liberty to apply.
 13. Costs reserved.

Signed:

ANNEXURE A

TO THE MEMBERS OF THE LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288 (Receivers and Managers Appointed)(Receiver Appointed) ("FMIF")

TAKE NOTICE that David Whyte, the person appointed pursuant to section 601NF(1) of the *Corporations Act 2001 (Cth)* to take responsibility for ensuring that the FMIF is wound up in accordance with its constitution, has applied to the Supreme Court of Queensland for an order that the amount that Mr Whyte is entitled to claim as remuneration in respect of time spent by him and by any servants or agents of BDO who have performed work in the winding up of the FMIF for the period 8 August 2013 to 31 March 2014 be fixed in the amount of \$702,480.35 (inclusive of GST).

This application is set down to be heard by the Supreme Court at Brisbane on 28 August 2014 at 10 am.

Copies of the court documents in respect of this application will be available on the website www.lmfimif.com.

Any member who reasonably requires a hard copy of the application and supporting material should call Investor Relations on +61 7 5584 4500 or BDO on +61 7 3237 5999.

"DW-10"

Duplicate

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: 3383 of 2013

Applicants: **RAYMOND EDWARD BRUCE AND VICKI
PATRICIA BRUCE**

AND

First Respondent: **LM INVESTMENT MANAGEMENT LIMITED
(IN LIQUIDATION) ACN 077 208 461 IN ITS
CAPACITY AS RESPONSIBLE ENTITY OF THE
LM FIRST MORTGAGE
INCOME FUND**

AND

Second Respondent: **THE MEMBERS OF THE LM FIRST
MORTGAGE INCOME FUND ARSN 089 343 288**

AND

Third Respondent: **ROGER SHOTTON**

AND

Intervener: **AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION**

ORDER

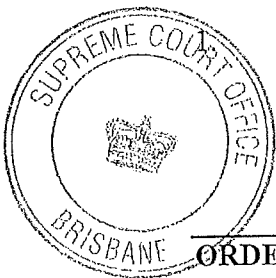
Before: Justice Atkinson

Date: 31 July 2014

Initiating document: Application filed 24 July 2014

THE ORDER OF THE COURT IS THAT:

The times for the Applicant and First Respondent to file and serve any expert evidence pursuant to paragraphs 7 and 8 of the Order of 26 May 2014 not be extended.



ORDER
Form 59 R.661

TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000.
Tele: (07) 300 300 00
Fax: (07) 300 300 33

Filed on behalf of the Applicant,
Mr David Whyte

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2. The First Respondent may not rely upon any further affidavit evidence at the hearing of the application filed 2 May 2014 unless:
 - (a) Any further affidavit evidence is filed and served on or before 4 August 2014; and
 - (b) The First Respondent seeks at the hearing of the application, and obtains, the leave of the Court to rely upon that further affidavit evidence.
3. The listing of this matter for a two day trial on the civil list on 28 and 29 August 2014 be vacated.
4. The application filed on 2 May 2014 be listed for hearing in the applications' list for two hours on 28 August 2014.
5. A copy of these Orders is to be placed in a prominent place on the website "lmmif.com" ("the website").
6. The First Respondent pay Mr David Whyte's costs of and incidental to the application filed 24 July 2014.

Signed:



DEPUTY REGISTRAR

"DW-11"

duplicate

SUPREME COURT OF QUEENSLAND

REGISTRY: Brisbane
NUMBER: 3383 of 2013

Applicants: RAYMOND EDWARD BRUCE AND VICKI PATRICIA BRUCE

AND

First Respondent: LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION) ACN 077 208 461 IN ITS CAPACITY AS RESPONSIBLE ENTITY OF THE LM FIRST MORTGAGE INCOME FUND

AND

Second Respondent: THE MEMBERS OF THE LM FIRST MORTGAGE INCOME FUND ABN 089 343 288

AND

Third Respondent: ROGER SHOTTON

AND

Intervener: AUSTRALIAN SECURITIES & INVESTMENTS COMMISSION

ORDER

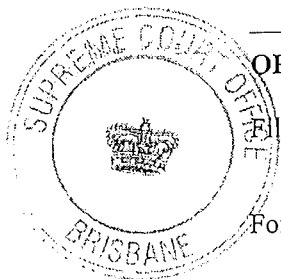
Before: P McMurdo J

Date: 28 August, 2014

Initiating document: Application filed 2 May, 2014

THE ORDER OF THE COURT IS THAT:-

1. The remuneration of Mr David Whyte for the period 8 August, 2013 to 31 March, 2014 be fixed in the amount of \$702,480.35 (inclusive of GST);



ORDER

Filed on behalf of the Applicant, Mr David Whyte

Form 59 Rule 661

Tucker and Cowen
Solicitors
Level 15
15 Adelaide Street
BRISBANE 4000
Phone: 07 3003 0000
Fax: 07 3003 0033

2. The applicant's costs of and incidental to this application be costs in the winding up of the LM First Mortgage Income Fund ARSN 089 343 288;

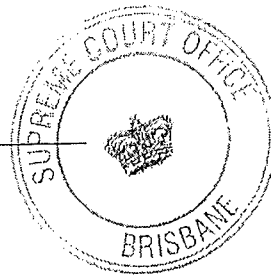
3. The costs of the First Respondent, LM Investment Management Limited (in Liquidation) as responsible entity of the LM First Mortgage Income Fund, in responding to the application filed 2 May, 2014, save for costs of and incidental to the application filed on 24 July, 2014, be paid out of the corpus of the LM First Mortgage Income Fund.

Signed:

DEPUTY

Registrar

e. J. J. J.



"DW-12"

Application

SUPREME COURT OF QUEENSLAND

**REGISTRY: Brisbane
NUMBER: 3383 of
2013**

**Applicants: RAYMOND EDWARD BRUCE AND VICKI
PATRICIA BRUCE**

AND

**First Respondent: LM INVESTMENT MANAGEMENT LIMITED
(IN LIQUIDATION) ACN 077 208 461 IN ITS
CAPACITY AS RESPONSIBLE ENTITY OF THE
LM FIRST MORTGAGE INCOME FUND**

AND

**Second Respondent: THE MEMBERS OF THE LM FIRST
MORTGAGE INCOME FUND ARSN 089 343 288**

AND

Third Respondent: ROGER SHOTTON

AND

**Intervener: AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION**

ORDER

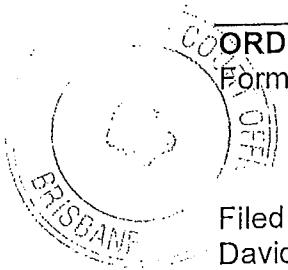
Before: Justice Jackson

Date: 15 September 2014

Initiating document: Application filed 4 September 2014

THE COURT DIRECTS THAT:

1. The applicant, David Whyte, is justified in taking steps to bring about the appointment of himself and Andrew Fielding as agents of The



ORDER
Form 59 R.661

Filed on behalf of the Applicant,
David Whyte

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TUCKER & COWEN
Solicitors
Level 15
15 Adelaide Street
Brisbane, Qld, 4000.
Tele: (07) 300 300 00
Fax: (07) 300 300 33

Trust Company (PTAL) Ltd, in lieu of LM Investment Management Ltd (receivers and managers appointed)(in liquidation), in respect of the securities it holds from the following companies, namely:

- (a) Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (receivers and managers appointed) ACN 098 955 296;
 - (b) Bridgewater Lake Estate Pty Limited (in liquidation) ACN 086 203 786;
 - (c) OVST Pty Ltd (controller appointed)(in liquidation) ACN 103 216 771;
 - (d) Redland Bay Leisure Life Pty Ltd (in liquidation) ACN 109 932 916;
 - (e) Redland Bay Leisure Life Development Pty Ltd (in liquidation) ACN 112 002 383;
 - (f) Pinevale Villas Morayfield Pty Ltd (in liquidation) ACN 116 192 780.
2. The steps referred to in paragraph 1 may include the applicant's giving written instructions to The Trust Company (PTAL) Limited that that company:
- (a) revoke its appointments of LM Investment Management Ltd (receivers and managers appointed)(in liquidation) as agent set out hereunder:
 - (i) the appointment, by deed dated 9 February, 2011, in respect of securities held from Cameo Estates Lifestyle Villages Pty Ltd (receivers and managers appointed);
 - (ii) the appointment, by deed dated 1 April, 2010 in respect of securities held from Bridgewater Lake Estate Pty Ltd (in liquidation);

- (iii) the appointment, by deed dated 29 October, 2010, in respect of securities held from OVST Pty Ltd (controller appointed)(in liquidation);
 - (iv) the appointment, by deed dated 8 February, 2011, in respect of securities held from Redland Bay Leisure Life Pty Ltd (in liquidation);
 - (v) the appointment, by deed dated 9 February, 2011, in respect of securities held from Redland Bay Leisure Life Development Pty Ltd (in liquidation); and
 - (vi) the appointment, by deed dated 21 January, 2014, in respect of securities held from Pinevale Villas Morayfield Pty Ltd (in liquidation);
- (b) appoint David Whyte and Andrew Fielding as its agents in respect of the securities it holds from the companies just mentioned.

THE ORDER OF THE COURT IS THAT:

3. The costs of the applicant, David Whyte, of this application be paid from the assets of the LM First Mortgage Income Fund to be assessed on the indemnity basis.
4. The applicant, David Whyte, by himself or his servants or agents, cause a sealed copy of this Order to be uploaded to, and maintained upon, the website www.lmfmif.com

Signed:


Deputy Registrar

"OW-13"

CLAYTON UTZ

Deed of termination of controllers

The Trust Company (PTAL) Limited ACN 008 412 913
Mortgagee

LM Investment Management Limited ABN 68 077 208 461 (In Liquidation)
(Receivers and Managers Appointed)
Controller

Clayton Utz
Lawyers
Level 18 333 Collins Street
Melbourne VIC 3000
GPO Box 9806
Melbourne VIC 3001
DX 38451 333 Collins VIC
Tel +61 3 9286 6000
Fax +61 3 9629 8488
www.claytonutz.com

Our reference 17306/18128/80148434

LI313421104.2

Contents

1. Definitions and Interpretation1
2. Mortgagee's Limitation of Liability.....2
3. Termination of Appointment.....3
4. Mortgagee Release3
5. Further Assurances4
6. General.....4
Schedule 1 - List of Appointments5

Deed of termination

Date 2014

Parties The Trust Company (PTAL) Limited ACN 008 412 913
Level 15, 20 Bond Street, Sydney, NSW 2000 (Mortgagee)

LM Investment Management Limited ABN 68 077 208 461 (In Liquidation)
(Receivers and Managers Appointed)
C/- FTI Consulting, 22 Market Street, Brisbane QLD 4000 (Controller)

Background

- A. Pursuant to the Deeds of Appointment, the Mortgagee appointed the Controller as the controller of the Assets.
- B. The parties now wish to terminate the appointment of the Controller under the Deeds of Appointment and release the Mortgagee with respect to its obligations under the Deeds of Indemnity.
- C. This deed sets out the terms and conditions relating to this termination.

Operative provisions

1. Definitions and Interpretation

In this deed, unless the contrary intention appears:

- (a) **Appointment** means the appointments of the Controller under the Deeds of Appointment;
- (b) **Assets** means the assets as more accurately described in Schedule 1;
- (c) **Deeds of Appointment** means the deeds of appointment as more accurately described in Schedule 1;
- (d) **Deeds of Indemnity** means the deeds of indemnity as more accurately described in Schedule 1;
- (e) **Effective Time** means 9.00am (Brisbane time) on 25 September 2014;
- (f) **Notice** means the notice of termination from the Mortgagee to the Controller dated 17 September 2014.
- (g) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (h) a reference to a party, clause, annexure or schedule is a reference to a party, clause of, annexure and schedule to this deed;
- (i) words importing the singular include the plural and vice versa and words importing a gender include any gender;
- (j) words importing persons include all bodies and associations, corporate and unincorporated, and vice versa;
- (k) each party includes its successors;

- (l) headings are included only for convenience and do not affect the interpretation of this deed; and
- (m) reference to any statute, regulation, proclamation, ordinance, or by-law includes all statutes, regulations, proclamations, ordinances or by-laws varying, consolidating or replacing them, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under that statute.

2. Mortgagee's Limitation of Liability

- (a) The Mortgagee enters into this Deed only in its capacity as mortgagee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the "Trust"), pursuant to a custody agreement between the Mortgagee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed)(in Liquidation) (the "Responsible Entity") dated 4 February 1999 and as amended from time to time ("Custody Agreement") and in no other capacity.
- (b) The parties other than the Mortgagee acknowledge that the Obligations are incurred by the Mortgagee solely in its capacity as a mortgagee of the Assets of the Trust and as custodian of the Trust and that the Mortgagee will cease to have any obligation under this deed if the Mortgagee ceases for any reason to be Mortgagee of the assets of the Trust.
- (c) Subject to the provisions of clause 2(f), the Mortgagee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Mortgagee and the right of the Mortgagee to be indemnified out of the Assets are limited.
- (d) The parties other than the Mortgagee may enforce their rights against the Mortgagee arising from non-performance of the Obligations only to the extent of the Mortgagee's indemnity as provided above in clause 2(c).
- (e) If any party other than the Mortgagee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
 - (i) bringing proceedings against the Mortgagee in its personal capacity; or
 - (ii) applying to have the Mortgagee wound up or proving in the winding up of the Mortgagee.
- (f) Subject to the provisions of clause 2(g), the parties other than the Mortgagee waive their rights and release the Mortgagee from any personal liability whatsoever, in respect of any loss or damage:
 - (i) which they may suffer as a result of any:
 - A. breach of the Mortgagee of any of its Obligations; or
 - B. non-performance by the Mortgagee of the Obligations; and
 - (ii) which cannot be paid or satisfied from the indemnity set out above clause 2(c), in respect of any liability incurred by it.
- (g) The parties other than the Mortgagee acknowledge that the whole of this deed is subject to this clause and the Mortgagee shall in no circumstances be required to satisfy any liability arising under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets

other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Mortgagee's control and in its possession as and when they are available to the Mortgagee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Mortgagee PROVIDED THAT if the liability of the Mortgagee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Mortgagee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Mortgagee and Responsible Entity in the performance of the Mortgagee's duties.

- (h) The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Mortgagee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 2(g) to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.
- (i) No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 2(f)(g).
- (j) In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Mortgagee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust that are the subject of the Securities, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.

3. Termination of Appointment

- (a) Pursuant to clause 2(a) of each of the Deeds of Appointment the Mortgagee terminates each Appointment of the Controller as the controller of the Assets on and from the Effective Time.
- (b) The Controller acknowledges and accepts the termination of the Appointment with effect on and from the Effective Time.

4. Mortgagee Release

- (a) Subject to clause 4(b), with effect on and from the Effective Time, the Controller unconditionally and irrevocably releases and discharges the Mortgagee from the Deeds of Indemnity.
- (b) For the avoidance of doubt, nothing in this deed affects any accrued rights and obligations which the Mortgagee has with respect to the Controller under the Deeds of Indemnity arising prior to the Effective Time (including any claim by the Controller under clause 3 of the several Deeds of Indemnity).

5. Further Assurances

The parties agree that they will each do all other things necessary and sign all other necessary documents to:

- (a) terminate the Appointment;
- (b) confer upon and vest in the Mortgagee or the Mortgagee's agent appointed in substitution for the Controller, on and from the Effective Time, possession and control of:-
 - (i) the Assets;
 - (ii) all books and records (whether kept in tangible or intangible form) held or created by the Controller or its liquidators in relation to the Appointment; and
 - (iii) any and all bank accounts operated or maintained by the Controller or its liquidators for the purposes of the Appointment.

6. General

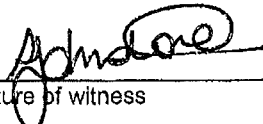
- (a) This deed is governed by the laws in force in Queensland and each party irrevocably submits to the non-exclusive jurisdiction of the courts of Queensland.
- (b) Any provision of or the application of any provision of this deed:
 - (i) which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition; and
 - (ii) which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other provision or of the remaining provisions in that or any other jurisdiction.
- (c) This deed binds and enures to the benefit of the successors of the parties.
- (d) This deed supersedes all previous agreements in respect of its subject matter.
- (e) This deed may be executed in any number of counterparts each of which shall be considered an original.
- (f) Where any clause in this deed is void, illegal or unenforceable, it may be severed without affecting the enforceability of the other clauses in this deed.

Schedule 1 - List of Appointments

Asset	Deed of Appointment	Deed of Indemnity
Bridgewater Lake Estate Pty Limited ACN 086 203 787 (In Liquidation) (Controller Appointed)	Deed of appointment between Permanent Trustee Australia Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 1 April 2010.	Deed of indemnity between Permanent Trustee Australia Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 1 April 2010.
Pinevale Villas Morayfield Pty Ltd ACN 116 192 780 (In Liquidation) (Controller Appointed)	Deed of appointment between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 (in Liquidation) (Receivers and Managers appointed) dated 21 January 2014.	Deed of indemnity between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 (in Liquidation) (Receivers and Managers appointed) dated 21 January 2014.
Redland Bay Leisure Life Pty Ltd ACN 109 932 916 (In Liquidation) (Controllers Appointed)	Deed of appointment between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 9 February 2011.	Deed of indemnity between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 9 February 2011.
Redland Bay Leisure Life Development Pty Ltd ACN 112 002 383 (in Liquidation) (Controllers Appointed)	Deed of appointment between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 8 February 2011.	Deed of indemnity between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 8 February 2011.
OVST Pty Limited ACN 103 216 771 (in Liquidation) (Controllers Appointed)	Deed of appointment between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 29 October 2010.	Deed of indemnity between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 29 October 2010.
Cameo Estates Lifestyle Villages (Launceston) Pty Ltd ACN 098 955 296 (Receivers and Manager Appointed) (Controllers Appointed)	Deed of appointment between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 9 February 2011.	Deed of indemnity between The Trust Company (PTAL) Limited ACN 008 412 913 and LM Investment Management Limited ACN 077 208 461 dated 9 February 2011.

Executed as a deed.

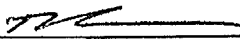
Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

Shane Johnstone

Name of witness (please print)

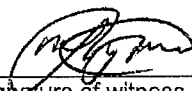


Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)


Executed by LM Investment Management Limited ABN 68 077 208 461 (In Liquidation) (Receivers and Managers Appointed) by its joint and several liquidator in the presence of:



Signature of witness

MARUITHRA FLYNN

Full name of witness



Signature of liquidator

John Richard Park

Full name of liquidator

"DW-14"

CLAYTON UTZ

Deed of appointment of agents for mortgagee

The Trust Company (PTAL) Limited ACN 008 412 913
Mortgagee

David Whyte and Andrew Peter Fielding
Agents

In relation to Bridgewater Lake Estate Pty Limited (in Liquidation) ACN 086 203 787

Deed of appointment of agents for mortgagee dated

2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (Mortgagee)
David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (Agents)

Recitals

- A. Bridgewater Lake Estate Pty Limited (in Liquidation) ACN 086 203 787 (the **Mortgagor**) is indebted to the Mortgagee.
- B. The Mortgagee holds:
- (a) a fixed and floating charge given by the Mortgagor dated 22 April 2003 and registered with the Australian Securities and Investments Commission as charge number 939270 (PPSR registration number 201112151281014) (**Charge**);
 - (b) a mortgage given by the Mortgagor and dated 10 September 2004 and registered with the Victorian Land Titles Office as registered dealing number AD122298S (**First Mortgage**);
 - (c) a mortgage given by the Mortgagor and dated 23 August 2005 and registered with the Victorian Land Titles Office as registered dealing number AD848624H (**Second Mortgage**);
 - (d) a mortgage given by the Mortgagor and dated 22 December 2004 and registered with the Victorian Land Titles Office as registered dealing number AD403348P (**Third Mortgage**); and
 - (e) a mortgage given by the Mortgagor and dated 29 April 2003 and registered with the Victorian Land Titles Office as registered dealing number AC073988T (**Fourth Mortgage**)
- (the Charge, the First Mortgage, the Second Mortgage, the Third Mortgage and the Fourth Mortgage being, collectively, the **Securities**).
- C. As a consequence of certain events that have occurred, the security constituted by the Securities has become enforceable.
- D. The Mortgagee is entitled to appoint any person or persons to be the agent of the Mortgagee to exercise any of the rights, powers and remedies exercisable by the Mortgagee pursuant to the Securities.

This deed provides

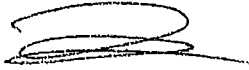
1. The Mortgagee hereby appoints the Agents to be the agents of the Mortgagee to exercise on behalf of and as agent for the Mortgagee all rights, powers, privileges, benefits, discretions and authorities conferred upon the Mortgagee under and pursuant to the Securities and by law.
2. The Agents shall be entitled to:
 - 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (**Court**)) remuneration for work done by them, their partners, employees or agents at the normal time basis on hourly rates usually charged by the Agents from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and

- 2.2 (without limitation to the powers conferred upon the Agents) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the Mortgagee.
3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the Agents from time to time from bank accounts conducted by them in their capacity as Agents.
4. The Mortgagee reserves the right at any time to:
- (a) revoke the Agents' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the Agents; or
 - (c) appoint an additional or replacement agent in place of the Agents.
5. This appointment of the Agents shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
6. *Mortgagee's Limitation of Liability*
- 6.1 The Mortgagee enters into this Deed only in its capacity as mortgagee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the **Trust**), pursuant to a custody agreement between the Mortgagee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed)(in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.
- 6.2 The parties other than the Mortgagee acknowledge that the Obligations are incurred by the Mortgagee solely in its capacity as a mortgagee of the Assets of the Trust and as custodian of the Trust and that the Mortgagee will cease to have any obligation under this deed if the Mortgagee ceases for any reason to be Mortgagee of the assets of the Trust.
- 6.3 Subject to the provisions of clause 6.7 the Mortgagee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Mortgagee and the right of the Mortgagee to be indemnified out of the Assets are limited.
- 6.4 The parties other than the Mortgagee may enforce their rights against the Mortgagee arising from non-performance of the Obligations only to the extent of the Mortgagee's indemnity as provided above in clause 6.3.
- 6.5 If any party other than the Mortgagee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
- (a) bringing proceedings against the Mortgagee in its personal capacity; or
 - (b) applying to have the Mortgagee wound up or proving in the winding up of the Mortgagee.
- 6.6 Subject to the provisions of clause 6.7 the parties other than the Mortgagee waive their rights and release the Mortgagee from any personal liability whatsoever, in respect of any loss or damage:
- (a) which they may suffer as a result of any:
 - (i) breach of the Mortgagee of any of its Obligations; or

- (ii) non-performance by the Mortgagee of the Obligations; and
 - (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.
- 6.7 The parties other than the Mortgagee acknowledge that the whole of this deed is subject to this clause and the Mortgagee shall in no circumstances be required to satisfy any liability arising under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Mortgagee's control and in its possession as and when they are available to the Mortgagee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Mortgagee PROVIDED THAT if the liability of the Mortgagee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Mortgagee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Mortgagee and Responsible Entity in the performance of the Mortgagee's duties.
- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Mortgagee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.
- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Mortgagee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
- 7. In this deed wherever the context so requires the singular includes the plural and vice versa.
- 8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
- 9. This deed is governed by the law applying in Queensland.

Executed as a deed.

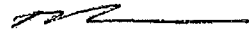
Signed sealed and delivered for and on behalf of **The Trust Company (PTAL) Limited** ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)



Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)

Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness

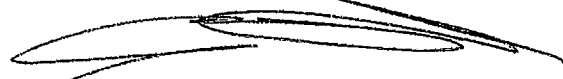
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



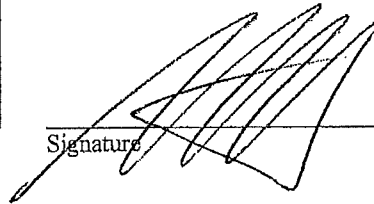
Signature of witness

JOANNE GARCIA

Full name of witness



Signature



Signature

CLAYTON UTZ

Deed of appointment of agents for chargee

The Trust Company (PTAL) Limited ACN 008 412 913
Chargee

David Whyte and Andrew Peter Fielding
Agents

In relation to Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Receivers and
Managers Appointed) ACN 098 955 296

Deed of appointment of agents for chargee dated 2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (Chargee)

David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (Agents)

Recitals

- A. Cameo Estates Lifestyle Villages (Launceston) Pty Ltd (Receivers and Managers Appointed) ACN 098 955 296 (the **Chargor**) is indebted to the Chargee.
- B. The Chargee holds a fixed and floating charge given by the Chargor dated 16 December 2005 and registered with the Australian Securities and Investments Commission as charge number 1251021 (PPSR registration number 201112130153196) (**Charge**).
- C. As a consequence of certain events that have occurred, the security constituted by the Charge has become enforceable.
- D. The Chargee is entitled to appoint any person or persons to be the agent of the Chargee to exercise any of the rights, powers and remedies exercisable by the Chargee pursuant to the Charge.

This deed provides

- 1. The Chargee hereby appoints the Agents to be the agents of the Chargee to exercise on behalf of and as agent for the Chargee all rights, powers, privileges, benefits, discretions and authorities conferred upon the Chargee under and pursuant to the Charge and by law.
- 2. The Agents shall be entitled to:
 - 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (**Court**)) remuneration for work done by them, their partners, employees or agents at the normal time basis on hourly rates usually charged by the Agents from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and
 - 2.2 (without limitation to the powers conferred upon the Agents) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the Chargee.
- 3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the Agents from time to time from bank accounts conducted by them in their capacity as Agents.
- 4. The Chargee reserves the right at any time to:
 - (a) revoke the Agents' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the Agents; or
 - (c) appoint an additional or replacement agent in place of the Agents.
- 5. This appointment of the Agents shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
- 6. **Chargee's Limitation of Liability**
 - 6.1 The Chargee enters into this Deed only in its capacity as chargee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the **Trust**), pursuant to a custody agreement

between the Chargee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed) (in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.

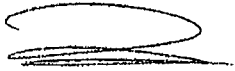
- 6.2 The parties other than the Chargee acknowledge that the Obligations are incurred by the Chargee solely in its capacity as a chargee of the Assets of the Trust and as custodian of the Trust and that the Chargee will cease to have any obligation under this deed if the Chargee ceases for any reason to be Chargee of the assets of the Trust.
- 6.3 Subject to the provisions of clause 6.7 the Chargee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Chargee and the right of the Chargee to be indemnified out of the Assets are limited.
- 6.4 The parties other than the Chargee may enforce their rights against the Chargee arising from non-performance of the Obligations only to the extent of the Chargee's indemnity as provided above in clause 6.3.
- 6.5 If any party other than the Chargee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
- (a) bringing proceedings against the Chargee in its personal capacity; or
 - (b) applying to have the Chargee wound up or proving in the winding up of the Chargee.
- 6.6 Subject to the provisions of clause 6.7 the parties other than the Chargee waive their rights and release the Chargee from any personal liability whatsoever, in respect of any loss or damage:
- (a) which they may suffer as a result of any:
 - (i) breach of the Chargee of any of its Obligations; or
 - (ii) non-performance by the Chargee of the Obligations; and
 - (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.
- 6.7 The parties other than the Chargee acknowledge that the whole of this deed is subject to this clause and the Chargee shall in no circumstances be required to satisfy any liability arising under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Chargee's control and in its possession as and when they are available to the Chargee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Chargee PROVIDED THAT if the liability of the Chargee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Chargee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Chargee and Responsible Entity in the performance of the Chargee's duties.
- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Chargee (including any related failure to satisfy any Obligations) will

constitute fraud, negligence or breach of duty of the Chargee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.

- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Chargee in a way which exposes the Chargee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Chargee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Chargee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
7. In this deed wherever the context so requires the singular includes the plural and vice versa.
8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
9. This deed is governed by the law applying in Queensland.

Executed as a deed.

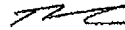
Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008.412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)



Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)

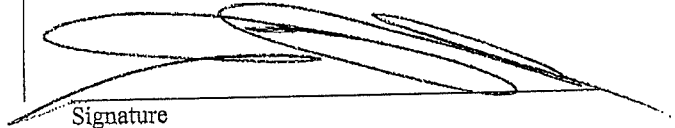
Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness


JOANNE GARCIA

Full name of witness



Signature

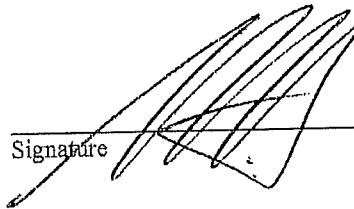
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

CLAYTON UTZ

Deed of appointment of agents for mortgagee

The Trust Company (PTAL) Limited ACN 008 412 913
Mortgagee

David Whyte and Andrew Peter Fielding
Agents

In relation to OVST Pty Limited (In Liquidation) ACN 103 216 771 in its own capacity
and in its capacity as trustee for the Ocean View South Tweed Partnership

Deed of appointment of agents for chargee dated

2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (Mortgagee)

David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (Agents)

Recitals

- A. OVST Pty Limited (In Liquidation) ACN 103 216 771 in its own capacity and in its capacity as trustee for the Ocean View South Tweed Partnership (Mortgagor) is indebted to the Mortgagee.
- B. The Mortgagee holds:
- (a) a mortgage given by the Mortgagor in favour of LM Investment Management Limited ACN 077 208 461 registered with the New South Wales Land and Property Management Authority as dealing no. AA391969 and subsequently transferred to the Mortgagee by transfer of mortgage registered in the New South Wales Land and Property Management Authority as dealing no. AA518433 on 24 March 2004 (First Mortgage), under which the Mortgagor mortgaged the estate and interest of the Mortgagor specified in the First Mortgage in the land described in the First Mortgage to secure the payment to the Mortgagee of the Money Secured (as defined in the First Mortgage);
- (b) a mortgage given by the Mortgagor in favour of the Mortgagee and registered in the New South Wales Land and Property Management Authority as dealing no. AA893065 (Second Mortgage), under which the Mortgagor mortgaged the Secured Property as defined in the Second Mortgage to secure the payment to the Mortgagee of all monies and other amounts as set out in the Second Mortgage;
- (c) a Fixed and Floating Charge given by the Mortgagor dated 6 February 2004 and registered with the Australian Securities and Investments Commission as charge No. 1018734 (PPSR Registration No 201112160859629) (Charge), under which the Mortgagor charged the Secured Property as defined in the Charge to secure the payment to the Mortgagee of the Money Secured (as defined in the Charge).
- (the First Mortgage, the Second Mortgage and the Charge being, collectively, the Securities)
- C. As a consequence of certain events that have occurred, the security constituted by the Securities has become enforceable.
- D. The Mortgagee is entitled to appoint any person or persons to be the agents of the Mortgagee to exercise any of the rights, powers and remedies exercisable by the Mortgagee pursuant to the Securities.

This deed provides

1. The Mortgagee hereby appoints the Agents to be the agents of the Mortgagee to exercise on behalf of and as agent for the Mortgagee all rights, powers, privileges, benefits, discretions and authorities conferred upon the Mortgagee under and pursuant to the Securities and by law.
2. The Agents shall be entitled to:
- 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (Court)) remuneration for work done by them, their partners, employees or agents at the normal time

- basis on hourly rates usually charged by the Agents from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and
- 2.2 (without limitation to the powers conferred upon the Agents) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the Mortgagee.
3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the Agents from time to time from bank accounts conducted by them in their capacity as Agents.
4. The Mortgagee reserves the right at any time to:
- (a) revoke the Agents' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the Agents; or
 - (c) appoint an additional or replacement agent in place of the Agents.
5. This appointment of the Agents shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
6. *Mortgagee's Limitation of Liability*
- 6.1 The Mortgagee enters into this Deed only in its capacity as mortgagee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the **Trust**), pursuant to a custody agreement between the Mortgagee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed) (in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.
- 6.2 The parties other than the Mortgagee acknowledge that the Obligations are incurred by the Mortgagee solely in its capacity as a mortgagee of the Assets of the Trust and as custodian of the Trust and that the Mortgagee will cease to have any obligation under this deed if the Mortgagee ceases for any reason to be Mortgagee of the assets of the Trust.
- 6.3 Subject to the provisions of clause 6.7 the Mortgagee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Mortgagee and the right of the Mortgagee to be indemnified out of the Assets are limited.
- 6.4 The parties other than the Mortgagee may enforce their rights against the Mortgagee arising from non-performance of the Obligations only to the extent of the Mortgagee's indemnity as provided above in clause 6.3.
- 6.5 If any party other than the Mortgagee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
- (a) bringing proceedings against the Mortgagee in its personal capacity; or
 - (b) applying to have the Mortgagee wound up or proving in the winding up of the Mortgagee.
- 6.6 Subject to the provisions of clause 6.7 the parties other than the Mortgagee waive their rights and release the Mortgagee from any personal liability whatsoever, in respect of any loss or damage:
- (a) which they may suffer as a result of any:

- (i) breach of the Mortgagee of any of its Obligations; or
 - (ii) non-performance by the Mortgagee of the Obligations; and
- (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.

- 6.7 The parties other than the Mortgagee acknowledge that the whole of this deed is subject to this clause and the Mortgagee shall in no circumstances be required to satisfy any liability arising under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Mortgagee's control and in its possession as and when they are available to the Mortgagee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Mortgagee PROVIDED THAT if the liability of the Mortgagee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Mortgagee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Mortgagee and Responsible Entity in the performance of the Mortgagee's duties.
- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Mortgagee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.
- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Mortgagee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
7. In this deed wherever the context so requires the singular includes the plural and vice versa.
8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
9. This deed is governed by the law applying in Queensland.

Executed as a deed.

Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)



Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services
Name of attorney (please print)

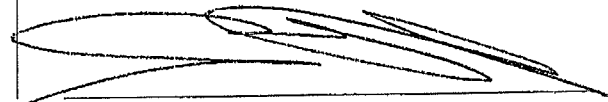
Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

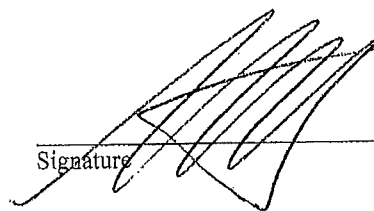
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

CLAYTON UTZ

Deed of appointment of agents for chargee

The Trust Company (PTAL) Limited ACN 008 412 913
Chargee

David Whyte and Andrew Peter Fielding
Agents

In relation to Redland Bay Leisure Life Development Pty Ltd (In Liquidation) ACN 112
002 383

Deed of appointment of agents for chargee dated 2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (**Chargee**)

David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (**Agents**)

Recitals

- A. Redland Bay Leisure Life Development Pty Ltd (In Liquidation) ACN 112 002 383 (the **Chargor**) is indebted to the **Chargee**.
- B. The **Chargee** holds a fixed and floating charge given by the **Chargor** dated 7 February 2007 and registered with the Australian Securities and Investments Commission as charge number 1420084 (PPSR registration number 201112160007793) (**Charge**).
- C. As a consequence of certain events that have occurred, the security constituted by the **Charge** has become enforceable.
- D. The **Chargee** is entitled to appoint any person or persons to be the agent of the **Chargee** to exercise any of the rights, powers and remedies exercisable by the **Chargee** pursuant to the **Charge**.

This deed provides

- 1. The **Chargee** hereby appoints the **Agents** to be the agents of the **Chargee** to exercise on behalf of and as agent for the **Chargee** all rights, powers, privileges, benefits, discretions and authorities conferred upon the **Chargee** under and pursuant to the **Charge** and by law.
- 2. The **Agents** shall be entitled to:
 - 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (**Court**)) remuneration for work done by them, their partners, employees or agents at the normal time basis on hourly rates usually charged by the **Agents** from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and
 - 2.2 (without limitation to the powers conferred upon the **Agents**) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the **Chargee**.
- 3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the **Agents** from time to time from bank accounts conducted by them in their capacity as **Agents**.
- 4. The **Chargee** reserves the right at any time to:
 - (a) revoke the **Agents**' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the **Agents**; or
 - (c) appoint an additional or replacement agent in place of the **Agents**.
- 5. This appointment of the **Agents** shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
- 6. **Chargee's Limitation of Liability**
 - 6.1 The **Chargee** enters into this Deed only in its capacity as chargee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the **Trust**), pursuant to a custody agreement

between the Chargee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed) (in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.

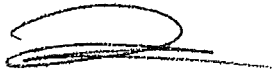
- 6.2 The parties other than the Chargee acknowledge that the Obligations are incurred by the Chargee solely in its capacity as a chargee of the Assets of the Trust and as custodian of the Trust and that the Chargee will cease to have any obligation under this deed if the Chargee ceases for any reason to be Chargee of the assets of the Trust.
- 6.3 Subject to the provisions of clause 6.7 the Chargee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Chargee and the right of the Chargee to be indemnified out of the Assets are limited.
- 6.4 The parties other than the Chargee may enforce their rights against the Chargee arising from non-performance of the Obligations only to the extent of the Chargee's indemnity as provided above in clause 6.3.
- 6.5 If any party other than the Chargee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
- (a) bringing proceedings against the Chargee in its personal capacity; or
 - (b) applying to have the Chargee wound up or proving in the winding up of the Chargee.
- 6.6 Subject to the provisions of clause 6.7 the parties other than the Chargee waive their rights and release the Chargee from any personal liability whatsoever, in respect of any loss or damage:
- (a) which they may suffer as a result of any:
 - (i) breach of the Chargee of any of its Obligations; or
 - (ii) non-performance by the Chargee of the Obligations; and
 - (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.
- 6.7 The parties other than the Chargee acknowledge that the whole of this deed is subject to this clause and the Chargee shall in no circumstances be required to satisfy any liability arising under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Chargee's control and in its possession as and when they are available to the Chargee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Chargee PROVIDED THAT if the liability of the Chargee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Chargee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Chargee and Responsible Entity in the performance of the Chargee's duties.
- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Chargee (including any related failure to satisfy any Obligations) will

constitute fraud, negligence or breach of duty of the Chargee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.

- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Chargee in a way which exposes the Chargee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Chargee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Chargee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
7. In this deed wherever the context so requires the singular includes the plural and vice versa.
8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
9. This deed is governed by the law applying in Queensland.

Executed as a deed.

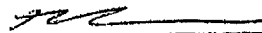
Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)

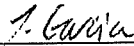


Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)

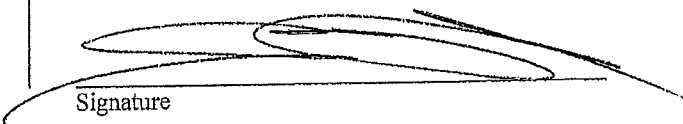
Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

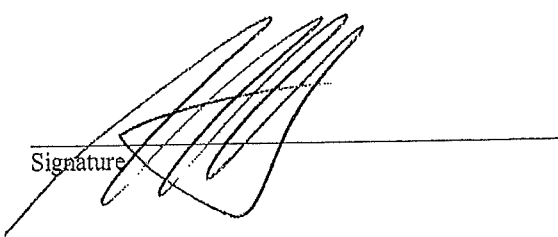
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

CLAYTON UTZ

Deed of appointment of agents for mortgagee

The Trust Company (PTAL) Limited ACN 008 412 913
Mortgagee

David Whyte and Andrew Peter Fielding
Agents

In relation to Redland Bay Leisure Life Pty Ltd (In Liquidation) ACN 109 932 916

Deed of appointment of agents for mortgagee dated

2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (Mortgagee)

David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (Agents)

Recitals

- A. Redland Bay Leisure Life Pty Ltd (In Liquidation) ACN 109 932 916 (the Mortgagee) is indebted to the Mortgagee.
- B. The Mortgagee holds:
- (a) a mortgage given by the Mortgagor and registered with the Queensland Land Registry as registered dealing number 708745479 (**First Mortgage**);
 - (b) a mortgage given by the Mortgagor and registered with the Queensland Land Registry as registered dealing number 710688878 (**Second Mortgage**); and
 - (c) a fixed and floating charge given by the Mortgagor and dated 2 June 2005 and registered with the Australian Securities and Investments Commission as charge number 1171483 (PPSR registration number 201112112405996) (**Charge**)
- (the First Mortgage, the Second Mortgage and the Charge being, collectively, the **Securities**).
- C. As a consequence of certain events that have occurred, the security constituted by the Securities has become enforceable.
- D. The Mortgagee is entitled to appoint any person or persons to be the agents of the Mortgagee to exercise any of the rights, powers and remedies exercisable by the Mortgagee pursuant to the Securities.

This deed provides

1. The Mortgagee hereby appoints the Agents to be the agents of the Mortgagee to exercise on behalf of and as agent for the Mortgagee all rights, powers, privileges, benefits, discretions and authorities conferred upon the Mortgagee under and pursuant to the Securities and by law.
2. The Agents shall be entitled to:
 - 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (**Court**)) remuneration for work done by them, their partners, employees or agents at the normal time basis on hourly rates usually charged by the Agents from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and
 - 2.2 (without limitation to the powers conferred upon the Agents) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the Mortgagee.
3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the Agents from time to time from bank accounts conducted by them in their capacity as Agents.

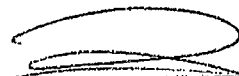
4. The Mortgagee reserves the right at any time to:
 - (a) revoke the Agents' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the Agents; or
 - (c) appoint an additional or replacement agent in place of the Agents.
5. This appointment of the Agents shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
6. ***Mortgagee's Limitation of Liability***
 - 6.1 The Mortgagee enters into this Deed only in its capacity as mortgagee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the **Trust**), pursuant to a custody agreement between the Mortgagee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed) (in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.
 - 6.2 The parties other than the Mortgagee acknowledge that the Obligations are incurred by the Mortgagee solely in its capacity as a mortgagee of the Assets of the Trust and as custodian of the Trust and that the Mortgagee will cease to have any obligation under this deed if the Mortgagee ceases for any reason to be Mortgagee of the assets of the Trust.
 - 6.3 Subject to the provisions of clause 6.7 the Mortgagee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Mortgagee and the right of the Mortgagee to be indemnified out of the Assets are limited.
 - 6.4 The parties other than the Mortgagee may enforce their rights against the Mortgagee arising from non-performance of the Obligations only to the extent of the Mortgagee's indemnity as provided above in clause 6.3.
 - 6.5 If any party other than the Mortgagee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
 - (a) bringing proceedings against the Mortgagee in its personal capacity; or
 - (b) applying to have the Mortgagee wound up or proving in the winding up of the Mortgagee.
 - 6.6 Subject to the provisions of clause 6.7 the parties other than the Mortgagee waive their rights and release the Mortgagee from any personal liability whatsoever, in respect of any loss or damage:
 - (a) which they may suffer as a result of any:
 - (i) breach of the Mortgagee of any of its Obligations; or
 - (ii) non-performance by the Mortgagee of the Obligations; and
 - (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.
 - 6.7 The parties other than the Mortgagee acknowledge that the whole of this deed is subject to this clause and the Mortgagee shall in no circumstances be required to satisfy any liability arising

under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Mortgagee's control and in its possession as and when they are available to the Mortgagee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Mortgagee PROVIDED THAT if the liability of the Mortgagee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Mortgagee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Mortgagee and Responsible Entity in the performance of the Mortgagee's duties.

- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Mortgagee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.
- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Mortgagee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
7. In this deed wherever the context so requires the singular includes the plural and vice versa.
8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
9. This deed is governed by the law applying in Queensland.

Executed as a deed.

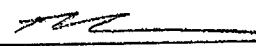
Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)



Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

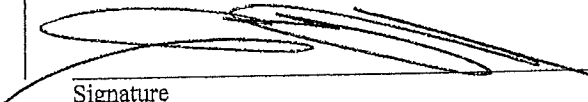
Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)

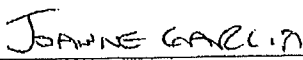
Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness



Signature

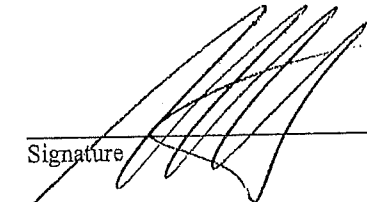


Full name of witness

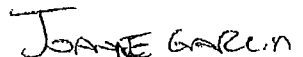
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



Signature of witness



Signature



Full name of witness

CLAYTON UTZ

Deed of appointment of agents for mortgagee

The Trust Company (PTAL) Limited ACN 008 412 913
Mortgagee

David Whyte and Andrew Peter Fielding
Agents

In relation to Pinevale Villas Morayfield Pty Ltd (in Liquidation) ACN 116 192 780

Deed of appointment of agents for mortgagee dated

2014

Parties **The Trust Company (PTAL) Limited ACN 008 412 913**
C/- Level 4, 9 Beach Road, Surfers Paradise in State of Queensland (**Mortgagee**)

David Whyte and Andrew Peter Fielding C/- BDO Australia, Level 10, 12
Creek Street, Brisbane, Queensland 4000 (**Agents**)

Recitals

- A. Pinevale Villas Morayfield Pty Ltd (in Liquidation) ACN 116 192 780 (**the Mortgageor**) is indebted to the Mortgagee.
- B. The Mortgagee holds:
- (a) a mortgage given by the Mortgageor as trustee and registered with the Queensland Land Titles Registry as registered dealing number 709597331 (**Mortgage**); and
 - (b) a fixed and floating charge given by the Mortgageor dated 12 May 2006 and registered with the Australian Securities and Investments Commission as charge number 1299737 (PPSR registration number 201112141091366) (**Charge**)
- (the Mortgage and the Charge being, collectively, the **Securities**).
- C. As a consequence of certain events that have occurred, the security constituted by the Securities has become enforceable.
- D. The Mortgagee is entitled to appoint any person or persons to be the agent of the Mortgagee to exercise any of the rights, powers and remedies exercisable by the Mortgagee pursuant to the Securities.

This deed provides

1. The Mortgagee hereby appoints the Agents to be the agents of the Mortgagee to exercise on behalf of and as agent for the Mortgagee all rights, powers, privileges, benefits, discretions and authorities conferred upon the Mortgagee under and pursuant to the Securities and by law.
2. The Agents shall be entitled to:
 - 2.1 (except as otherwise provided by an Order of the Supreme Court of Queensland (**Court**)) remuneration for work done by them, their partners, employees or agents at the normal time basis on hourly rates usually charged by the Agents from time to time to their clients in the State of Queensland for work done on liquidations and receiverships; and
 - 2.2 (without limitation to the powers conferred upon the Agents) reimbursement of all costs and expenses properly incurred by them in connection with their appointment as agents of the Mortgagee.
3. The remuneration, costs and expenses referred to in clause 2 shall be drawn by the Agents from time to time from bank accounts conducted by them in their capacity as Agents.

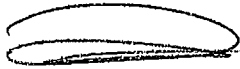
4. The Mortgagee reserves the right at any time to:
- (a) revoke the Agents' appointment;
 - (b) impose conditions or restrictions on the terms of appointment of the Agents; or
 - (c) appoint an additional or replacement agent in place of the Agents.
5. This appointment of the Agents shall take effect from 9.00 am (Brisbane time) on 25 September, 2014.
6. *Mortgagee's Limitation of Liability*
- 6.1 The Mortgagee enters into this Deed only in its capacity as mortgagee and as custodian of the LM First Mortgage Income Fund ARSN 089 343 288 (the Trust), pursuant to a custody agreement between the Mortgagee and LM Investment Management Limited ACN 077 208 461 (Receivers and Managers Appointed) (in Liquidation) (the **Responsible Entity**) dated 4 February 1999 and as amended from time to time (**Custody Agreement**) and in no other capacity.
- 6.2 The parties other than the Mortgagee acknowledge that the Obligations are incurred by the Mortgagee solely in its capacity as a mortgagee of the Assets of the Trust and as custodian of the Trust and that the Mortgagee will cease to have any obligation under this deed if the Mortgagee ceases for any reason to be Mortgagee of the assets of the Trust.
- 6.3 Subject to the provisions of clause 6.7 the Mortgagee will not be liable to pay or satisfy any Obligations except to the extent to which it is indemnified by the Responsible Entity or except out of the Assets against which it is entitled to be indemnified in respect of any liability incurred by it. The obligation of the Responsible Entity to indemnify the Mortgagee and the right of the Mortgagee to be indemnified out of the Assets are limited.
- 6.4 The parties other than the Mortgagee may enforce their rights against the Mortgagee arising from non-performance of the Obligations only to the extent of the Mortgagee's indemnity as provided above in clause 6.3.
- 6.5 If any party other than the Mortgagee does not recover all money owing to it arising from non-performance of the Obligations it may not seek to recover the shortfall by:
- (a) bringing proceedings against the Mortgagee in its personal capacity; or
 - (b) applying to have the Mortgagee wound up or proving in the winding up of the Mortgagee.
- 6.6 Subject to the provisions of clause 6.7 the parties other than the Mortgagee waive their rights and release the Mortgagee from any personal liability whatsoever, in respect of any loss or damage:
- (a) which they may suffer as a result of any:
 - (i) breach of the Mortgagee of any of its Obligations; or
 - (ii) non-performance by the Mortgagee of the Obligations; and
 - (b) which cannot be paid or satisfied from the indemnity set out above clause 6.3 in respect of any liability incurred by it.
- 6.7 The parties other than the Mortgagee acknowledge that the whole of this deed is subject to this clause and the Mortgagee shall in no circumstances be required to satisfy any liability arising

under, or for non performance or breach of any Obligations under or in respect of, this deed or under or in respect of any other document to which it is expressed to be a party out of any funds, property or assets other than to the extent that this deed requires satisfaction out of the Assets of the Trust under the Mortgagee's control and in its possession as and when they are available to the Mortgagee to be applied in exoneration for such liability under the terms of the custody deed between the Responsible Entity and the Mortgagee PROVIDED THAT if the liability of the Mortgagee is not fully satisfied out of the assets of the Trust as referred to in this clause, the Mortgagee will be liable to pay out of its own funds, property and assets the unsatisfied amount of that liability but only to the extent of the total amount, if any, by which the assets of the Trust have been reduced by reasons of fraud, negligence or breach of the custody deed between the Mortgagee and Responsible Entity in the performance of the Mortgagee's duties.

- 6.8 The parties acknowledge that the Responsible Entity is responsible under its constitution for performing a variety of obligations relating to the Trust. The parties agree that no act or omission of the Mortgagee (including any related failure to satisfy any Obligations) will constitute fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6 to the extent to which the act or omission was caused or contributed to by any failure of the Responsible Entity of any other person or fulfil its obligations relating to the Trust or by any other act or omission of the Responsible Entity or any other person.
- 6.9 No attorney, agent or other person appointed in accordance with this deed has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of such a person will be considered fraud, negligence or breach of duty of the Mortgagee for the purposes of clause 6.6.
- 6.10 In this clause the "Obligations" means all obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, the Mortgagee under or in respect of this deed, "Assets" includes all assets, property and rights real and personal of any value whatsoever of the Trust, "Trust" means the LM First Mortgage Income Fund and "Responsible Entity" means LM Investment Management Limited (Receivers and Managers Appointed) (In Liquidation) (ACN 077 208 461) or any replacement responsible entity of the Trust from time to time.
7. In this deed wherever the context so requires the singular includes the plural and vice versa.
8. This deed may be in any number of counterparts with the same effect as if the signatures to each counterpart were on the same instrument.
9. This deed is governed by the law applying in Queensland.

Executed as a deed.

Signed sealed and delivered for and on behalf of The Trust Company (PTAL) Limited ACN 008 412 913 by its duly appointed attorney pursuant to Power of Attorney Registered Book 4594 No 26 dated 12 July 2010 in the presence of:



Signature of witness

VICKI SKODRAS

Name of witness (please print)




Signature of attorney (I have no notice of revocation of the power of attorney under which I sign this document)

Trent Franklin
Manager Property and Infrastructure Custody Services

Name of attorney (please print)

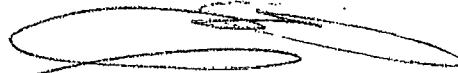
Signed, sealed and delivered by David Whyte in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

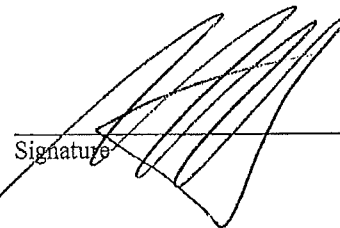
Signed, sealed and delivered by Andrew Peter Fielding in the presence of:



Signature of witness

JOANNE GARCIA

Full name of witness



Signature

"DW-15"



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

TO THE INVESTOR AS ADDRESSED

2 May 2014

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

I refer to my report on 19 February 2014 and now provide my fifth update to investors in relation to the winding of up of the Fund, as follows.

1. Position of the Secured Creditor and the potential claim by KordaMentha, the trustee of the LM Managed Performance Fund (“MPF”)

At the time of my previous report to investors on 19 February 2014, the secured creditor had been repaid in full, however, the Receivers and Managers appointed by the secured creditor had advised that they are not in a position to retire until the potential claim by KordaMentha as the new trustee of the MPF is resolved.

As fairly limited information supporting the claim has been presented by the MPF and bearing in mind the secured creditor has not formally been put on notice of any claims, I contend that the Receivers and Managers should retire and have been liaising with them to determine when this may occur.

In this respect, I met with McGrathNicol and KordaMentha on 23 April 2014 to discuss the position further.

At that meeting, KordaMentha advised that they would prioritise their investigations with a view to determining if they have a claim against the secured creditor or if they can confirm that no claim will be brought by them. They did not however commit to any timeframe to complete their investigations.

Subsequent to that meeting with KordaMentha, I advised McGrathNicol that if KordaMentha does not provide an appropriate release to the secured creditor within one month (ie by 23 May 2014) then I will make an application to court for directions and seek an order that the Receivers and Managers retire.



As previously advised, until the KordaMentha position becomes clearer, the secured creditor releases its security and the Receivers and Managers retire, I will not be in a position to recommence distributions to investors.

2. Appeal Lodged by FTI

As previously advised, the Liquidators of LMIM have appealed the court's decision that led to my appointment as Receiver of the Fund's assets and person responsible to ensure it is wound up pursuant to its constitution.

The appeal hearing was heard on 28 November 2013 however the decision has been reserved and is still awaited.

A copy of the court order setting out the decision will be placed on the website www.lmfimf.com when released.

3. Realisation of Assets

In my report dated 4 December 2013, 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.

The assets to be realised show those that are subject to contract, offers received and current strategy for disposal. With the exception of one loan, FMIF holds the first registered mortgage. The valuations of the individual assets are not included so as to not prejudice any negotiations in relation to the sale of the properties.

Assets realised in full

Location	Description of asset	Status
ACT	Mixed use development site (7,056m ²) with DA approval for 278 residential units and a child care centre.	Settled on 6 December 2013.
QLD	The development comprises of 5 separate multi-storey buildings with a total of 119 residential units with 109 sold as at 30 November 2013.	The last of the ten remaining units settled on 17 March 2014.
WA	12 luxury residential units with 11 sold as at 30 November 2013.	The remaining unit settled on 28 February 2014.

Assets with partial realisations

Location	Description of asset	Status
QLD	90 strata titled hotel rooms. As at 30 November 2013 58 units remained, with 40 under contract at that time. Since then, a further 42 units have settled. Of the remaining 16 units, 1 is currently under contract.	Under contract/ Offers received/ On the market
NSW	The development comprises of 83 strata titled office lots with 63 of these units charged to the Fund. Of the 63 units, 59 remained as at 30 November 2013. Since that time, a further two units have been sold.	On the market
WA	The development has been subdivided into three super lots. The first lot consists of a residential subdivision with 9 created lots and an englobo parcel of land (7.7851 ha), this was sold in January 2014. The second lot comprises of an englobo parcel of land (1.6128 ha) currently zoned as mixed use. A DA had previously been granted for 86 grouped dwellings, this is subject to a conditional offer. The third lot is currently zoned as mixed business (1.6291 ha). In addition to the above security there is also a charge over the guarantor's home.	On the market/ Offer received
QLD	The development is an eight stage project to provide 116, 3 or 4 bedroom townhouses. There is 1 remaining lot from Stage 6 which is under contract, 10 of the 14 completed lots from stage 7 are under contract with 12 lots from Stage 8 completed in April 2014.	On the market/ Under contract
VIC	61 strata titled units within a larger purpose built self-storage facility.	Under contract
QLD	Residential land subdivision. 3 constructed detached dwellings (1 sold, 1 under offer), 16 completed residential land lots (under offer for purchase in one line), 80 lots with operational works approval and additional land (approx. 57ha) with or pending development approval.	Completed lots under contract or on the market/balance land preparing to market
NSW	Industrial development site with partly constructed (40-50%) strata titled development of warehouse/retail/office precinct. DA approval for a mixed use industrial estate of 56 units, comprising of 30 industrial units, 13 high tech units, 12 retail units and a child care facility.	Under contract



Assets to be realised

Location	Description of asset	Status
NSW	The security is comprised of 4 units within a larger purpose built commercial building. Two adjoining units are occupied by a dance and yoga studio with the other two units unoccupied. A sale of the occupied units was completed in June last year. The remaining vacant units are currently being marketed.	On the market
QLD	A supported living community, comprising of 64 independent living units with the proposed development of a further 76 units. Of the current 64 units, 20 are vacant.	Agent about to be appointed
NSW	A supported living community, with 83 completed independent living units. 28 units are currently vacant.	Agent about to be appointed
QLD	A supported living community, with 37 completed independent living units plus balance land for further development. There are also a further 7 completed detached dwellings and a partly constructed subdivision of c.100 townhouse/small dwelling lots under community title plus residual land.	Agent about to be appointed
QLD	72 strata titled unit resort complex with management rights. 15 units have been sold to date with 57 units remaining.	Legal action in course/Preparing to market
QLD	Two supported living communities. One currently has 62 completed units (20 vacant) with a further 106 proposed. The other has 110 completed units, with 21 units currently vacant.	Borrower in control of asset
VIC	A supported living community, with 60 completed independent living units (no vacancies) with a further 132 units proposed.	Individual units for sale/ Agent about to be appointed
TAS	A supported living community, with 26 completed independent living units (3 vacant) and a further 18 proposed.	Agent about to be appointed



4. Other Potential Recoveries/Legal Actions

My report of 4 December 2013 identified various matters which required additional investigation to determine whether there were any potential legal actions for dealings which occurred prior to my appointment as Receiver.

These investigations are ongoing with solicitors having provided advice and briefed counsel in relation to one substantial claim with a view to preparing a statement of claim and commencing proceedings.

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

5. Estimated Return to Investors

Based on the professional valuations and offers received for the properties charged to the Fund, I provide an estimated return to Investors of between 12 and 18 cents in the dollar as at 31 March 2014, calculated as follows:

	Low	High
	\$	\$
Cash at Bank	11,392,371	11,392,371
Funds held in trust	1,198,328	1,198,328
Estimated selling prices of properties to be sold	63,067,392	88,931,541
<i>Less:</i>		
Selling costs (3.5% of sale price)	(2,207,359)	(3,112,604)
Land tax & rates	(193,858)	(193,858)
Other unsecured creditors	(8,263,954)	(8,213,954)
FTI Fees & legal costs claimed (subject to approval)	(3,069,000)	(3,069,000)
Receivers and Managers' Fees (McGrathNicol)	(82,000)	(82,000)
Receiver's fees & outlays (BDO)	(775,305)	(775,305)
Estimated net amount available to investors as at 31 March 2014	61,066,616	86,075,520
Total investor units	488,787,330	488,787,330
Estimated return in the dollar	0.12	0.18

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



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

6. Distributions to Investors

As previously advised, I am on notice from KordaMentha that the MPF potentially have a breach of trust claim against the Fund. In addition, the Receivers and Managers who were appointed to Bellpac have put me on notice not to distribute funds until the proceedings mentioned in my last report dated 4 December 2013 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 have retired and funds released to me, I will be required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the Bellpac litigation, the funds received for the loan/lease agreements of the aged care facilities and potentially in relation to the KordaMentha claims.

I may 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.

7. Previous requests for redemption of units

A number of investors have raised queries regarding redemption requests previously submitted to the responsible entity of the Fund.

I understand that prior to my appointment over 85% of investors had made redemption requests. Redemption requests had been placed in a queue system and were processed as and when funds allowed.

Any redemption requests outstanding at the time of my appointment as the person responsible to wind up the Fund in accordance with its constitution will not now be processed.

In accordance with the terms of the Constitution of the Fund all assets will be realised and all liabilities of the Fund will be paid with investors receiving the balance monies on a pro rata basis based on their individual investments.

For investors of the feeder funds, it will be the responsible entities of the feeder funds that receive the pro rata distribution. The responsible entities of the feeder funds will distribute funds to investors of these funds based on the terms of the constitutions of those funds.

8. Management Accounts

I am currently liaising with the BDO auditors and LM staff with a view to providing the management accounts for the year ended 30 June 2013 and the half year ended 31 December 2013. These accounts will be prepared in accordance with the relevant accounting standards and will be posted on the website www.lmfmf.com as soon as they are finalised.

9. Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor on the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if as many investors as possible could provide an email address in this respect. Please use the details in section 11 below to advise us in this regard.



My next report to investors will be issued in July 2014.

10. Receiver's Remuneration and Expenses

I attach a summary of my remuneration and outlays for the period from my appointment on 8 August 2013 to 31 March 2014. My remuneration incurred during this period totals \$638,618.50 plus outlays of \$52,511.95 plus GST, giving a total of \$760,243.50 including GST.

Approval of my fees will be subject to court approval on an ongoing basis. An application to court for the period ending 31 March 2014 will be lodged today and investors will be notified after the initial application has been heard to confirm the process of service for the main application and when the main application will be heard by the Supreme Court of Queensland. A copy of my application and supporting affidavits will be posted on the website www.lmfimf.com.

In addition to the remuneration forming part of the court application, I also attach a summary of my remuneration and outlays for the period from 1 April 2014 to 28 April 2014.

My remuneration incurred during this period totals \$83,856.50 plus outlays of \$317.70 plus GST.

11. Queries

Should unit holders require further information, please contact either Investor Relations or BDO on the details provided below.

Investor Relations

Phone: +61 7 5584 4500
Fax: +61 7 5592 2505
Email: mail@lmaustralia.com

BDO

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

Yours faithfully

David Whyte
Receiver

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)
8 AUGUST 2013 TO 31 MARCH 2014

Employee	Position	Rate	Total Units	Total \$	Assets		Administration		Creditors		Investigations		Trade-on	
					Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560.00	366.70	205,352.00	205.10	114,856.00	58.00	32,480.00	3.80	2,128.00	6.80	3,808.00	93.00	52,080.00
Newman, Helen	Partner	560.00	0.20	112.00	0.00	0.00	0.10	56.00	0.00	0.00	0.10	56.00	0.00	0.00
Jenkins, Craig	Audit - Partner	485.00	2.90	1,406.50	0.00	0.00	0.00	0.00	0.00	0.00	2.90	1,406.50	0.00	0.00
Jenkins, Craig	Audit - Partner	475.00	3.00	1,425.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	1,425.00	0.00	0.00
Beauchamp, Margaux	Corporate Finance - Director	460.00	244.70	112,562.00	242.40	111,504.00	2.30	1,058.00	0.00	0.00	0.00	0.00	0.00	0.00
Somerville, John	Senior Manager	425.00	19.40	8,245.00	3.80	1,615.00	11.10	4,717.50	2.30	977.50	0.00	0.00	2.20	935.00
Haines, Charles	Senior Manager	390.00	238.20	101,235.00	15.30	6,502.50	6.50	2,762.50	15.80	6,715.00	198.10	84,192.50	2.50	1,062.50
Garcia, Joanne	Manager	390.00	422.10	164,619.00	183.60	71,604.00	103.10	40,209.00	86.70	33,813.00	3.90	1,521.00	44.80	17,472.00
Wilson, James	Manager	390.00	1.40	546.00	0.20	78.00	0.20	78.00	1.00	390.00	0.00	0.00	0.00	0.00
Albert, Anthony	Tax - Manager	390.00	0.30	117.00	0.00	0.00	0.30	117.00	0.00	0.00	0.00	0.00	0.00	0.00
Pagcu, Julie	Audit - Senior Manager	350.00	15.00	5,250.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	5,250.00	0.00	0.00
Simpson-Wade, Ashleigh	Supervisor	350.00	0.10	35.00	0.00	0.00	0.10	35.00	0.00	0.00	0.00	0.00	0.00	0.00
Dharmaratne, Michael	Senior Accountant I	310.00	29.80	9,238.00	2.90	899.00	10.00	3,100.00	16.90	5,239.00	0.00	0.00	0.00	0.00
Tipman, Daniel	Senior Accountant I	310.00	0.80	248.00	0.00	0.00	0.20	62.00	0.60	186.00	0.00	0.00	0.00	0.00
Kennedy, Nicola	Accountant II	190.00	14.30	2,717.00	3.30	627.00	11.00	2,090.00	0.00	0.00	0.00	0.00	0.00	0.00
Tanran, Rycko	Corporate Finance - Accountant II	175.00	145.20	25,410.00	144.20	25,235.00	1.00	175.00	0.00	0.00	0.00	0.00	0.00	0.00
Ritchie, Sara	Tax - Practice Assistant	130.00	0.20	26.00	0.00	0.00	0.20	26.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Team Assistant	75.00	1.00	75.00	0.00	0.00	1.00	75.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			1,505.30	638,618.50	800.80	332,920.50	205.10	87,041.00	127.10	49,448.50	229.80	97,659.00	142.50	71,549.50
				TOTAL INC GST	63,861.85					415.73	424.38	424.97	389.05	502.10
				AVERAGE HOURLY RATE	424.25					415.73	424.38	424.97	389.05	502.10

DISBURSEMENT REPORT
LM First Mortgage Income Fund (Receiver Appointed)
8 August 2013 to 31 March 2014

Item	339.56
Accommodation	2,152.90
Airfares	305.69
Car Hire	520.65
Meeting Expenses	113.40
Mileage	422.11
Parking	17,227.22
Photocopy	14,954.59
Postage	11,189.56
Printing	3,337.44
Search Fee	64.84
Taxi fares	1,883.99
Website Maintenance	52,511.95
Sub Total	5,251.20
GST	57,763.15
Total	

REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 April 2014 to 28 April 2014
 LM First Mortgage Income Fund (Receiver Appointed)

Employee	Position	Rate	hrs	Totals		Task Area										Other											
				\$	hrs	Assets	Creditors	Employees	Trades	Investigations	Dividends	Administration	H	H													
				\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs		
David Whyte	Partner	560	54.5	30,520.00		11.1	6,216.00	2.7	1,512.00	0.0	0.00	7.6	4,256.00	2.1	1,176.00	0.0	0.00	31.0	17,360.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Margaux Beauchamp	Associate	460	8.7	4,002.00		8.7	4,002.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Charles Haines	Senior Manager	425	36.7	15,597.50		3.5	1,487.50	0.0	0.00	0.0	0.00	0.0	0.00	10.8	4,590.00	0.0	0.00	22.4	9,520.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
John Somerville	Senior Manager	425	2.2	935.00		0.0	0.00	0.0	0.00	0.0	0.00	1.1	467.50	0.0	0.00	0.0	0.00	1.1	467.50	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Joanne Garcia	Manager	390	76.3	29,757.00		0.0	0.00	5.2	2,028.00	0.0	0.00	15.8	6,162.00	0.0	0.00	0.0	0.00	55.3	21,567.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Michael Dharmaratne	Senior Accountant I	310	0.8	248.00		0.0	0.00	0.4	124.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.4	124.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Daniel Tipnan	Senior Accountant I	310	2.1	651.00		0.0	0.00	1.4	434.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.7	217.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Dean Michalk	Senior Accountant II	270	0.1	27.00		0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.1	27.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Nicola Kennedy	Accountant II	190	7.3	1,387.00		0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	7.3	1,387.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Rycko Taniran	Accountant II	175	2.5	437.50		0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	2.5	437.50	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
Dermot O'Brien	Undergraduate	155	1.9	294.50		0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00	1.9	294.50	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
TOTALS			193.1	83,355.50		22.3	11,705.50	9.7	4,095.00	0.0	0.00	24.5	10,885.50	12.9	5,766.00	0.0	0.00	122.7	51,601.30	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
			GST	8,385.65																							
			TOTAL INC GST	91,741.15		302		444		147																	
			AVERAGE HOURLY RATE	434																							

Note: All amounts exclude GST unless otherwise noted

DISBURSEMENT REPORT
 LM First Mortgage Income Fund (Receiver Appointed)
 01 August 2014 to 28 April 2014

Item	
Printing	317.70
Sub Total	317.70
GST	31.77
Total	349.47



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

TO THE INVESTOR AS ADDRESSED

4 August 2014

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

I refer to my previous reports and now provide my sixth update to investors in relation to the winding up of the Fund, as follows.

1. Position of the Secured Creditor and the potential claim by KordaMentha, the trustee of the LM Managed Performance Fund ("MPF")

As previously advised, despite the secured creditor having been repaid in full, the Receivers and Managers appointed by the secured creditor have advised that they are not in a position to retire until the potential claim by KordaMentha as the new trustee of the MPF is resolved.

At a meeting on 23 April 2014, KordaMentha advised that they would prioritise their investigations to determine if they have a claim against the secured creditor. To date, they have not provided an appropriate release to the secured creditor and therefore my solicitors wrote to their solicitors on 28 July 2014 requesting an update on what stage their investigations are at and if a claim will be made against Deutsche Bank.

In order to avoid the costs of making an application to the court for directions and to seek an order that the Receivers and Managers retire, I wrote to the Receivers and Managers on 4 July 2014 with a proposal to resolve the situation without the intervention of the court.

I have proposed that I takeover the realisation of assets and other matters being dealt with by the Receivers and Managers. This also includes an undertaking to not distribute any Fund monies except to meet the remuneration, costs and expenses in connection with my receivership to be paid from Fund assets pursuant to the order of Dalton J of 21 August 2013; or with the prior consent of Deutsche Bank AG.

The undertaking would remain in force until the earliest to occur of the following events:

- a. the release of Deutsche Bank AG's charge over the assets of the Fund;

- b. the determination or resolution of claims asserted by the trustees of the LM Managed Performance Fund; and
- c. the making of a court order releasing me from the undertaking

The Receivers and Managers have responded reiterating the secured creditor's rights under its securities and that they intend to continue the realisation of assets (excluding the retirement villages which they are content are sold under my instructions) and retaining control over the bank accounts and funds realised from asset realisations.

We maintain a good working relationship with the Receivers and Managers and will continue to work with them to achieve an appropriate outcome, so that investors are not disadvantaged and any duplication of costs are kept to a minimum.

2. Appeal Lodged by FTI

As previously advised, the Liquidators of LMIM appealed the court's decision that led to my appointment as Receiver of the Fund's assets and person responsible to ensure it is wound up pursuant to its constitution.

The appeal hearing was heard on 28 November 2013 and the Court's decision to dismiss the appeal was handed down on 6 June 2014. A copy of the court order setting out the decision has been placed on the website www.lmfmf.com.

3. Realisation of Assets

In my report dated 2 May 2014, 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.

Assets realised in full

Location	Description of asset	Status
VIC	61 strata titled units within a larger purpose built self-storage facility.	Settled on 6 June 2014
NSW	Industrial development site with partly constructed (40-50%) strata titled development of warehouse/retail/office precinct. DA approval for a mixed use industrial estate of 56 units, comprising of 30 industrial units, 13 high tech units, 12 retail units and a child care facility.	Settled on 31 May 2014

Assets with partial realisations

Location	Description of asset	
QLD	90 strata titled hotel rooms. Since my last report which included the position as at 31 March 2014, when 29 units remained, with 11 under contract at that time. Since then, a further 15 units have settled. Of the remaining 14 units, 6 are currently under contract.	Under contract/ Offers received/ On the market
WA	The development has been subdivided into three super lots.	On the market

Location	Description of asset	Status
	The first lot was sold in January 2014. Since my last report the second lot settled in July 2014. The remaining lot is currently on the market.	
QLD	The development is an eight stage project to provide 116, 3 or 4 bedroom townhouses. Of the 14 completed lots from stage 7, 4 have been sold since the date of my last report and a further 7 are under contract. Of the 12 lots from Stage 8 (the final stage), 5 are under contract.	On the market/under contract
QLD	Residential land subdivision. Since, my last report, the final constructed detached dwelling has settled together with 16 completed residential land lots. The remaining 80 lots with operational works approval and balance land are currently on the market.	On the market
NSW	The development comprises of 83 strata titled office lots with 63 of these units charged to the Fund. Of the 63 units, 59 remained as at 30 November 2013. Since that time, a further two units have been sold.	On the market

Assets to be realised

Location	Description of asset	Status
NSW	The security is comprised of 4 units within a larger purpose built commercial building. Two adjoining units are occupied by a dance and yoga studio with the other two units unoccupied. A sale of the occupied units was completed in June last year. The remaining vacant units are currently being marketed.	On the market
QLD	A supported living community, comprising of 64 independent living units with the proposed development of a further 76 units. Of the current 64 units, 22 are vacant.	Agent appointed
NSW	A supported living community, with 83 completed independent living units. 28 units are currently vacant.	Agent appointed
QLD	A supported living community, with 37 completed independent living units plus balance land for further development. There are also a further 7 completed detached dwellings and a partly constructed subdivision of c.100 townhouse/small dwelling lots under community title plus residual land.	Agent appointed

Location	Description of asset	Status
QLD	72 strata titled unit resort complex with management rights. 15 units have been sold to date with 57 units remaining.	Legal action in course/Preparing to market
QLD	Two supported living communities. One currently has 62 completed units (20 vacant) with a further 106 proposed. The other has 110 completed units, with 21 units currently vacant.	Borrower in control of asset
VIC	A supported living community, with 60 completed independent living units (no vacancies) with a further 132 units proposed.	Individual units for sale/ Agent appointed
TAS	A supported living community, with 26 completed independent living units (3 vacant) and a further 18 proposed.	Agent appointed

4. Other Potential Recoveries/Legal Actions

My report of 4 December 2013 identified various matters which required additional investigation to determine whether there were any potential legal actions for dealings which occurred prior to my appointment as Receiver. I provide an update in relation to investigations undertaken to date and further work to be done, as follows:

4.1 Public Examination

I have recently been successful in obtaining the approval from ASIC as an eligible applicant under the Corporations Act 2001 (the Act) to enable me to make application for a public examination (PE) of directors and other relevant parties to assist with my investigations into potential legal actions against several parties.

A PE is undertaken in the Magistrates Court and is a forum whereby I can ask the Court to summons the directors and other relevant parties to produce documents and to appear in Court and answer questions about the affairs of the FMIF. The answers given at the examination are under oath. Matters identified from the PE may be brought to the attention of ASIC as appropriate.

As I have to date experienced delay in gaining access to certain books and records that concern the FMIF, I anticipate that summoning certain parties to produce the documents needed for my investigations as part of a PE, will expedite my access to these records.

I have instructed my solicitors to commence preparation of an application for a PE.

4.2 Bellpac Proceedings

4.2.1 Settlement of Gujarat proceedings

For background, I summarise my December 2013 update to investors on this matter as follows:

- In November 2010, proceedings against Gujarat NRE Minerals Limited (Gujarat) were settled for a total amount of approximately \$45.6M;

- As MPF funded the majority of the costs of the litigation, the settlement proceeds received in 2011, were shared between the funds on the basis of a 65%/35% split with FMIF receiving \$32.9M and MPF \$12.7M. LMIM as responsible entity (RE) of the FMIF and as trustee of the MPF arrived at the decision to split the proceeds in this way after taking advice about splitting the proceeds under a litigation funding arrangement typically offered in the open market;
- 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;
- LMIM appears to have preferred the interests of the MPF over the FMIF in splitting the proceeds of sale. Therefore there may be a claim against LMIM and/or the MPF in relation to this transaction.

I have undertaken extensive investigations in relation to this potential claim and I am taking legal advice in relation to same. As my investigations are on-going I am not presently in a position to disclose the nature of those investigations any further at this time.

4.2.2 Other Bellpac litigation

a. \$2 million of Gujarat Convertible Bonds

A summary of the background is as follows:

- FMIF has first ranking security over the assets of Bellpac;
- In August 2008 these Bonds (that had been issued by Gujarat to Bellpac also in August 2008), were issued by Bellpac to another party and then further transferred to other parties;
- The proceedings by Bellpac and its Liquidators commenced in January 2010. In 2012 Bellpac was successful in obtaining Orders that Bellpac is the true owner of the Bonds;
- The decision was appealed by the defendants in the Full Federal Court in 2013 which was unsuccessful. An application by the defendants for special leave to appeal the decision in the High Court was heard in November 2013 and was also unsuccessful.

A summary of developments is as follows:

- i. Gujarat, is a publicly listed company and changed its name to Wollongong Coal Limited (WCL) in April 2014;
- ii. The Bellpac Liquidators made application to WCL to convert \$1.5 million of the Bonds into shares, however WCL did not respond. In accordance with the terms of the Bonds, WCL is now obliged to redeem the nominal face value of these Bonds (plus interest) into cash and pay the funds to Bellpac;
- iii. A demand has now been made against WCL for \$2.44 million representing the face value of these Bonds of \$1.5 million plus interest;
- iv. As WCL has not responded, proceedings will need to be commenced by Bellpac and the Liquidators to seek to recover the redemption cash value of the Bonds plus interest.
- v. The remaining Bonds with a face value of \$500,000 could not be converted into shares until 1 July 2014. The Liquidators have now made application for conversion and if the bonds are not

converted to shares by 7 August 2014, a demand for the nominal value of the Bonds can also be pursued.

If the Liquidators are successful in realising the Bonds or any shares issued, FMIF will be the beneficiary of the funds recovered, after costs. I have been liaising with the solicitors for the Liquidators in relation to the ongoing matters as raised above.

FMIF is funding the litigation for the benefit of investors.

b. \$8 million of Gujarat Convertible Bonds

A summary of the background is as follows:

- The background is the same as the first two dot points of the \$2 million Bonds raised above;
- The proceedings by Bellpac and its Liquidators commenced in July 2012 seeking orders that Bellpac is the true owner of the Bonds and the recovery of \$4.7 million transferred by Bellpac (pre Liquidation) to two of the defendants.

A summary of developments is as follows:

- i. The Liquidators were required to and filed further Affidavit evidence on 1 April 2014;
- ii. A directions hearing was held on 30 July 2014, a timetable was set by the Court requiring the filing of certain documentation by a number of the defendants and a further directions hearing was set down for 7 October 2014.

If the Liquidators are successful in obtaining a declaration from the Court that Bellpac is the true owner of the Bonds, FMIF will be the beneficiary of the funds recovered from realising the Bonds, after costs. I have been liaising with the solicitors for the Liquidators in relation to the ongoing litigation as mentioned above.

In order to protect the interest of FMIF in Bellpac's claim to title to the Bonds, FMIF ought to continue to fund the Liquidators' in the proceedings. However, as a first priority, I propose to rigorously pursue the recovery of the cash and shares redemption of the \$2 million Bonds claim from WCL to determine WCL's financial capacity.

c. Proceedings against Bellpac Receivers and LMIM

A summary of the background is as follows:

- In February 2013, parties including the second mortgagee of Bellpac (plaintiffs) commenced proceedings against LMIM and the Receivers and Managers of Bellpac in relation to the alleged sale of the Bellpac property at an undervalue. The property that was sold formed part of the settled proceedings outlined at Section 4.2.1 above.

A summary of developments is as follows:

- i. In late 2013 the plaintiffs were successful in joining LM's insurers to the proceedings however the insurers appealed. The appeal decision was handed down on 30 June 2014 and was not successful;
- ii. LMIM as RE for FMIF and the other respondents are proposing to seek security for costs from the applicants;

- iii. Our solicitors have requested that all FMIF records in relation to the sale to Gujarat in preparation for the trial now be collated;
- iv. A directions hearing was held on 31 July 2014, a timetable was set down to address the intended security for costs applications by LMIM and other defendants with documentation to be filed by all parties by early October 2014.

4.3 Other Potential Claims against LMIM and related Parties

4.3.1 Management Service Agreements with LM Administration Pty Ltd (in Liquidation) (LMA)

For background, I summarise my December 2013 update to investors on this matter as follows:

- The audited accounts for the FMIF show that a total of approximately \$10.2M was paid to LMA (for the years ended 30 June 2011 and 30 June 2012) for loan management fees in replacement of appointing external receivers;
- Amounts totalling approximately \$2M were paid to LMA for the period from the 1 July 2012 to 19 March 2013;
- Legal and accounting advice was received by LMIM in relation to the charging of these fees.

I continue to undertake investigations in relation to these matters and I am taking legal advice in relation to same. As my investigations are on-going I am not presently in a position to disclose the nature of those investigations any further at this time.

4.3.2 Distribution to Class B Unit Holders

For background, I summarise my December 2013 update to investors on this 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;
- Class B unit holders, relate to the three feeder funds of FMIF;
- I am unaware of any rights of Class B unit holders which would entitle them to a priority distribution over other classes of unit holders in the Fund;
- 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 receiving a greater amount in the winding up of the Fund.

A summary of developments is as follows:

- i. Further documentation has been provided to assist with my investigations however this is incomplete. Further investigations are required. I continue to undertake investigations in relation to these matters and I am taking legal advice in relation to same. As my investigations are on-going I am not presently in a position to disclose the nature of those investigations any further at this time.

4.3.3 Changes to Constitution

For background, I summarise my December 2013 update to investors on this matter as follows:

- The fund's constitution was amended several times since its initial execution on 24 August 1999;
- The terms of the constitution stipulate that it may be modified or repealed or replaced with a new constitution, by:
 - Special resolution of the members of the scheme; or
 - The Responsible Entity, if the Responsible Entity reasonably considers the change will not affect Members' rights.
- I am not currently aware of any special resolutions passed by members resolving to amend the terms of the constitution;
- I am aware of several changes to the permitted loan to valuation ratio ('LVR') of the fund commencing with an LVR of no more than 66.66% (Constitution dated 24 August 1999) to an LVR permitted not to exceed 85% of the value of the security property (after a loan has settled and where the RE considers it is in the best interests of the members)
- Further investigation is required to determine the effect of these amendments and whether or not there may be potential legal claims arising from that.

A summary of developments is as follows:

- i. I have gathered documentation to assist with my investigations, however further information is required to finalise my investigations. I continue to undertake investigations in relation to these matters and I am taking legal advice in relation to same. As my investigations are on-going I am not presently in a position to disclose the nature of those investigations any further at this time.

4.3.4 Fund Valuation Policy

For background, I summarise my December 2013 update to investors on this matter as follows:

- A review of the fund's compliance plan dated 16 March 2011 details the following regarding the fund's valuation policy:
 - Valuations may only be carried out by panel valuers; and
 - An updated valuation will generally be required for commercial loans at 24 month intervals and construction loans at 12 month intervals.
- From my preliminary enquiries, it appears that the Responsible Entity did not generally obtain updated professional valuations after the initial advance was made. Instead, in the majority of cases, they relied upon discounted cash flows prepared by management on the feasibility of a project.

A summary of developments is as follows:

- i. I have gathered documentation to assist with my investigations, however further information is required to finalise my investigations. I continue to undertake investigations in relation to these matters and I am taking legal advice in relation to same. As my investigations are on-going I am not presently in a position to disclose the nature of those investigations any further at this time.

4.3.5 External Valuations

I have commenced a review of 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.

My investigations are at an early stage and details of developments will be provided in my next update to investors.

4.4 Auditors

I have not at this stage been able to progress my investigations due to an inability to gain access to the auditor's working papers and all relevant FMIF records. I requested the relevant records from the auditors however I have been advised that they will not provide them without being issued with a subpoena. Accordingly, these matters will be considered as part of the upcoming PE process.

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

5. Estimated Return to Investors

Based on the professional valuations and offers received for the properties charged to the Fund, I provide an estimated return to Investors of between 12 and 18 cents in the dollar as at 30 June 2014, calculated as follows:

	Low	High
	\$	\$
Cash at Bank	21,016,590	21,016,590
Funds held in trust	1,061,000	1,061,000
Estimated selling prices of properties to be sold	53,838,118	74,132,013
<i>Less:</i>		
Selling costs (2.5% of sale price)	(1,345,953)	(1,853,300)
Land tax & rates	(1,019,566)	(1,019,566)
Other unsecured creditors	(8,535,648)	(3,806,583)
FTI Fees & legal costs claimed (subject to approval)	(4,034,375)	(4,034,375)
Receivers and Managers' Fees (McGrathNicol)	(118,000)	(118,000)



Receiver's fees & outlays (BDO)	(1,165,645)	(1,165,645)
Estimated net amount available to investors as at 30 June 2014	59,696,522	84,212,135
Total investor units	478,478,997	478,478,997
Estimated return in the dollar	0.12	0.18

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

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

6. Updated Unit Price

I have received numerous requests to provide an updated unit price. In this regard, I provide below an updated unit price as at 30 June 2014 of 15 cents, which is based on the mid-point of the high and low estimated selling prices of the secured assets as at 30 June 2014.

	\$'000's
Total Value of Fund Assets as at 30 June 2014 (net of land tax and rates)	86,063
Less Creditors and Other Payables	(14,748)
Total Net Value of Fund Assets	71,314
Total Number of Units as at 30 November 2013	478,479
Unit Price	0.15

I *attach* a copy of a letter that may be forwarded to Centrelink confirming the unit price as at 30 June 2014, and which may be used by investors to assist with the review of their pensions.

7. Distributions to Investors

As previously advised, I am on notice from KordaMentha that the MPF potentially have a breach of trust claim against the Fund. In addition, the Receivers and Managers who were appointed to Bellpac have put me on notice not to distribute funds until the proceedings mentioned at section 4.2.2 above are resolved and also due to the MPF position, the secured creditor has not yet released its charge or retired its Receivers.

Once the Receivers and Managers have retired and funds released to me, I will be required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the Bellpac litigation, the funds received for the loan/lease agreements of the aged care facilities (which totals approximately \$10 million) and potentially in relation to the KordaMentha claims.



I may 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.

8. Hardship payment requests

A number of investors have raised queries regarding hardship payment requests.

In October 2008, ASIC introduced a scheme whereby the Responsible Entity could apply for relief from their constitutional obligation to treat investors equally. Once the relief was granted, it was for the Responsible Entity to implement a process that was deemed appropriate for the particular fund and its circumstances. Payments under the hardship provisions were subject to the liquidity constraints of the fund.

Prior to the appointment of administrators to LM Investment Management Ltd (In Liquidation), hardship payments were made on a regular basis. However, the Fund is now in the process of being wound up and as such, payments under the hardship provisions can no longer be made.

9. Fees claimed by LM Investment Management Ltd (In Liquidation) ("LMIM") (by its liquidators, FTI Consulting)

The liquidators of LMIM, Mr Park and Ms Muller, have submitted invoices from LMIM, made out to the Fund, totalling \$2,602,040 excluding GST to McGrathNicol for payment in relation to their remuneration and out of pocket expenses for the period from 19 March 2013 to 31 December 2013.

The claim can be broken down into the following three 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;
- Category 3 in relation to the appointments of LMIM as Controllers of a number of assets and where they are acting as agent for the mortgagee in possession.

	Paid to date (GST exclusive) \$	Outstanding (GST exclusive) \$
Direct time charged to work undertaken for the Fund - including outlays (category 1)		1,551,745
Allocation of Responsible Entity time (category 2)		1,014,826
Time charged in respect of the Controllerships (category 3)	145,643	35,469
	145,643	2,602,040

While the claims were submitted to McGrathNicol as the receivers and managers of the Fund assets appointed by Deutsche Bank, McGrathNicol have properly consulted me and are working with me to review and determine the claims.



Both McGrathNicol and I have raised legal questions as 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. Although it is only a 'high level' comparison, on the basis of the limited detail provided with their claim, these fees appear high when compared with those of McGrathNicol and BDO, as follows:

	FTI (category 1) \$	FTI (category 2) \$	McGrathNicol \$	BDO \$	Total \$
19 March to 30 June 2013	657,581.36	656,166.86	n/a	n/a	
July 2013	546,132.50	123,496.08		n/a	
August 2013	142,979.00	98,022.91	293,830.00	33,563.50	
September 2013	55,452.50	62,837.13		84,460.50	
October 2013	38,807.00	38,239.55		111,262.00	
November 2013	55,543.00	24,749.86		116,373.00	
December 2013	21,359.00	11,313.73	412,658.00	45,895.00	
January 2014	[Details not yet submitted]			77,988.50	
February 2014			152,825.00	94,079.00	
March 2014				74,997.00	
April 2014			195,000.00	83,856.50	
May 2014				98,851.50	
June 2014			118,000.00	111,345.50	
	1,517,854.36	1,014,826.12	1,172,313.00	932,672.00	
Average per month from FTI appointment to 31 July 2013	273,261.01	176,995.12		450,256.14	
Average per month from McGrathNicol's appointment to 30 June 2014			100,739.44	87,030.31	187,769.75

Figures are GST exclusive

Note: the amounts specified for BDO to 31 March 2014 are amounts claimed by me for remuneration which are the subject of my application to the Supreme Court filed on 2 May 2014 for approval of remuneration, which is yet to be determined by the Court. The amounts from 1 April 2014 to 30 June 2014 will be subject to approval of the court in due course.



McGrathNicol wrote to FTI on 5 June 2014 requesting further information to support their claim and have approved \$145,643.50 (excluding GST) of a total of \$181,112 (excluding GST) in respect of category 3 invoices.

Subsequently, I put a proposal to FTI on 10 July 2014 to try and deal with their claim in the most cost effective way for investors and asked them to address a number of shortcomings in the information provided so that it can be properly assessed.

At the time of issuing this report, I am yet to receive a response to this proposal.

The above amounts claimed by the various insolvency practitioners should be put into context by comparing the costs incurred by the Responsible Entity ("RE") prior to the appointment of Administrators on 19 March 2013.

The RE's previous costs, and as set out in my report dated 19 February 2014, averaged \$14M for the five years ended 30 June 2012. The costs of managing the Fund since the Administrators appointment include the premises, equipment, staff and consulting costs of approximately \$5M per annum (now reduced to less than \$3M) plus the insolvency practitioners costs. The costs will continue to reduce as the winding up progresses.

10. Management Accounts

I am currently finalising the management accounts for the year ended 30 June 2013 and the half year ended 31 December 2013. These accounts have been prepared in accordance with the relevant accounting standards and will shortly be posted on the website www.lmfimf.com.

Delays have been encountered in the preparation of the accounts due to poor record keeping, changes in LM accounting staff and no one person having sufficient knowledge to assist with queries on the previous audited accounts. For example, there are a lack of working papers to support the finalised figures and which has a knock on effect to the subsequent periods.

11. Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor on the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if as many investors as possible could provide an email address in this respect. Please use the details in section 14 below to advise us in this regard.

My next report to investors will be issued by 15 October 2014.

12. Receiver's Remuneration and Expenses

As previously advised, an application was made to court on 2 May 2014 for approval of my remuneration for the period from 8 August 2013 to 31 March 2014 in the amount of \$702,480.35 inclusive of GST.

This application and supporting documentation has been served on all members and the relevant documents can be found on the website www.lmfimf.com.

The matter was originally set down for a hearing on 26 May 2014. No members chose to be represented at the hearing however LMIM (by its liquidators, Mr Park and Ms Muller) as Responsible Entity for the Fund (referred to in this section simply as "FTI" for ease of reference) was represented, raised



objections to the remuneration and obtained an order from the court to have the matter adjourned with a two day hearing set down for 28 and 29 August 2014.

The court order made on 26 May 2014 included a requirement for FTI to file and serve any Affidavit, including expert evidence, upon which they intend to rely by 7 July 2014 identifying any costs subject to any objection and the basis of each objection.

In order to save costs in this respect, I put a proposal, via my solicitors, to FTI on 17 June 2014 asking them to review the material and set out any objections for my response. FTI did not agree to my proposal. FTI also failed to file and serve any further material by 7 July 2014.

Accordingly, in accordance with the terms of the court order, I instructed my solicitors to bring the matter before the court for directions on 31 July 2014. The court order from the directions hearing is currently being finalised however essentially covers the following:

- Costs were awarded against LMIM in respect of the application for directions;
- No expert evidence can now be submitted;
- The hearing has been set down on 28 August 2014 for two hours only;
- Any further material to be relied upon by FTI must be lodged by Monday 4 August 2014. FTI will need to seek leave from the judge at the hearing on 28 August 2014 if this material is to be relied on.

In addition to the remuneration for the above court application, I have incurred remuneration of \$463,296.50 plus outlays of \$11,217.63 plus GST for the period from 1 April 2014 to 31 July 2014 as detailed in the attached summary. I will apply to the Court for approval of that remuneration in due course and will advise investors accordingly.

13. LM Investor Victim Centre

One of the investors has brought to my attention that a website, <https://sites.google.com/site/lminvestorvictimcentre/home>, has been set up for LM investors with one goal "A Fair and Just Resolution for LM Investors".

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

14. Queries

Should unit holders require further information, please contact either Investor Relations or BDO on the details provided below.

Investor Relations

Phone: +61 7 5584 4500
Fax: +61 7 5592 2505
Email: mail@lmaustralia.com



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

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Whyte', written over a horizontal line.

David Whyte
Receiver

Disbursements for the period 1 April 2014 to 31 July 2014 LM First Mortgage Income Fund		Amount (\$ ex GST)
Expense Type		
Printing		384.90
Mileage		1,094.65
Postage		3,771.56
General		5,227.25
Search Fee		739.27
TOTAL		11,217.63
GST		1,121.76
TOTAL INC GST		12,339.39



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
AUSTRALIA

TO WHOM IT MAY CONCERN

4 August 2014

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

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

I provide an update on the estimated unit price of the fund as at 30 June 2014, calculated as follows:

	\$000's
Total Value of Fund Assets as at 30 June 2014 (net of land tax and rates)	86,063
Less Creditors and Other Payables	(14,748)
Total Net Value of Fund Assets	71,314
Total Number of Units as at 30 November 2013	478,479
Unit Price	0.15

Should you have any queries in respect of the above, please contact Michael Dharmaratne of my office on (07) 3237 5768.

Yours faithfully,

David Whyte
Receiver

"DW-16"



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

7 August 2014

TO INVESTORS

Dear Member

**LM FIRST MORTGAGE INCOME FUND ARSN 089 343 288 (RECEIVERS AND MANAGERS APPOINTED)
(RECEIVER APPOINTED) ("THE FUND")**

I attach the unaudited accounts for the Fund for the year ended 30 June 2013 and half year ended 31 December 2013.

During the reporting periods the following insolvency events have taken place:

- John Park and Ginette Muller of FTI Consulting were appointed as Administrators of the Fund's Responsible Entity, LM Investment Management Ltd (In Liquidation) ("LMIM") on 19 March 2013. They were subsequently appointed as Liquidators of LMIM on 1 August 2013.
- Joseph Hayes and Anthony Connelly of McGrathNicol were appointed as Receivers and Managers of the Fund on 11 July 2013 by the secured creditor, Deutsche Bank.
- I was appointed Receiver over the assets of the Fund and as person responsible for ensuring the Fund is wound up pursuant to the terms of its constitution by the Supreme Court of Queensland on 8 August 2013.

The accounts have been prepared in conjunction with the service provider, LM Administration Pty Ltd's (In Liquidation) staff and consultants and by collating the records maintained by the Fund, the service provider and receipts and payments and other records of FTI and McGrathNicol.

The accounts have been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The accounts have been reviewed by the BDO audit team. However, their work does not constitute a full audit and therefore, the accounts are provided on an unaudited basis.

Should members require further information, please contact BDO on the details provided below.

BDO
GPO Box 457
Brisbane QLD 4001



Phone: +61 7 3237 5999
Fax: +61 7 3221 9227
Email: enquiries@lmfmif.com

Or

Email: joanne.garcia@bdo.com.au
Phone: +61 7 3237 5849

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Whyte'. The signature is fluid and somewhat abstract, with long, sweeping strokes.

David Whyte
Court Appointed Receiver

Disclaimer:

The 30 June 2013 and 31 December 2013 financial statements were compiled by BDO Business Recovery & Insolvency QLD) Pty Ltd however we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.

**LM FIRST MORTGAGE INCOME FUND
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

ABN: 66 482 247 488

Report for the year ended 30 June 2013 and
half-year ended 31 December 2013

Disclaimer

The 30 June 2013 and 31 December 2013 financial statements were compiled by BDO Business Recovery & Insolvency (QLD) Pty Ltd but we did not audit those financial statements and, accordingly, express no opinion or other form of assurance on them.

**LM FIRST MORTGAGE INCOME FUND
(RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)**

ABN: 66 482 247 488

Report for the year ended 30 June 2013 and half-year ended 31 December 2013

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The Responsible Entity of LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed) is LM Investment Management Limited (ABN 68 077 208 461) (in Liquidation) (Receivers and Managers Appointed).

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013 and half-year ended 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$	30 June 2012 \$
Income				
Interest revenue - mortgage loans		32,901	155,173	31,608,319
Interest revenue - cash assets		65,997	220,092	420,812
Realised foreign exchange gain on investor funds		3,307	49,913	69,271
Realised gain on foreign exchange contracts		57,297	-	-
Unrealised foreign exchange gain on foreign exchange contracts		-	129,192	-
Derecognition of advisor commission liability	14	-	4,762,674	-
		159,502	5,317,044	32,098,402
Expenses				
Management fees	10	606,195	4,519,156	9,103,864
Finance costs	4(a)	1,829,589	5,013,661	8,593,798
Custodian fees	10	47,508	49,107	77,904
Advisor commissions	14	-	-	2,165,236
Impairment losses on mortgage loans	7	240,007	186,553,576	99,144,122
Impairment losses on interest receivable	11	43,436	980,936	-
Unrealised foreign exchange losses on investor fund		941,952	805,947	167,394
Unrealised foreign exchange loss on foreign exchange contracts		-	-	145,432
Realised loss on foreign exchange contracts		-	263,566	36,203
Other expenses	4(b)	5,628,107	5,167,395	1,280,026
Total expenses excluding distributions to unitholders		9,336,794	203,353,344	120,713,979
Net (loss) before distributions to unitholders		(9,177,292)	(198,036,300)	(88,615,577)
Distributions paid/payable to unitholders		(348)	(2,710,288)	(17,024,389)
Net (loss) after distributions to unitholders		(9,177,640)	(200,746,588)	(105,639,966)
Other comprehensive income		-	-	-
Net (loss) after distributlons to unitholders		(9,177,640)	(200,746,588)	(105,639,966)
Income tax expense		-	-	-
Changes in net assets attributable to unitholders after income tax expense		(9,177,640)	(200,746,588)	(105,639,966)

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
STATEMENT OF FINANCIAL POSITION

As at 30 June 2013 and 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$	30 June 2012 \$
ASSETS				
Cash and cash equivalents	12(a)	2,045,959	9,055,002	8,123,428
Receivables	11	443,288	225,943	1,279,828
Loans & Receivables	7	78,209,130	99,877,471	334,573,501
TOTAL ASSETS		<u>80,698,377</u>	<u>109,158,416</u>	<u>343,976,757</u>
LIABILITIES				
Management fee payable	10	0	0	2,470,000
Financial assets at fair value through profit or loss		0	0	129,192
Payables	8	6,578,584	5,278,291	7,980,824
Interest bearing loans and borrowings	9	4,000,000	25,500,000	39,610,078
Distributions payable		1,379,917	1,381,435	4,806,035
Total liabilities excluding net assets attributable to unitholders		<u>11,958,501</u>	<u>32,159,726</u>	<u>54,996,129</u>
NET ASSETS		<u>68,739,876</u>	<u>76,998,690</u>	<u>288,980,628</u>
Represented by:				
Net assets attributable to unitholders		<u>68,739,876</u>	<u>76,998,690</u>	<u>288,980,628</u>
(calculated in accordance with IFRS)				

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 June 2013 and half-year ended 31 December 2013

	31 December 2013 \$	30 June 2013 \$	30 June 2012 \$
TOTAL			
Opening balance	76,998,690	288,980,628	382,187,323
Units issued during the year	0	11,750	3,012,163
Units redeemed during the year	(24,305)	(15,651,157)	(6,666,198)
Units issued on reinvestment of distributions	0	3,618,159	15,959,774
Changes in net assets attributable to unitholders	(9,177,640)	(200,746,588)	(105,639,966)
Foreign exchange (gain)/loss on investor funds	943,131	785,898	127,532
Closing Balance	68,739,876	76,998,690	288,980,628

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)
STATEMENT OF CASH FLOWS

For the year ended 30 June 2013 and half-year ended 31 December 2013

	Note	31 December 2013 \$	30 June 2013 \$	30 June 2012 \$
Cash flows from operating activities				
Interest and distributions received		123,294	252,273	404,955
Management fees paid		(606,195)	(4,519,156)	(5,180,443)
Other operating expenses		(4,418,758)	(6,607,297)	(759,450)
Other income received		3,307	(213,653)	-
GST and withholding tax (paid)/received		(217,345)	1,053,885	-
Finance costs paid	4(a)	(1,829,589)	(5,013,661)	(8,143,798)
Net cash inflow/(outflow) from operating activities	12(b)	<u>(6,945,286)</u>	<u>(15,047,609)</u>	<u>(13,678,736)</u>
Cash flows from investing activities				
Payments for secured mortgage loans		(7,543,788)	(6,306,405)	(16,924,379)
Receipts from settled mortgage loans		29,005,024	54,571,851	46,822,765
Net cash inflow/(outflow) from investing activities		<u>21,461,236</u>	<u>48,265,446</u>	<u>29,898,386</u>
Cash flows from financing activities				
Repayment of facility		(21,500,000)	(14,110,078)	(22,789,710)
Cash paid on realisation of foreign exchange contracts		-	-	(69,271)
Receipts from the issue of units		-	-	2,312,382
Distributions paid		(1,868)	(6,135,409)	(2,424,725)
Payment for redemption of units		(23,125)	(12,040,776)	(3,600,345)
Net cash inflow/(outflow) from financing activities		<u>(21,524,993)</u>	<u>(32,286,263)</u>	<u>(26,571,669)</u>
Net increase/(decrease) in cash and cash equivalents		(7,009,044)	931,574	(10,352,019)
Cash and cash equivalents at beginning of year		9,055,002	8,123,428	18,475,447
Cash and cash equivalents at end of year	12(a)	<u>2,045,959</u>	<u>9,055,002</u>	<u>8,123,428</u>

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

1. CORPORATE INFORMATION

During the period March 2013 to August 2013, a series of insolvency events occurred in respect of both the Fund and the Responsible Entity for the Fund, these are detailed in the table below:

Date	Appointment
19 March 2013	John Park and Ginette Muller of FTI Consulting appointed as Administrators of LM Investment Management Ltd ("LMIM") being the Responsible Entity for the Fund.
11 July 2013	Joseph Hayes and Anthony Connelly of McGrathNicol appointed as Receivers and Managers of LMIM as the Responsible Entity of LM First Mortgage Income Fund (Receivers and Managers Appointed) (Receiver Appointed) ('LMFMIF', 'Scheme' or the 'Fund') by Deutsche Bank.
1 August 2013	John Park and Ginette Muller of FTI Consulting appointed as liquidators of LMIM.
8 August 2013	David Whyte of BDO appointed by the Court as Receiver of the assets of the Fund and as the person responsible for ensuring the Fund is wound up in accordance with its Constitution.

The Scheme is an Australian registered Scheme, constituted on 13 April 1999.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of accounting

This financial report has been prepared in accordance with the Scheme Constitution, the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value.

The Statement of financial position is presented in decreasing order of liquidity and does not distinguish between current and non-current items. The amount expected to be recovered or settled within twelve months in relation to the balances cannot be reliably determined.

The financial report is presented in Australian Dollars (\$).

Statement of compliance

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of accounting (Continued)

Status of Investment in fund

During the 2009 year, the Responsible Entity closed the Scheme to new investors and suspended withdrawals subject to certain exceptions. Redemptions were suspended at this time, per the Constitution, as the Responsible Entity considered the suspension of the withdrawals to be in the best interest of the members of the Scheme.

The Scheme is now in the process of being formally wound up with redemptions and hardship provisions remaining suspended.

At the time the fund closed, there were 55 loan assets with 28 repaid as at 30 June 2012. Since this time, a further 7 loan assets have been repaid.

Liquidation Basis

Previous financial statements have been prepared on a going concern basis.

The financial statements for the periods ended 30 June 2013 and 31 December 2013 have not been prepared on a going concern basis due to the appointment of Administrators to the Responsible Entity for the Fund on 19 March 2013 and subsequently Liquidators on 1 August 2013 and the appointment of Receivers and Managers and Court Appointed Receiver and person responsible for ensuring it is wound up in accordance with its Constitution as detailed in note 1. Accordingly, the financial statements for those periods have been prepared on a liquidation basis.

(b) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Scheme for the reporting period. The impact of these standards and interpretations that are not expected to have a material impact on the Scheme have not been included.

(c) Significant accounting judgements, estimates and assumptions

In the process of applying accounting policies, judgements and estimations have been made which have had an impact on the amounts recognised in the accounts. The key estimated and assumptions that have a significant risk of causing material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Allowance for impairment loss on loans and receivables

The Scheme determines whether loans are impaired on an ongoing basis. Individually assessed provisions are raised where there is objective evidence of impairment, where the Scheme does not expect to receive all of the cash flows contractually due. Individually assessed provisions are made against individual facilities.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. For the purposes of the Statement of cash flows, cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Distribution income

Distribution income is recognised when the Scheme's right to receive income is established.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Interest income

Interest income is recognised as the interest accrues using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest ceases to be recognised when a loan is in default and the principal is impaired.

(g) Default management fees

Income from default management fees is recognised in line with the executed agreement with the borrower when an event of default occurs.

(h) Changes in the fair value of investments

Gains or losses on investments held for trading are calculated as the difference between the fair value at sale, or at year end, and the fair value at the previous valuation point. This includes both realised and unrealised gains and losses.

(i) Fees, commissions and other expenses

Except where included in the effective interest calculation (for financial instruments carried at amortised cost), fees and commissions are recognised on an accrual basis. Audit and compliance fees are included with 'other expenses' and are recorded on an accrual basis.

(j) Finance costs

Interest on borrowings is recognised in the statement of comprehensive income in the period to which it relates. Issue costs associated with borrowings are capitalised and amortised over the term of the borrowing to which they relate using the effective interest method.

(k) Financial instruments

Financial instruments in the scope of *AASB 139 Financial Instruments* are classified as either financial assets or financial liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale investments or other financial liabilities as appropriate.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Scheme determines the classification of its financial assets at initial recognition.

All regular way purchases and sales of financial assets are recognised on the trade date ie. the date that the Scheme commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value including transaction costs directly attributable to the financial asset. After initial recognition, loans and receivables are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when receivables are derecognised or impaired, as well as through the amortisation process.

Loans and receivables are assessed for impairment at each reporting period. An allowance is made for credit losses when there is objective evidence that the Scheme will not be able to collect the loans and receivables. Impairment losses are written off when identified. Losses expected as a result of future events are not recognised. If a provision

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

for impairment has been recognised in relation to the loan, writeoffs for bad debts are made against the provision. If no provision for impairment has previously been recognised, writeoffs for bad debts are recognised as an expense in the statement of comprehensive income.

A provision is made of loans in arrears where the collectability of the debts is considered doubtful by estimation of expected losses in relation to loan portfolios where specific identification is impracticable.

The components of impaired assets are as follows:

“Loans in arrears” are loans and advances for which there is reasonable doubt that the Scheme will be able to collect all amounts of principal and interest in accordance with the terms of the agreement.

“Assets acquired through the enforcement of security” are assets acquired in full or partial settlement of a loan or similar facility through the enforcement of security arrangements.

When it is determined that interest is not recoverable on certain impaired loans, the interest is suspended and not brought into income. Should the analysis of the collectability subsequently change the interest will be brought into income at the time it is determined to be collectable.

(l) Payables

Payables are carried at amortised costs and represent liabilities for goods and services provided to the Scheme prior to the end of the financial year and half year that are unpaid and arise when the Scheme becomes obliged to make future payments in respect of the purchases of these goods and services.

The distribution amount payable to investors as at the reporting date is recognised separately on the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June 2013 and 31 December 2013 under the Scheme's constitution.

(m) Increase/decrease in net assets attributable to unitholders

Non-distributable income is transferred directly to net assets attributable to unitholders and may consist of unrealised changes in the net fair value of investments, accrued income not yet assessable, expenses accrued for which are not yet deductible, net capital losses and tax free or tax deferred income. Net capital gains on the realisation of any investments (including any adjustments for tax deferred income previously taken directly to net assets attributable to unitholders) and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Excess and undistributed income is also transferred directly to net assets attributable to unitholders.

(n) Distributions

The Trustees for the LM Managed Performance Fund have put both the Receivers and Managers and the Court Appointed Receiver on notice of a potential claim against the Fund. In addition, the Receivers and Managers appointed to the Bellpac matter have put the Court Appointed Receiver on notice not to distribute funds until the proceedings are resolved.

The secured creditor is not in a position to release its security due to the potential claim against the Fund. Until the matters detailed above are resolved and funds released to the Court Appointed Receiver, distributions to investors cannot commence.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Responsible Entity by third parties such as audit fees, custodial services and investment management fees have been passed onto the Scheme. The Scheme qualifies for Reduced Input Tax Credits (RITC's) at a rate of 75%.

Investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in the statement of cashflows on a gross basis.

The GST component of cash flows arising from investing and financing activities recoverable or payable to the ATO is classified as an operating cash flow.

(p) Applications and redemptions

Applications received for units in the Scheme are recorded when units are issued in the Scheme. Redemptions from the Scheme are recorded when the cancellation of units redeemed occurs. Unit redemption prices are determined by reference to the net assets of the Scheme divided by the number of units on issue.

Applications received in foreign currency denominations are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Foreign currency denominated unitholder funds are translated into the Schemes functional currency at balance date, using the spot rate prevailing at that date. Gains and losses arising from foreign exchange translation are recorded in the Statement of Comprehensive Income in the period in which they arise.

(q) Taxation

Under current legislation, the Scheme is not subject to income tax provided the distributable income of the Scheme is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Scheme).

(r) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

(s) Derivative financial instruments

The Scheme uses derivative financial instruments such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward currency contracts is calculated by reference to valuations provided by the financial institutions with which the forward contracts are held.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Foreign currency translations

The Scheme's transactions in foreign currencies comprise applications and withdrawals of foreign currency unitholder funds and payment of distributions. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liability denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date, and exchange rate gains and losses recognised in the statement of comprehensive income.

(u) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments not traded in an active market is determined using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cashflow analysis and option pricing models making as much use of available and supportable market data as possible.

(v) Estimated net asset amount per unit available to investors

The estimated amount of net assets available to investors are subject to the uncertainties indicated in Note 7 of this financial report.

The net assets of the fund and number of units on issue at the end of each of the periods is detailed in the table below:

	31 December 2013	30 June 2013	30 June 2012
Estimated net amount of assets available to investors as at the period end (\$)	68,739,876	76,998,690	288,980,628
Total investor units (# of units)	478,473,011	477,554,184	488,787,330
Estimated net asset amount per unit available to investors as at the period end (cents in the dollar)	14.4	16.1	59.1

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

3. INCOME AND DISTRIBUTIONS TO UNITHOLDERS

(a) Distributions to unitholders

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Distributions paid/reinvested	348	2,710,289	12,218,354
Distributions payable	-	-	4,806,035
	<u>348</u>	<u>2,710,289</u>	<u>17,024,389</u>

Distributions payable relates to distributions that were required to be paid under the Scheme's Constitution. These distributions relate to the period prior to the suspension of the distributions in January 2011.

In addition to these Interest distributions, capital distributions were also paid to investors in February and June 2013. Capital distributions are reflected through redemption of units and a decrease in the unit price.

(b) Distributions paid

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Class A	327	31,986	-
Class B	-	2,678,303	16,904,211
Class C	21	-	120,178
	<u>348</u>	<u>2,710,289</u>	<u>17,024,389</u>

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

4. EXPENSES

(a) Finance costs

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Interest on bank loans	1,829,589	4,719,566	8,143,798
Facility fees	-	294,095	450,000
	<u>1,829,589</u>	<u>5,013,661</u>	<u>8,593,798</u>

(b) Other expenses

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
LM Administration Pty Ltd (in Liquidation) ("LMA") operational costs	1,947,361	1,442,586	-
Receivers and Managers' fees and outlays (McGrathNicol)	765,329	-	-
Legal fees	432,818	502,928	523,012
LMA Liquidator fees and outlays (David Clout & Associates)	173,175	-	-
Audit fees	-	230,736	559,905
Other expenses	57,706	741,079	197,109
Court Appointed Receiver's fees & outlays (BDO) *	470,974	-	-
Court Appointed Receiver's legal fees (BDO)	234,515	-	-
LMIM's legal fees (FTI)	175,375	750,636	-
LMIM's Administrators and Liquidators fees and outlays (FTI) **	1,370,854	1,499,430	-
	<u>5,628,107</u>	<u>5,167,395</u>	<u>1,280,026</u>

* Denotes expenses which are subject to approval by the court.

** Denotes expenses which are subject to approval by the Receivers and Managers or the court.

LMA operational costs relate to services provided by LMA pursuant to a services agreement. This includes wages and salaries, insurance, rent and utilities.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

5. AUDITOR'S REMUNERATION

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Audit and review of the financial reports	-	203,544	534,258
Other regulatory audit services	-	27,192	25,647
	-	<u>230,736</u>	<u>559,905</u>

The fees charged in the financial year 2013 relate to work undertaken to finalise the 30 June 2012 audited accounts, the preparation of draft accounts for 31 December 2012 and planning work for 30 June 2013 accounts as requested by FTI Consulting.

These expenses have been included within 'Other expenses' in the Statement of Comprehensive Income.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Movements in the net assets attributable to unitholders during the year were as follows:

Net assets attributable to unitholders

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Class A			
Opening balance	245,673,002	252,760,731	254,832,731
Units issued during the year	-	-	-
Units redeemed during the year	(858)	(7,087,729)	(2,072,000)
Units issued upon reinvestment of distributions	-	-	-
Closing balance	245,672,144	245,673,002	252,760,731
Class B			
Opening balance	220,219,758	224,862,439	210,391,005
Units issued during the year	-	11,750	3,004,384
Units redeemed during the year	(23,447)	(8,272,590)	(4,497,306)
Units issued upon reinvestment of distributions	-	3,618,159	15,964,356
Closing balance	220,196,311	220,219,758	224,862,439
Class C			
Opening balance	10,170,587	9,675,527	9,635,388
Units issued during the year	-	-	-
Units redeemed during the year	-	(290,838)	(47,739)
Units issued upon reinvestment of distributions	-	-	-
Foreign exchange (gain)/loss on investor funds	943,131	785,898	87,878
Closing balance	11,113,718	10,170,587	9,675,527
Cumulative movement in changes in net assets attributable to unitholders	(408,242,297)	(399,064,657)	(198,318,069)
Net assets attributable to unitholders	68,739,876	76,998,690	288,980,628

Class A

Class A consists of unitholders who are entitled to receive the declared distribution rate. There are a number of subclasses attached to class A. These consist of the following products with varying terms:

- 1) Flexi Account investment option
- 2) Fixed Term investment option
- 3) LM Savings Plan investment option

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

6. CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (Continued)

Class B

Class B consists of related Scheme unitholders.

Class C

Class C consists of unitholders who have invested in foreign currencies and are entitled to receive the declared distribution rate.

Subject to the comments relating to the status of the Scheme in note 2, all unitholders are entitled to receive distributions as declared from time to time and are entitled to one vote per unit at unitholders' meetings. As the Scheme is being wound up, all unitholders rank after creditors and are equally entitled to the proceeds of the winding up procedure.

7. LOANS AND RECEIVABLES

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Secured mortgage loans	355,344,509	402,183,769	467,528,292
Secured mortgage loans (2 nd priority)	15,900,037	13,276,963	13,310,672
Provision for impairment	(333,208,829)	(342,614,380)	(146,265,463)
Net loans and advances	78,209,130	99,877,471	334,573,501

Loans and receivables are initially measured at the fair value including transaction costs and subsequently measured at amortised cost after initial recognition. Loans and Receivables are assessed for impairment at each reporting date. Where impairment indicators exist, the recoverable amount of the loan will be determined and compared to its carrying amount to determine whether any impairment losses exists. Impairment losses are recognised when the recoverable amount under the individual loan is less than the carrying amount of that loan.

Material uncertainty regarding recoverability of Loans and Receivables

For loans in default, an impairment indicator arises which requires the recoverable amount of that loan to be determined. The recoverable amount for each individual loan in default has been determined from independent valuations of the assets forming the security for the loans. The valuations are based on current market conditions and provide for appropriate exposure to the market and an orderly realisation of assets forming the security for the loans.

In determining the recoverable amounts, there are uncertainties involved in assessing the market values and the ability to realise those market values, particularly where the market is not active. Consequently, it is likely that there may be differences between the amounts at which the Loans and Receivables are recorded at in the financial statements for the periods ended 30 June 2013 and 31 December 2013, and the amounts that are actually realised. Such differences may be material. Accordingly, there is a material uncertainty regarding recoverability of Loans and Receivables.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

7. LOANS AND RECEIVABLES (Continued)

(a) Aggregate amounts receivable from related parties

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Director and director-related entities – secured	-	6,072,342	8,209,841
Related managed investment schemes – secured	-	1,310,838	1,708,151
Related managed investment schemes – unsecured	-	-	-
	-	7,383,180	9,917,992

(b) Provisions for impairment

The impairment loss expense relating to loans and receivables comprises:

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Opening balance	315,583,261	146,265,463	76,425,453
Impairment losses provided for during the period	240,007	186,553,576	99,144,122
Impairment losses realised for during the period	(22,787,852)	(17,235,778)	(29,304,112)
Closing balance	293,035,416	315,583,261	146,265,463
Total provision for impairment	293,035,416	315,583,261	146,265,463
<i>Changes to operating profit/(loss) before tax for impairment losses on loans and receivables comprises:</i>			
Specific provision	(22,547,845)	169,317,798	69,840,010
Impairment losses recognised directly in Statement of comprehensive income	22,787,852	17,235,778	29,304,112
	240,007	186,553,576	99,144,122

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

7. LOANS AND RECEIVABLES (Continued)

(c) Movement in default loans

Movement in default loans

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Gross default loans opening balance	415,460,732	457,610,299	481,037,628
New and increased default loans	5,730,747	(43,605,801)	67,271,669
Balances written off	(22,787,852)	(17,235,778)	(29,304,112)
Returned to performing or repaid	(27,159,081)	(68,519,590)	(61,394,886)
Gross default loans closing balance	371,244,546	415,460,732	457,610,299
Specific provision	(293,035,416)	(315,083,261)	(146,256,463)
Net default loans	78,209,130	99,877,471	311,344,836

8. PAYABLES

Payables are carried at cost and represent liabilities for goods and services provided to the Fund prior to the period end but have not yet been paid.

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Loan management fee payable	-	-	2,073,206
Accounts payable	6,578,584	5,278,291	5,907,618
	6,578,584	5,278,291	7,980,824

9. INTEREST BEARING LOANS AND BORROWINGS

Interest bearing loans and borrowings relates to facilities with external providers. In July 2010, the RE entered into a new facility with an external financier, Deutsche Bank. Deutsche Bank holds a fixed and floating charge over the assets of the Fund.

As indicated in Note 1, McGrathNicol were appointed as Receivers and Managers of the Fund by Deutsche Bank as a result of a default of the finance facility by the Fund for this secured loan.

There has been a progressive sell down of the assets of the Fund which has enabled \$14.1M of the loan to be repaid during the 2013 financial year and \$21.5M between July and December 2013. The facility was repaid in full in January 2014.

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Secured bank loan	4,000,000	25,500,000	39,610,078

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

9. INTEREST BEARING LOANS AND BORROWINGS (Continued)

As mentioned in the Court Appointed Receiver's reports to investors, whilst the secured creditor has been repaid in full, the Receivers and Managers appointed by the secured creditor have advised that they are not yet in a position to retire until the potential claim by KordaMentha as the new trustee of the LM Managed Performance Fund is resolved.

KordaMentha, acting as trustee of the MPF has put the Court Appointed Receiver and the Receivers and Managers appointed by the secured creditor on notice of a potential claim against LM Investment Management Limited (Receivers and Managers Appointed) (in Liquidation) ("LMIM") and/or the Fund in relation to potential breaches of trust.

10. RELATED PARTIES

Responsible Entity ('RE')

The RE for the Fund is LM Investment Management Ltd (in Liquidation) ('LMIM'). The transactions recorded relate to fees and expenses incurred in accordance with the Constitution.

Administration and funds management services are provided to the Scheme on behalf of the RE by LM Administration Pty Ltd (in Liquidation) ('LMA'), an associate of the RE. LMA is paid a management fee directly from the Scheme.

Custodian

The Custodian of the Fund is The Trust Company (PTAL) Ltd.

Balance with related parties (Receivable)

This relates to two loans within the Fund portfolio, both of which have been finalised between 1 July 2012 and 31 December 2013.

Balance with related parties (Payable)

The transaction with LM Administration Pty Ltd (in Liquidation) relates to fees incurred in accordance with the service agreement.

The Transaction with O'Sullivan Capital Management Ltd is in respect of marketing services provided in New Zealand by the former director John O'Sullivan.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

10. RELATED PARTIES (Continued)

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
<u>RE remuneration received or due & receivable</u>			
Management fees for the year or half-year paid or payable directly to LM Administration	606,195	4,519,156	9,103,864
Expenses including administration expenses incurred by the RE and its associated entities, which are reimbursed in accordance with the provisions of the Constitution	-	189,983	28,983
Expenses including administration expenses incurred by the RE and its associated entities, which are not reimbursed	-	-	38,524
Custodian's fees paid by the Scheme	47,508	49,107	77,904
<u>Balance with related parties (Receivable net of impairment)</u>			
Australian International Investments Pty Ltd	-	6,072,342	8,209,841
LM Managed Performance Fund	-	1,310,838	1,708,151
<u>Balance with related parties (payable)</u>			
LM Administration	-	-	2,470,000
O'Sullivan Capital Management Ltd	160,071	160,071	109,157
<u>FTI Consulting</u>			
LMIM's legal fees (FTI)	175,375	750,636	-
LMIM's Administrators and Liquidators fees and outlays (FTI) *	1,370,854	1,499,430	-

* Denotes expenses which are subject to approval by the court

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

11. RECEIVABLES

Receivables consist of the interest on the loans for the period from the 18th of the month, when the interest is run until the end of the month and GST which is due at 30 June 2013 and 31 December 2013.

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Mortgage interest receivable	43,238	926,444	972,381
Penalty interest receivable	198	54,492	181,131
Total Interest receivable	43,436	980,936	1,153,512
Provision for Interest impairment	(43,436)	(980,936)	-
GST receivable	443,288	225,943	120,451
Other	-	-	5,865
	<u>443,288</u>	<u>225,943</u>	<u>1,279,828</u>

During the year, the penalty interest receivable was capitalised onto the secured mortgage loan balance. See Note 7 and Note 13.

12. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

For the purposes of the Statement of Financial Position, the cash and cash equivalents comprise of cash at bank and in hand.

The cash at bank earns interest at floating rates based on the daily bank deposit rates. The cash at bank figure includes monies held in foreign exchange margin accounts and not available for use.

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Cash at bank	<u>2,045,959</u>	<u>9,055,002</u>	<u>8,123,428</u>

As at 31 December 2013, \$272,483 and as at 30 June 2013, \$271,402 (2012: \$420,812) of cash at bank was held in foreign exchange margin accounts and was not available for use by the Scheme.

The Scheme's borrowing agreement requires the Scheme to hold a minimum cash balance of \$6 million across two bank accounts, one of which is a restricted account. This restriction is applicable as at 30 June 2013 and 31 December 2013, however the facility was paid out in January 2014 and this restriction no longer applies.

LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2013 and half-year ended 31 December 2013

12. CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of change in net assets attributable to unitholders to net cash flows from operating activities

	31 December 2013	30 June 2013	30 June 2012
	\$	\$	\$
Change in net assets attributable to unitholders	(9,177,640)	(200,746,588)	(105,639,966)
<i>Adjustments for:</i>			
Non-cash impairment expense	240,007	186,553,576	98,845,139
Non-cash interest income	(32,901)	(122,992)	(31,526,951)
Non-cash management fees	-	-	(4,228,333)
Distribution to unitholders	348	2,710,288	16,533,426
(Gains)/loss on foreign exchange contracts	-	-	(145,432)
(Gains)/loss on investor funds	941,952	805,947	(167,394)
(Increase)/decrease in interest receivable	(217,345)		(97,225)
(Increase)/decrease in other receivables	-	1,053,885	11,731,431
Increase/(decrease) in payables	1,300,293	(5,301,725)	717,585
Net cash flows from/(used in) operating activities	(6,945,286)	(15,047,609)	(13,678,736)

13. INTEREST REVENUE

Interest revenue relates to interest received on funds held in the bank accounts and interest charged on the loans.

Interest on loans is suspended and not brought to account when it is considered that the amounts are not ultimately recoverable from the sale proceeds of the property.

For the purposes of these accounts, the interest remains within the income section and the impairment losses for the period increased.

14. CONTINGENT LIABILITY

Advisor Commissions

The Fund has historically recognised a liability for advisor commissions paid to advisors from the Fund. The agreements providing for these advisor commissions appear to have been entered into between the Responsible Entity in its own legal capacity rather than as trustee and Responsible Entity for the Fund. It also appears that conditions existed in the period from 1 July 2010 such that advisor commissions may not have been payable in accordance with the Fund Constitution from Fund property. The liability for advisor commissions as at 30 June 2012 of \$4,762,674 has therefore been derecognised as a liability of the Fund during the year ended 30 June 2013.

Accordingly, the Fund has disclosed a contingent liability of \$4,762,674 as at 30 June 2013 to the Responsible Entity for this amount.

The contingent liability relates to advisor commissions to brokers of the Fund that were referable to the period 1 July 2010 to 30 November 2013. The Responsible Entity has sought to disclaim the advisor commission arrangements.

"DW-17"

BDO Business Recovery & Insolvency (Qld)

SCALE OF INSOLVENCY
HOURLY CHARGE OUT RATES

<i>FEES</i>	\$ (Exc GST)	\$ (Inc GST)
Partner	560	616
Associate Director	480	528
Senior Manager	425	467.50
Manager	390	429
Supervisor	350	385
Senior Accountant I	310	341
Senior Accountant II	270	297
Accountant I	220	242
Accountant II	190	209
Financial Assistant	180	198
Undergraduate	155	170.50
Practice Assistant	150	165
Administration Assistant	75	82.50
<i>OUTLAYS</i>		
Postage	At cost	At cost
Phone	At cost	At cost
Photocopying	30c a copy	33c a copy
Fax	\$1 per page	\$1.10 per page
Company Search	At cost	At cost
File Setup & Document Storage	60	66

These rates are current from 1 July 2013.

The Partners of BDO Business Recovery & Insolvency (Qld) are members of the Australian Restructuring Insolvency & Turnaround Association ("ARITA") and follow ARITA's Statement of Best Practice - Remuneration.

A copy of this statement may be found on the ARITA website (www.arita.com.au).

It is considered appropriate to keep and maintain a number of different staff levels. This is a reflection of the different levels of staff required and experience necessary in order to undertake the various tasks in an insolvency appointment.

BDO Business Recovery & Insolvency (Qld)

SCALE OF INSOLVENCY
HOURLY CHARGE OUT RATES

<i>FEES</i>	\$ (Exc GST)	\$ (Inc GST)
Partner	560	616
Associate Director	495	545
Senior Manager	440	484
Manager	400	440
Supervisor	360	396
Senior Accountant I	320	352
Senior Accountant II	280	308
Accountant I	225	248
Accountant II	195	215
Financial Assistant	195	204
Undergraduate	160	176
Practice Assistant	155	171
Administration Assistant	80	88
<i>OUTLAYS</i>		
Postage	At cost	At cost
Phone	At cost	At cost
Photocopying	30c a copy	33c a copy
Fax	\$1 per page	\$1.10 per page
Company Search	At cost	At cost
File Setup & Document Storage	60	66

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