

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

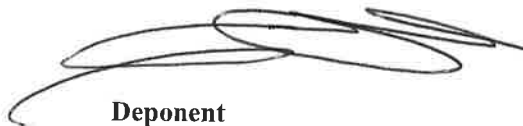
Third Respondent: **ROGER SHOTTON**

AND

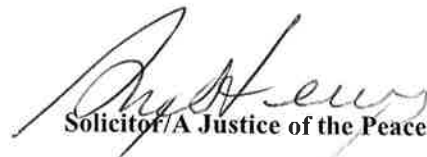
Intervener: **AUSTRALIAN SECURITIES & INVESTMENTS
COMMISSION**

CERTIFICATE OF EXHIBIT

Exhibit "DW-126", pages 201 – 275 to the Affidavit of **DAVID WHYTE** sworn this
8th day of November 2021



Deponent



Solicitor/A Justice of the Peace

**Sharon Margaret Stevens
COMMISSIONER OF DECLARATIONS
QLD 95106**

CERTIFICATE OF EXHIBIT:
Form 47, R.435

Filed on behalf of the Applicant

TUCKER & COWEN
Solicitors
Level 8, 300 George Street
Brisbane, Qld, 4000
Tel: (07) 300 300 00
Fax: (07) 300 300 33

			65A) PLACED WITH DOC 65		
130	11/09/2020	Affidavit	OF: C R MELROSE, EXS CRM-1 - CRM-10	Plaintiff	
131	28/09/2020	Application	15 OCTOBER 2020	Plaintiff	2
132	28/09/2020	Affidavit	OF: J.S. OGDEN + EXHS JSO1 - JSO2	Plaintiff	125
133	13/10/2020	Order	DALTON J - 14.09.2020	Plaintiff	1
134	14/10/2020	Affidavit	OF J S OGDEN AND EXHS JSO-1 TO JSO-8	Applicant	215
135	21/10/2020	Application	LISTED 02.11.20	Plaintiff	2
136	21/10/2020	Affidavit	S. COUPER & EXHS "SZC-1 - SCZ-2"	Plaintiff	159
137	21/10/2020	Amended Statement of Claim	7TH AMENDED PURSUANT TO ORDER OF DALTON J 20.10.20	Plaintiff	120
138	21/10/2020	Affidavit	C.R. MELROSE & EXHS "CRM-1 - CRM-12"	Plaintiff	87
139	21/10/2020	Application	LISTED 09.11.20	Plaintiff	2
140	20/10/2020	Miscellaneous Document	PRIVILEGE SCHEDULE	Plaintiff	
141	20/10/2020	Outline of Submissions		Defendant	5
142	20/10/2020	Judgment	DALTON J - 20.10.2020	Defendant	37
143	20/10/2020	Draft Order	DALTON J - 20.10.2020	Defendant	4
144	26/10/2020	Order	DALTON J - 20.10.2020	Defendant	3
145	28/10/2020	Amended Statement of Claim	EIGHT FURTHER AMENDED STATEMENT OF CLAIM. AMENDED PURSUANT TO ORDERS OF JUSTICE DALTON MADE ON 20 OCTOBER 2020.	Plaintiff	
146	30/10/2020	Affidavit	OF: C R MELROSE, EXS CRM-1 - CRM-18	Plaintiff	
147	2/11/2020	Outline of Submissions		Applicant	5
148	2/11/2020	Draft Order	DALTON J 2.11.2020	Plaintiff	2
149	6/11/2020	Order	DALTON J - 2.11.2020	Plaintiff	2
150	9/11/2020	Affidavit	OF S.COUPER AND EXHIBIT "SC-1"	Plaintiff	
151	9/11/2020	Outline of Submissions		Defendant	
152	9/11/2020	Draft Order	DALTON J - 9.11.2020	Defendant	
153	11/12/2020	Draft Order	DALTON J - 11.12.2020	Plaintiff	2
154	15/12/2020	Affidavit	OF: D.WHYTE + EXHS DW1	Plaintiff	7
155	27/01/2021	Report	INDEPENDENT EXPERT WITNESS REPORT - G. GREEN	Plaintiff	66
156	27/01/2021	Report	INDEPENDENT EXPERT WITNESS REPORT - T. GOSS	Plaintiff	27
157	5/02/2021	Report	OF MICHAEL O'CONNELL VOLUME 1 OF 3	Plaintiff	
158	5/02/2021	Report	OF MICHAEL O'CONNELL VOLUME 2 OF 3	Plaintiff	
159	5/02/2021	Report	OF MICHAEL O'CONNELL VOLUME 3 OF 3	Plaintiff	
160	9/02/2021	Draft Order	DALTON J - 9.02.2021	Plaintiff	
161	15/02/2021	Order	DALTON J - 9.02.2021	Plaintiff	2
162	5/03/2021	Affidavit	OF J S OGDEN	Plaintiff	43
163	5/03/2021	Application	08.03.21	Defendant	2
164	5/03/2021	Affidavit	OF: J OLIVER, EXH 'JO-1' TO 'JO-2' (VOL 1 OF 3) (COPY ONLY)	Defendant	480
165	5/03/2021	Exhibit	EXH 'JO-1' TO 'JO-2' (VOL 2 OF 3) (COPY ONLY)	Defendant	
166	5/03/2021	Exhibit	EXH 'JO-1' TO 'JO-2' (VOL 3 OF 3) (COPY ONLY)	Defendant	246
167	8/03/2021	Draft Order	DALTON J - 8.03.2021.	Plaintiff	2
168	11/03/2021	Order	DALTON J - 8.03.2021	Plaintiff	2
169	25/03/2021	Defence	FILED PURSUANT TO ORDER OF BURNS J 25/03/2021	Defendant	230
170	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 1 OF 9)	Plaintiff	212
171	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 2 OF 9)	Plaintiff	178
172	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 3 OF 9)	Plaintiff	260
173	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 4 OF 9)	Plaintiff	264
174	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 5 OF 9)	Plaintiff	308
175	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 6 OF 9)	Plaintiff	242
176	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 7 OF 9)	Plaintiff	266
177	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 8 OF 9)	Plaintiff	217
178	29/03/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF BRIAN MORRIS (VOLUME 9 OF 9)	Plaintiff	190
179	25/03/2021	Draft Order	DALTON J - 25.03.2021	Plaintiff	1
180	21/04/2021	Report	SUPPLEMENTARY INDEPENDANT EXPERT WITNESS REPORT PREPARED BY B.MORRIS	Plaintiff	328
181	13/05/2021	Report	EXPERT WITNESS REPORT BY T M LINNANE (VOL 1 OF 3).	Plaintiff	299
182	13/05/2021	Report	EXPERT WITNESS REPORT BY T M LINNANE (VOL 2 OF 3).	Plaintiff	
183	13/05/2021	Report	EXPERT WITNESS REPORT BY T M LINNANE (VOL 3 OF 3).	Plaintiff	
184	25/05/2021	Affidavit	OF: D L CLOUT, EXH 'DLC-1 - DLC-5'	Plaintiff	
185	27/05/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY DAVID DUFFIELD IN RESPECT OF THE MANAGEMENT RIGHTS AT POOL RESORT 19-37 ST CRISPINS AVENUE PORT DOUGLAS QLD 4877	Plaintiff	

11/3/21, 10:29 AM

File Summary

186	4/06/2021	Affidavit	OF S COUPER, EXS "SZC-1" TO "SZC-2"	Plaintiff	24
187	8/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY D. DUFFIELD IN RESPECT OF CAIRNS STUDENT LODGE	Plaintiff	
188	7/06/2021	Outline of Submissions		Plaintiff	
189	7/06/2021	Affidavit	OF S COUPER EXH SC-1 - 10	Plaintiff	
190	7/06/2021	Outline of Submissions		Defendant	
191	7/06/2021	Affidavit	OF A PAYNE EXH AP1	Defendant	80
192	7/06/2021	Draft Order	DALTON J - 7.06.2021	Plaintiff	
193	10/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY J. MUCHALL	Plaintiff	
194	11/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY A. DUNDOVIC	Plaintiff	73
195	11/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY A. DUNDOVIC	Plaintiff	80
196	14/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY MICHAEL GALVIN IN RESPECT OF 310-314 LORIMER STREET, POURT MELBOURNE VIC 3207.	Plaintiff	
197	15/06/2021	Order	DALTON J - 7.06.2021	Plaintiff	
198	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT - BY ASH FORBES	Plaintiff	
199	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY LISA MURDOCH IN RESPECT OF 'NOR NOR EAST' RETAIL LOTS 1, 2, 3 & 4/SP83332 AND RESIDENTIAL LOT 2/SP75113, 32 MARINE PARADE KINGSCLIFF NSW 2487	Plaintiff	269
200	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY ASH FORBES IN RESPECT OF 'DIAMOND HILL' - STAGES 6-8, GUMTREE CRESCENT, UPPER COOMERA QLD 4209	Plaintiff	180
201	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY ASH FORBES IN RESPECT OF 'HOLIDAY INN' 3197 SURFERS PARADISE BLVD, CORNER VIEW AVENUE, SURFERS PARADISE QLD 4217	Plaintiff	237
202	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY ASH FORBES IN RESPECT OF 'POOL' 19-37 ST CRISPINS AVENUE, PORT DOUGLAS QLD 4877	Plaintiff	151
203	15/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY AHS FORBES IN RESPECT OF 'KEPPEL BAY ESTATE' OFF TARNBY & HIDDEN VALLEY ROADS, TAROOMBALL QLD 4703	Plaintiff	180
204	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF NICHOLAS DERRINGTON	Plaintiff	
205	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF DAVID ANAMIAN-COOPER	Plaintiff	
206	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF SHANE DOYLE	Plaintiff	2
207	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF TEGAN HARRIS	Plaintiff	2
208	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF TAHLIA JESSICA O'CONNOR	Plaintiff	2
209	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF SCOTT COUPER	Plaintiff	2
210	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF SANDRA CAMILLERI	Plaintiff	2
211	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF RACHEL MARIE ZAGORSKIS	Plaintiff	2
212	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF MEG LUCAS	Plaintiff	2
213	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF JESSICA LAWRENCE	Plaintiff	2
214	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF KYLIE SHAW	Plaintiff	2
215	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF CRAIG MELROSE	Plaintiff	2
216	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF CLAUDIA DENNISON	Plaintiff	2
217	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF CAITLIN MILLER	Plaintiff	2
218	16/06/2021	Miscellaneous Document	CONFIDENTIAL UNDERTAKING OF ALISHA MORRIS	Plaintiff	
219	17/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY JULIAN WHISTON	Plaintiff	
220	18/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF: A. DUNDOVIC	Plaintiff	210
221	18/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF: A. HURLEY	Plaintiff	177
222	18/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF: A. HURLEY	Plaintiff	161
223	18/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF: C. CARROLL (VOL. 1 OF 2)	Plaintiff	167
224	18/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF: C. CARROLL (VOL. 2 OF 2)	Plaintiff	182
225	21/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY C CARROLL (EDEN APARTMENTS)	Plaintiff	
226	21/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF C CARROLL (INGOPEN PROPERTY)	Plaintiff	
227	21/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY A HURLEY & A DUNDOVIC (GATEWAY ESTATE)	Plaintiff	271
228	21/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY A HURLEY & A DUNDOVIC (GATEWAY ESTATE) VOL 2 OF 2	Plaintiff	125
229	23/06/2021	Report	PREPARED BY I. ROBERTSON	Plaintiff	

230	25/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF L. BURNET - BRIDGEWATER ESTATE (VOL 1 OF 2)	Plaintiff	129
231	25/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF L. BURNET - BRIDGEWATER ESTATE (VOL 2 OF 2)	Plaintiff	294
232	25/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF L. BURNET - CAMEO ESTATE LIFESTYLE VILLAGE (VOL 1 OF 2)	Plaintiff	282
233	25/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF L. BURNET - CAMEO ESTATE LIFESTYLE VILLAGE (VOL 2 OF 2)	Plaintiff	191
234	28/06/2021	Report	INDEPENDANT WITNESS REPORT BY L.BURNET - ASSISTED LIVING COMMUNITY (VOLUME 1 OF 2)	Plaintiff	238
235	28/06/2021	Report	INDEPENDANT WITNESS REPORT BY L.BURNET - ASSISTED LIVING COMMUNITY (VOLUME 2 OF 2)	Plaintiff	249
236	29/06/2021	Report	INDEPENDANT WITNESS REPORT BY M.K.WESTON	Plaintiff	218
237	30/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY R. PERKINS - CABOOLTURE SOUTH	Plaintiff	130
238	30/06/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY R. PERKINS - REDLAND BAY	Plaintiff	234
239	1/07/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY D. VAN HOMRIGH VOLUME 1 OF 2	Plaintiff	269
240	1/07/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY D. VAN HOMRIGH VOLUME 2 OF 2	Plaintiff	193
241	1/07/2021	Reply	TO THE DEFENCE TO 8TH FURTHER AMENDED STATEMENT OF CLAIM	Plaintiff	213
242	6/07/2021	Report	EXPERT REPORT OF: ROSS PERKINS (VOLUME 1 OF 2)	Plaintiff	81
243	6/07/2021	Report	EXPERT REPORT OF: ROSS PERKINS (VOLUME 2 OF 2)	Plaintiff	123
244	21/07/2021	Draft Order	DALTON J - 21.07.2021	Plaintiff	188
245	22/07/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS REPORT PREPARED BY ASH FORBES IN RESPECT OF 'JADE' 35-43 NORTHCLIFFE TERRACE, SURFERS PARADISE QLD 4217	Plaintiff	6
246	22/07/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS REPORT PREPARED BY MICHAEL GALVIN IN RESPECT OF 310-314 LORIMER STREET, PORT MELBOURNE VIC 3207	Plaintiff	
247	22/07/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS REPORT PREPARED BY LAILA BURNET IN RESPECT OF 'OCEAN VIEW' ASSISTED LIVING COMMUNITY, 2-4 TERRANORA ROAD AND 22 SOMERSET AVENUE, BANORA POINT, NSW	Plaintiff	46
250	26/07/2021	Order	DALTON J - 21.07.2021	Plaintiff	
251	27/07/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT BY M. K. WESTON	Plaintiff	48
252	30/07/2021	Report	EXPERT WITNESS REPORT PREPARED BY DAVID WHYTE DATED 29.7.21	Plaintiff	120
253	30/07/2021	Affidavit	OF: D WHYTE, EXH 'DW-1 - DW-33' (VOLUME 1 OF 4)	Plaintiff	248
254	30/07/2021	Exhibit	EXH 'DW-1 - DW-33' (VOLUME 2 OF 4)	Plaintiff	187
255	30/07/2021	Exhibit	EXH 'DW-1 - DW-33' (VOLUME 3 OF 4)	Plaintiff	229
256	30/07/2021	Exhibit	EXH 'DW-1 - DW-33' (VOLUME 4 OF 4)	Plaintiff	255
257	4/08/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY DR PAMELA HANRAHAN DATED 2 AUGUST 2021	Plaintiff	
258	13/08/2021	Report	EXPERT WITNESS REPORT OF B. MORRIS, 23/07/21 [VOL 1/2]	Plaintiff	
259	13/08/2021	Report	EXPERT WITNESS REPORT OF B. MORRIS, 23/07/21 [VOL 2/2]	Plaintiff	
260	16/08/2021	Draft Order	DALTON J - 16.08.2021	Defendant	2
261	18/08/2021	Report	INDEPENDENT EXPERT WITNESS REPORT BY M. SEETO	Plaintiff	141
262	24/08/2021	Report	SUPPLEMENTARY INDEPENDANT EXPERT WITNESS REPORT BY D. WHYTE	Plaintiff	36
263	1/09/2021	Order	DALTON J - 16.08.2021	Defendant	2
264	8/10/2021	Draft Order	DALTON J - 8.10.2021	Plaintiff	2
265	20/10/2021	Order	DALTON J - 8.10.2021	Plaintiff	
266	1/11/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS	Plaintiff	
267	1/11/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS CRAIG CARROLL	Plaintiff	
268	1/11/2021	Report	SUPPLEMENTARY INDEPENDENT EXPERT WITNESS REPORT OR JOHN MUCHALL	Plaintiff	19
269	1/11/2021	Affidavit	D WHYTE WITH EXH 1 AND 2	Plaintiff	31
270	1/11/2021	Report	INDEPENDENT EXPERT WITNESS REPORT OF ROSS PERKINS	Plaintiff	97
271	1/11/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY BRIAN WOOD (VOL 1 OF 2)	Plaintiff	195
272	1/11/2021	Report	INDEPENDENT EXPERT WITNESS REPORT PREPARED BY BRIAN WOOD (VOL 2 OF 2)	Plaintiff	199

SUPREME COURT OF QUEENSLAND

REGISTRY: BRISBANE
NUMBER: 2166/15

Plaintiff: **LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION) IN ITS CAPACITY AS RESPONSIBLE ENTITY FOR THE LM FIRST MORTGAGE INCOME FUND (RECEIVERS AND MANAGERS APPOINTED) (RECEIVER APPOINTED) ARSN 089 343 288**

AND

First Defendant: **EY (ALSO KNOWN AS ERNST & YOUNG) (A FIRM)**

AND

Second Defendant: **PAULA MCLUSKIE**

AND


Third Defendant: **MICHAEL JAMES REID**

ORDER

Before: Justice Dalton

Date: 8 October 2021

THE ORDER OF THE COURT IS THAT:

- 
1. The time for the Plaintiff to file and serve the expert reports of KordaMentha, pursuant to paragraph 7 of the Order of Justice Dalton dated 7 June 2021, be varied and extended as follows:
 - (a) KordaMentha's report as to loss and damage based on counterfactual assumptions commencing from 1 July 2009, and any further lay evidence on which the report is based, to be filed and served by 1 November 2021;
 - (b) KordaMentha's report as to loss and damage based on counterfactual assumptions commencing from any further and subsequent dates, and any further lay evidence on which the report is based, to be delivered to the Defendants by 24 December 2021 and filed and served as soon as possible thereafter.
 2. The time for the Defendants (subject to the claims of privilege against self-incrimination and self-exposure to a penalty of the Second and Third Defendants) to serve any valuation reports of expert witnesses on which they intend to rely, pursuant to paragraph 4 of the Order of Justice Dalton dated 16 August 2021, be varied and extended to 28 February 2022.
 3. The time for the Defendants (subject to the claims of privilege against self-incrimination and self-exposure to a penalty of the Second and Third Defendants) to serve any lay evidence on

ORDER
Filed on Behalf of the Plaintiff
Form 59 Rule 661

GADENS LAWYERS
Level 11, 111 Eagle Street
BRISBANE QLD 4000
Tel No.: 07 3231 1666
Fax No: 07 3229 5850
SZC/CRM: 201413563

which they intend to rely, pursuant to paragraph 5 of the Order of Justice Dalton dated 16 August 2021, be varied and extended to 28 February 2022.

4. The reviews listed for 2 December 2021 and 15 December 2021, pursuant to paragraph 6 of the Order of Justice Dalton dated 16 August 2021, be vacated.
5. The proceedings be listed for a further review on a date convenient to the Court ^{or at} ~~in January 2022~~ ~~to~~ ~~on~~ ~~15 February 2022~~
on 15 February 2022
9.30am

Signed:

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

Enabling legislation

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

Title

2. This instrument is ASIC Instrument 20-0166.

Commencement

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

Exemption

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

Conditions

5. The Responsible Entity must comply with any obligation to which the exemption applies by no later than the last day of the deferral period.

Where exemption applies

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

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

7. The exemption ceases to apply on 16 March 2022.

Interpretation

8. In this instrument:

deferral period means the period starting on the date this instrument is signed and ending on 16 March 2022.

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

relevant period, in relation to a report, means each period of 6 months starting on 1 January 2020.

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

Dated this 3rd day of March 2020.



Signed by Andrew Duffy
as a delegate of the Australian Securities and Investments Commission

TO THE INVESTOR AS ADDRESSED

30 June 2021

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

1. Introduction

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

I now provide my 34th update to investors, which provides details of the progress made in the winding up of the Fund since my last report to investors dated 31 March 2021. This report should be read in conjunction with my previous reports, which are available on the website www.lmfimf.com.

2. Progress and Status of the Winding Up

2.1 Legal Actions/Potential Recoveries

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

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

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

Costs were awarded in favour of the defendants.

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

2.1.2 Claim against the former auditors (EY Proceeding)

I refer to my previous updates to investors and provide a brief summary of the key events since my last report, as follows:

- At a review hearing on 8 March 2021 further orders were made to progress the proceedings including the question of the defendants' leave to file and serve an amended defence, to finalise disclosure and for the provision by the plaintiff of lay evidence and further expert reports.

- By consent of the parties, further orders have been made for leave for the defendants to file and serve their amended defence, for the reply to the defence to be filed and served by 31 May 2020 and for the review on 6 April 2021 to be vacated. The matter was set down for further review on 7 June 2021.
- An amended defence was filed on 25 March 2021.
- A significant report by the plaintiff's audit expert retained in the proceedings was filed on 29 March 2021.
- Disclosure has now been completed.
- A significant number of further expert reports have now been completed in relation to valuation evidence, evidence as to investor behaviour, and a report on loss and damage.
- Further orders were made on 7 June 2021 providing for the finalisation of all of the plaintiff's expert and lay evidence by 30 July 2021 (save for an additional 2 reports on loss and damage due in September and November 2021).
- The matter is listed for further review on 13 July 2021.

The proceedings are ongoing working towards a trial next year and an update will be provided in the next report.

2.1.3 Bellpac Proceedings - Wollongong Coal Ltd (WCL)

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

- The liquidator of Bellpac has received the settlement amount of \$2 million from WCL in relation to the claim for redemption of the \$2 million Bonds held in WCL. A partial distribution of \$1M was received from the Bellpac liquidator in October 2019;
- The defendants' appeal of the decision of the Court which acknowledged that Bellpac (under the control of a liquidator) is the true owner of the \$8 million convertible bonds was unsuccessful;
- In January 2016, the Bellpac Liquidator applied for the conversion of the \$8 million Bonds to shares. As WCL did not issue all of the shares as required under the terms of the Bonds, the Bellpac Liquidator brought proceedings against WCL seeking orders requiring WCL to perform its obligation to redeem the Bonds converted to shares outside of the required time;
- The Bellpac liquidator and WCL entered into a binding heads of agreement (HOA) relating to the settlement of the litigation commenced against WCL. The terms of the heads of agreement included that WCL pay to Bellpac a settlement sum of \$6.3 million in return for certain releases and Bellpac returning or cancelling the WCL shares issued to Bellpac;
- The conditions precedent to the settlement with WCL included obtaining necessary approvals to undertake the settlement transactions. In this regard:
 - The Bellpac Liquidator obtained creditor approval to enter into the settlement with WCL;
 - The Court declined to exercise its discretion on WCL's application for approval to acquire and or cancel Bellpac's holding of WCL shares. WCL was therefore required to seek shareholder approval.

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

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

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

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

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

A further update will be provided in the next report.

2.1.4 Claims against guarantors

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

- PTAL as custodian of the FMIF obtained judgment against a guarantor, for approximately \$3 million, plus interest and costs. The trustee in bankruptcy has identified potential recoveries for the benefit of creditors of the bankrupt estate, of which the Fund is a major creditor. The bankrupt, along with other parties, contributed land to a development. The land was subdivided, developed and sold, and the net proceeds of sale in the sum of approximately \$12 million is presently held in a solicitors trust account on an interim basis, protected by certain undertakings given by the solicitor holding the funds. The trustee claims an entitlement in respect of all or at least a substantial portion of the funds held in the solicitors trust account; however, other parties to the dispute allege that associated entities of the bankrupt are entitled to the funds. I instructed PTAL as custodian of the FMIF to enter into a Deed of Indemnity to fund a public examination and any agreed recovery proceedings in respect of this matter. A public examination was held in the Federal Court in November 2019. Subsequently, demands were served on several parties. The trustee has held two mediations with several parties in relation to the dispute and the most recent mediation held on 11 September 2020 being adjourned. An agreement has been reached in principle to settle the matter. An update will be provided in my next report.

2.1.5 Liquidators of LMIM (FTI Consulting)

2.1.5.1 Remuneration claim and expenses claim

I refer to my previous reports to investors.

The judgement regarding and orders made in relation to FTI's first remuneration claim and indemnity claim are available on the websites www.lmfimf.com and www.lminvestmentadministration.com.

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

2.1.5.2 Third FTI Remuneration Application

On 12 February 2021, Mr Park filed an application in the Court for approval and payment from the FMIF of his remuneration for the period 1 July 2018 to 31 October 2020 in the sum of \$260,633.12 (including GST), made up of Category 1 remuneration (remuneration that is specifically referable to the FMIF) of \$182,661.60 (including GST), and Category 2 Remuneration (remuneration that relates to all of the funds of which LMIM is the Responsible Entity and that is apportioned between the relevant funds) of \$77,971.52 (including GST).

The application was heard on 31 May 2021. I did not appear. The Court approved the payment to Mr Park of remuneration of \$243,236.90 (including GST) from property of the FMIF for the period 1 July 2018 to 31 October 2020, made up of Category 1 remuneration of \$170,809.20 (including GST) and Category 2 remuneration of \$72,427.70 (including GST).

2.1.5.3 Indemnity claim against the Fund and proof of debt process

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

There have been no developments in relation to these indemnity claims since my last report to investors.

2.1.5.4 Expenses

On 16 February 2021 [is there any more recent update?], FTI informed BDO that the expenses claims by the Liquidator, that had not been submitted to the Court for approval or paid as at 31 December 2020, were as follows:

- Legal costs attributable to FMIF - \$295,008.48 (excluding GST).

However, this figure may be subject to change and is subject to Court approval.

It is expected that further remuneration and expenses claims will be made by the Liquidator during the course of the winding up.

2.1.5.6 Claim filed against LMIM

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

3 Management Accounts

As advised in my previous report, the management accounts for the half-year ended 31 December 2020 are available on the website www.lmfmfif.com.

The management accounts for the year ending 30 June 2021 will be uploaded to the website www.lmfmfif.com by 30 September 2021.



4.1 Estimated Return to Investors

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

I provide an estimated remaining return to Investors of 5.1 cents per unit as at 31 May 2021, and a total estimated return of 11.6 cents per unit taking into account the interim distribution paid of 6.5 cents per unit, calculated as follows:

Description	\$ Amount
Estimated net amount of assets available to investors as at 31 May 2021 (\$)	22,179,635
Benefit of Feeder Fund settlement of amounts withheld*	2,864,683*
Total estimated amount available to investors	25,044,318
Total investor units (AUD Equivalent as at date of appointment)	492,125,624
Estimated return in the dollar	5.1 cents
Add: Distributions to date	6.5 cents
Total estimated return in the dollar	11.6 cents

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

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

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

Feeder Fund	Estimated Return
LM Currency Protected Australian Income Fund ("CPAIF")	2.7 cents
LM Institutional Currency Protected Australian Income Fund ("ICPAIF")	2.7 cents
LM Wholesale First Mortgage Income Fund ("WFMIF")	4 cents

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



4.2 Further Distributions to Investors

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

Once the above matters in section 2 have been finalised, I intend to pay, subject to court approval, the final distribution to investors.

4.3 Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor in the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if investors could nominate an email address as their preferred method to receive correspondence. Investors may update their details as outlined in Section 4.4 below. For those investors that do not have an email address, correspondence will continue to be sent to you via post.

My next report to investors will be issued by 30 September 2021.

4.4 Investors Queries

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

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

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

It is preferable that all questions about the winding up, or communications are sent via email to enquiries@lmfmif.com with original documents to be mailed as required to:

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

5 Receiver's Remuneration and Expenses

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

The fifteenth application for the approval of my remuneration for the period 1 November 2020 to 30 April 2021 has been prepared and served on several parties however is yet to be filed or listed for hearing. A copy of the application and relevant material will be placed on the website www.lmfmf.com and the hearing date will be notified to members, shortly. My remuneration claim for this period is in the amount of \$1,383,829.15 (inclusive of GST), in relation to my role as the person responsible for ensuring the FMIF is wound up in accordance with its constitution.

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

In addition to the remuneration previously approved by the Court and the fifteenth application set out above, I calculate that, on a time basis, I have incurred further remuneration of \$96,331.00 (exclusive of GST) plus disbursements of \$7.70 (exclusive of GST) from 1 May 2021 to 31 May 2021 as detailed in the attached summary.

6 Queries

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

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

Yours sincerely



David Whyte

Receiver



ANNEXURE 1
ESTIMATED RETURN TO FEEDER FUNDS

Feeder Fund	Number of Units	Estimated Return to Feeder Funds as at 31 May 2021			Net Cents per Unit
		Distribution (\$)	Amounts withheld (\$)	Net Amount Paid (\$)	
CPAIF	120,702,630	5,439,953	2,175,981	3,263,972	2.7
ICPAIF	9,350,802	421,432	168,573	252,859	2.7
WFMIF	99,488,929	4,483,872	520,129	3,963,743	4
Total	229,542,361	10,345,257	2,864,683	7,480,574	



REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2021 to 31 May 2021
LM First Mortgage Income Fund (Receiver Appointed)

Employee	Position	Rate	Totals		Assets		Creditors		Task Area		Dividends		Administration		
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	
David Whyte	Partner	635	37.4	23,749.00	14.4	9,144.00	0.5	317.50	0.6	381.00			21.9	13,906.50	
Charles Haines	Associate Director	540	8.0	4,320.00	0.4	216.00	7.3	3,942.00					0.3	162.00	
Arthur Taylor	Senior Manager	515	1.7	875.50					1.7	875.50					
Jayden Coulston	Senior Manager	515	0.3	154.50											
Ryan Whyte	Senior Accountant	340	105.9	36,006.00	16.3	5,542.00	0.3	154.50	28.1	9,554.00			0.5	170.00	
Jordan Devery	Accountant	285	17.1	4,873.50					0.7	199.50					
Jacques de Wet	Graduate Accountant	230	105.0	24,150.00								2.4		684.00	
Liam Landrigan	Graduate Accountant	230	2.0	460.00											
Sarah Cunningham	Accounting Assistant	230	2.2	506.00									2.2	506.00	
Laura Hagi	Practice Assistant	185	2.7	499.50									2.7	499.50	
Molra Hattingh	Administration Assistant	110	6.7	737.00									6.7	737.00	
TOTALS			289.0	96,331.00	31.1	14,902.00	190.1	53,754.00	31.1	11,010.00		2.4	684.00	34.3	15,281.00
			GST	9,633.10											
			TOTAL INC GST	105,964.10											
			AVERAGE HOURLY RATE	333	479	283	354	285	466						

Note: All amounts exclude GST unless otherwise noted



Disbursements for the period 1 May 2021 to 31 May 2021

LM First Mortgage Income Fund (Receiver Appointed)

Expense Type	Amount (\$ ex GST)
Postage	7.70
TOTAL	7.70
GST	0.77
TOTAL INC GST	8.47

TO THE INVESTOR AS ADDRESSED

30 September 2021

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

1. Introduction

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

I now provide my 35th update report to investors. This report is prepared in accordance with the deferral granted by the Australian Securities and Investments Commission (ASIC Exemption) in relation to financial reporting obligations of the Fund. In this regard, the ASIC Exemption requires a report to be made available to investors for each period of six months starting on 1 January 2016, within three months of the end of each period, which includes the following information:

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

This report covers, the period 1 January 2021 to 30 June 2021 (the Period).

On 3 March 2020 ASIC extended the deferral of financial reporting obligations of the Fund until 16 March 2022. A copy of the relief instrument is available for viewing at www.lmfimf.com.

2. Progress and Status of the Winding Up

2.1 Legal Actions/Potential Recoveries

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

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

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

Costs were awarded in favour of the defendants.

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

2.1.2 Claim against the former auditors (EY Proceeding)

I refer to my previous updates to investors and provide a brief summary of the proceedings and the key events since my last report, as follows:

- The proceedings were commenced against the former auditors of the Fund, EY claiming damages for negligence and breach of contract in relation to the audits and reviews of the financial statements for each half year period from 30 June 2008 to 30 June 2012 and in relation to the compliance plan audits for FY2008 to FY2012. This includes claims in relation to EY failing to properly impair the loans granted by the Fund and where up to date valuations were not obtained;
- The claims, at their highest, have been calculated at up to approximately \$200M;
- The EY Proceeding is an extremely complex legal proceeding due to, among other things:
 - The scope, complexity and breadth of the allegations made against EY covering nine financial statement audits/reviews and five compliance plan audits. The most recent version of the Statement of Claim runs to approximately 137 pages with over 600 pages of consolidated particulars. The most recent version of the Defence runs to approximately 230 pages with the reply to the defence amounting to 81 pages;
 - The extent of disclosure required - over 450,000 documents have been disclosed in six tranches by the plaintiff in the case and approximately 6,500 documents have been disclosed by the defendants;
 - The scope and complexity of expert evidence required to support the claim. A total of thirty nine expert reports have been delivered in support of the claim, many of which are very lengthy, from multiple fields of expertise including financial statements audit, compliance plan audit, valuation, investor behaviour, funds management, finance and banking experts. To give an example of the complexity of the expert evidence, the expert valuation evidence required was 28 valuation reports, each of which valued a total of six retirement villages, completed residential and

commercial properties, part completed properties and land held as security for twenty three loans made by the FMIF, as at approximately 9 different dates at six monthly intervals between 30 June 2008 and 30 December 2012.

- A substantial amount of work was completed in the Period in respect of:
 - Completion of three expert reports by a financial statement auditor expert (including one in excess of 2,000 pages) and an expert report by a compliance plan auditor expert (in excess of 600 pages);
 - Completion of twenty eight expert valuation reports (as mentioned above) in relation to retrospective valuations of properties charged to the Fund as security for twenty three loans advanced by the Fund. These covered the six monthly dates from 30 June 2008 to 30 December 2012;
- In addition to the above expert reports, six other experts have completed reports to support the claims made;
- The final expert report in respect of the calculation of the loss and damage is currently being prepared and is due to be delivered in two tranches on 30 September 2021 and 30 November 2021;
- The defendants are required to file and serve any expert valuation reports and lay evidence on which they intend to rely by 13 December 2021;
- Further reviews of the proceedings by the Court are due to be held on 2 and 15 December 2021;
- A substantial amount of additional disclosure was completed in the Period as well as the statement of claim being updated and an updated defence being lodged and a reply to the defence being filed and served;
- At the upcoming reviews by the Court in December 2021, it is expected that the time for the defendants to deliver their remaining expert and lay evidence will be timetabled and which, when completed, will be followed by a trial. At this stage the timing of the trial has not yet been set by the Court.
- The timing of the trial will be subject to a number of variables, some of which are not within my control, including whether EY delivers its expert evidence within the timeframes directed by the Court, and the availability of trial dates. Inquiries of the Court as to the availability of trial dates will be made at the appropriate time. I hope to be in a position to provide an update in relation to the anticipated timing of the trial of the EY Proceeding in my next report to members.

2.1.3 Bellpac Proceedings - Wollongong Coal Ltd (WCL)

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

- The liquidator of Bellpac has received the settlement amount of \$2 million from WCL in relation to the claim for redemption of the \$2 million Bonds held in WCL. A partial distribution of \$1M was received from the Bellpac liquidator in October 2019;
- The defendants' appeal of the decision of the Court which acknowledged that Bellpac (under the control of a liquidator) is the true owner of the \$8 million convertible bonds was unsuccessful;

- In January 2016, the Bellpac Liquidator applied for the conversion of the \$8 million Bonds to shares. As WCL did not issue all of the shares as required under the terms of the Bonds, the Bellpac Liquidator brought proceedings against WCL seeking orders requiring WCL to perform its obligation to redeem the Bonds converted to shares outside of the required time;
- The Bellpac liquidator and WCL entered into a binding heads of agreement (HOA) relating to the settlement of the litigation commenced against WCL. The terms of the heads of agreement included that WCL pay to Bellpac a settlement sum of \$6.3 million in return for certain releases and Bellpac returning or cancelling the WCL shares issued to Bellpac;
- The conditions precedent to the settlement with WCL included obtaining necessary approvals to undertake the settlement transactions. In this regard:
 - The Bellpac Liquidator obtained creditor approval to enter into the settlement with WCL;
 - The Court declined to exercise its discretion on WCL's application for approval to acquire and or cancel Bellpac's holding of WCL shares. WCL was therefore required to seek shareholder approval.

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

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

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

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

WCL did not exercise the option to buy back the shares for \$600,000 within the six month period. A rights issue is currently proposed by WCL, which if implemented will dilute Bellpac's shareholding.

2.1.4 Claims against guarantors

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

- PTAL as custodian of the FMIF obtained judgment against a guarantor, for approximately \$3 million, plus interest and costs. The trustee in bankruptcy identified potential recoveries for the benefit of creditors of the bankrupt estate, of which the Fund is a major creditor. The bankrupt, along with other parties, contributed land to a development. The land was subdivided, developed and sold, and the net proceeds of sale in the sum of approximately \$12 million was held in a solicitors trust account on an interim basis, protected by certain undertakings given by the solicitor holding the funds. The trustee claimed an entitlement in respect of all or at least a substantial portion of the funds held in the solicitors trust account; however, other parties to the dispute allege that associated entities of the bankrupt are entitled to the funds. I instructed PTAL as custodian of the FMIF to enter into a Deed of Indemnity to fund a public examination

and any agreed recovery proceedings in respect of this matter. A public examination was held in the Federal Court in November 2019. Subsequently, demands were served on several parties. The trustee held two mediations with several parties in relation to the dispute and there were ongoing settlement negotiations which culminated in a settlement being reached on 1 September 2021. The gross return to the bankrupt estate from the settlement will be between \$2,882,181 and \$3,832,181, depending upon the outcome of a taxation objection. The Trustee has estimated that the net return to the bankrupt estate, after deducting AFSA realisations charge, repayment of the funding provided by the FMIF, and the current and former Trustee's unpaid remuneration and expenses, will be approximately \$1,004,711 to \$1,964,161, not including allowances for the Trustee's future remuneration and expenses, or any taxation liabilities arising from the settlement. Under the Deed of Indemnity, the Trustee is required to make an application to Court seeking an order giving the FMIF a priority over other creditors. The amount payable to the FMIF from the bankrupt estate will depend upon the outcome of this application. .

2.1.5 Liquidators of LMIM (FTI Consulting)

2.1.5.1 Remuneration claim and expenses claim

I refer to my previous reports to investors.

The judgement regarding and orders made in relation to FTI's first remuneration claim and indemnity claim are available on the websites www.lmfimf.com and www.lminvestmentadministration.com.

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

2.1.5.2 Third FTI Remuneration Application

On 12 February 2021, Mr Park filed an application in the Court for approval and payment from the FMIF of his remuneration for the period 1 July 2018 to 31 October 2020 in the sum of \$260,633.12 (including GST), made up of Category 1 remuneration (remuneration that is specifically referable to the FMIF) of \$182,661.60 (including GST), and Category 2 Remuneration (remuneration that relates to all of the funds of which LMIM is the Responsible Entity and that is apportioned between the relevant funds) of \$77,971.52 (including GST).

The application was heard on 31 May 2021. I did not appear. The Court approved the payment to Mr Park of remuneration of \$243,236.90 (including GST) from property of the FMIF for the period 1 July 2018 to 31 October 2020, made up of Category 1 remuneration of \$170,809.20 (including GST) and Category 2 remuneration of \$72,427.70 (including GST).

2.1.5.3 Indemnity claim against the Fund and proof of debt process

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

There have been no developments in relation to these indemnity claims since my last report to investors.

2.1.5.4 Expenses

On 5 August 2021, FTI informed BDO that the remuneration, and expenses claims by the Liquidator, that had not been submitted to the Court for approval or paid as at 30 June 2021, were as follows:

- Legal costs attributable to FMIF - \$183,615.51 (including GST); and
- Remuneration attributable to FMIF - \$20,111.30 (including GST).

However, these figures may be subject to change and are subject to Court approval.

It is expected that further remuneration and expenses claims will be made by the Liquidator during the course of the winding up.

2.1.5.5 Claim filed against LMIM

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

3. Financial Position of the Fund

The management accounts for the half-year ended 30 June 2021 are available on the website www.lmfmf.com on the page titled 'Financial Statements & Other Key Documents'.

A summary of the financial position of the Fund as at 30 June 2021 is provided below.

Description	30 June 2021
ASSETS	\$
Cash and cash equivalents	27,506,519
Receivables	178,407
TOTAL ASSETS	27,684,926
LIABILITIES	
Payables and accrued expenses	5,031,515
Distributions payable	2,916,039
Total liabilities excluding net assets attributable to unitholders	7,947,554
NET ASSETS	19,737,372

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

3.1 Fund Assets

The total assets of the Fund as at 30 June 2021 were \$27,684,926.

The balance includes cash at bank of \$27,506,519 and receivables of \$178,407.

3.2 Fund Liabilities

The total liabilities of the Fund as at 30 June 2021 were \$7,947,554, consisting of payables of \$5,031,515 and distributions payable of \$2,916,039.

The distributions payable balance is made up of:

- \$1,372,036 relates to distributions that appear to have been declared prior to the date of the Court Receiver's appointment which were not paid, or have not cleared or were returned unclaimed. These liabilities have not been verified and Court approval or directions may be required before any payment is made.
- \$1,544,003 relates to distributions that were returned/unclaimed from the interim capital distribution to investors paid by BDO in October 2019 in accordance with the Court order dated 2 October 2019.

The Payables and accrued expenses balance of \$5,031,515 primarily consists of an accrual in respect of the cost orders for the Director's proceedings, legal fees, receiver's fees and fees and expenses claimed by FTI, which remain unpaid as at 30 June 2021.

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

3.3 Net Assets Attributable to Unit Holders

Net assets attributable to unit holders as at 30 June 2021 were \$19,737,372.

The net assets of the Fund and number of units on issue as at 30 June 2021 and 30 June 2020 is detailed in the table below.

Description	30 June 2021	30 June 2020
Estimated net amount of assets available to investors (\$)	19,737,372	26,907,315
Total investor units (# of units)	492,125,624	492,125,624
Estimated net asset amount per unit available to investors as at period end (cents in the dollar)	4 cents	5.6 cents

The above table does not include the estimated benefit of the Feeder Funds settlement up to the amount of the net amount of assets as at 30 June 2021. Therefore, below is an estimate that includes the benefit of the Feeder Funds settlement up to the amount of the net amount of assets at 30 June 2021.

Description	30 June 2021
Estimated net amount of assets available to investors as at period end (\$)	19,737,372
Benefit of Feeder Fund settlement of amounts withheld	2,549,245
Total investor units (AUD Equivalent as at appointment being 8 August 2013)	492,125,624
Estimated return in the dollar	4.5 cents

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

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



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

Feeder Fund	Estimated return
LM Currency Protected Australian Income Fund ("CPAIF")	2.4 cents
LM Institutional Currency Protected Australian Income Fund ("ICPAIF")	2.4 cents
LM Wholesale First Mortgage Income Fund ("WFMI")	3.5 cents

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

4. Receipts and Payments of the Fund

All receipts and payments for the Fund since McGrathNicol's appointment on 10 July 2013 until their retirement on 10 December 2018 are on the website www.lmfif.com under Financial Statements & Other Key Documents.

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

The receipts and payments of the Fund, for the period 1 January 2021 to 30 June 2021 is summarised in the table below.

Description	\$
Receipts	
Interest	100,408
GST received	71,492
Loan Reductions	250,000
Return of unclaimed Interim Capital Distribution to investors	17,741
Total receipts	439,642
Payments	
Bank charges	(432)
Receivers fees and disbursements (BDO)	(1,111,410)
Liquidators fees and disbursements (FTI)	(243,237)
Court Application Expenses	(2,657)



Description	\$
Custodian fees	(11,164)
Legal and other fees	(4,425,465)
IT expenses	(64,285)
Printing and stationary	(12,224)
Record management and storage	(7,341)
Interim Capital Distribution to investors	(2,925)
Total payments	(5,881,140)
Net receipts/(payments)	(5,441,499)

5. Investor Information

5.1 Estimated Return to Investors

5.1.1 Unit Price as at 30 June 2021

The estimated unit price as at 30 June 2021 is 4 cents.

Description	\$
Total Net Value of Fund Assets	19,737,372
Total Number of Units	492,125,624
Unit Price Estimate	4 cents

I *attach* a copy of a letter confirming the unit price as at 30 June 2021, which may be forwarded to Centrelink to assist with the review of investors' pensions.

5.2 Further Distributions to Investors

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

Once the above matters in section 2 have been finalised, I intend to pay, subject to court approval, the final distribution to investors.

5.3 Ongoing Reporting to Investors

Reports will be distributed to investors in accordance with the preferred method of correspondence recorded for each investor in the Fund's database. In order to assist in reducing distribution costs, it would be appreciated if investors could nominate an email address as their preferred method to receive correspondence. Investors may update their details as outlined in Section 5.4 below. For those investors that do not have an email address, correspondence will continue to be sent to you via post.



My next report to investors will be issued by 31 December 2021.

5.4 Investors Queries

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

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

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

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

It is preferable that all questions about the winding up, or communications are sent via email to enquiries@lmfimf.com with original documents to be mailed as required to:

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

6. Receiver's Remuneration and Expenses

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

The fifteenth application for the approval of my remuneration for the period 1 November 2020 to 30 April 2021 was heard by the Court on 13 August 2021. The Court ordered that my remuneration claim for this period be fixed in the amount of \$1,383,829.15 (inclusive of GST), in relation to my role as the person responsible for ensuring the FMIF is wound up in accordance with its constitution.

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

In addition to the remuneration previously approved, I calculate that, on a time basis, I have incurred further remuneration of \$629,940.00 (exclusive of GST) plus disbursements of \$4,143.56 (exclusive of GST) from 1 May 2021 to 30 August 2021 as detailed in the attached summary.

6.1 Actions taken during the Period

I provide below a summary of actions taken during the period from 1 January 2021 to 30 June 2021:

- Work undertaken in relation to the litigation matters detailed at Section 2.1 of this report;
- Maintaining the financial records of the Fund and preparation of management accounts for the half-year ended 31 December 2020 and the year ended 30 June 2021;
- Undertaking the investor management function for approximately 4,600 investors including answering queries on the winding up of the Fund and maintaining the investment database, including any change in details or transfer of units;
- Preparing affidavit and supporting material for an application to Court for approval of the receiver's remuneration for the period 1 November 2020 to 30 April 2021;
- Attending to compliance with ASIC's grant of relief from the requirements of a half year review and annual audit of the financial reports and compliance plan;
- Preparation of unit price calculations as at 31 December 2020 and 30 June 2021; and
- Preparation of update reports to investors in March 2021 and June 2021.

6.2 Proposed actions to be taken in the next 12 months

I provide below a summary of the proposed actions to be taken in the next 12 months in relation to the winding up of the Fund:

- Take steps to progress the various ongoing litigation matters outlined in this report;
- Continue to monitor progress of and assist the Bellpac liquidator to achieve finalisation of the recovery in the \$8M bonds claim;
- Receive and then resolve or have determined FTI's foreshadowed further indemnity claim against the Fund;
- Maintain the accounts of the Fund and prepare management accounts for the half-year ending 31 December 2021 and year ending 30 June 2022;
- Maintain the investor management database;
- Report to investors on a quarterly basis; and
- Make applications to Court for remuneration approval.

Please note that the timing to finalise some of the above matters will be subject to the progress of court proceedings.

6.3 Key actions required to complete the winding up of the Fund

I provide below a summary of the key actions required to complete the winding up of the Fund:

- Finalise all litigation currently on foot;
- Resolve or have determined FTI's further remuneration or indemnity claims against the Fund;
- Discharge all liabilities of the Fund;
- Obtain approval from the Court to process a final distribution to investors;

- Prepare final accounts for the Fund;
- Arrange for an auditor to audit the final accounts of the Fund after the Fund is wound up; and
- Obtain court orders in relation to the finalisation of my role in relation to the Fund.

The completion of the winding up of the Fund will largely be dependent on the finalisation of the EY proceedings. I am required by the conditions of the ASIC relief to make an estimate of the expected time to complete the winding up. My best estimate of the timing to complete the winding up on the available information is between nine months (if a settlement is reached with EY pre-trial) and if the trial proceeds it will depend on a number of matters including the dates for the trial and time to hand down judgement. It could be further delayed if an appeal was lodged.

There are a number of variables, including some highlighted above, which may affect the timing taken for completion of the winding up. The main variable is the timeframe for resolution or determination of the EY Proceeding. In this regard, I note that timing for the trial of the EY proceeding is presently uncertain because trial dates have not yet been allocated and may depend on a number of factors, many of which are not within my control, including those identified in section 2.1.2 above.

7. Queries

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

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

Yours sincerely



David Whyte
Receiver



ANNEXURE 1
ESTIMATED RETURN TO FEEDER FUNDS

Feeder Fund	Number of Units	Further Estimated Return to Feeder Funds as at 30 June 2021			Net Cents per Unit
		Distribution (\$)	Amounts withheld (\$)	Net Amount Paid (\$)	
CPAIF	120,702,630	4,840,944	1,936,378	2,904,567	2.4
ICPAIF	9,350,802	375,027	150,011	225,016	2.4
WFMIF	99,488,929	3,990,140	462,856	3,527,284	3.5
Total	229,542,361	9,206,111	2,549,245	6,656,867	



REMUNERATION REPORT - Summary of professional fees by category of work for the period 1 May 2021 to 31 August 2021
 LM First Mortgage Income Fund (Receiver Appointed)

Employee	Position	Rate	Totals		Task Area									
			hrs	\$	Assets	Creditors	Trade On	Dividends	Administration					
			hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$		
Georgia Griffin	Associate	685	1.0	685.00				685.00						
Clark Jarrold	Partner	650	30.3	19,695.00	30.3	19,695.00					26.9	17,081.50		
David Whyte	Partner	635	281.8	178,943.00	250.9	159,321.50	1.3	825.50	2.7	1,714.50	21.7	13,779.50		
Gerry Collins	Partner	635	39.2	24,892.00										
Georgia Griffin	Associate	600	2.0	1,200.00				1,200.00						
Charles Haines	Associate	540	74.8	40,392.00	48.1	25,974.00	17.8	9,612.00			8.0	4,320.00		
Alastair Raphael	Associate	540	192.8	104,112.00	192.8	104,112.00								
Arthur Taylor	Senior Manager	515	108.7	55,980.50	105.1	54,126.50		1,854.00	3.6					
Jayden Coulton	Senior Manager	515	4.5	2,317.50	0.2	103.00	3.0	1,545.00			1.3	669.50		
Antoinette Fielding	Senior Accountant	380	2.0	760.00	2.0	760.00								
Ryan Whyte	Senior Accountant	340	363.5	123,590.00	186.5	63,410.00	115.4	39,236.00	57.5	19,550.00	4.1	1,394.00		
Antoinette Fielding	Senior Accountant	340	4.0	1,360.00	4.0	1,360.00								
Jordan Devery	Accountant	285	113.3	32,290.50	9.5	2,707.50	90.6	25,821.00	4.0	1,140.00	7.8	2,223.00		
Liam Landrigan	Graduate Accountant	230	2.0	460.00			2.0	460.00						
Jacques de Wet	Graduate Accountant	230	113.1	26,013.00			113.1	26,013.00						
Sarah Cunningham	Accounting Assistant	230	9.8	2,254.00							9.8	2,254.00		
Nigel Wenck	Graduate Accountant	230	44.7	10,281.00			44.7	10,281.00						
Bevan Dias	Graduate Accountant	230	0.2	46.00							0.2	46.00		
Laura Hagi	Professional Services Support	185	2.7	499.50							2.7	499.50		
Moira Hattingh	Professional Services Support	110	37.9	4,169.00							37.9	4,169.00		
TOTALS			1,428.3	629,940.00	829.4	431,569.50	387.9	113,793.50	70.8	26,143.50	7.8	2,223.00	114.0	44,612.00
			GST											
			TOTAL INC GST		62,994.00									
			TOTAL INC GST		692,934.00									
			AVERAGE HOURLY RATE		441		293		369		285		391	

Note: All amounts exclude GST unless otherwise noted



Disbursements for the period 1 May 2021 to 31 August 2021

LM First Mortgage Income Fund (Receiver Appointed)

Expense Type	Amount (\$ ex GST)
Postage	3,096.34
InfoTrack	1,047.22
TOTAL	4,143.56
GST	414.36
TOTAL INC GST	4,557.92

30 September 2021

TO WHOM IT MAY CONCERN

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

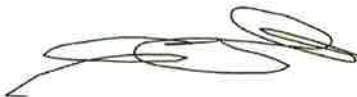
I refer to my appointment as the Receiver of the Fund's assets and the person responsible for ensuring the winding up of the Fund in accordance with the terms of its constitution by Order of the Supreme Court of Queensland on 8 August 2013.

I provide an update on the estimated unit price of the fund as at 30 June 2021, calculated as follows:

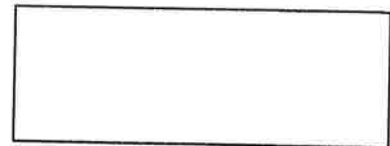
Description	\$
Total Value of Fund Assets as at 30 June 2021	27,684,926
Less Creditors and Other Payables	7,947,554
Total Net Value of Fund Assets	19,737,372
Total Number of Units	492,125,624
Unit Price Estimate	4 cents

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

Yours faithfully,



David Whyte
Receiver



Annual administration return

If there is insufficient space in any section of the form, print copies of the relevant page(s) and submit as part of this lodgement

Company details

Company name

LM First Mortgage Income Fund (Receiver Appointed)

ACN/ABN

ARSN 089 343 288

Lodgement details

An image of this form will be available as part of the public register.

Who should ASIC contact if there is a query about this form?

ASIC Registered agent number (if applicable)

Firm/organisation

BDO Business Restructuring Pty Ltd

Contact name/position description

David Whyte / Receiver

Telephone number (during business hours)

(07) 3237 5999

Email address (optional)

Postal address

GPO Box 457

Suburb/City

Brisbane

State/Territory

QLD

Postcode

4001

1 Details of appointment

Date of appointment

08 / 08 / 13
[D D] [M M] [Y Y]

Period covered by the annual return

08 / 08 / 20 to 07 / 08 / 21
[D D] [M M] [Y Y] to [D D] [M M] [Y Y]

Tick one box.

Type of appointment

- Provisional Liquidator
- Liquidator of court liquidation
- Liquidator of creditors' voluntary liquidation
- Liquidator of members' voluntary liquidation
- Administrator
- Deed administrator
- Receiver
- Receiver and manager
- Managing controller (other than receiver or manager)
- Controller (other than receiver, receiver and manager or managing controller)
- Scheme Administrator

2 Details of assets

Amounts to be in whole Australian dollars unless otherwise specified.

State your estimate of the future gross value of the company's assets realisations?

	Low	High
Gross realisations to date	\$ 74,932,063.00	\$ 74,932,063.00
Future realisations	\$ 1,727,460.00	\$ 204,526,965.00
Estimated total realisations	\$ 76,659,523.00	\$ 279,459,028.00

3 Details of remuneration

Amounts to be in whole Australian dollars unless otherwise specified.

Type of appointment	Amount of remuneration determined/fixd by creditors, committee or court (inc. GST).	Remuneration paid to date (inc. GST).	Disbursements paid to date (inc. GST).
Provisional liquidator	\$	\$	\$
Liquidator of a court liquidation	\$	\$	\$
Liquidator of creditors' voluntary liquidation	\$	\$	\$
Liquidator of members' voluntary liquidation	\$	\$	\$
Deed administrator	\$	\$	\$
Administrator	\$	\$	\$
Receiver	\$ 17,436,700.60	\$ 17,436,700.60	\$ 378,648.09
Receiver & Manager	\$	\$	\$
Managing controller (other than receiver or manager)	\$	\$	\$
Controller (other than receiver, receiver and manager or managing controller)	\$	\$	\$
Scheme Administrator	\$	\$	\$

4 Details of liabilities

Amounts to be in whole Australian dollars unless otherwise specified.

Your estimate of total creditors in this administration at the date of this return.

Category	Estimated number of creditors	Estimated value
Priority - Wages and Superannuation	<input type="text"/>	<input type="text"/>
Priority - Leave of absence	<input type="text"/>	<input type="text"/>
Priority - Retrenchment	<input type="text"/>	<input type="text"/>
Secured	<input type="text"/>	<input type="text"/>
Unsecured	<input type="text"/>	<input type="text"/>
Deferred	<input type="text"/>	<input type="text"/>

Note: Claims exclude the impact of dividends paid to date.

5 Summary receipts and payments

Amounts to be in whole Australian dollars unless otherwise specified.

Receipts:

Total amounts you received before the period of this return	\$ 72,247,912.29
Total amounts you received during the period of this return	\$ 3,394,042.79
Total receipts	\$ 75,641,955.08
Total amounts you paid before the period for this return	\$ 40,161,512.78
Total amounts you paid during the period for this return	\$ 10,276,746.01
Total Payments	\$ 50,438,258.79
Cash at bank at period end for this return	\$ 25,203,696.29

6 Payments under *Fair Entitlement Guarantee Scheme*

Amounts to be in whole Australian dollars unless otherwise specified.

What is the amount paid during the period for this return to employees under the *Fair Entitlement Guarantee Scheme* or GEERS?

Wages	\$ <input type="text"/>
Leave of absence	\$ <input type="text"/>
Retrenchment	\$ <input type="text"/>

7 Details of dividends

Amounts to be in whole Australian dollars unless otherwise specified.

Estimate of dividends to be paid and actual dividends paid since your appointment and to the date of this account.

Category	Current estimate of total rate of dividend	Cumulative rate of dividend paid	Total paid
Priority - Wages & Superannuation	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Priority - Leave of absence	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Priority - Retrenchment	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Secured	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Unsecured	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Deferred	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>
Contributories	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>

8 Completion

Estimated completion date

/
(M M) (Y Y Y Y)

Details of causes which may delay the termination of your appointment:

- Future asset realisations
- Investigations
- Litigation
- Recovery of voidable transactions
- Payment of dividend
- Other

Please provide details in box below:

Proceedings against the former auditors where a trial is expected to take place in 2022.

Potential dividends/distributions from the trustee in bankruptcy of a guarantor and the liquidator of a borrower.

Finalising claims from the liquidator of LM Investment Management Ltd for remuneration and expenses and creditor indemnity claims.

Payment of liabilities, final distribution to investors and finalisation of administration.

9 Declaration

Tick to confirm.

Statement

I declare that the information in this form is true and complete.

Are there receipts and payments?

Yes No

Signature

This form must be signed by the external administrator, or controller, or scheme administrator.

Name

David Whyte

Registered liquidator number (if applicable)

285940

Signature



Date signed

28 / 10 / 2017
[D] [D] [M] [M] [Y] [Y]

Attachments

A copy of the summary list and detailed list of receipts and payments for a twelve month period must be attached to this form.

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form online by visiting the ASIC website
www.asic.gov.au

For more information

Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

Guide:

Annual administration return

This guide does not form part of the approved form. It is included by ASIC to assist you in completing and lodging the Form 5602.

Signature This form must be signed by the external administrator, or controller, or scheme administrator.

Lodgement period Within three months after the end of the return period.

Lodgement fees Nil.

Late fees Late fees will apply if the document is lodged outside the prescribed period.
For information on fees refer to www.asic.gov.au/forms.

How to provide additional information **Photocopied Form 5602 pages**
If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement.

Attachments
Attachments must be labelled as shown below.

Sample

Company name:	
Attachment name:	
Number of pages:	
Date prepared:	

Privacy The information provided to ASIC in this form may include personal information. Please refer to our privacy policy (www.asic.gov.au/privacy) for information about how we handle your personal information, your rights to seek access to and correct personal information, and to complain about breaches of your privacy.

Lodgement Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form online by visiting the ASIC website
www.asic.gov.au

For more information
Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

Annexure A - Summary of Receipts and Payments

Receipts and Payments Summary By Account: LM First Mortgage - LM First Mortgage Income Fund Bank, Cash and Cash Investment Accounts: From: 08/08/2020 To: 07/08/2021 (Gross Method)

Type	Account	GST	Total
NON-TRADING RECEIPTS			
	Bellpac Loan		2,750,000.00
	GST Control: GST Paid (Received)		310,837.00
	Interest Income		302,542.29
	Legal Disbursements: Public Examination & Claim Against the Auditors		30,663.50
		0.00	3,394,042.79
NON-TRADING PAYMENTS			
	Appointee Disbursements	(758.26)	(8,340.87)
	Bank Charges		(696.70)
	Bankrupt Estate of Ross Lamb: Trustees' Disbursements		(5,028.91)
	Bankrupt Estate of Ross Lamb: Trustees' Legal Fees		(48,841.76)
	Computer Services / Storage	(9,410.50)	(103,515.50)
	Cost Order - Remuneration Application		(174,343.71)
	Court Application Expenses: EY	(241.50)	(2,656.50)
	Custodian Disbursements		(164.00)
	Custodian Fees	(1,500.00)	(16,500.00)
	Fees: Appointee Fees	(190,346.05)	(2,093,806.55)
	IT Expense	(855.50)	(9,410.50)
	Legal Disbursements: Claim Against LMIM	(16.41)	(180.51)
	Legal Disbursements: FTI Indemnity Claims	(17.13)	(188.43)
	Legal Disbursements: Liquidation and Receivership of LM First Mortgage	(2.94)	(32.34)
	Legal Disbursements: LM Investment Management Limited	(5,866.01)	(64,526.09)
	Legal Disbursements: Proceedings against the MPF & Directors of LMIM		(114,921.46)
	Legal Disbursements: Public Examination & Claim Against the Auditors	(432,176.16)	(4,822,940.48)
	Legal Disbursements: Remuneration Application	(3,409.65)	(37,668.21)
	Legal Fees: Application by Park re: Dual Appointments	(24.25)	(266.75)
	Legal Fees: Application for Approval of Distributions to Inves	(28.29)	(311.21)
	Legal Fees: Application re: LMIM Role & Responsibilities & FTI	(147.42)	(1,621.60)
	Legal Fees: Claim Against LMIM	(315.63)	(3,471.89)
	Legal Fees: FTI Indemnity Claims	(455.68)	(5,012.40)
	Legal Fees: Liquidation and Receivership of LM First Mortgage	(2,542.76)	(27,970.37)
	Legal Fees: LM Investment Management Limited	(5,901.75)	(64,919.25)
	Legal Fees: LMIM Reimbursement to FMIF of LMA Expenses	(9.04)	(99.46)
	Legal Fees: Proceedings against the MPF & Directors of LMIM		(114,807.19)
	Legal Fees: Public Examination & Claim Against the Auditors	(190,700.00)	(2,097,700.00)
	Legal Fees: Remuneration Application	(14,194.42)	(156,138.67)
	Liquidators Fees - FTI		(243,236.90)
	MPF Cost Order		(10,510.00)
	Printing Costs	(2,094.69)	(23,041.70)
	Storage Costs	(1,252.62)	(13,778.95)
	Unsecured Creditors		(2,275.00)
	Website hosting / updates	(711.10)	(7,822.15)
		(862,977.76)	(10,276,746.01)
	Net Non-Trading Receipts and Payments	(862,977.76)	(6,882,703.22)
	Net Receipts (Payments)	(862,977.76)	(6,882,703.22)

Annexure B - Detailed Receipts and Payments

Receipts and Payments Detailed Listing By Account: LM First Mortgage - LM First Mortgage Income
 Bank, Cash and Cash Investment Accounts: From: 08/08/2020 To: 07/08/2021 (Gross Method)

RECEIPTS

Account	Date	Receipts From	GST \$	Total \$	Trans ID
BELLPAC LOAN - Asset Realisations					
	27/11/20	Bellpac		2,500,000.00	8492044
	10/03/21	Bellpac Pty Ltd		250,000.00	8494718
	TOTAL BELLPAC LOAN - Asset Realisations:		0.00	2,750,000.00	
GST CONTROL: GST PAID (RECEIVED) - Tax Accounts					
	15/12/20	Australian Taxation Office		214,763.00	8492701
	20/12/20	Australian Taxation Office		24,582.00	8492595
	08/03/21	Australian Taxation Office		71,492.00	8494717
	TOTAL GST CONTROL: GST PAID (RECEIVED) - Tax Accounts:		0.00	310,837.00	
INTEREST INCOME - Asset Realisations					
	08/08/20	St George		18,732.28	8496298
	14/08/20	St George		2,350.35	8496299
	31/08/20	Suncorp Bank		88.06	8490484
	31/08/20	Suncorp Bank		31,064.17	8490485
	30/09/20	Suncorp Bank		29,996.37	8491655
	30/09/20	Suncorp Bank		52.92	8491660
	31/10/20	Suncorp Bank		30,209.05	8491654
	31/10/20	Suncorp Bank		31.46	8491659
	15/11/20	St George		1,840.34	8496294
	30/11/20	Suncorp Bank		28,081.77	8492038
	30/11/20	Suncorp Bank		139.43	8492039
	31/12/20	Suncorp Bank		730.17	8492594
	31/12/20	Suncorp Bank		26,490.02	8492700
	31/01/21	Suncorp Bank		22,412.63	8493027
	31/01/21	Suncorp Bank		461.00	8493029
	14/02/21	St George		1,304.57	8496296
	28/02/21	Suncorp Bank		81.07	8494716
	28/02/21	Suncorp		15,318.50	8494722
	31/03/21	Suncorp Bank		94.40	8494715
	31/03/21	Suncorp		16,496.11	8494721
	30/04/21	Suncorp Bank		13.70	8496154
	30/04/21	Suncorp Bank		14,996.94	8496156
	16/05/21	St George		570.89	8496295
	31/05/21	Suncorp Bank		11.18	8496281
	31/05/21	Suncorp Bank		14,829.45	8496284
	30/06/21	Suncorp Bank		16.49	8496715
	30/06/21	Suncorp Bank		13,801.40	8496844
	31/07/21	Suncorp		13,482.35	8499326
	31/07/21	Suncorp Bank		1.39	8499333
	03/08/21	St George		18,843.83	8499400
	TOTAL INTEREST INCOME - Asset Realisations:		0.00	302,542.29	
LEGAL DISBURSEMENTS: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation					
	11/08/20	Gadens Lawyers		30,663.50	8489930
	TOTAL LEGAL DISBURSEMENTS: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation:		0.00	30,663.50	
	Total receipts:		0.00	3,394,042.79	

PAYMENTS

Account	Date	Payments To	GST \$	Total \$	Trans ID
APPOINTEE DISBURSEMENTS - Costs of Realisation					
	15/10/20	BDO Business Restructuring Pty Ltd	(123.95)	(1,363.49)	<u>8491272</u>
	26/03/21	BDO Business Restructuring Pty Ltd	(634.31)	(6,977.38)	<u>8494125</u>
	TOTAL APPOINTEE DISBURSEMENTS - Costs of Realisation:		(758.26)	(8,340.87)	
BANK CHARGES - Costs of Realisation					
	17/08/20	CBA		(50.00)	<u>8490694</u>
	17/08/20	CBA		(1.10)	<u>8490695</u>
	25/08/20	CBA		(15.00)	<u>8490696</u>
	15/09/20	CBA		(20.00)	<u>8490692</u>
	15/09/20	CBA		(1.10)	<u>8490693</u>
	15/10/20	Commonwealth Bank		(1.10)	<u>8491653</u>
	11/11/20	Suncorp Bank		(15.00)	<u>8492040</u>
	11/11/20	Suncorp Bank		(15.00)	<u>8492041</u>
	11/11/20	Suncorp Bank		(15.00)	<u>8492042</u>
	11/11/20	Suncorp Bank		(15.00)	<u>8492043</u>
	16/11/20	Commonwealth Bank		(30.00)	<u>8492045</u>
	22/12/20	Suncorp Bank		(40.00)	<u>8492261</u>
	15/01/21	Commonwealth Bank		(80.00)	<u>8492702</u>
	29/01/21	Commonwealth Bank		(20.00)	<u>8499882</u>
	01/02/21	Commonwealth Bank		(15.00)	<u>8493035</u>
	05/02/21	Commonwealth Bank		(35.00)	<u>8493116</u>
	09/02/21	Commonwealth Bank		(20.00)	<u>8499884</u>
	15/02/21	Commonwealth Bank		(66.00)	<u>8493033</u>
	15/03/21	CBA		(6.00)	<u>8494725</u>
	15/03/21	CBA		(3.30)	<u>8494726</u>
	22/03/21	Suncorp Bank		(100.00)	<u>8494111</u>
	15/04/21	CBA		(114.00)	<u>8494723</u>
	15/04/21	CBA		(1.10)	<u>8494724</u>
	15/06/21	CBA		(12.00)	<u>8496848</u>
	15/07/21	CBA		(6.00)	<u>8496846</u>
	TOTAL BANK CHARGES - Costs of Realisation:		0.00	(696.70)	
BANKRUPT ESTATE OF ROSS LAMB: TRUSTEES' DISBURSEMENTS - Costs of Realisation					
	20/08/20	Bankrupt Estate of Ross Lamb		(3,941.67)	<u>8490010</u>
	17/06/21	Bankrupt Estate of Ross Lamb		(1,087.24)	<u>8496470</u>
	TOTAL BANKRUPT ESTATE OF ROSS LAMB: TRUSTEES' DISBURSEMENTS - Costs of Realisation:		0.00	(5,028.91)	
BANKRUPT ESTATE OF ROSS LAMB: TRUSTEES' LEGAL FEES - Costs of Realisation					
	18/09/20	Bankrupt Estate of Ross Lamb		(24,121.09)	<u>8490701</u>
	09/10/20	Bankrupt Estate of Ross Lamb		(24,720.67)	<u>8491135</u>
	TOTAL BANKRUPT ESTATE OF ROSS LAMB: TRUSTEES' LEGAL FEES - Costs of Realisation:		0.00	(48,841.76)	
COMPUTER SERVICES / STORAGE - Costs of Realisation					
	17/08/20	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8489918</u>
	17/08/20	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8489920</u>
	16/09/20	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8490667</u>
	16/09/20	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8490670</u>
	13/11/20	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8491747</u>
	13/11/20	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8491751</u>
	16/12/20	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8492149</u>
	16/12/20	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8492152</u>
	19/01/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8492623</u>
	19/01/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8492628</u>
	12/02/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8492912</u>
	12/02/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8492916</u>
	16/03/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8494038</u>
	16/03/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8494042</u>

PAYMENTS

Account	Date	Payments To	GST \$	Total \$	Trans ID
COMPUTER SERVICES / STORAGE - Costs of Realisation					
	15/04/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8494704</u>
	15/04/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8494708</u>
	14/05/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8496101</u>
	14/05/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8496104</u>
	17/06/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8496471</u>
	17/06/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8496474</u>
	16/07/21	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8496813</u>
	16/07/21	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8496817</u>
		TOTAL COMPUTER SERVICES / STORAGE - Costs of Realisation:	(9,410.50)	(103,515.50)	
COST ORDER - REMUNERATION APPLICATION - Costs of Realisation					
	25/11/20	Russells Solicitors Law Practice Trust Account		(158,574.94)	<u>8491896</u>
	14/07/21	Russells Solicitors Law Practice Trust Account		(15,768.77)	<u>8496771</u>
		TOTAL COST ORDER - REMUNERATION APPLICATION - Costs of Realisation:	0.00	(174,343.71)	
COURT APPLICATION EXPENSES: EY - Costs of Realisation					
	19/01/21	HW Litigation Pty Ltd	(241.50)	(2,656.50)	<u>8492626</u>
		TOTAL COURT APPLICATION EXPENSES: EY - Costs of Realisation:	(241.50)	(2,656.50)	
CUSTODIAN DISBURSEMENTS - Costs of Realisation					
	20/05/21	Perpetual Services Pty Limited		(164.00)	<u>8496190</u>
		TOTAL CUSTODIAN DISBURSEMENTS - Costs of Realisation:	0.00	(164.00)	
CUSTODIAN FEES - Costs of Realisation					
	13/11/20	Perpetual Services Pty Limited	(500.00)	(5,500.00)	<u>8491750</u>
	12/02/21	Perpetual Services Pty Limited	(500.00)	(5,500.00)	<u>8492915</u>
	20/05/21	Perpetual Services Pty Limited	(500.00)	(5,500.00)	<u>8496190</u>
		TOTAL CUSTODIAN FEES - Costs of Realisation:	(1,500.00)	(16,500.00)	
FEES: APPOINTEE FEES - Costs of Realisation					
	15/10/20	BDO Business Restructuring Pty Ltd	(89,943.05)	(989,373.55)	<u>8491272</u>
	26/03/21	BDO Business Restructuring Pty Ltd	(100,403.00)	(1,104,433.00)	<u>8494125</u>
		TOTAL FEES: APPOINTEE FEES - Costs of Realisation:	(190,346.05)	(2,093,806.55)	
IT EXPENSE - Costs of Realisation					
	06/10/20	Cloud Plus Pty Ltd	(780.50)	(8,585.50)	<u>8490994</u>
	06/10/20	Surety IT Pty Ltd	(75.00)	(825.00)	<u>8490997</u>
		TOTAL IT EXPENSE - Costs of Realisation:	(855.50)	(9,410.50)	
LEGAL DISBURSEMENTS: CLAIM AGAINST LMIM - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(16.41)	(180.51)	<u>8490671</u>
		TOTAL LEGAL DISBURSEMENTS: CLAIM AGAINST LMIM - Costs of Realisation:	(16.41)	(180.51)	
LEGAL DISBURSEMENTS: FTI INDEMNITY CLAIMS - Costs of Realisation					
	16/03/21	Tucker & Cowen Solicitors	(13.23)	(145.53)	<u>8494043</u>
	16/07/21	Tucker & Cowen Solicitors	(3.90)	(42.90)	<u>8496818</u>
		TOTAL LEGAL DISBURSEMENTS: FTI INDEMNITY CLAIMS - Costs of Realisation:	(17.13)	(188.43)	
LEGAL DISBURSEMENTS: LIQUIDATION AND RECEIVERSHIP OF LM FIRST MORTGAGE - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(0.12)	(1.32)	<u>8490671</u>
	14/10/20	Tucker & Cowen Solicitors	(1.32)	(14.52)	<u>8491193</u>
	16/03/21	Tucker & Cowen Solicitors	(1.26)	(13.86)	<u>8494043</u>
	16/07/21	Tucker & Cowen Solicitors	(0.24)	(2.64)	<u>8496818</u>
		TOTAL LEGAL DISBURSEMENTS: LIQUIDATION AND RECEIVERSHIP OF LM FIRST MORTGAGE - Costs of Realisation:	(2.94)	(32.34)	

PAYMENTS

Account	Date	Payments To	GST \$	Total \$	Trans ID
LEGAL DISBURSEMENTS: LM INVESTMENT MANAGEMENT LIMITED - Costs of Realisation					
	10/08/20	Gadens Lawyers	(3,812.56)	(41,938.10)	<u>8489819</u>
	09/10/20	Gadens Lawyers	(526.95)	(5,796.49)	<u>8491100</u>
	16/12/20	Gadens Lawyers	(526.50)	(5,791.50)	<u>8492150</u>
	14/05/21	Gadens Lawyers	(1,000.00)	(11,000.00)	<u>8496102</u>
TOTAL LEGAL DISBURSEMENTS: LM INVESTMENT MANAGEMENT LIMITED - Costs of Realisation:			(5,866.01)	(64,526.09)	
LEGAL DISBURSEMENTS: PROCEEDINGS AGAINST THE MPF & DIRECTORS OF LMIM - Costs of Realisation					
	30/10/20	Russells Solicitors Law Practice Trust Account		(114,921.46)	<u>8491405</u>
TOTAL LEGAL DISBURSEMENTS: PROCEEDINGS AGAINST THE MPF & DIRECTORS OF LMIM - Costs of Realisation:			0.00	(114,921.46)	
LEGAL DISBURSEMENTS: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation					
	10/08/20	Gadens Lawyers	(8,104.31)	(89,147.36)	<u>8489819</u>
	16/09/20	Gadens Lawyers	(14,507.38)	(159,581.19)	<u>8490668</u>
	09/10/20	Gadens Lawyers	(23,373.20)	(257,105.20)	<u>8491100</u>
	13/11/20	Gadens Lawyers	(29,563.25)	(325,195.80)	<u>8491748</u>
	16/12/20	Gadens Lawyers	(38,313.95)	(421,453.41)	<u>8492150</u>
	19/01/21	Gadens Lawyers	(53,096.52)	(584,061.67)	<u>8492624</u>
	12/02/21	Gadens Lawyers	(55,767.34)	(613,440.80)	<u>8492913</u>
	16/03/21	Gadens Lawyers	(40,043.39)	(440,477.27)	<u>8494039</u>
	15/04/21	Gadens Lawyers	(25,373.27)	(279,105.88)	<u>8494705</u>
	14/05/21	Gadens Lawyers	(58,955.70)	(648,512.71)	<u>8496102</u>
	17/06/21	Gadens Lawyers	(51,237.20)	(632,612.04)	<u>8496472</u>
	16/07/21	Gadens Lawyers	(33,840.65)	(372,247.15)	<u>8496814</u>
TOTAL LEGAL DISBURSEMENTS: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation:			(432,176.16)	(4,822,940.48)	
LEGAL DISBURSEMENTS: REMUNERATION APPLICATION - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(222.50)	(2,447.49)	<u>8490671</u>
	13/11/20	Tucker & Cowen Solicitors	(148.68)	(1,635.48)	<u>8491752</u>
	16/12/20	Tucker & Cowen Solicitors	(14.88)	(163.68)	<u>8492153</u>
	12/02/21	Tucker & Cowen Solicitors	(107.42)	(1,181.55)	<u>8492917</u>
	16/03/21	Tucker & Cowen Solicitors	(10.50)	(115.38)	<u>8494043</u>
	15/04/21	Tucker & Cowen Solicitors	(106.58)	(1,172.35)	<u>8494709</u>
	14/05/21	Tucker & Cowen Solicitors	(2,443.18)	(26,875.00)	<u>8496105</u>
	17/06/21	Tucker & Cowen Solicitors	(224.05)	(2,626.90)	<u>8496475</u>
	16/07/21	Tucker & Cowen Solicitors	(131.86)	(1,450.38)	<u>8496818</u>
TOTAL LEGAL DISBURSEMENTS: REMUNERATION APPLICATION - Costs of Realisation:			(3,409.65)	(37,668.21)	
LEGAL FEES: APPLICATION BY PARK RE: DUAL APPOINTMENTS - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(24.25)	(266.75)	<u>8490671</u>
TOTAL LEGAL FEES: APPLICATION BY PARK RE: DUAL APPOINTMENTS - Costs of Realisation:			(24.25)	(266.75)	
LEGAL FEES: APPLICATION FOR APPROVAL OF DISTRIBUTIONS TO INVES - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(28.29)	(311.21)	<u>8490671</u>
TOTAL LEGAL FEES: APPLICATION FOR APPROVAL OF DISTRIBUTIONS TO INVES - Costs of Realisation:			(28.29)	(311.21)	
LEGAL FEES: APPLICATION RE: LMIM ROLE & RESPONSIBILITIES & FTI - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(147.42)	(1,621.60)	<u>8490671</u>
TOTAL LEGAL FEES: APPLICATION RE: LMIM ROLE & RESPONSIBILITIES & FTI - Costs of Realisation:			(147.42)	(1,621.60)	
LEGAL FEES: CLAIM AGAINST LMIM - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(194.58)	(2,140.40)	<u>8490671</u>
	14/10/20	Tucker & Cowen Solicitors	(17.13)	(188.39)	<u>8491193</u>

PAYMENTS

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LEGAL FEES: CLAIM AGAINST LMIM - Costs of Realisation					
	19/01/21	Tucker & Cowen Solicitors	(36.38)	(400.14)	<u>8492629</u>
	16/07/21	Tucker & Cowen Solicitors	(67.54)	(742.96)	<u>8496818</u>
TOTAL LEGAL FEES: CLAIM AGAINST LMIM - Costs of Realisation:			(315.63)	(3,471.89)	
LEGAL FEES: FTI INDEMNITY CLAIMS - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(36.38)	(400.14)	<u>8490671</u>
	14/10/20	Tucker & Cowen Solicitors	(32.34)	(355.69)	<u>8491193</u>
	19/01/21	Tucker & Cowen Solicitors	(29.25)	(321.74)	<u>8492629</u>
	16/03/21	Tucker & Cowen Solicitors	(102.00)	(1,122.01)	<u>8494043</u>
	15/04/21	Tucker & Cowen Solicitors	(195.29)	(2,148.21)	<u>8494709</u>
	14/05/21	Tucker & Cowen Solicitors	(29.25)	(321.76)	<u>8496105</u>
	16/07/21	Tucker & Cowen Solicitors	(31.17)	(342.85)	<u>8496818</u>
TOTAL LEGAL FEES: FTI INDEMNITY CLAIMS - Costs of Realisation:			(455.68)	(5,012.40)	
LEGAL FEES: LIQUIDATION AND RECEIVERSHIP OF LM FIRST MORTGAGE - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(593.92)	(6,533.09)	<u>8490671</u>
	14/10/20	Tucker & Cowen Solicitors	(444.96)	(4,894.55)	<u>8491193</u>
	13/11/20	Tucker & Cowen Solicitors	(348.13)	(3,829.40)	<u>8491752</u>
	16/12/20	Tucker & Cowen Solicitors	(79.46)	(874.06)	<u>8492153</u>
	19/01/21	Tucker & Cowen Solicitors	(243.04)	(2,673.47)	<u>8492629</u>
	16/03/21	Tucker & Cowen Solicitors	(125.83)	(1,384.17)	<u>8494043</u>
	15/04/21	Tucker & Cowen Solicitors	(262.50)	(2,887.52)	<u>8494709</u>
	14/05/21	Tucker & Cowen Solicitors	(83.71)	(920.80)	<u>8496105</u>
	17/06/21	Tucker & Cowen Solicitors	(97.96)	(1,077.54)	<u>8496475</u>
	16/07/21	Tucker & Cowen Solicitors	(263.25)	(2,895.77)	<u>8496818</u>
TOTAL LEGAL FEES: LIQUIDATION AND RECEIVERSHIP OF LM FIRST MORTGAGE - Costs of Realisation:			(2,542.76)	(27,970.37)	
LEGAL FEES: LM INVESTMENT MANAGEMENT LIMITED - Costs of Realisation					
	10/08/20	Gadens Lawyers	(1,229.25)	(13,521.75)	<u>8489819</u>
	09/10/20	Gadens Lawyers	(3,552.75)	(39,080.25)	<u>8491100</u>
	13/11/20	Gadens Lawyers	(107.50)	(1,182.50)	<u>8491748</u>
	16/12/20	Gadens Lawyers	(62.00)	(682.00)	<u>8492150</u>
	19/01/21	Gadens Lawyers	(150.00)	(1,650.00)	<u>8492624</u>
	15/04/21	Gadens Lawyers	(142.50)	(1,567.50)	<u>8494705</u>
	14/05/21	Gadens Lawyers	(350.00)	(3,850.00)	<u>8496102</u>
	17/06/21	Gadens Lawyers	(195.25)	(2,147.75)	<u>8496472</u>
	16/07/21	Gadens Lawyers	(112.50)	(1,237.50)	<u>8496814</u>
TOTAL LEGAL FEES: LM INVESTMENT MANAGEMENT LIMITED - Costs of Realisation:			(5,901.75)	(64,919.25)	
LEGAL FEES: LMIM REIMBURSEMENT TO FMIF OF LMA EXPENSES - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(9.04)	(99.46)	<u>8490671</u>
TOTAL LEGAL FEES: LMIM REIMBURSEMENT TO FMIF OF LMA EXPENSES - Costs of Realisation:			(9.04)	(99.46)	
LEGAL FEES: PROCEEDINGS AGAINST THE MPF & DIRECTORS OF LMIM - Costs of Realisation					
	30/10/20	Russells Solicitors Law Practice Trust Account		(114,807.19)	<u>8491405</u>
TOTAL LEGAL FEES: PROCEEDINGS AGAINST THE MPF & DIRECTORS OF LMIM - Costs of Realisation:			0.00	(114,807.19)	
LEGAL FEES: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation					
	10/08/20	Gadens Lawyers	(10,500.00)	(115,500.00)	<u>8489819</u>
	16/09/20	Gadens Lawyers	(8,500.00)	(93,500.00)	<u>8490668</u>
	09/10/20	Gadens Lawyers	(9,000.00)	(99,000.00)	<u>8491100</u>
	13/11/20	Gadens Lawyers	(11,500.00)	(126,500.00)	<u>8491748</u>
	16/12/20	Gadens Lawyers	(21,000.00)	(231,000.00)	<u>8492150</u>
	19/01/21	Gadens Lawyers	(13,500.00)	(148,500.00)	<u>8492624</u>
	12/02/21	Gadens Lawyers	(19,000.00)	(209,000.00)	<u>8492913</u>

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LEGAL FEES: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation					
	16/03/21	Gadens Lawyers	(18,000.00)	(198,000.00)	<u>8494039</u>
	15/04/21	Gadens Lawyers	(18,000.00)	(198,000.00)	<u>8494705</u>
	14/05/21	Gadens Lawyers	(10,000.00)	(110,000.00)	<u>8496102</u>
	17/06/21	Gadens Lawyers	(18,300.00)	(201,300.00)	<u>8496472</u>
	16/07/21	Gadens Lawyers	(33,400.00)	(367,400.00)	<u>8496814</u>
	TOTAL LEGAL FEES: PUBLIC EXAMINATION & CLAIM AGAINST THE AUDITORS - Costs of Realisation:		(190,700.00)	(2,097,700.00)	
LEGAL FEES: REMUNERATION APPLICATION - Costs of Realisation					
	16/09/20	Tucker & Cowen Solicitors	(2,481.88)	(27,300.71)	<u>8490671</u>
	14/10/20	Tucker & Cowen Solicitors	(47.13)	(518.38)	<u>8491193</u>
	13/11/20	Tucker & Cowen Solicitors	(1,575.59)	(17,331.48)	<u>8491752</u>
	16/12/20	Tucker & Cowen Solicitors	(251.87)	(2,770.63)	<u>8492153</u>
	19/01/21	Tucker & Cowen Solicitors	(133.38)	(1,467.13)	<u>8492629</u>
	12/02/21	Tucker & Cowen Solicitors	(1,600.79)	(17,608.75)	<u>8492917</u>
	16/03/21	Tucker & Cowen Solicitors	(2,560.93)	(28,170.24)	<u>8494043</u>
	15/04/21	Tucker & Cowen Solicitors	(3,078.76)	(33,866.34)	<u>8494709</u>
	14/05/21	Tucker & Cowen Solicitors	(976.72)	(10,743.86)	<u>8496105</u>
	17/06/21	Tucker & Cowen Solicitors	(355.25)	(3,907.77)	<u>8496475</u>
	16/07/21	Tucker & Cowen Solicitors	(1,132.12)	(12,453.38)	<u>8496818</u>
	TOTAL LEGAL FEES: REMUNERATION APPLICATION - Costs of Realisation:		(14,194.42)	(156,138.67)	
LIQUIDATORS FEES - FTI - Costs of Realisation					
	28/06/21	FTI Consulting (Australia) Pty Ltd		(243,236.90)	<u>8496576</u>
	TOTAL LIQUIDATORS FEES - FTI - Costs of Realisation:		0.00	(243,236.90)	
MPF COST ORDER - Costs of Realisation					
	13/11/20	The Trust Company PTAL Limited		(10,510.00)	<u>8491753</u>
	TOTAL MPF COST ORDER - Costs of Realisation:		0.00	(10,510.00)	
PRINTING COSTS - Costs of Realisation					
	06/10/20	Impressive Communications Pty Ltd	(493.79)	(5,431.72)	<u>8490996</u>
	19/01/21	Impressive Communications Pty Ltd	(393.89)	(4,332.82)	<u>8492627</u>
	16/03/21	Impressive Communications Pty Ltd	(141.84)	(1,560.25)	<u>8494041</u>
	15/04/21	Impressive Communications Pty Ltd	(575.52)	(6,330.78)	<u>8494707</u>
	16/07/21	Impressive Communications Pty Ltd	(489.65)	(5,386.13)	<u>8496816</u>
	TOTAL PRINTING COSTS - Costs of Realisation:		(2,094.69)	(23,041.70)	
STORAGE COSTS - Costs of Realisation					
	17/08/20	Grace Records Management	(96.61)	(1,062.71)	<u>8489919</u>
	16/09/20	Grace Records Management	(101.93)	(1,121.26)	<u>8490669</u>
	06/10/20	Grace Records Management	(96.61)	(1,062.71)	<u>8490995</u>
	13/11/20	Grace Records Management	(96.61)	(1,062.71)	<u>8491749</u>
	16/12/20	Grace Records Management	(96.61)	(1,062.71)	<u>8492151</u>
	19/01/21	Grace Records Management	(106.93)	(1,176.21)	<u>8492625</u>
	12/02/21	Grace Records Management	(152.54)	(1,677.95)	<u>8492914</u>
	16/03/21	Grace Records Management	(96.61)	(1,062.71)	<u>8494040</u>
	15/04/21	Grace Records Management	(117.56)	(1,293.18)	<u>8494706</u>
	14/05/21	Grace Records Management	(96.87)	(1,065.60)	<u>8496103</u>
	17/06/21	Grace Records Management	(96.87)	(1,065.60)	<u>8496473</u>
	16/07/21	Grace Records Management	(96.87)	(1,065.60)	<u>8496815</u>
	TOTAL STORAGE COSTS - Costs of Realisation:		(1,252.62)	(13,778.95)	
UNSECURED CREDITORS - Unsecured Creditors					
	12/08/20	Dividend recipients		(1,300.00)	<u>8489876</u>
	13/08/20	Dividend recipients		(975.00)	<u>8489887</u>
	18/08/20	Estate of Edith McCaskill		6,500.00	<u>8489954</u>
	18/08/20	Dividend recipients		(6,500.00)	<u>8489955</u>

PAYMENTS

Account	Date	Payments To	GST \$	Total \$	Trans ID
UNSECURED CREDITORS - Unsecured Creditors					
	18/08/20	Freda Lilian Morgan		1,950.00	8489960
	18/08/20	Dividend recipients	(1,950.00)		8489961
	18/08/20	Freda Lilian Morgan		1,300.00	8489962
	18/08/20	Dividend recipients	(1,300.00)		8489963
	18/08/20	Freda Lilian Morgan		2,600.00	8489964
	18/08/20	Dividend recipients	(2,600.00)		8489965
	18/08/20	Freda Lilian Morgan		1,300.00	8489966
	18/08/20	Dividend recipients	(1,300.00)		8489967
	18/08/20	Joanna Terese Marchioni		5,830.50	8489968
	18/08/20	Dividend recipients	(5,830.50)		8489969
	15/09/20	Bill Ian Jensen		15,361.15	8490650
	15/09/20	Dividend recipients	(15,361.15)		8490651
	18/09/20	Elizabeth Therese Vicary		2,119.98	8490703
	18/09/20	Dividend recipients	(2,119.98)		8490704
	18/09/20	Elizabeth Therese Vicary		4,019.84	8490707
	18/09/20	Dividend recipients	(4,019.84)		8490708
	21/09/20	Lalith Hapangama		3,627.65	8490737
	21/09/20	Dividend recipients	(3,627.65)		8490738
	21/09/20	Raewyn Fisher & Dorothy Faleafa & Heritage		9,317.14	8490753
	21/09/20	Dividend recipients	(9,317.14)		8490754
	21/09/20	Arthur Graham Eddy		1,740.66	8490758
	21/09/20	Dividend recipients	(1,740.66)		8490759
	28/10/20	Geoffrey William & Kaye Jeanette Brown ATF		1,300.00	8491378
	28/10/20	Dividend recipients	(1,300.00)		8491379
	28/10/20	Anthony Michael De Witt		1,700.06	8491381
	28/10/20	Dividend recipients	(1,700.06)		8491382
	28/10/20	Iris Peters		1,560.44	8491383
	28/10/20	Dividend recipients	(1,560.44)		8491384
	28/10/20	Kevin Van-Eyk		890.20	8491385
	28/10/20	Dividend recipients	(890.20)		8491386
	29/10/20	Lloyd & Krista Evans & Joseph Craig McNeill		3,385.03	8491397
	29/10/20	Dividend recipients	(3,385.03)		8491398
	29/10/20	Estate of the Late Isabel Slaughter		2,710.43	8491399
	29/10/20	Dividend recipients	(2,710.43)		8491400
	18/11/20	Russell T & Christine C North ATF The RCJC		841.91	8491819
	18/11/20	Dividend recipients	(841.91)		8491820
	18/11/20	Robyn Lesley Wilson		458.61	8491821
	18/11/20	Dividend recipients	(458.61)		8491822
	18/11/20	Walter M & Margaret R Cullen & Heritage		620.42	8491823
	18/11/20	Dividend recipients	(620.42)		8491824
	18/11/20	Stephanie Bebe Lynch		650.00	8491827
	18/11/20	Dividend recipients	(650.00)		8491828
	17/12/20	Thea Maloney		1,301.15	8492175
	17/12/20	Dividend recipients	(1,301.15)		8492176
	17/12/20	Brian Parsons ATF Parsons Family Trust		6,500.00	8492177
	17/12/20	Dividend recipients	(6,500.00)		8492178
	17/12/20	Lisa-Gaye Jensen		1,625.00	8492179
	17/12/20	Dividend recipients	(1,625.00)		8492180
	17/12/20	Sidney Robert & Norman Patricia Owen		4,191.58	8492184
	17/12/20	Dividend recipients	(4,191.58)		8492185
	17/12/20	Estate of the late Merle Margherita Murrell		3,130.42	8492186
	17/12/20	Dividend recipients	(3,130.42)		8492187
	17/12/20	Mary Jennifer Medland		876.54	8492188
	17/12/20	Dividend recipients	(876.54)		8492189
	22/12/20	Mervyn Leonard & Jean Mabel Hair		906.91	8492258
	22/12/20	Dividend recipients	(906.91)		8492259
	18/01/21	Jean Curley ATF William Meldrum		6,876.49	8492606
	18/01/21	Dividend recipients	(6,876.49)		8492607
	03/02/21	Florence Indiana Lee		13,000.00	8492792
	03/02/21	Dividend recipients	(13,000.00)		8492793
	03/02/21	Douglas & Marjorie Marshall		1,300.00	8492795

PAYMENTS

Account	Date	Payments To	GST \$	Total \$	Trans ID
UNSECURED CREDITORS - Unsecured Creditors					
	03/02/21	Dividend recipients		(1,300.00)	8492796
	03/02/21	Ernest Perkins		943.23	8492798
	03/02/21	Dividend recipients		(943.23)	8492799
	03/02/21	Ernest Perkins		440.86	8492800
	03/02/21	Dividend recipients		(440.86)	8492801
	03/02/21	John & Veronica Waldron ATF Veejay Super		2,600.00	8492804
	03/02/21	Dividend recipients		(2,600.00)	8492805
	03/02/21	Selwyn James & Violet Anne Barnett		910.00	8492808
	03/02/21	Dividend recipients		(910.00)	8492809
	03/02/21	John Arthur & Marilyn Fisher		819.86	8492810
	03/02/21	Dividend recipients		(819.86)	8492811
	03/02/21	James Robert & Alison Gair		898.19	8492812
	03/02/21	Dividend recipients		(898.19)	8492813
	03/02/21	Hazel Wilkinson		1,214.28	8492814
	03/02/21	Dividend recipients		(1,214.28)	8492815
	04/02/21	Tracy Lorraine Hough		593.95	8492832
	04/02/21	Dividend recipients		(593.95)	8492833
	04/02/21	Louis & Joy Margaret De Quaasteniet		3,155.00	8492834
	04/02/21	Dividend recipients		(3,155.00)	8492835
	09/02/21	Roger William & Ruth Elizabeth Scott Hopkins		2,600.00	8492862
	09/02/21	Dividend recipients		(2,600.00)	8492863
	15/02/21	Leonie Christine Dixon		781.90	8492950
	15/02/21	Dividend recipients		(781.90)	8492951
	15/02/21	Leonie Christine Dixon		650.00	8492952
	15/02/21	Dividend recipients		(650.00)	8492953
	16/02/21	Estate of the late Neda Skokandich		4,191.76	8492960
	16/02/21	Dividend recipients		(4,191.76)	8492961
	18/02/21	Lawrence Nelmes ATF Nelmes Superannuation		650.00	8493005
	18/02/21	Dividend recipients		(650.00)	8493006
	22/02/21	Marian Manuel		850.54	8493058
	22/02/21	Dividend recipients		(850.54)	8493059
	23/02/21	Lenard T & Margaret I Johnson & Heritage		1,363.02	8493060
	23/02/21	Dividend recipients		(1,363.02)	8493061
	01/03/21	Darlene Joyce Lowe & Heritage Trustee Co Ltd		739.48	8493156
	01/03/21	Dividend recipients		(739.48)	8493157
	29/04/21	Michal & Susan Satterthwaite & Monica Ryan		3,072.38	8494825
	29/04/21	Dividend recipients		(3,072.38)	8494826
	10/05/21	Maria Jacoba Mans & Lynette Van Rooyen ATF		526.36	8495885
	10/05/21	Dividend recipients		(526.36)	8495886
	20/05/21	Danny & Shirley Yelavich ATF Danny & Shirley		3,120.00	8496171
	20/05/21	Dividend recipients		(3,120.00)	8496172
	02/06/21	G B Glanville & G D Turner ATF The Glanville		2,130.40	8496248
	02/06/21	Dividend recipients		(2,130.40)	8496249
	14/06/21	Dividend recipients		(2,925.00)	8496388
	14/06/21	Cyril Leonard & Marion Joy Coombes		2,925.00	8499881
	07/07/21	David Henry Dixon		898.54	8496680
	07/07/21	Dividend recipients		(898.54)	8496681
		TOTAL UNSECURED CREDITORS - Unsecured Creditors:	0.00	(2,275.00)	
WEBSITE HOSTING / UPDATES - Costs of Realisation					
	28/06/21	CyberThread Pty Ltd	(711.10)	(7,822.15)	8496564
		TOTAL WEBSITE HOSTING / UPDATES - Costs of Realisation:	(711.10)	(7,822.15)	
		Total payments:	(862,977.76)	(10,276,746.01)	
		Net Receipts (Payments):	(862,977.76)	(6,882,703.22)	



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GPO Box 457 Brisbane QLD 4001
Australia

30 September 2021

TO INVESTORS

Dear Member

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

I attach the unaudited accounts for the Fund for the year ending 30 June 2021.

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

Yours sincerely

David Whyte
Court Appointed Receiver

Disclaimer:

The 30 June 2021 financial statements were compiled by BDO Business Restructuring 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
(RECEIVER APPOINTED)
ABN: 66 482 247 488**

Report for the year ended 30 June 2021

Disclaimer

The 30 June 2021 financial statements were compiled by BDO Business Restructuring 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
(RECEIVER APPOINTED)
ABN: 66 482 247 488

Financial Statements for the year ended 30 June 2021

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

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Income			
Interest revenue - cash assets	12	293,521	935,101
LMA Operational Costs Reimbursement		176,363	-
Other Income	3 (a)	14,110	473,670
		483,994	1,408,771
Expenses			
Custodian fees & legal fees	9	22,164	17,000
Net Impairment losses (gains) on mortgage loans	6 (a)	(2,750,000)	(987,277)
Adjustment on foreign exchange accounts		-	(104)
Other expenses	4	10,381,773	7,718,307
Total expenses excluding distributions to unitholders		7,653,937	6,747,926
		(7,169,943)	(5,339,155)
Net profit (loss) before distributions to unitholders			
Net non-capital distributions paid/payable to unitholders		-	-
Net profit (loss) after distributions to unitholders		(7,169,943)	(5,339,155)
Other comprehensive income		-	-
Net profit (loss) after distributions to unitholders		(7,169,943)	(5,339,155)
Income tax expense		-	-
Changes in net assets attributable to unitholders after income tax expense		(7,169,943)	(5,339,155)

The Statement of Comprehensive Income is to be read in conjunction with the notes to the financial statements.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021	30 June 2020
ASSETS		\$	\$
Cash and cash equivalents	11	27,506,519	34,324,670
Receivables	10	178,407	223,435
Loans & Receivables	6	-	-
TOTAL ASSETS		27,684,926	34,548,105
LIABILITIES			
Payables and accrued expenses	7	5,031,515	4,599,178
Distributions payable	3 (b)	2,916,039	3,041,612
Total liabilities excluding net assets attributable to unitholders		7,947,554	7,640,790
NET ASSETS		19,737,372	26,907,315
Represented by:			
Net assets attributable to unitholders	5	19,737,372	26,907,315
(calculated in accordance with IFRS)			

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the year ended 30 June 2021

	Note	30 June 2021	30 June 2020
		\$	\$
TOTAL			
Opening balance		26,907,315	60,103,100
Units issued during the year	5		
Units redeemed during the year	5		
Units issued on reinvestment of distributions			
Changes in net assets attributable to unitholders		(7,169,943)	(33,195,785)
Closing Balance		19,737,372	26,907,315

The Statement of Changes in Net Assets Attributable to Unitholders is to be read in conjunction with the notes to the financial statements.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
Cash flows from operating activities			
Interest and distributions received		293,521	935,101
Other operating expenses		(9,781,127)	(5,278,265)
GST and withholding tax (paid)/received		45,028	(132,666)
Net cash inflow/(outflow) from operating activities	11 (b)	(9,442,578)	(4,475,830)
Cash flows from investing activities			
Payments for secured mortgage loans	6 (b)	-	-
Receipts from settled mortgage loans	6 (b)	2,750,000	1,047,277
Net cash inflow/(outflow) from investing activities		2,750,000	1,047,277
Cash flows from financing activities			
Distributions paid	2 (m)	(125,573)	(26,187,055)
		(125,573)	(26,187,055)
Net increase/(decrease) in cash and cash equivalents		(6,818,151)	(2,131,613)
Cash and cash equivalents at beginning of year		34,324,670	63,940,278
Cash and cash equivalents at end of year	11 (a)	27,506,519	34,324,670

The Statement of Cashflows is to be read in conjunction with the notes to the financial statements.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

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', 'FMIF', 'Scheme' or the 'Fund') by Deutsche Bank. On 10 December 2018, Mr Hayes and Mr Connelly retired.
1 August 2013	John Park and Ginette Muller of FTI Consulting appointed as liquidators of LMIM. On 17 May 2017, Ms Muller ceased to be Liquidator.
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 SUMMARY OF SIGNIFICANT 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 except for AASB 9, *Financial Instruments*. The Scheme has not adopted AASB 9 for this financial report given its wind up status, there was no benefit from doing so.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

Liquidation Basis

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

The financial statements for the periods ended 30 June 2013 onwards 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 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 estimates 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 (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

2. BASIS OF PREPARATION AND 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) 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 i.e. 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 for impairment

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments

has been recognised in relation to the loan, write-offs for bad debts are made against the provision. If no provision for impairment has previously been recognised, write-offs 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.

(k) 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 a carried forward balance from a period prior to the appointment of the Court Appointed Receiver. This balance is recognised separately on the statement of financial position as unitholders are presently entitled, subject to verification and any directions made by the Court, to the distributable income as at 30 June 2014 under the Scheme’s constitution.

(l) 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.

(m) Distributions

The remaining return to investors is currently estimated at 5.9 cents per unit and excludes the interim distribution to investors of 6.5 cents made in October 2019. This is before taking into account future costs and any recoveries from legal proceedings on foot.

Mr Whyte applied to the Court for authorisation to make an interim distribution to investors, which was a condition precedent to the settlement of the proceedings against the Feeder Funds of the Fund (**Distribution Application**). Mr Whyte also applied

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Distributions (Continued)

to the Court for judicial advice in relation to a settlement of the proceedings against the Feeder Funds (**Judicial Advice Application**), which was another condition precedent to the settlement. The two applications were heard in Court on 13 March 2019 and on 2 and 3 May 2019. On 22 May 2019, Mr Whyte was given judicial advice from the Court that he was justified in settling the proceedings against the Feeder Funds and in causing the Fund to perform the settlement. On 2 October 2019, Mr Whyte was provided with authority, pursuant to a court order, to make the interim capital distribution. An interim capital distribution to investors of the LM First Mortgage Income Fund was paid to investors in October 2019 in the amount of 6.5 cents per unit.

(n) 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 55%.

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 cash flows 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.

(o) 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.

(p) 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).

(q) 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.

(r) Foreign currency translations

The Scheme's transactions in foreign currencies previously comprised applications and withdrawals of foreign currency unitholder funds and payment of distributions. Transactions in foreign currencies were initially recorded in the functional

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Foreign currency translations (Continued)

currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date, and exchange rate gains and losses are recognised in the statement of comprehensive income.

(s) 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 cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

(t) 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 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:

	30 June 2021	30 June 2020
Estimated net amount of assets available to investors as at the period end (\$)	19,737,372	26,907,315
Total investor units (# of units)	492,125,624	492,125,624
Estimated net asset amount per unit available to investors as at the period end (cents in the dollar)*	0.040	0.056

*Estimated return to investors

The estimated net asset amount per unit available to investors as set out above is subject to the resolution of a number of ongoing proceedings, including the amount to be paid under a deed of settlement with the Feeder Funds which is dependent on the final amounts to be distributed to members. Please refer to Note 13 below for further details regarding the litigation matters.

3. INCOME AND DISTRIBUTIONS PAYABLE

(a) Other Income

The other income amount of \$14,110 (FY2020: \$473,670) predominantly relates to adjustments to the Fund's accrued expenses that were reported and expensed in prior periods during the Receivership.

(b) DISTRIBUTIONS PAYABLE

The distributions payable balance is made up of:

- \$1,372,036 (30 June 2020: \$1,372,036) relates to distributions that appear to have been declared prior to the date of the Court Receiver's appointment which were not paid, or have not cleared or were returned unclaimed. These liabilities have not been verified and Court approval or directions may be required before any payment is made.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

3. INCOME AND DISTRIBUTIONS PAYABLE (Continued)

(b) DISTRIBUTIONS PAYABLE (Continued)

- \$1,544,003 (30 June 2020: \$1,669,576) relates to distributions that were returned/unclaimed from the interim capital distribution to investors paid by BDO in October 2019 in accordance with the Court order dated 2 October 2019.

I am required to retain certain funds to meet the liabilities of the Fund, including contingent claims that may arise from the auditor claim and Bellpac litigation.

There were no distributions to unitholders for the years ended 30 June 2021, 30 June 2019, 30 June 2018, 30 June 2017, 30 June 2016 and 30 June 2015.

4. OTHER EXPENSES

	30 June 2021	30 June 2020
Other Expenses	\$	\$
Court Appointed Receiver's fees & outlays (BDO) *	2,259,432	1,935,227
Legal Fees	7,665,281	3,208,369
Liquidators' of LMIM Remuneration (FTI)	18,997	393,044
Liquidators' of LMIM Legal Fees (FTI)	260,218	
Provision for Directors Proceedings - Cost Orders	-	2,000,000
Other expenses	177,845	181,667
Total	10,381,773	7,718,307

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

Court Appointed Receiver's fees & outlays (BDO)

	30 June 2021	30 June 2020
The Court Appointed Receiver's fees & outlays are represented by the following amounts:	\$	\$
Court Appointed Receiver's investigations, litigation and other non-operating costs	1,378,254	812,796
Operating Costs of the Fund	881,178	1,122,431
Total	2,259,432	1,935,227

The Court Appointed Receiver's investigations and other non-operating costs include time costs in relation to the claim against the former auditors of the Fund, and other litigation matters.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

5. 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	30 June 2021	30 June 2020
	\$	\$
Opening balance	478,100,385	478,100,385
Adjustment to unitholder funds- refer to Note 5 (i)	14,025,239	-
Adjusted balance	492,125,624	478,100,385
Units issued during the year	-	-
Units redeemed during the year	-	-
Units issued upon reinvestment of distributions	-	-
Net capital distributions declared	-	(27,856,630)
Changes in net assets attributable to unitholders after income tax expense for current period	(7,169,943)	(5,339,155)
Other cumulative movement in changes in net assets	(465,218,309)	(417,997,285)
Net assets attributable to unitholders	19,737,372	26,907,315
Net capital distributions declared	-	(27,856,630)
Net distributions		
Gross capital distribution declared	-	31,988,166
Less amounts withheld	-	(4,131,536)
Net capital distributions declared	-	27,856,630
Distributions		
Net capital distribution declared	-	27,856,630
Less amounts unable to be credited to unitholder's bank account and recognised as Distributions Payable	-	(1,669,575)
Distributions paid in cash	-	26,187,055

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 (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

5. 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 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(t) above, unitholders are entitled to one vote per unit at unitholders' meetings and as the Scheme is being wound up, unitholders rank after creditors and are equally entitled to the proceeds of the winding up procedure.

(i) Adjustment to the investor funds

Given the discrepancies identified as detailed in Notes 2(r) and 2(t) above in regard to the units of investors who subscribed in a foreign currency and previous capital distributions, and having the benefit of a court order about the calculation of distributions to foreign currency investors, Mr Whyte has recalculated the units as at the commencement of the winding up of the Fund being 8 August 2013 in the Australian Dollar equivalent amounting to \$492,125,624.

6. LOANS AND RECEIVABLES

	30 June 2021	30 June 2020
	\$	\$
Secured mortgage loans	2,308,055	5,058,055
Provision for impairment	(2,308,055)	(5,058,055)
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>

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 and/or 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 in the financial statements at the year end, 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 (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

6. LOANS AND RECEIVABLES (Continued)**(a) Provisions for impairment**

The impairment loss expense relating to loans and receivables comprises:

	30 June 2021	30 June 2020
	\$	\$
Opening balance	5,058,055	6,058,055
Impairment losses provided for (recoveries) during the period	(2,750,000)	(987,277)
Impairment losses realised during the period	-	(12,723)
Closing balance	<u>2,308,055</u>	<u>5,058,055</u>
Total provision for impairment	<u>2,308,055</u>	<u>5,058,055</u>

(b) Movement in default loans

	30 June 2021	30 June 2020
	\$	\$
Gross default loans opening balance	5,058,055	6,118,055
New and increased default loans	-	-
Balances written off	-	(12,723)
Repaid	(2,750,000)	(1,047,277)
Gross default loans closing balance	<u>2,308,055</u>	<u>5,058,055</u>
Specific provision	(2,308,055)	(5,058,055)
Net default loans	<u>-</u>	<u>-</u>

7. PAYABLES AND ACCRUED EXPENSES

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

	30 June 2021	30 June 2020
	\$	\$
Accounts payable and accrued expenses	5,031,515	4,599,178

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

8. 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 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. The Receivers appointed by Deutsche Bank retired on 10 December 2018.

9. RELATED PARTIES

	30 June 2021	30 June 2020
	\$	\$
<i>Custodian</i>		
Custodian's fees paid by the Scheme	22,164	17,000
Total	22,164	17,000

10. RECEIVABLES

	30 June 2021	30 June 2020
	\$	\$
Interest receivable	19,662	9,325
GST receivable	158,745	214,110
	178,407	223,435

11. 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, however, the majority of the cash balance is invested on term deposit with a bank. The cash at bank figure includes monies held in foreign exchange accounts.

	30 June 2021	30 June 2020
	\$	\$
Cash at bank	27,506,519	34,324,670

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

11. CASH AND CASH EQUIVALENTS (Continued)

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

	30 June 2021	30 June 2020
	\$	\$
Change in net assets attributable to unitholders	(7,169,942)	(33,195,785)
<i>Adjustments for:</i>		
Non-cash impairment expense	(2,750,000)	(987,277)
Non-cash accrued expense reduction	-	-
(Gains)/loss on foreign exchange contracts	-	(104)
BDO Capital Distribution to investors	-	27,856,630
(increase)/decrease in other receivables	45,028	(132,666)
Increase/(decrease) in payables	432,338	1,983,372
Net cash flows from/(used in) operating activities	(9,442,578)	(4,475,830)

12. INTEREST REVENUE

Interest revenue relates to interest received on funds held in bank accounts.

Interest on loans is suspended and not brought to account when it is considered that the amounts are not ultimately recoverable from the remaining security for the loans.

13. LITIGATION MATTERS

Claim against the former auditors (EY Proceeding)

A public examination (PE) of the former auditors, certain directors, former directors (Directors) and staff of LM Investment Management Limited (In Liquidation) was conducted over a period of 9 days in June 2015 and a further 9 days in October 2015.

Following the PEs, a further amended statement of claim was filed by David Whyte in the Supreme Court of Queensland and served on the former auditors of the Fund on 14 April 2016.

The former auditors' solicitors lodged and served on David Whyte an application and supporting affidavit on 27 April 2016 seeking to strike-out certain parts of the statement of claim. The hearing of the strike out application was adjourned to a date to be fixed by consent to enable appropriate directions to be made for the parties to exchange and file any further affidavit material and written submissions in advance of the hearing of the strike out application.

On 30 May 2016, David Whyte filed an application to place the proceedings on the Court's commercial list. This application was also adjourned to a date to be fixed.

On 2 August 2016, David Whyte filed a second further amended statement of claim. The parties filed submissions and further affidavit evidence as required by the orders and at the hearing of the strike out application and the commercial list application on 15 December 2016, the Court granted the application to place the proceedings on the commercial list and reserved its decision on the strike out application.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

Claim against the former auditors (EY Proceeding) (Continued)

The reserved decision from the hearing of the strike out application was handed down on 8 May 2017 and the decision was not appealed. In that decision, the Court declined to strike out all of the parts of the claim that the former auditors sought to strike out. However, it did make orders striking out certain causes of action and orders were made that the statement of claim be amended to delete those causes of action.

In accordance with the Court's judgment, a further amended statement of claim was filed on 20 November 2017 and served on the former auditors. This statement of claim included further particulars of the loss and damage claimed, which has been calculated (at its highest) in excess of \$200 million.

Further particulars of loss and damage were also served on the auditors on 12 January 2018.

The amended statement of claim filed on 20 November 2017 included a claim for compensation from the former auditors under section 1325 of the Corporations Act. As a consequence, steps were taken to amend the Claim, which required an application for leave to be made to the Court.

On 29 May 2018, the Court made Orders timetabling the filing of the proposed application to amend the Claim, as well as for the auditors to make a request for further and better particulars of the further amended statement of claim filed on 20 November 2017.

A request for further particulars of the further amended statement of claim was received on 19 June 2018. The response to this request was required to be filed and served by 19 October 2018.

Two further amendments to the statement of claim were filed on 5 July 2018 and 7 August 2018.

The Application for leave to amend the Claim was filed on 10 August 2018. The hearing of the application was held on 27 September 2018.

On 8 October 2018 the Court gave judgment, in which it granted the plaintiff leave to file its amended claim, struck out one paragraph of the further amended statement of claim with leave to replead certain paragraphs and otherwise timetabled the ongoing conduct of the proceedings, including the filing of a further amended statement of claim.

In accordance with orders made on 13 November 2018, Mr Whyte caused a 6FASOC to be served on 30 November 2018. He also served a response to the defendants' request for particulars on 3 December 2018 and 18 January 2019.

The parties engaged in a mediation on 4 March 2019. No resolution of the proceedings was reached at that mediation.

The defendants have also now filed and served third parties notices on the Feeder Funds, as well as directors, former directors, former officers and a former in-house counsel of LMIM.

Subsequent orders have been made by the Court timetabling the ongoing conduct of the Proceedings.

In accordance with these orders:

- on 10 June 2019 the defendants applied to be excused from certain pleading requirements under the Court rules in relation to their defence on the basis of a claim for privilege (**Relief Application**);
- on 21 June 2019, the defendants applied for leave to proceed against LMIM under section 500 of the *Corporations Act 2001* (Cth) (**Leave Application**); and
- on 21 June 2019, Mr Whyte applied to be joined to the proceedings constituted by the Third Party Notice filed by the defendants (**Representation Application**).

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

Claim against the former auditors (EY Proceeding) (Continued)

Each of the Relief Application, the Leave Application and the Representation Application were heard by the Supreme Court on 26 July 2019.

- On 4 October 2019 the Court delivered judgement together with an order that:
 - The defendants application for leave to proceed against LMIM be dismissed;
 - The third party notice be struck out against the first, second, third and fourth parties (namely, LMIM and the Feeder Funds);
 - The third party statement of claim be struck out;
 - The first, second, third and fourth third parties be removed as parties to the proceeding, and
 - Leave be granted to the defendants to re-plead the third party statement of claim against the remaining third parties.
- On 17 October 2019 the Court delivered judgement in relation to the cost of the applications decided on 4 October 2019 and an order was made that:
 - the defendants pay my costs in relation to the leave application, and
 - I pay the costs of LMIM in respect of the representation application, such costs to be indemnified from the FMIF with both LMIM's costs together with my own costs to be costs in the proceeding.
- On 21 November 2019 at a review hearing the Court ordered that:
 - Privilege Claims – I was to file material to strike out the defendants' privilege claims by 29 November 2019 and a hearing is to be listed for my application with submissions to be filed and served five days before the hearing date.
 - Leave Application – I was to confirm any opposition to the defendants' Leave Application by 6 December 2019 and the application is to be listed for hearing with submissions to be filed and served five days before the hearing date.
 - Pleadings – by Friday 29 November 2019 the defendants were to serve any draft counterclaim. The defendants are also to provide their further and better particulars by 20 December 2019 and I am to file any reply and answer to the counterclaim by Friday 28 February 2020.
 - Disclosure – All parties are to seek to agree a disclosure protocol and provide it to the Court by Friday 20 December 2019. Failing agreement each party is to provide their own proposed protocols to the Court.
 - Expert evidence – all parties are to provide to the Court either a joint proposal or respective proposals as to the preparation of reports by expert witnesses by 6 December 2019.
- Since the review hearing on 21 November 2019:
 - My material was filed on 29 November 2019 in support of my application to strike out the defendant's privilege claims.
 - The defendants served a draft counterclaim on 29 November 2019.
 - On 6 December 2019 I confirmed I would not oppose the defendants' Leave Application.
 - Proposals in relation to expert evidence were provided to the Court on 13 December 2019.
- My application to strike out the Privilege Claims was heard on 14 February 2020 (the Privilege Application).

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

Claim against the former auditors (EY Proceeding) (Continued)

Following the hearing of the Privilege Application, the parties were required to provide a schedule to the Court of the various parts of the defence where privilege was claimed and the arguments for and against the maintaining of the privilege claimed. That schedule was provided to the Court on Friday, 20 March 2020. Also following that hearing, the Full Court of the Federal Court of Australia handed down a decision in a case regarding privilege which impacts on the Privilege Application. As a result, supplementary submissions were delivered to the Court addressing matters raised in the Full Court decision. After the Court has given judgment in regard to the Privilege Application, further directions will be made for the progress of the claim.

Pursuant to an Order of the Court dated 28 February 2020, a Seventh Further Amended Statement of Claim (the **7FASOC**) was filed with consent of the defendants on 16 March 2020. The defendants filed their amended defence to the 7FASOC on 18 June 2020.

An Answer to the defendants' Counterclaim was filed on 23 April 2020.

In June 2020 the parties agreed on a document plan and document exchange protocol for the purpose of disclosure. On 23 July 2020, the Court made orders regarding the document plan and document exchange protocol.

On 20 October 2020 the Court made orders striking out certain paragraphs of the Defence and granting the defendants leave to make an application to replead in respect of the paragraphs struck out.

On 28 October 2020 the plaintiff filed its Eight Further Amended Statement of Claim (the **8FASOC**).

Following an application by Mr Whyte to be relived from certain undertakings to the Court, an order was made on 2 November 2020 reliving Mr Whyte from certain undertakings to allow further discovery to be attended to.

On 11 December 2020 further orders were made by the Court providing for further case management, including extending the time for the defendants to file an application for leave to replead their defence, for the plaintiff to provide further particulars of the 8FASOC, for the provision of security for costs by the plaintiff, providing further time for the undertaking of discovery by the plaintiff and the defendants, and to extend the time for the filing of expert evidence by the plaintiff.

On 9 February 2021 further orders were made by the Court for further case management, including extending the time further for the defendants to file an application to replead their defence, extending the time for the filing of certain expert evidence by the plaintiff and extending the time for the parties to provide further disclosure. Further disclosure has been made by the plaintiff.

At a review hearing on 8 March 2021 further orders were made to progress the proceedings including consideration as to whether or not leave is to be given to file the defendants defence, to finalise disclosure and for the provision of lay evidence and further expert reports. The matter was set down for further review on 7 June 2021.

At a review hearing on 7 June 2021 timetabling orders were made for the plaintiff's delivery of the reply to the defence, delivery of further disclosure and delivery by the plaintiff of further expert and lay evidence. Following the review, the reply was filed and served, further disclosure provided, and a large number of expert reports filed and served together with delivery of a significant amount of lay evidence.

At a review hearing on 13 August 2021 timetabling orders were made for the defendants to deliver expert and lay evidence by 13 December 2021 and for further reviews by the Court to occur on 2 and 15 December 2021.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

Wollongong Coal Ltd (WCL) – Convertible Bonds

There are \$8 million in convertible bonds in Wollongong Coal Limited (WCL) which was the subject of a successful application to the Federal Court acknowledging that Bellpac Pty Ltd (In Liquidation) (Bellpac) (under the control of its liquidators) is the true owner.

The defendants appealed the decision, which was unsuccessful, however, on 12 July 2016, the defendants made application for special leave to the High Court of Australia to appeal the decision of the Federal Court. On 10 November 2016, the High Court refused to grant special leave to the defendants, and dismissed their application with costs.

In January 2016, the Bellpac Liquidator applied for the conversion of the \$8 million Bonds to shares. As WCL did not issue all of the shares as required under the terms of the Bonds, the Bellpac Liquidator brought proceedings against WCL seeking orders requiring WCL to perform its obligation to redeem the Bonds converted to shares outside of the required time.

The Bellpac liquidator and WCL entered into a binding heads of agreement (HOA) relating to the settlement of the litigation commenced against WCL. The terms of the heads of agreement included that WCL pay to Bellpac a settlement sum of \$6.3 million in return for certain releases and Bellpac returning or cancelling the WCL shares issued to Bellpac.

The conditions precedent to the settlement with WCL included obtaining necessary approvals to undertake the settlement transactions. In this regard:

- The Bellpac Liquidator obtained creditor approval to enter into the settlement with WCL;
- The Court declined to exercise its discretion on WCL's application for approval to acquire and or cancel Bellpac's holding of WCL shares. WCL was therefore required to seek shareholder approval.

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

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

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

Creditors approved the revised deed of settlement at a meeting held on 18 November 2020 and \$2.75M was subsequently distributed to the Fund (\$2.5M on 27 November 2020 and \$250K on 11 March 2021). WCL did not opt to buy back the shares within the six month period.

FTI Applications/Indemnity Claims

Mr Park of FTI Consulting is the Liquidator of LMIM (FTI).

Creditor Indemnity Claims

If a debt or claim is admitted by the Liquidator in the winding up of LMIM and a claim for indemnity out of the FMIF with respect to such debt or claim is identified (**Creditor Indemnity Claim**), a summary of the process as outlined in the Orders made on 17 December 2015 is as follows:

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

FTI Applications/Indemnity Claims (Continued)

Creditor Indemnity Claims (Continued)

1. The Liquidator must notify Mr Whyte within 14 days of the Liquidator identifying any claim for indemnity against the assets of the Fund;
2. Within 14 days Mr Whyte may seek further information in relation to the claim;
3. Within 30 days of receipt of the claim from the Liquidator or from receipt of further information requested, Mr Whyte is required to, accept the claim, reject the claim, accept part of it and reject part of the claim; and give the Liquidator written notice of the decision;
4. Mr Whyte is required to give the Liquidator written reasons for rejecting any part of a claim within 7 days after giving notice of his decision;
5. Within 28 days of receiving a notice of rejection, the Liquidator may apply to the Court for directions in relation to the rejection and advise the creditor of Mr Whyte's decision and other specified matters.

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

Mr Whyte has written to the Liquidator rejecting the Creditor Indemnity Claim made in respect of the claim notified by the Norton Rose Proof. Mr Whyte has requested further information in relation to the First EY Proof and written to the Liquidator to outline his provisional views in relation to it.

A counter-claim for costs has been made by EY in the EY Proceeding against LMIM as responsible entity of the FMIF, which, if successful, has the potential to exceed any judgment in the EY Proceeding itself by the difference between indemnity costs and a standard costs order.

Third FTI Remuneration Application

On 12 February 2021, Mr Park filed an application in the Court for approval and payment from the FMIF of his remuneration for the period 1 July 2018 to 31 October 2020 in the sum of \$260,633.12 (including GST), made up of Category 1 remuneration (remuneration that is specifically referable to the FMIF) of \$182,661.60 (including GST), and Category 2 remuneration (remuneration that relates to all of the funds of which LMIM is the Responsible Entity and that is apportioned between the relevant funds) of \$77,971.52 (including GST).

On 1 June 2021, the Court ordered that Mr Park be paid the sum of \$243,236.90 (including GST) from the FMIF for his remuneration as Liquidator, such sum to include \$170,809.20 (including GST) for Category 1 remuneration for the period 1 July 2018 to 31 October 2020, and \$72,427.70 (including GST) for Category 2 remuneration for the period 1 July 2018 to 31 October 2020.

FTI Remuneration and Expenses Claims as at 30 June 2021

On 5 August 2021, FTI informed BDO that the remuneration, and expenses claims by the Liquidator, that had not been submitted to the Court for approval or paid as at 30 June 2021, were as follows:

- Legal costs attributable to FMIF - \$166,923.19 (excluding GST); and
- Remuneration attributable to FMIF - \$18,283.00 (excluding GST).

However, these figures may be subject to change and are subject to Court approval.

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

13. LITIGATION MATTERS (Continued)

FTI Applications/Indemnity Claims (Continued)

FTI Remuneration and Expenses Claims as at 30 June 2021 (Continued)

It is expected that further remuneration and expenses claims will be made by the Liquidator during the course of the winding up.

Court Appointed Receiver's Remuneration

On 2 March 2021, the Court Appointed Receiver filed an application to Court for approval of his remuneration for the period 1 May 2020 to 31 October 2020 in the sum of \$1,104,433 (including GST). On 26 March 2021, the Court approved this application.

On 14 July 2021, the Court appointed Receiver filed an application to Court for approval of his remuneration for the period 1 November 2020 to 30 April 2021 in the sum of \$1,383,829.15 (including GST). On 13 August 2021, the Court approved this application.

The remuneration of the Court Appointed Receiver, that had not been submitted to the Court for approval or paid as at 30 June 2021 was approximately \$207,494.76 (excluding GST). This figure may be subject to change and is subject to Court approval.

Further applications for approval of remuneration will be made by the Court Appointed Receiver during the course of the winding up.

LMIM Claim

A statement of claim filed in November 2016 to preserve claims in relation to certain transactions and avoid possible expiry of statutory limitation periods has been served on LMIM. The claims are for various alleged breaches of trust in relation to certain transactions including the prepayment of management fees out of property of the FMIF to LM Administration Pty Ltd, and loan management fees paid to LMIM or its service entity LM Administration Pty Ltd that it is alleged were not authorised by the Constitution of the FMIF. On 25 July 2018, the Court granted leave to proceed with this claim and ordered that the claim be stayed until further order. The claim remains stayed until further order.

Claim against Guarantor

PTAL as custodian of the FMIF obtained judgment against a guarantor, for approximately \$3 million, plus interest and costs. The trustee in bankruptcy identified potential recoveries for the benefit of creditors of the bankrupt estate, of which the Fund is a major creditor. The bankrupt, along with other parties, contributed land to a development. The land was subdivided, developed and sold, and the net proceeds of sale in the sum of approximately \$12 million was paid into a solicitors' trust account on an interim basis, protected by certain undertakings given by the solicitors holding the funds. The trustee claimed an entitlement in respect of all or at least a substantial portion of the funds held in the solicitors' trust account; however, other parties to the dispute alleged that associated entities of the bankrupt are entitled to the funds.

PTAL as custodian of the FMIF entered into a Deed of Indemnity to fund a public examination and any agreed recovery proceedings in respect of this matter. A public examination was held in the Federal Court in November 2019. Subsequently, demands were served on several parties. The trustee held two mediations with several parties in relation to the dispute, which culminated in a settlement being reached on 1 September 2021. The gross return to the bankrupt estate from the settlement will be between \$2,882,181 and \$3,832,181, depending upon the outcome of a taxation objection. The Trustee has estimated that the net return to the bankrupt estate, after deducting AFSA realisations charge, repayment of the funding provided by the FMIF, and the current and former Trustee's unpaid remuneration and expenses, will be approximately \$1,004,711 to \$1,964,161, not including allowances for the Trustee's future remuneration and expenses, or any taxation liabilities arising from the settlement. Under the Deed of Indemnity, the Trustee is required to make an application to Court seeking an order

LM FIRST MORTGAGE INCOME FUND (RECEIVER APPOINTED)

Notes to the financial statements for the year ended 30 June 2021

Claim against Guarantor (Continued)

giving the FMIF a priority over other creditors. The amount payable to the FMIF will depend upon the outcome of this application.