

**IN THE MATTER OF LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION) (RECEIVERS APPOINTED)
SUPREME COURT PROCEEDING 33508 OF 2015**

WORK PERFORMED FOR FMIF - AFFIDAVIT OF JOHN PARK SWORN 28.01.2016, PARAGRAPH 87

Period	Assets (Amount)	Creditors (Amount)	Trade on (Amount)	Investigations (Amount)	Dividend (Amount)	Administration (Amount)	TOTAL (AMOUNT)
19 March, 2013 to 10 July, 2013	\$ 284,031.50	\$ 98,587.00	\$ 415,868.96	\$ 17,259.00	\$ -	\$ 37,728.40	\$ 853,474.86
11 July, 2013 to 7 August, 2013	\$ 26,516.00	\$ 71,522.50	\$ 122,064.50	\$ 6,061.50	\$ -	\$ 26,718.50	\$ 252,883.00
19 March, 2013 to 7 August, 2013	\$ 310,547.50	\$ 170,109.50	\$ 537,933.46	\$ 23,320.50	\$ -	\$ 64,446.90	\$ 1,106,357.86
8 August, 2013 to 31 December, 2013	\$ 12,841.00	\$ 27,645.00	\$ 210,425.00	\$ 26,731.50	\$ -	\$ 14,329.50	\$ 291,972.00
1 January, 2014 to 31 March, 2014	\$ 3,525.50	\$ 3,352.00	\$ 64,820.50	\$ 3,705.00	\$ -	\$ 10,238.50	\$ 85,641.50
1 April, 2014 to 30 June, 2014	\$ 411.00	\$ 728.00	\$ 39,308.00	\$ 4,959.00	\$ 299.00	\$ 26,559.00	\$ 72,264.00
1 July, 2014 to 30 September, 2014	\$ 6,532.00	\$ 4,669.00	\$ 65,877.50	\$ 1,644.00	\$ 486.00	\$ 39,921.00	\$ 119,129.50
1 October, 2014 to 31 December, 2014	\$ 1,215.00	\$ 2,881.00	\$ 16,228.00	\$ 937.00	\$ -	\$ 10,398.50	\$ 31,659.50
1 January, 2015 to 30 June, 2015	\$ 394.00	\$ 13,149.00	\$ 37,057.00	\$ 2,289.00	\$ 1,538.00	\$ 3,467.00	\$ 57,894.00
1 July, 2015 to 30 September, 2015	\$ 120.00	\$ 7,051.00	\$ 17,900.50	\$ 2,040.00	\$ -	\$ 3,508.00	\$ 30,619.50
8 August, 2015 to 30 September, 2015	\$ 25,038.50	\$ 59,475.00	\$ 451,616.50	\$ 42,305.50	\$ 2,323.00	\$ 108,421.50	\$ 689,180.00
TOTALS	\$ 335,586.00	\$ 229,584.50	\$ 989,549.96	\$ 65,626.00	\$ 2,323.00	\$ 172,868.40	\$ 1,795,537.86

IN THE MATTER OF LM INVESTMENT MANAGEMENT LIMITED (IN LIQUIDATION) (RECEIVERS APPOINTED)
 SUPREME COURT PROCEEDING 33508 OF 2015

CATEGORY 2 REMUNERATION - AFFIDAVIT OF JOHN PARK SWORN 28.01.2016, PARAGRAPH 100

Period	Assets (Amount)	Creditors (Amount)	Employees (Amount)	Debtors (Amount)	Investigations (Amount)	Administration (Amount)	TOTAL (AMOUNT)
19 March 2013 to 10 July 2013	\$ 5,747.50	\$ 9,050.00	\$ 16,856.00	\$ 216,228.00	\$ 15,233.50	\$ 406,429.49	\$ 669,544.49
1 July 2013 to 31 July 2013	\$ 2,344.00	\$ 3,013.00	\$ 1,046.00	\$ 32,295.50	\$ 1,218.00	\$ 47,444.00	\$ 87,360.50
1 August 2013 to 31 August 2013	\$ 3,540.50	\$ 2,066.50	\$ 3,215.00	\$ 53,148.00	-	\$ 56,201.00	\$ 118,171.00
1 September 2013 to 30 September 2013	\$ 1,617.50	\$ 898.00	\$ 2,880.50	\$ 12,894.50	\$ 5,141.00	\$ 52,198.00	\$ 75,629.50
1 October 2013 to 31 October 2013	\$ 954.50	\$ 650.00	\$ 1,193.50	\$ 12,904.50	\$ 1,358.00	\$ 28,908.00	\$ 45,968.50
1 November 2013 to 30 November 2013	\$ 1,732.50	\$ 1,252.00	-	\$ 8,782.00	\$ 2,376.50	\$ 15,793.50	\$ 29,936.50
1 December 2013 to 31 December 2013	\$ 271.00	\$ 1,123.50	\$ 365.50	\$ 4,567.50	\$ 436.50	\$ 9,546.00	\$ 16,310.00
1 January 2014 to 31 March 2014	\$ 10,571.00	\$ 5,001.00	\$ 1,115.00	\$ 27,331.50	\$ 3,143.00	\$ 22,230.00	\$ 69,391.50
1 April 2014 to 30 June 2014	\$ 10,748.50	\$ 5,634.00	-	\$ 9,102.00	\$ 469.00	\$ 38,896.50	\$ 64,850.00
1 July 2014 to 30 September 2014	\$ 1,348.00	\$ 2,097.00	-	\$ 7,049.00	\$ 4,341.00	\$ 35,773.00	\$ 50,608.00
1 October 2014 to 31 December 2014	\$ 3,363.00	\$ 1,539.00	-	\$ 9,191.00	\$ 1,993.00	\$ 24,061.50	\$ 40,147.50
1 January 2015 to 30 June 2015	\$ 1,490.00	\$ 3,462.00	-	\$ 26,520.00	\$ 732.00	\$ 64,481.50	\$ 96,685.50
1 July 2015 to 30 September 2015	\$ 771.00	-	-	\$ 22,277.00	\$ 362.00	\$ 20,480.00	\$ 43,890.00
TOTALS	\$ 44,499.00	\$ 35,786.00	\$ 26,671.50	\$ 472,290.50	\$ 36,803.50	\$ 822,742.49	\$ 1,408,792.99

Sean Russell

From: Shelley Chalmers [SChalmers@lmaustralia.com]
Sent: Tuesday, 17 December 2013 11:07 AM
To: Corbett, John; Morcom, Lauren; Morcom, Lauren; Almulla, Mohamed
Subject: FW: LM FMIF - Brambleton / Outrigger - sale of Lot 508 (Unit 515) Consent to sale sought
Attachments: Outrigger sale recommendation file note TEMPLATE.docx; ANNEXURE D - MARKETING SCHEDULE.pdf; ANNEXURE A NEPS.pdf; ANNEXURE B LMW Valuation 2.5.13 Part 1.pdf; ANNEXURE C - Ray White Response to Auction Campaign.pdf; img-Z171102-0001.pdf; DB Release Request (blank).pdf; Form 1 Transfer (blank).pdf; Form 20 Declaration (blank).pdf; Contract buyer offer.pdf

Dear John, Mohamed, Aline and Lauren

Please see the request for consent to the above sale below.

I look forward to hearing from you.

Shelley Chalmers
PAM Team Leader & Paralegal | Property Asset Management T +61 7 5584 4500 | D +61 7 5584 4502 | F +61 7 5592 2505 | E schalmers@lmaustralia.com A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217, Queensland, Australia www.LMaustralia.com

We wish to advise that our office will close at 12pm on Friday 20th December 2013 and will re-open 8.30am Monday 6 January 2014.

From the LM team, we wish you a safe and happy Christmas!

This e-mail and any files transmitted with it are confidential and are intended solely for the use of the recipient to whom it is addressed. If you are not the intended recipient or the person responsible for delivering this e-mail to the intended recipient, you are advised that any use, dissemination, forwarding, printing, or copying of this e-mail and any file attachments is strictly prohibited. If you have received this e-mail in error, you must destroy the original transmission and any attachments and immediately notify the sender by reply e-mail.

-----Original Message-----

From: Shelley Chalmers
Sent: Tuesday, 17 December 2013 11:05 AM
To: Ian Niccol (iniccol@mcgrathnicol.com); 'Michael Halfhide'; 'Amanda Syrowatka'
Subject: FW: LM FMIF - Brambleton / Outrigger - sale of Lot 508 (Unit 515) Consent to sale sought

Dear Ian, Amanda and Michael

In addition to the information supplied in my first email (which I have not included here due to the file sizes) I enclose:

6. Recommendation File note
7. Annexure A - NEPS
8. Annexure B - Valuation

- 9. Annexure C - Agent commentary
- 10. Annexure D - marketing schedule

I look forward to hearing from you.

Shelley Chalmers

PAM Team Leader & Paralegal | Property Asset Management T +61 7 5584 4500 | D +61 7 5584 4502 | F +61 7 5592 2505 | E schalmers@lmaustralia.com A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217, Queensland, Australia www.LMaustralia.com

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-----Original Message-----

From: Shelley Chalmers

Sent: Tuesday, 17 December 2013 11:04 AM

To: Ramon Mirasol (ramon.mirasol@db.com); Beaux Pontak (beaux.pontak@db.com); 'DB Loan Ops (lm.1@list.db.com)'

Cc: Ian Niccol (iniccol@mcgrathnicol.com); 'Michael Halfhide'; 'Amanda Syrowatka'

Subject: RE: LM FMIF - Brambleton / Outrigger - sale of Lot 508 (Unit 515) Consent to sale sought

Good morning Ramon and Beaux

Please see attached pertaining to request to DB/McGN for consent to this sale:

1. DB release request
2. Trust Instn letter
3. Contract
4. Transfer
5. Form 20 Declaration

I look forward to hearing from you in due course.

Shelley Chalmers

PAM Team Leader & Paralegal | Property Asset Management T +61 7 5584 4500 | D +61 7 5584 4502 | F +61 7 5592 2505 | E schalmers@lmaustralia.com A Level 1, 38 Cavill Ave Surfers Paradise, 4217, Queensland, Australia | P PO Box 923, Surfers Paradise, 4217, Queensland, Australia www.LMaustralia.com We wish to advise that our office will close at 12pm on Friday 20th December 2013 and will re-open 8.30am Monday 6 January 2014.

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LM Investment Management Ltd

The global pathway to Australian investment solutions

(In Liquidation) (Receivers and Managers Appointed)

File Note

Borrower: LM First Mortgage Income Fund – advance to

Brambleton Pty Ltd A.C.N. 118 835 742

Originator: Cameron Kohring

Date: 17 December 2013

Subject: Sale of Lot 508 (Unit 515) in security located at 22 View Avenue Surfers Paradise

1. Introduction

The purpose of this file note is to provide an overview of the process undertaken to realise **Lot 508 (Unit 515)** in the Property, held as security in relation to the amount advanced to Brambleton Pty Ltd A.C.N. 118 835 742. A recommendation to accept the offer from Nathan Burns for \$94,000.00 is detailed below.

2. Timeline of events

2.1. Loan

- As custodian for FMIF PTAL advanced amount of \$25,054,500.00 ("the Loan") to purchase and refurbish 90 units in an existing hotel.
- PTAL was granted a first ranking mortgage over the Property (Mortgage No 710152486 dated 1 December 2006 and Mortgage No 709716884 dated 26 June 2006) and fixed and floating charge (charge no 1317825 dated 23.6.2006).

2.2. Default

- The Loan went into default in April 2009 as a result of appointment of Receiver Managers to the borrower and related parties. LM and the Trust Co (PTAL) Ltd were appointed as Controllers of all lots in the Security on 30 April 2009.
- Notices Exercising Power of Sale were issued on 12.6.2013. Please see attached (Annexure A).
- A total of \$37,670,810.45 (including any sales) remains outstanding as at 17 December 2013.

2.3. Valuation

- A valuation was conducted on 2 May 2013 by Landmark White. The unit subject of this request was valued at \$92,000.00. Please see attached report (Annexure B).



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2.4. Campaign and Realisation process

In May 2013 we selected Ray White New Projects from a panel of 2 agents to market and realise the property in the ordinary course. The agent selected had considerable experience with selling similar suites within the Outrigger Hotel and provided an appropriate strategy and commission to realise the property. Initially it was recommended that the best way to maximise price on the suites was to go to sale using the Ray White recommended price list immediately and that the marketing campaign be conducted over a 16 week period. The Agent advised that an EOI or auction campaign were inappropriate ways to sell this type of product however only provided file notes that related to the auction method of sale. (Annexure C). On the direction from LM Investment Management Ltd (Administrators Appointed) a 4 week EOI campaign was conducted.

At the conclusion of the EOI campaign, 18 offers were submitted on various units with prices ranging from \$50 000 - \$120 000 and although only one of these offers was above valuation, the agents continued to work with the purchasers in an effort to have these offers increased.

On the recommendation of Ray White, the marketing campaign included print media (AFR, Brisbane Courier Mail and Gold Coast Bulletin), Ray White Corporate E-Magazine, On Site Display, Website, Electronic publishing to email buyers database and internet advertising (www.realestate.com.au). (Annexure D). Advertising across these mediums has been consistent throughout the entire sales period.

The marketing agent confirms that based on existing market conditions, the sale campaign and previous sales within the development the offer on this lot should be accepted.

Recommendation

The sales campaign run by LMIM as agent for MIP covered local and national media including newspaper and internet.

Detailed below is a list of the holding costs should we continue to hold the property:

- Body Corporate Levies (per annum) \$4500 (approximate) per unit
- Council Rates & Water (per annum) \$2500 (approximate) per unit

Given the above we recommend accepting this offer for the Property.



LM Investment Management Ltd

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(Receivers and Managers Appointed) (In Liquidation)

Our Ref: Shelley Chalmers
Your Ref: Trent Franklin / Vicki Skodras

17 December 2013

The Trust Co (PTAL) Limited
Level 15,
20 Bond Street
SYDNEY NSW 2000

Dear Trent and Vicki,



The Trust Co (PTAL) Limited (atf LM First Mortgage Income Fund)
Advance to: Brambleton Pty Ltd A.C.N.118 835 742

LM Investment Management Ltd acting as Responsible Entity for the LM First Mortgage Income Fund authorizes and directs PTAL to execute the following documents:

1. Contract for Sale Lot 508 (Unit 515)
2. Transfer
3. Form 20 Declaration

We hereby confirm that PTAL is acting on the direction of LM and in their role as custodian. The liability provisions of the custody agreement apply.

After execution please courier the documents to **Shelley Chalmers** of LM Gold Coast Office.

Authorised Signatories for and on behalf of the Responsible Entity:  Group A – Shelley Chalmers	 Group B –
Authorised Signatory for and on behalf of Deutsche Bank AG Group C -	Authorised Signatory for an on behalf of McGrath Nicol
Signatory for and on behalf of FTI Consulting	

For the avoidance of doubt, the giving of the consent/approval set out herein in no way prejudices or waives or otherwise restricts the rights of Deutsche Bank AG, Sydney Branch to take any and all action that it deems appropriate pursuant to its financing arrangements with LM Investment Management Limited (in Liquidation) (Receivers and Managers Appointed).

22 July 2013

Our Ref: ABW_8973_COCr4.doc

CIRCULAR TO COMMITTEE OF CREDITORS

Dear Sir/Madam

**RE: LM Administration Pty Ltd (Administrators Appointed) ACN 055 691 426
(the Company)**

Reference is made to the appointment of John Park and I as Administrators of the Company on 19 March 2013 pursuant to Section 436A of the *Corporations Act 2001 (Cth)* (the Act) and to your appointment as a member/representative of the Committee of Creditors for the Company (the Committee).

NOTICE OF MEETING OF COMMITTEE OF CREDITORS

We invite you to attend the next meeting of the Committee as follows:

Time: 9:30am Brisbane AEST
Date: Friday, 26 July 2013
Address: Training Room, Level 1, 38 Cavill Avenue, Surfers Paradise.

The agenda for the meeting is outlined below:

- Provide an update to the Committee on the status of the administration;
- Consider and vote on a resolution in relation to the Administrators' remuneration for the period 19 March 2013 to 30 June 2013; and
- Consider any other matters which may properly be brought before the meeting.

Please refer to the ***attached** Form 529 for the notice of meeting. Teleconference details are as provided below:

Telephone Number: 1800 500 485
Participants Passcode: 160300

Please confirm your attendance by 4:00pm on 25 July 2013 via return email, or by contacting either Eloa Zuardi or Sally McBryde on (07) 5630 5201 or (07) 5630 5206 respectively as to whether you will be attending in person or by teleconference.

FTI Consulting (Australia) Pty Limited
ABN 49 160 397 811 | ACN 160 397 811
22 Market Street | Brisbane QLD 4000 | Australia
Postal Address | GPO Box 3127 | Brisbane QLD 4001 | Australia
+61.(0)7.3225.4900 main | +61.(0)7.3225.4999 fax | fticonsulting-asia.com

Liability limited by a scheme approved under Professional Standards Legislation

ADMINISTRATORS REMUNERATION

The Committee have powers under Section 449E(1)(a) of the Act to agree to the Administrators receiving their remuneration.

There are a number of documents which are relevant to the resolutions concerning the Administrators' remuneration. These are *attached for your attention in our remuneration report as follows:

- Schedule of FTI Consulting Rates - this contains the FTI Consulting standard rates effective from 1 October 2012. It is an important document as it outlines the rates used in calculating the Administrators' remuneration.
- Weekly summary of remuneration claim of the Company for the period 19 March 2013 to 30 June 2013- this provides weekly breakdown of the total amount.
- Summary of remuneration claim of the Company for the period 19 March 2013 to 30 June 2013 - this provides a breakdown of the remuneration claim by person for work completed in the relation to the six key areas of Assets, Creditors, Employees, Statutory Compliance, Trading and Administration and Risk Mitigation.
- Summary of work completed by the Company for the period from 19 March 2013 to 30 June 2013 - this provides a summary of the work completed in relation to the above six key areas for the period. The document also breaks down the total remuneration claim into the six key areas of work.

The Administrators are seeking approval for the above period in the amount of \$706,464.77 (Inclusive of GST). Creditors should note this amount also includes those costs incurred as responsible entity/trustee of the Funds that we expect will be met as outlays from the respective Funds rather than from the assets of the Company.

Should you have any queries in relation to the above, please contact either Eloa Zuardi or Sally McBryde of my office on (07) 5630 5201 or (07) 5630 5206 respectively.

Yours faithfully
FTI Consulting



Ginette Muller
Administrator

*Attach.

Form 529

Corporations Act 2001

NOTICE OF MEETING OF COMMITTEE OF CREDITORS

**LM ADMINISTRATION PTY LTD
(ADMINISTRATORS APPOINTED)
("the Company")**

NOTICE IS HEREBY GIVEN that a meeting of committee of creditors of the Company will be held on Friday, 26 July 2013, at Training Room, Level 1, 38 Cavill Avenue, Surfers Paradise, Queensland at 9:30am Brisbane AEST.

AGENDA

1. Provide an update to the Committee on the status of the administration;
2. Consider and vote on a resolution in relation to the Administrators' remuneration for the period 19 March 2013 to 30 June 2013 in the amount of \$706,464.77 (Inclusive of GST); and
3. Consider any other matters which may properly be brought before the meeting.

Dated this *22nd* day of July 2013



**Ginette Muller
Administrator**

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LM Administration Pty Ltd

Administrators Appointed

ACN 055 691 426

Remuneration Report by Voluntary Administrator

22 July 2013

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FTI Consulting

GPO Box 3127

BRISBANE QLD 4000

Telephone: (07) 3225 4900

Facsimile: (07) 3225 4999

www.fticonsulting.com

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Remuneration of Voluntary Administrators

In this voluntary administration, we are seeking approval of our remuneration on a time basis in accordance with the Schedule of FTI Consulting Rates.

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

- Time based on hourly rates – this is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- Fixed fee – the total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. At times, an insolvency practitioner will finalise an administration for a fixed fee.
- Percentage – the total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- Contingency – the fee is structured to be contingent on a particular outcome being achieved.

FTI Consulting calculates remuneration on the basis of an hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed as it fairly reflects the necessary work performed and overcomes the difficulty in identifying the scope of the work required, particularly on longer term engagements.

A copy of the Schedule of FTI Consulting Rates is *attached as Appendix 1. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage. An information sheet for creditors in relation to approving remuneration has been released by ASIC (Information Sheet 85) and is available at [http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/Approving_fees_guide_for_creditors.pdf/\\$file/Approving_fees_guide_for_creditors.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/Approving_fees_guide_for_creditors.pdf/$file/Approving_fees_guide_for_creditors.pdf).

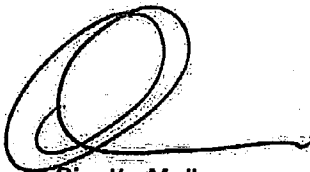
At the Meeting of the Committee of Creditors, we will be seeking approval of our remuneration based on these rates, for the period 19 March 2013 to 30 June 2013. We have undertaken a proper assessment of this remuneration claim for our appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied the remuneration claimed was necessary and properly performed for the conduct of the administration.

Remuneration totalling \$706,464.77 (including GST) has been incurred for the period 19 March 2013 to 30 June 2013. A summary of the tasks completed in this administration is attached at Appendix 2, with greater detail to be available on request. Due to the amount of information, it has not been included with this report and sufficient notice is required to attend to any requests. The calculation of remuneration by person is attached at Appendix 3.

For your information, set out below is a weekly summary of the remuneration excluding GST incurred for the period 19 March 2013 to 30 June 2013:

LM Administration Pty Ltd Weekly Fee Summary		
		\$
Week 1	19 March 2013 to 24 March 2013	61,094.30
Week 2	25 March 2013 to 31 March 2013	56,392.80
Week 3	1 April 2013 to 7 April 2013	49,880.00
Week 4	8 April 2013 to 14 April 2013	44,416.50
Week 5	15 April 2013 to 21 April 2013	45,282.10
Week 6	22 April 2013 to 30 April 2013	58,430.50
Week 7	1 May 2013 to 5 May 2013	25,897.00
Week 8	6 May 2013 to 12 May 2013	38,588.00
Week 9	13 May 2013 to 19 May 2013	44,935.50
Week 10	20 May 2013 to 26 May 2013	42,939.00
Week 11	27 May 2013 to 2 June 2013	57,813.00
Week 12	3 June 2013 to 9 June 2013	39,378.00
Week 13	10 June 2013 to 16 June 2013	29,223.00
Week 14	17 June 2013 to 23 June 2013	26,698.50
Week 15	24 June 2013 to 30 June 2013	21,272.50
TOTAL		642,240.70

Dated this ^{22nd} day of July 2013



Ginette Muller
Administrator

*Attach.

Appendix 1 – Schedule of FTI Consulting Rates effective 1 October 2012 excluding GST

Classification	\$/hour	Guide to Level of Experience
Senior Managing Director	575	Registered/Official Liquidator and/or Trustee. Specialist skills brought to the administration. Generally in excess of 10 years experience.
Managing Director	550	Specialist skills brought to the administration. Generally in excess of 10 years experience. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration.
Director 2	545	More than 8 years insolvency experience or equivalent. Answerable to the appointee, but otherwise responsible for all aspects of a small to large administration. May also be Registered/Official Liquidator and/or Trustee or have experience sufficient to support an application to become a Registered/Official Liquidator or Trustee.
Director 1	485	5-8 years insolvency experience or equivalent. Well developed technical and commercial skills. Will have conduct of small to large administrations and experience in control of a medium to large team of staff.
Manager 2	395	4-6 years insolvency experience or equivalent. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists planning and control of medium to larger administrations.
Manager 1	345	3-4 years insolvency experience or equivalent. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Senior Accountant 2	325	2-3 years insolvency experience or equivalent. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Accountant 1	285	Graduate with 1-2 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Accountant	235	Undergraduate or graduate with 0-1 year insolvency experience or equivalent. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	130	Administrative work including superior knowledge of software packages, personal assistance work, high speed and accurate data entry. Appropriate skills, including books and records management and accounts processing particular to the administration including filing. Appropriate software and data processing skills necessary to record banking and accounting information.

Appendix 2 – Summary of Tasks Completed for the Period 19 March 2013 to 30 June 2013

LM Administration Pty Ltd		
Task Area	General Description	Includes
Assets 107.90 \$43,379.00	Plant and Equipment	Liaising with valuers, auctioneers and interested parties reconciling asset listings with physical assets on site Reviewing asset listings
	Sale of Real Property	Liaising with valuers, agents, and strata agent
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors 169.80 \$73,517.50	Creditor and Investor Enquiries	Receive and follow up creditor and investor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post. Maintenance and development of voluntary administration website for the purpose of investor, creditor and adviser communications. Correspondence with committee of creditors members including providing updates and answering queries. Calling and conducting meetings of the committee of creditors.
	Secured creditor reporting	Preparation and sending of correspondence to secured creditor. Responding to secured creditor's queries
	Creditor reports	Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend

		Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	<p>Preparation of meeting notices, proxies and advertisements</p> <p>Forward notice of meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</p> <p>Preparation and lodgement of minutes of meetings with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p>
Employees 313.20 \$73,517.50	Employees enquiry	<p>Receive and follow up employee enquiries via telephone</p> <p>Maintain employee enquiry register</p> <p>Review and prepare correspondence to creditors and their representatives via facsimile, email and post</p> <p>Preparation of letters to employees advising of their entitlements and options available</p> <p>Receive and prepare correspondence in response to employees objections to leave entitlements</p>
	FEG	<p>Correspondence with FEG regarding early admission for payments in VA scenario</p> <p>Discussions with employees regarding FEG timing and requirements.</p> <p>Preparing for FEG distributions</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards</p> <p>Liaising with solicitors regarding entitlements</p>
	Payroll	<p>Payment of weekly wages</p> <p>Determining leave entitlements</p> <p>Calculation and payment of superannuation</p> <p>Calculation and payment of payroll tax</p> <p>Calculation and payment of PAYG</p> <p>Reconciling and issuing PAYG summaries</p>

	Workers compensation claims	<p>Review insurance policies</p> <p>Identification of potential issues requiring attention of insurance specialists</p> <p>Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements</p> <p>Correspondence with previous brokers</p>
	Other employee issues	<p>Correspondence with related agencies</p> <p>Preparing and providing Deeds of Advance</p> <p>Review and payment of employee expenses</p> <p>Reviewing salary sacrifice arrangements</p>
<p>Trade On</p> <p>237.50</p> <p>\$115,713.00</p>	Trade On Management	<p>Liaising with suppliers</p> <p>Liaising with management and staff</p> <p>Attendance on site</p> <p>Authorising purchase orders</p> <p>Maintaining purchase order registry</p> <p>Preparing and authorising receipt vouchers</p> <p>Preparing and authorising payment vouchers</p> <p>Liaising with superannuation funds regarding contributions, termination of employees employment</p> <p>Liaising with OSR regarding payroll tax issues</p>
	Processing receipts and payments	<p>Entering receipt and payments into accounting system</p>
	Budgeting and financial reporting	<p>Reviewing company's budgets and financial statements</p> <p>Preparing budgets</p> <p>Preparing weekly financial reports</p> <p>Cash flow preparation and management</p> <p>Finalising trading profit or loss</p> <p>Meetings to discuss trading position</p>
Investigation	Conducting investigation	<p>Collection of company books and records</p> <p>Reviewing company's books and records</p> <p>Review and preparation of company nature and history</p> <p>Conduct preliminary preference review</p> <p>Conduct preliminary uncommercial transaction review</p> <p>Conduct preliminary insolvent trading review</p> <p>Conduct preliminary unreasonable Director related transaction review</p> <p>Review of personal asset position of the Director</p>

<p>79.50</p> <p>\$39,550.00</p>		<p>Extracting and analysing financial data from Company server</p> <p>Analyse and quantify payments to related entities</p> <p>Financial ratio analysis</p> <p>Review potential breaches of Section 180, 181, 182 and 184 of the Act</p> <p>Review potential breaches of Section 408C of the Criminal Code QLD</p> <p>Review case law surrounding potential breaches</p> <p>Review related party loan accounts</p> <p>Review management fee prepayment arrangements</p> <p>Preparing draft Section 438D report</p> <p>Review professional indemnity insurance policy</p> <p>Consider potential breaches of Trust with regard to related entities and Funds</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of comparative financial statements</p> <p>Preparation of deficiency statement</p> <p>Preparation of investigation file</p>
	Litigation / Recoveries	<p>Internal meetings to discuss status of litigation - FMIF and MPF</p> <p>Preparing brief to solicitors and meeting with solicitors to discuss ongoing litigation.</p> <p>Liaising with solicitors regarding recovery actions</p> <p>Attending to negotiations in regards to the vesting order</p>
	ASIC reporting	<p>Preparing Section 438D report</p> <p>Liaising with ASIC in regards to the LMIM AFSL and relief application as well as ongoing litigation and compliance with 912C notices.</p>
<p>Administration</p> <p>670.00</p> <p>\$218,664.20</p>	Correspondence	<p>Ongoing correspondence to creditors, investors, advisers, financial institutions etc.</p>
	Document maintenance/file review/checklist	<p>Ongoing FTI LM team staff meetings to discuss the administration and allocate tasks.</p> <p>Filing of documents</p> <p>File reviews</p> <p>Updating checklists</p>

	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Appendix 3 – Calculation of Actual Fees for the Period 19 March 2013 to 30 June 2013

Name	Position	Charge Out Rate	Total hours	Total \$	Hours	Assets	Hours	Creditors	Hours	Employees	Hours	Fees On	Hours	Admin Stration
		\$		\$		\$		\$				\$		\$
Ginette Miller	Senior Managing Director	575.00	3,140.00	1,799,750.00	3.90	27,850.00								27.50
Ian Francis	Senior Managing Director	575.00	7,400.00	4,255.00										7.40
Joanne Dunn	Senior Managing Director	575.00	2,900.00	1,322.50										0.70
John Park	Senior Managing Director	575.00	6,900.00	3,967.50										0.70
Kelly-Anne Tennifield	Senior Managing Director	575.00	62,000.00	35,650.00	0.10	67.50								4.40
Dennis Bender	Managing Director	550.00	17,400.00	9,750.00	2.70	1,485.00								4.40
Sally McByde	Managing Director	550.00	352,300.00	193,765.00										31.50
Andrew Weatherley	Director 2	545.00	50,500.00	27,822.50	16.10	8,774.50								11.70
Gleyn O'Keamey	Director 2	545.00	155,700.00	84,856.50	0.20	109.00								42.10
Oliver Schwalzer	Director 1	485.00	1,500.00	817.50										4.40
Brookham	Director 1	485.00	0,300.00	145.50										1.50
Christina Alister	Director 1	485.00	27,700.00	13,434.50										1.50
James Court	Director 1	485.00	57,800.00	28,033.00	52.90	25,658.50								14.70
Dea Cherry	Director 1	485.00	27,800.00	13,434.50										1.20
Matthew Clement	Director 1	485.00	27,800.00	13,434.50	5.80	2,813.00								1.40
Ryan Zogdrager	Manager 1	485.00	0,900.00	438.50										0.30
Renee Lobb	Manager 2	485.00	1,300.00	630.50										0.30
Masha Jentis	Manager 1	395.00	0,700.00	276.50										0.30
Shua Ghancy	Senior Accountant	325.00	70,900.00	138.00										0.10
Ella Zlati	Senior Accountant 2	325.00	379,200.00	23,040.00	3.20	1,040.00								0.40
Mohamed Almulia	Senior Accountant 2	325.00	5,200.00	1,580.00										0.40
Amanda Flett	Accountant	285.00	0,500.00	141.00										4.90
Benjamin Robson	Accountant	285.00	196,100.00	36,683.50										181.18
Lisa Ringuel	Accountant	265.00	0,300.00	70.50										4.70
Various	Administration	130.00	161,900.00	20,851.70										0.60
	Total		1,577,900.00	642,240.70	78.50	39,550.00	107.90	\$ 43,378.00	169.80	\$ 73,577.50	313.20	\$ 151,417.00	237.50	\$ 115,713.00
	GSST			64,224.07										199.50
	Grand Total			706,464.77										670.00

LM Administration Pty Ltd
Administrators Appointed

Remuneration Report by
Voluntary Administrator



Our Ref: 13-40003

ASIC

Australian Securities & Investments Commission

30 April 2013

Commonwealth Bank Building
240 Queen Street, Brisbane
GPO Box 9827 Brisbane QLD 4001
DX 322 Brisbane

Telephone: (07) 3867 4700
Facsimile: (07) 3867 4725

LM Investment Management Limited (Administrators Appointed)
c/- Ginette Muller and John Park
FTI Consulting (Australia) Pty Ltd
22 Market Street
Brisbane Qld 4000
Email: ginette.muller@fticonsulting.com & john.park@fticonsulting.com

Dear Ms Muller and Mr Park

Notice of Direction under s912C(1) of the *Corporations Act 2001*

I enclose a Notice of Direction (**Direction**) under section 912C(1) of the *Corporations Act 2001 (the Act)*.

You should read the Direction carefully. You will see that it requires LM Investment Management Limited (Administrators Appointed) (**the Licensee**) to give to the Australian Securities & Investments Commission (**ASIC**) a written statement containing certain information by 11:00am on 1 May 2013. Details are set out in the Direction.

The Licensee may comply with the Direction by emailing the written statement to anne.gubbins@asic.gov.au.

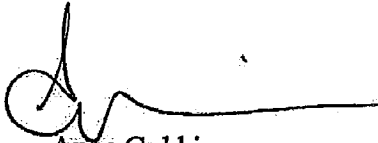
The Licensee is entitled to consult with its legal adviser in relation to its obligations under the Direction.

I draw your attention to the note enclosed with the Direction which contains information relevant to the Direction, including some definitions of expressions which may be used, and some of the offence and penalty provisions relating to non-compliance with the Direction. It also deals with the application of legal professional privilege to the Direction.

The Direction should not be construed as an indication by ASIC that a contravention of the law has occurred, nor should it be considered a reflection upon any person or entity.

If you have any questions about the Direction, please contact me on (07) 3867 4871.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Anne Gubbins', with a long horizontal flourish extending to the right.

Anne Gubbins
Senior Lawyer



800691059

ASIC

Australian Securities & Investments Commission

**AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION
SUBSECTION 912C(1) OF THE *CORPORATIONS ACT 2001***

NOTICE OF DIRECTION TO GIVE A WRITTEN STATEMENT

To: LM Investment Management Limited (Administrators Appointed)
c/- Ginette Muller and John Park
FTI Consulting (Australia) Pty Ltd
22 Market Street
Brisbane Qld 4000

Australian financial services licence number: 220281

You are notified under section 912C(1) of the *Corporations Act 2001 (the Act)* that you are directed to give:

to: Australian Securities & Investments Commission
at: Level 20, 240 Queen Street, Brisbane, Queensland
by: 1 May 2013
on: 11:00am

a written statement containing the information about the financial services provided by you or your representatives specified in the Schedule to this Direction.

Date: 30 April 2013

Signed:

Anne Gubbins

a delegate of the Australian Securities & Investments Commission.

SCHEDULE

This is the Schedule referred to in the section 912C Direction to LM Investment Management Limited (Administrators Appointed) dated 30 April 2013.

For the purpose of this Schedule:

"Administrators" means Ginette Muller and John Park of FTI Consulting (Australia) Pty Ltd as administrators of LM Investment Management Limited (Administrators Appointed)

"FMIF" means the LM First Mortgage Income Fund

"LM Funds" means the following registered managed investment schemes collectively:

- (a) The LM First Mortgage Income Fund;
- (b) The LM Currency Protected Australian Income Fund;
- (c) The LM Institutional Currency Protected Australian Income Fund;
- (d) The LM Cash Performance Fund;
- (e) The Australian Retirement Living Fund,
- (f) The LM Australian Income Fund; and
- (g) The LM Australian Structured Products Fund.

"LMIM" means LM Investment Management Limited (Administrators Appointed) ACN 077 208 461

LMIM is required to provide a written statement containing the following information about the financial services provided by it or its representatives:

1. In relation to each of the LM Funds:
 - a. Does LMIM consider that the purpose of the fund cannot be accomplished and/or should otherwise be wound up?
 - b. If LMIM cannot currently answer the question in subparagraph (a) above, provide an estimate as to when it will be in a position to make such a determination.
 - c. Does LMIM believe that a new, permanent, responsible entity (independent of the Administrators and LMIM) should be appointed to the fund?
 - d. If the answer to subparagraph (c) is yes, when does LMIM consider this should occur and explain the bases for this view?

- e. If the answer to subparagraph (c) is no, explain why not. Please also explain how this will not result in conflicts of interest between the responsible entity and the fund.
2. On 23 April 2013, at a meeting with ASIC representatives, Ms Muller advised that she considered she would be in a position to make a determination on whether the LM Funds should be wound up within two weeks of that date.
 - a. Has this position changed?
 - b. If so, please explain what has changed and why this has affected LMIM's ability to make such a determination?
 3. Explain the basis for calling the meeting of unit holders of the FMIF scheduled to be held on 20 May 2013.
 4. Explain why LMIM considers it to be in the best interests of unit holders of the FMIF not to include an alternate resolution for the winding up of the FMIF in the meeting of unit holders of the FMIF scheduled to be held on 20 May 2013.

INFORMATION ABOUT THE NOTICE OF DIRECTION

Relevant Statutory Provisions

[All section references are to the *Corporations Act 2001* (the Act) unless otherwise indicated]

Subsection 912C(1) provides that the Australian Securities & Investments Commission (ASIC) may, by giving written notice to a financial services licensee, direct the licensee to give to ASIC a written statement containing the specified information about:

- (a) the financial services provided by the licensee or its representatives; or
- (b) the financial services business carried on by the licensee.

Under s912C(3), the licensee must comply with a direction given under s912C:

- (a) within the time specified in the direction if that is a reasonable time; or
- (b) in any other case, within a reasonable time.

ASIC may extend the time within which the licensee must comply with the direction by giving written notice to the licensee: s912C(3).

ASIC may suspend or cancel a licence under s915C(1)(a) of the Act if the licensee has not complied with its obligations under s912A. Among the list of obligations under s912A, is the obligation to comply with the financial services laws: s912A(1)(c).

Non-compliance with a direction that ASIC gives under s912C(1), within the time set out in s912C(3), may constitute a failure to comply with a financial services law.

ASIC may only suspend or cancel a licence if it first gives the licensee an opportunity:

- (a) to appear or be represented at a hearing before ASIC. The hearing is conducted in private: s915C(4); and
- (b) to make submissions to ASIC on the matter: s915C(4).

Legal Professional Privilege

For the purposes of your obligations arising from the Direction, legal professional privilege is a reasonable excuse for not providing information pursuant to the Direction. Accordingly, you are not obliged to provide under the Direction information that is covered by a valid claim of legal professional privilege.

A person who claims legal professional privilege must establish that the privilege exists. If you claim that any information that you are required to provide is subject to legal professional privilege, you must provide ASIC with sufficient information to allow its officers to make an informed decision about whether the claim for privilege can be supported.

For that purpose, if the information over which you claim legal professional privilege was or is currently, comprised in the whole or part of a document, you should prepare a list, in writing, which specifies for each document or part thereof you claim is privileged:

- (a) the time, date, type, author, recipient and subject matter of that document or part thereof, and whether it is an original or copy;
- (b) if the original or a copy of the document or part thereof has been provided to any person who is not the privilege holder or a legal representative of the privilege holder, the identity of the persons to whom the original or a copy of the document or part thereof has been provided and the basis on which it was provided to those persons;
- (c) the grounds on which legal professional privilege is claimed;
- (d) the facts that are relied upon as giving rise to the claim of legal professional privilege. Those facts should include (but not be limited to) details of the dominant and any other purpose for which the information was brought into existence.

You will be requested to specify whether an in-house legal counsel was involved in the preparation of that document or part thereof and to provide sufficient details about that person's independence and the capacity in which they acted in relation to the preparation of that document or part thereof; and

- (e) the identity of the person in whose name the claim of legal professional privilege is made.

If the information over which you claim legal professional privilege was the subject of an oral communication, you should prepare a list, in writing, which specifies for each oral communication you claim is privileged:

- (i) the grounds on which legal professional privilege is claimed;
- (ii) the facts that are relied upon as giving rise to the claim of legal professional privilege. Those facts should include (but not be limited to) details of the dominant and any other purpose for which the communication was made.

You will be requested to specify whether an in-house legal counsel was involved in the communication and to provide sufficient details about that person's independence and the capacity in which they acted in relation to the communication;

- (iii) the identity of the person in whose name the claim of legal professional privilege is made;
- (iv) the date and time of, and parties to, the communication; and
- (v) the subject matter of, location at, and means by which, the communication took place.

Unless ASIC otherwise agrees, you should provide the list(s) relating to your privilege claims to ASIC on or before the due date of the Direction.

Definitions

"financial service" has the meaning given by Division 4 of Part 7.1: s761A. A person provides a financial service if they:

- (a) provide financial product advice (see section 766B); or
- (b) deal in a financial product (see section 766C); or
- (c) make a market for a financial product (see section 766D); or
- (d) operate a registered scheme; or
- (e) provide a custodial or depository service (see section 766E); or
- (f) engage in conduct of a kind prescribed by regulations made for the purpose of this paragraph.

[s766A(1)]

"financial services business" means a business providing financial services: s761A.

Note: The meaning of "carry on a financial services business" is affected by s761C of the Act.

"financial services licensee" means a person who holds an Australian financial services licence: s761A.

"representative" has the meaning given by s910A of the Act and includes:

- an authorised representative of the Licensee; or
- an employee or director of the Licensee; or
- an employee or director of a related body corporate of the Licensee; or
- any other person acting on behalf of the Licensee.

"financial services law" means:

- (a) a provision of Chapter 7 or of Chapter 5C, 6, 6A, 6B, 6C or 6D of the Corporations Act; or
- (b) a provision of Chapter 9 of the Corporations Act as it applies in relation to a provision referred to in paragraph (a); or
- (c) a provision of Division 2 of Part 2 of the ASIC Act; or
- (d) any other Commonwealth, State or Territory legislation that covers conduct relating to the provision of financial services (whether or not it also covers other conduct), but only in so far as it covers conduct relating to the provision of financial services.

[s761A]

Offences

A person who, in a document required by or for the purposes of the Corporations Act or lodged with or submitted to ASIC, makes or authorises the making of a statement that to the person's knowledge is false or misleading in a material particular, or omits or authorises the omission of any matter or thing without which the document is to the person's knowledge misleading in a material respect, is guilty of an offence: s1308(2).

A person who, in a document required by or for the purposes of the Corporations Act or lodged:

- (a) makes or authorises the making of a statement that is false or misleading in a material particular; or
- (b) omits or authorises the omission of any matter or thing without which the document is misleading in a material respect;

without having taken reasonable steps to ensure that the statement was not false or misleading or to ensure that the statement did not omit any matter or thing without which the document would be misleading, as the case may be, is guilty of an offence: s1308(4).

A person must not, without lawful excuse, obstruct or hinder ASIC, or any other person, in the performance or exercise of a function or power under the Corporations Act: s1310.

Account Transaction Detailed Listing: 8974 - LM Investment Management Limited (In Liquidation)
Selected Account(s): From: 19/03/2013 To: 29/02/2016

LOAN TO LMA

Date	Ref	Payee (Payor) - Account	GST	Net	GST	Debit	Credit	Balance	TransID
19/03/13		Opening Balance						0.00	
26/03/13		Loan to LMA LM Administration		1,053,283.39					
						1,053,283.39	1,053,283.39		431310
27/03/13		Loan to LMA LM Administration Pty Ltd		(528,283.39)					
						(528,283.39)	525,000.00		430851
16/04/13	EFT	Loan to LMA LM Administration Pty Ltd		64,000.00					
						64,000.00	589,000.00		431036
23/04/13	EFT	Loan to LMA LM Administration Pty Ltd		150,000.00					
						150,000.00	739,000.00		431086
02/05/13	EFT	Loan to LMA LM Administration Pty Ltd		100,000.00					
						100,000.00	839,000.00		431160
03/05/13		Loan to LMA LM Administration Pty Ltd		26,123.30					
						26,123.30	865,123.30		431221
08/05/13	EFT	Loan to LMA LM Administration Pty Ltd		25,000.00					
						25,000.00	890,123.30		431343
14/05/13	EFT	Loan to LMA LM Administration Pty Ltd		40,000.00					
						40,000.00	930,123.30		431384
14/05/13	EFT	Loan to LMA LM Administration Pty Ltd		148,193.00					
						148,193.00	1,078,316.30		431421
20/05/13	EFT	Loan to LMA LM Administration Pty Ltd		200,000.00					
						200,000.00	1,278,316.30		432156
29/05/13	EFT	Loan to LMA LM Administration Pty Ltd		97,000.00					
						97,000.00	1,375,316.30		433056
04/06/13	EFT	Loan to LMA LM Administration Pty Ltd		66,000.00					
						66,000.00	1,441,316.30		433456
11/06/13	EFT	Loan to LMA LM Administration Pty Ltd		96,000.00					
						96,000.00	1,537,316.30		433514
17/06/13	EFT	Loan to LMA LM Administration Pty Ltd		222,000.00					
						222,000.00	1,759,316.30		433916
17/06/13		Loan to LMA LM FMIF		(224,740.07)					
						(224,740.07)	1,534,576.23		433917
25/06/13	EFT	Loan to LMA LM Administration Pty Ltd		112,584.00					
						112,584.00	1,647,160.23		434056
30/06/13		Loan to LMA LM Administration Pty Ltd		(1,647,160.23)					
						(1,647,160.23)	0.00		434517
01/07/13	EFT	Loan to LMA LM Administration Pty Ltd		40,494.00					
						40,494.00	40,494.00		434337
09/07/13		Loan to LMA LM Administration Pty Ltd		(40,494.00)					
						(40,494.00)	0.00		434547
06/08/13	EFT	Loan to LMA LM Administration Pty Ltd		19,806.00					
						19,806.00	19,806.00		435586
19/06/14	EFT	Loan to LMA LM Administration Pty Ltd (In		(19,806.00)					
						(19,806.00)	0.00		564590
Totals:									
					0.00	2,460,483.69	(2,460,483.69)		

LM Administration Pty Ltd (Administrators Appointed) ("LMA")

Tax Invoice

ABN 62 558 147 220

Date: 4 July 2013

To: LM Investment Management Limited (Administrators Appointed) ("LMIM")
PO Box 8965
GCMC QLD 4217

Invoice No: 8973Inv002

Reference: LMA - Resources fee 19 March 2013 to 30 June 2013

Date	Description	Amount \$
4/07/13	Resources Fee calculated pursuant to clause of 4.2 of Services Agreement as follows: Net operational Costs incurred LMA 19 March 2013 to 30 June 2013 as per attached schedule.	2,043,782.83
	Total Invoice	2,043,782.83

Sale Amount: 2,043,782.83
GST: 204,378.28

Total Inc GST: 2,248,161.11
Total Paid: 0.00

Balance Due: 2,248,161.11

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)
BSB: 064 000
Account Number: 13405835
Payment Reference: 8973Inv001

Note: This invoice replaces previously issued invoice 8973inv001.

LMA Operational Costs 19.03.13 to 30.06.13
LM Administration Pty Ltd (Administrators Appointed)

Description	Payments to	\$ Amount (GST Exclusive)
ASIC CHARGES	Australian Securities and Investments	-87
FREIGHT OUTWARDS	TNT Express Australia	-879
HIRE & LEASING EQUIPMENT	Various suppliers	-44,150
IT COSTS	Worldwide Online Printing	-37,436
PRINTING & STATIONERY	Robbie & Associates Pty Ltd Trust	-2,430
RENT & RATES PREMISES	Various suppliers	-105,380
REPAIRS & MAINTENANCE	Paradise Security Australia Pty Ltd	-483
SECURITY	ST Business Trust	-2,862
SUBCONTRACTORS	Various suppliers	-76,927
SUNDRY EXPENSES	Macquarie Telecom	-6,088
TELEPHONE & FAX	WHSO Consultants	-44,405
WORKPLACE HEALTH AND SAFETY INSPECTION	Corporate Traveller QLD107	-300
TRAVEL EXPENSES	Employees	-199
WAGES & SALARIES	Employees	-1,017,641
PAYG WITHHELD (accrued to 30 June 2013)	Employees	-379,266
SUPERANNUATION (accrued to 30 June 2013)	Employees	-124,811
PAYROLL TAX (accrued to 30 June 2013)	OSR EPS Tax Remitting Account	-71,321
WORKCOVER	Work Cover Queensland	-3,056
STAFF EXPENSES	Employees	-126,064
Total		-2,043,782.83

LMM Operational Costs 19.03.13 to 30.06.13
LM Investment Management Ltd (Administrators Appointed)

Description	Payment To	\$ Amount (GST Exclusive)
ASIC CHARGES	Australian Securities and Investments	-22.00
BANK CHARGES	Commonwealth Bank of Australia - Transaction	-83.55
LICENCE CHARGES	Financial Ombudsman Service Limited	-550.00
INSURANCE	Various	-123,795.08
Total		-124,450.63

LM Investment Management Limited (Administrators Appointed)

Tax Invoice

ABN 68 077 208 461

Date: 30 June 2013

To: LM First Mortgage Income Fund ("LM FMIF")
Level 1, 38 Cavill Avenue
SURFERS PARADISE QLD 4217

Invoice No: 8974inv1

Reference: Fund allocation of resource and business expenses 19 March 2013 to 30 June 2013

Date	Description	Amount \$
30/06/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (Administrators Appointed) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (Administrators Appointed) for period 19 March 2013 to 30 June 2013. LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	1,380,464.92
	Total Invoice	1,380,464.92

Sale Amount: 1,380,464.92
GST: 138,046.49

Total Inc GST: 1,518,511.41
Total Paid: 1,103,596.41

Balance Due: 414,915.00

Please pay to following account:

Account Name: LM Investment Management Ltd (Administrators Appointed)
BSB: 064 000
Account Number: 13409158
Payment Reference: 8974inv1

LM INVESTMENT MANAGEMENT LTD (ADMINISTRATORS APPOINTED) ("LMIM")

Operational Costs for Period 19 March 2013 to 30 June 2013

\$

LM Administration Pty Ltd (Administrators appointed) resources fee as detailed in attached invoice 8973hvw02
 LM Investment Management Ltd (Administrators appointed) operational costs incurred directly - schedule attached

\$2,045,782.83 net
 \$124,450.63 net

TOTAL OPERATIONAL COSTS LMIM/LMA 19 March 2013 to 30 June 2013

\$2,168,233.46 net

LM Managed Performance Fund allocation of costs for period 19 March 2013 to 12 April 2013 based on % FUM to 12 April 2013
 Balance of operational costs owing for period 19 March 2013 to 30 June 2013

\$561,589.30 net
 \$1,606,644.16 net

Allocation of balance of operational costs across LMI FMI and LM AIF managed by LMIM

\$1,606,644.16 net

Fund Name	FUM EOM: Aggregate March - June 2013	FUM as percentage of total	Allocation of Costs
LM First Mortgage Income Fund	\$278,724,192.00	85.92%	\$1,380,464.97 net
LM Australian Income Fund	\$45,866,952.00	14.08%	\$225,179.24 net
Grand Total	\$324,591,144.00	100%	\$1,606,644.16 net

LM Administration Pty Ltd (Administrators Appointed) ("LMA")

Tax Invoice

ABN 62 558 147 220

Date: 26 July 2013

To: LM Investment Management Limited (Administrators Appointed) ("LMIM")
PO Box 8965
GCMC QLD 4217

Invoice No: 8973Inv006

Reference: LMA - Resources fee 1 July 2013 to 26 July 2013

Date	Description	Amount \$
26/07/13	Resources Fee calculated pursuant to clause of 4.2 of Services Agreement as follows: Net operational Costs incurred LMA 1 July 2013 to 26 July 2013 as per attached schedule.	368,268.63
	Total Invoice	368,268.63

Sale Amount: 368,268.63
GST: 36,826.86

Total Inc GST: 405,095.49
Total Paid: 0.00

Balance Due: 405,095.49

Please pay to following account:

Account Name: LM Administration Pty Ltd (Administrators Appointed)
BSB: 064 000
Account Number: 13405835
Payment Reference: 8973Inv006

LMA Operational Costs 01.07.13 to 26.07.13
LM Administration Pty Ltd (Administrators Appointed)

Description	Payment To	\$ Amount (GST Excl. (a))
DOCUMENT DESTRUCTION	Shred-X Pty Ltd	-688
FREIGHT OUTWARDS	TNT Express Australia	-152
HIRE & LEASING EQUIPMENT	Macquarie Equipment Rentals	-2,139
INSURANCE	Blue Broking Pty Ltd	-21,992
IT COSTS	Various suppliers	-11,664
PRINTING & STATIONERY	Staples Australia Pty Ltd (Corporate Express)	-370
RECORD STORAGE AND FREIGHT	Grace Records Management	-5,821
STAFF EXPENSES	Staff Expenses	-119
SUBCONTRACTORS	Various subcontractors	-33,984
SUNDRY EXPENSES	Venes Water Supply	-60
TELEPHONE & FAX	Macquarie Telecom	-6,661
WORKPLACE HEALTH AND SAFETY INSPECTION	WHSO Consultants	-210
WAGES & SALARIES	Employees	-131,345
PAYG WITHHELD (accrued to 26 July 2013)	Employees	-52,279
SUPERANNUATION (accrued to 26 July 2013)	Employees	-17,161
PAYROLL TAX (accrued to 26 July 2013)	OSR EPS Tax Remitting Account	-1,274
Sub Total		-285,918.35

Estimated Expenses Incurred by LMA (Administrators appointed) to 26/07/13 (Not yet Paid)

Leased premises	RRA	-27,362
workcover	Work Cover Queensland	-352
Contractors	Invoice for WE 26/07 Michelle Ballard	-2,250
Approved Purchase orders - suppliers	As per PO Schedule outstanding PO's	-12,462
leased equipment	Estimated to be paid Capital Finance & NEC equipments	-5,247
telephone	Telstra Invoice	-32,338
Other Suppliers	Estimate as per cashflow	-2,338
Sub Total		-82,350.28

Total	-368,268.63
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LM Investment Management Limited (Administrators Appointed)

Tax Invoice

ABN 68 077 208 461

Date: 26/07/2013

To: LM First Mortgage Income Fund ("LM FMIF")
Level 1, 38 Cavill Avenue
SURFERS PARADISE QLD 4217

Invoice No: 8974inv5

Reference: Fund allocation of resource and business expenses 1 to 26 July 2013

Date	Description	Amount \$
26/07/13	Reimbursement of expenses in relation to operational costs incurred by LM Investment Management Pty Ltd (Administrators Appointed) as Responsible Entity whether directly or via its appointed service entity LM Administration Pty Ltd (Administrators Appointed) for period 1 to 26 July 2013 LM FMIF allocation calculated as a % of FUM as detailed in the attached documentation.	322,430.39
	Total Invoice	

Sale Amount: 322,430.39

GST: 32,243.03

Total Inc GST: 354,673.42

Total Paid: 0.00

Balance Due: 354,673.42

Please pay to following account:

Account Name: LM Investment Management Ltd (Administrators Appointed)
BSB: 064 000
Account Number: 13409158
Payment Reference: 8974inv5

LMIM Operational Costs 1/1/13 to 26/7/13
LM Investment Management Ltd (Administrators Appointed)

Description	Payment to	\$ Amount (GST inclusive)
RESOURCES - LMA LICENCE CHARGES INSURANCE	LM Administration Pty Ltd (Administrators Appointed) to 26/7/13 Financial Ombudsman Service Limited Macquarie Premium Funding	-368,268.63 -450.00 -9,546.26
Total		-378,264.89

Allocation of operational costs across LM FMIIF and LM AIF managed by LMIM net

Fund Name	FUM EDM 30 June 2013	FUM as percentage of Total	Allocation of Costs
LM First Mortgage Income Fund	\$276,077,527.32	85.24%	-\$322,430.39
LM Australian Income Fund	\$47,807,687.06	14.76%	-\$55,834.50
Grand Total	\$323,885,214.38	100%	-\$378,264.89

**Account Transaction Detailed Listing: 8974 - LM Investment Management Limited (In Liquidation)
 Selected Account(s): From: 19/03/2013 To: 29/02/2016
 RESOURCES FEE PAID (TRADING)**

Date	Ref	Payee (Payor) - Account	Debit	Credit	Balance
19/03/13		Opening Balance			0.00
30/06/2013	8973inv002	Resources Fee		2,248,161.11	-2,248,161.11
30/06/13	434517	LM Administration Pty Ltd (Loan Account)	1,647,160.23		- 601,000.88
09/07/13	434547	LM Administration Pty Ltd (Loan Account)	40,494.00		- 560,506.88
12/07/13	EFT	LM Administration Pty Ltd	100,000.00		- 460,506.88
24/07/13	EFT	LM Administration Pty Ltd	220,000.00		- 240,506.88
26/07/2013	8973inv006	Resources Fee	0.00	405,095.49	- 645,602.38
30/07/13	EFT	LM Administration Pty Ltd	40,305.61		- 605,296.77
06/08/13	EFT	LM Administration Pty Ltd	55,194.00		- 550,102.77
19/06/14	EFT	LM Administration Pty Ltd (In	264,000.00		- 286,102.77
Totals:			2,367,153.83	2,653,256.61	0.00

Branslet

ThomsonsLawyers[®]

MANAGEMENT SERVICES AGREEMENT

between

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

and

LM Investment Management Limited
ACN 077 208 461
(Responsible Entity)

and

LM Administration Pty Ltd
ACN 055 691 426
(Manager)

Level 16, Waterfront Place, 1 Eagle Street
Brisbane QLD 4000 Australia
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Sydney
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- between **The Trust Company (PTAL) Limited** ACN 008 412 913 of c/- Level 4,
9 Beach Road, Surfers Paradise QLD 4217 (**Mortgagee**)
- and **LM Investment Management Limited** ACN 077 208 461 of c/- Level 4,
9 Beach Road, Surfers Paradise QLD 4217 (**Responsible Entity**)
- and **LM Administration Pty Ltd** ACN of of c/- Level 4, 9 Beach Road, Surfers
Paradise QLD 4217 (**Manager**)

RECITALS

- A. The Mortgagors have provided the Mortgages in support of a loan that has been provided by the Mortgagee to the Borrower.
- B. The Borrower is indebted to the Mortgagee.
- C. The Responsible Entity of the Fund has entered into a custody agreement dated 4 February 1999 with the Mortgagee.
- D. The Mortgagee holds the Security to secure the payment to the Mortgagee of the monies by the Borrower and the Mortgagors to the Mortgagee.
- E. Events have occurred which have led to the Security becoming enforceable.
- F. By virtue of the powers in the Security, the Mortgagee is entitled to exercise extensive rights in relation to the Secured Property including taking possession and control of the Secured Property, and managing and otherwise dealing with the Secured Property.
- G. The Mortgagee has requested that the Manager provide certain management services commencing on the Commencement Date to assist the Mortgagee in exercising its rights pursuant to the Security.
- H. The Manger has agreed to provide the Services to the Mortgagee commencing on the Commencement Date on the terms set out in this agreement.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The following definitions apply in this agreement (including the recitals) unless contrary to or inconsistent with the context:

Act means legislation or statutory instrument of the Parliament or a State or Territory or the Commonwealth of Australia;

Borrower means the party described in Schedule 1;

Commencement Date means the date listed in Schedule 1;

Confidential Information means any information provided by the Mortgagee, Responsible Entity or any of its Representatives to the Manager or any of its Representatives, or otherwise obtained by the Manager or any of its Representatives, whether obtained before or after execution of this agreement, in connection with the Mortgagee, the Responsible Entity, the Services or this agreement. It includes all of the following:

- (a) all confidential business information, documents, records, financial information, reports, technical information and forecasts which relate to the Mortgagee or the Responsible Entity or each of their businesses;
- (b) the Mortgagee's or the Responsible Entity's intellectual property;
- (c) the terms and conditions of this agreement;
- (d) any information created under or arising out of the provision of Services under this agreement,

it does not include either of the following:

- (a) information which is in or becomes part of the public domain, other than through a breach of this agreement or an obligation of confidence owed to the Mortgagee, the Responsible Entity or any of their Representatives;
- (b) which the Manager can prove by contemporaneous written documentation was independently acquired or developed without breaching any of the obligations set out in this agreement;

Corporations Act means the *Corporations Act 2001* (Cth) and any regulations made under it;

Fund means the LM First Mortgage Income Fund ARSN 089 343 288;

Insolvency Event in relation to a person means anything that reasonably indicates that there is a significant risk that that person is or will become unable to pay its debts as they fall due. This includes any of the following:

- (c) a meeting of the person's creditors being called or held;
- (d) a step being taken to make the person bankrupt or to wind the person up;
- (e) the appointment of a controller or administrator as defined in section 9 of the Corporations Act;
- (f) the person entering into any type of agreement, composition or arrangement with, or assignment for, the benefit of all or any of its creditors;
- (g) the person being made subject to a deed of company arrangement;
- (h) a step being taken to have a receiver, receiver and manager, liquidator or provisional liquidator appointed to the person or any of its assets;

Loss means any loss including any liability, cost, expense (including legal costs on a full indemnity basis), claim, proceeding, action, demand or damage;

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

Mortgagor means the party named in Schedule 1;

Powers means any right, power, authority, discretion, duty or remedy conferred on the Mortgagee by the Security, any Act, or any other document or applicable law or equity;

Related Entity has the same meaning as under the Corporations Act;

Representative means any director, officer, employee, agent, contractor, financier, professional adviser or Related Entity of a party;

Responsible Entity means LM Investment Management Limited ACN 077 208 461;

Secured Property means the property that is described in Schedule 1;

Security means the security that is described in Schedule 1;

Services means the services listed in Schedule 2;

1.2 Interpretation

The following rules also apply in interpreting this agreement, except where the rules are contrary to or inconsistent with the context:

- (a) Headings are inserted for convenience only, and do not affect the interpretation of this agreement.
- (b) A reference in this agreement to:
 - (i) dollars or \$ means Australian dollars and all amounts payable under this agreement are payable in Australian dollars;
 - (ii) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation or regulations issued under it;
 - (iii) a document or agreement, or a provision of a document or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
 - (iv) a clause, part, schedule or attachment is a reference to a clause, part, schedule or attachment of or to this agreement;
 - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
 - (vi) anything (including a right, obligation or concept) includes each part of it.
- (c) A singular word includes the plural, and vice versa.
- (d) A word which suggests one gender includes the other genders.
- (e) If a word is defined, another part of speech or other grammatical form in respect of that word has a corresponding meaning.
- (f) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.

- (g) The word **agreement** includes an undertaking or other binding arrangement or understanding, whether or not in writing.

2. APPOINTMENT TO PROVIDE THE SERVICES

2.1 Appointment

The Mortgagee appoints the Manager to provide the Services in accordance with the terms of this agreement.

2.2 Non-exclusive appointment

The appointment of the Manager under this agreement is non-exclusive. It does not restrict the Mortgagee's right to contract with other persons for the performance of services similar to the Services.

3. TERM

3.1 Term

This agreement starts on the Commencement Date and will remain in force until terminated by either party in accordance with this agreement.

4. THE SERVICES

4.1 Provision of Services

- (a) The Manager must provide the Services in accordance with this agreement.
- (b) At all times during the term of this agreement, the Manager must provide the Services in all the following ways:
- (i) promptly, carefully and to the highest possible standards;
 - (ii) exercising all due care, skill and judgement, in an efficient, professional and cost effective manner and in accordance with accepted professional and business practices;
 - (iii) in accordance with the reasonable instructions or directions given by the Mortgagee.

4.2 Compliance with laws, policies and directions

At all times during the term of this agreement, the Manager must do all of the following:

- (a) hold all authorisations, permits and licences required under any law to perform the Services;
- (b) comply with the requirements of all laws of any kind applying to the performance of the Services;
- (c) comply with the Mortgagee's standards, operating principles, policies and procedures, subject to clause 4.2(b).

4.3 Periodic reviews

- (a) The Mortgagee may conduct periodic reviews of the provision of the Services to assess the Manager's performance, to seek improvements in the provision of the Services and to resolve any issues that may arise.
- (b) The Manager must cooperate in the review process, supply the Mortgagee with any documents reasonably required by the Mortgagee and comply with all recommendations that result from the review.

4.4 Conflicts of interest

- (a) The Manager must not undertake any work or perform any services for other persons which may conflict with his obligations under this agreement. The Manager warrants that at the date of this agreement no conflict of interest exists or is reasonably foreseeable in relation to the performance of his obligations under this agreement.
- (b) The Manager must immediately notify the Mortgagee of any matter which may give rise to an actual or potential conflict of interest at any time. If a conflict of interest arises during the term of this agreement, or any matter may give rise to an actual or potential conflict of interest, the Manager must do both of the following:
 - (i) notify the Mortgagee immediately of the conflict or matter and its plan for resolving or avoiding the conflict;
 - (ii) take such action as may be necessary to resolve or avoid the conflict of interest, including any action that the Mortgagee may specify to ensure that the conflict is resolved or avoided in a manner satisfactory to the Mortgagee (acting reasonably).

5. MORTGAGEE'S AGENT

5.1 Mortgagee's agent

The Manager will be the agent of the Mortgagee in exercising those powers of the Mortgagee which form part of the Services and which may properly be delegated by the Mortgagee to an agent under the Security and at law.

5.2 Mortgagee in possession

Nothing in this agreement constitutes a liability on the part of the Manager to account to the Mortgagor as mortgagee in possession.

6. REPORTS, INFORMATION AND RECORDS

6.1 Reports

- (a) The Manager must deliver reports to the Mortgagee in relation to the Services within a reasonable time after the Mortgagee so requests. The reports must include all information the Mortgagee may reasonably require to be included from time to time.

- (b) All reports generated by the Manager will be the property of the Mortgagee. The Manager may retain a copy of the reports for internal record keeping purposes only.

6.2 Information

In addition to the reports to be delivered under clause 6.1(a), the Mortgagee may require the Manager to provide it with information concerning any aspect of the Services which the Mortgagee may require. The Manager must provide the information within 5 business days of receiving a request to do so.

6.3 Records

The Manager must keep full records and documentation in relation to the Services in hard copy form. The Manager must do so during the term of this agreement and for 7 years after the agreement set out in this agreement ends. On request by the Mortgagee, the Manager must make all documents and records relating to the Services available to the Mortgagee for inspection.

7. SERVICE FEES AND EXPENSES

7.1 Service fees

In consideration for the Manager providing the Services, the Mortgagee shall pay the Manager the service fees set out in Schedule 1 in accordance with the terms set out in Schedule 1.

7.2 Expenses

In addition to paying the service fees referred to in clause 7.1, the Mortgagee shall pay the Manager's reasonable out-of-pocket expenses incurred in performing the Services. The Manager must provide appropriate tax invoices for those expenses prior to being reimbursed by the Mortgagee.

8. CONFIDENTIALITY

8.1 Obligations of confidence

Where the Manager receives Confidential Information from the Mortgagee and/or the Responsible Entity under this agreement or otherwise in connection with the Services, the Manager must do all of the following:

- (a) keep the Confidential Information confidential;
- (b) not use, disclose or reproduce the Confidential Information for any purpose other than the purposes of this agreement;
- (c) not, without the Mortgagee's or Responsible Entity's prior written consent, disclose Confidential Information to any person other than his employees, subcontractors, agents and Representatives who need the information for the purposes of this agreement;
- (d) establish and maintain effective security measures to safeguard the Confidential Information from unauthorised access, use, copying or disclosure.

8.2 Further permitted use and disclosure

Notwithstanding clause 8.1, the Manager may use or disclose Confidential Information to the extent necessary to fulfil any of the following:

- (a) comply with any law, binding directive of a regulator or a court order;
- (b) comply with the listing rules of any stock exchange on which its securities are listed;
- (c) obtain professional advice in relation to matters arising under or in connection with this agreement.

8.3 Exclusions

Clause 8.1 does not apply to Confidential Information for which any of the following applies:

- (a) information which is in or becomes part of the public domain otherwise than through breach of an obligation of confidence;
- (b) information which was known to the Manager at the time of disclosure, unless such knowledge arose through breach of an obligation of confidence;
- (c) information which the Manager acquires from a third party where that third party was entitled to disclose it.

8.4 Responsibility for Representatives

The Manager must ensure that his employees, subcontractors, agents and Representatives do not do, or omit to do anything, which if done or omitted to be done by the Manager, would breach this clause.

8.5 Undertakings from Representatives

The Mortgagee may at any time require any employees, subcontractors, agents or Representatives of the Manager engaged in the performance of obligations under this agreement to give written undertakings in a form prepared by the Mortgagee relating to the non-disclosure of the Confidential Information and the Manager must promptly arrange for all such undertakings to be given.

8.6 Notification of unauthorised use etc.

The Manager must immediately notify the Mortgagee of any potential, suspected or actual unauthorised use, copying or disclosure of the Confidential Information.

8.7 Return of Confidential Information

The Manager must immediately on demand, or on completion or termination of this agreement, return to the Mortgagee and/or the Responsible Entity any documents in its possession, power or control containing Confidential Information. The Manager may retain a copy of any Confidential Information to the extent required to comply with any legal requirements on the Manager.

8.8 Equitable remedies

The Manager acknowledges that a breach of the confidentiality obligations set out in this agreement by him may cause the Mortgagee and/or the Responsible Entity

irreparable damage for which monetary damages would not be an adequate remedy. Accordingly, in addition to a claim for damages and any other remedies available at law or in equity, the Mortgagee and the Responsible Entity may seek specific performance or injunctive relief (as appropriate) against any breach or threatened breach by the Manager, or the employees, subcontractors, agents or Representatives of the Manager.

8.9 Obligations to continue after agreement ends

All obligations of confidence set out in this agreement continue in full force and effect after this agreement ends.

9. MANAGER WARRANTIES

9.1 Performance of Services

The Manager represents and warrants to the Mortgagee and the Responsible Entity on a continuing basis that that it and its Representatives, employees, and agents have the necessary skills, experience and qualifications to perform the Services and agrees to do all things necessary to maintain the competencies and qualifications for which it is appointed.

10. LIABILITY AND INDEMNITY

10.1 Liability and indemnity

The Manager will be liable for and continually indemnifies the Mortgagee, the Related Entity and their officers, employees, Representatives and agents against all Loss suffered or incurred by any of those indemnified as a result of a breach of this agreement by the Manager. Without limiting the above, this includes any Loss caused by any of the following:

- (a) any infringement by the Manager or his employees, agents or subcontractors of the intellectual property rights of the Mortgagee, Responsible Entity, or a third party;
- (b) a breach of the obligations of confidence set out in clause 8;
- (c) a breach of any of the representations and warranties in clause 9;
- (d) any negligent or wrongful acts or intentional misconduct of the Manager or its employees, agents or subcontractors.

11. SUSPENSION OF PAYMENTS

11.1 Default by Provider

If the Manager defaults in the performance of its obligations under this agreement, the Mortgagee may give notice to him to remedy the default specifying details of the default.

11.2 Failure to remedy default

- (a) If the Manager fails to remedy the default specified in a notice under clause 11.1 within 5 business days after receipt of the notice, the Mortgagee may suspend payment under this agreement until the default has been rectified.
- (b) Suspension of payment will not in any way affect the continuing obligations of the Manager under this agreement and will be without prejudice to any other rights that the Mortgagee may have against the Manager as a result of the default.

12. TERMINATION

12.1 Termination by notice

- (a) The Mortgagee may terminate this agreement at any time by 7 days written notice to the Manager.
- (b) The Manager may terminate this agreement at any time by 2 calendar months written notice to the Mortgagee.

12.2 Termination by the Mortgagee

The Mortgagee may immediately terminate this agreement by written notice to the Manager if any of the following occurs:

- (a) The Manager is in breach of his obligations under this agreement and does not remedy the breach (to the extent that it can be remedied) for 5 days after receiving a written notice from the Mortgagee specifying the breach and requiring it to be remedied;
- (b) The Manager is in breach of an essential term of this agreement or the Manager commits a breach of this agreement which cannot be remedied. The essential terms of this agreement include clauses 4.2, 4.4(b), 8 and 9;
- (c) The Manager is the subject of an Insolvency Event;
- (d) a crime is committed by the Manager or its, employees, agents or subcontractors which the Mortgagee reasonably considers may have the potential to adversely affect the Mortgagee's or the Responsible Entity's reputation.

12.3 Termination by the Manager

The Manager may immediately terminate this agreement by written notice to the Mortgagee if any of the following occurs:

- (a) the Mortgagee is in breach of its obligations under this agreement and does not remedy the breach (to the extent that it can be remedied) for 14 days after receiving a written notice from the Manager specifying the breach and requiring it to be remedied;
- (b) the Mortgagee is the subject of an Insolvency Event.

13. OBLIGATIONS AT END OF AGREEMENT

13.1 Return of property

When this agreement ends, whether by expiration of the term of this agreement or on earlier termination, the Manager must immediately return all of the Mortgagee's and/or Responsible Entity's equipment, information, documents, records and other property used in the provision of the Services or otherwise in the Manager's possession or control.

13.2 Consequences of termination

If this agreement is terminated for any reason:

- (a) each party retains its rights under this agreement and at law in respect of any breach of this agreement by the other party;
- (b) the Mortgagee must make payment to the Manager for Services performed before the date of termination, but the Manager will not be entitled to any other payment or any compensation as a result of termination;
- (c) the Mortgagee may employ other persons to perform the Services.

13.3 Clauses survive expiration or termination of agreement

The following clauses will survive the expiration or termination (for whatever reason) of this agreement:

- (a) clause 6.3 (Records)
- (b) clause 8 (Confidentiality)
- (c) clause 10.1 (Liability and indemnity)
- (d) clause 13.2 (Consequences of termination)
- (e) any other clauses that make provision for continued operation.

14. INSURANCE

The Manager will maintain all appropriate insurance policies in relation to providing the Services including any specific policies required by the Mortgagee.

15. GOODS AND SERVICES TAX

15.1 Recovery of GST on supplies and adjustments under this agreement

- (a) All consideration provided under this agreement is exclusive of GST, unless it is expressed to be GST-inclusive.
- (b) Where a party (**Supplier**) makes a taxable supply to another party (**Recipient**) under or in connection with this agreement, the Recipient must pay to the Supplier an additional amount equal to the GST payable on the supply (unless the consideration for that taxable supply is expressed to include GST). The additional amount must be paid by the Recipient at the later of the following:

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- (i) the date when any consideration for the taxable supply is first paid or provided;
- (ii) the date when the Supplier issues a tax invoice to the Recipient;
- (iii) if, under or in connection with this agreement, the Supplier has an adjustment for a supply under the GST law which varies the amount of GST payable by the Supplier, the Supplier will adjust the amount payable by the Recipient to take account of the varied GST amount. The Supplier must issue an adjustment note to the Recipient within 28 days of becoming aware of the adjustment.

15.2 Other GST matters

- (a) If a party is entitled to be reimbursed or indemnified under this agreement, the amount to be reimbursed or indemnified is reduced by the amount of GST for which there is an entitlement to claim an input tax credit on an acquisition associated with the reimbursement or indemnity. The reduction is to be made before any increase under clause 15.1(b). An entity is assumed to be entitled to a full input tax credit on an acquisition associated with the reimbursement or indemnity unless it demonstrates otherwise before the date the reimbursement or indemnity is made.
- (b) This clause will not merge on completion and will survive the termination of this agreement by any party.
- (c) Terms used in this clause that are not otherwise defined in this agreement have the meanings given to them in the GST Act.

16. THE TRUST COMPANY (PTAL) LIMITED'S LIMITATION OF LIABILITY

- 16.1 The Mortgagee enters into this agreement only in its capacity as custodian of the Fund, pursuant to a custody agreement between the Mortgagee and the Responsible Entity dated 4 February 1999 (**Custody Agreement**) and in no other capacity.
- 16.2 A liability arising under on in connection with this agreement is limited to and can be enforced against the Mortgagee only to the extent to which it can be satisfied out of property of the Fund out of which the Mortgagee is actually indemnified for the liability. This limitation of the Mortgagee's liability applies despite any other provision of this agreement and extends to all liabilities and obligations of the Mortgagee in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this agreement.
- 16.3 A person other than the Mortgagee may not sue the Mortgagee personally or seek the appointment of a liquidator, administrator, receiver or similar person to the Mortgagee or prove in any liquidation, administration or arrangement of or affecting the Mortgagee.
- 16.4 The provisions of this clause 8 do not apply to any obligation or liability of the Mortgagee to the extent that it is not satisfied because under the Fund's trust deed, the Custody Agreement, or by operation of law there is a reduction in the extent of the Mortgagee's indemnification out of the assets of that Fund, as a result of the Mortgagee's fraud, negligence or wilful default.
- 16.5 Despite any other provision in this agreement, if any obligation otherwise imposed upon the Mortgagee under this agreement is, in the Mortgagee's opinion, inconsistent

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with, or beyond the scope of the Mortgagee's obligation or powers under the Custody Agreement, that obligation, to the extent of that inconsistency or to the extent that it is beyond the scope of the Mortgagee's obligations or powers under the Custody Agreement, must be performed by the Fund and not by the Mortgagee.

- 16.6 Any failure by the Mortgagee to perform an obligation which it determines is either inconsistent with or beyond its powers and obligations under the Custody Agreement will not amount to a breach of or default under this agreement.
- 16.7 The Mortgagee's determination as to whether an obligation otherwise imposed upon it under this agreement is inconsistent with or beyond the scope of its obligations and powers under the Custody Agreement is final and binding on all parties.
- 16.8 No attorney or agent appointed in accordance with this agreement or otherwise has authority to act on behalf of the Mortgagee in a way which exposes the Mortgagee to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Mortgagee for the purpose of clause 16.4.
- 16.9 A failure by the Mortgagee to comply with, or a breach by the Mortgagee of any of its obligations under this agreement will not be considered to be fraud, negligence or wilful default by the Mortgagee if the relevant failure or breach:
- (a) arose as a result of a breach by a person other than the Mortgagee where the performance of the action (the non-performance of which gave rise to such breach) is a precondition to the Mortgagee performing the said obligation; or
 - (b) was in accordance with a lawful court order or direction or otherwise required by law.
- 16.10 All of the terms, clauses and conditions of this agreement are subject to this clause 8.
- 16.11 The Responsible Entity shall on behalf of the Mortgagee exercise all of the rights, powers, consents, controls and approvals pursuant to or under this agreement and all actions taken by the Responsible Entity shall be deemed to have been authorised by the Mortgagee without any other person dealing with the Responsible Entity being concerned to enquire as to the authority of the Responsible Entity to act on behalf of the Mortgagee in respect of this agreement or any matter or thing arising in relation thereto.

17. RESPONSIBLE ENTITY TO ACT FOR MORTGAGEE

- 17.1 The Manager hereby acknowledges that the Responsible Entity shall on behalf of the Mortgagee exercise all of the rights, powers, consents, controls and approvals pursuant to or under this agreement and all actions taken by the Responsible Entity shall be deemed to have been authorised by the Mortgagee without the Manager or any other person dealing with the Responsible Entity being concerned to enquire as to the authority of the Responsible Entity to act on behalf of the Mortgagee in respect of this agreement of any matter or thing arising in relation thereto.
- 17.2 For the purpose of this agreement:
- (a) all demands upon the Manager shall be made by the Responsible Entity;
 - (b) all documents, notices, consents or approvals to be given to or by the Manager under this agreement shall be given to or by the Responsible Entity;

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- (c) all rights conferred upon the Mortgagee under this agreement shall be exercisable by the Responsible Entity; and
- (d) all communications in relation to this agreement or any transaction contemplated by this agreement shall be directed by the Manager to the Responsible Entity.

18. THE RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY

- 18.1 The Responsible Entity enters into this agreement and the other parties to this agreement acknowledge that they are aware that the Responsible Entity enters into this agreement, in its capacity as the Responsible Entity of the Fund, pursuant to the Constitution of the Fund (**the Constitution**) and the other parties to this agreement are aware of the limited scope of the Responsible Entity's obligations and powers under such Fund.
- 18.2 A liability arising under or in connection with this agreement is limited to and can be enforced against the Responsible Entity only to the extent to which it can be satisfied out of the property of the Fund out of which the Responsible Entity is actually indemnified for the particular liability. This limitation of the Responsible Entity's liability applies despite any other provision of this agreement and extends to all liabilities and obligations of the Responsible Entity in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this agreement.
- 18.3 The parties to this agreement other than the Responsible Entity may not sue the Responsible Entity personally or seek the appointment of a liquidator, administrator, Receiver or similar person to the Responsible Entity or prove in any liquidation, administration or arrangement of, or affecting, the Responsible Entity.
- 18.4 The provisions of this clause 18 do not apply to any obligation or liability of the Responsible Entity to the extent that it is not satisfied because under the Fund's Constitution or other constituent documents, or by operation of law, there is a reduction in the extent of the Responsible Entity's indemnification out of the assets of the Fund, as a result of the Responsible Entity's fraud, negligence or wilful default.
- 18.5 Any failure by the Responsible Entity to perform an obligation which it determines is either inconsistent with or beyond its powers and obligations under the Constitution will not amount to a breach of or a default under this agreement. The Responsible Entity's determination as to whether an obligation otherwise imposed upon it under this agreement is inconsistent with or beyond the scope of its obligations and powers under the Constitution is final and binding on all parties.
- 18.6 No attorney, agent, Receiver or receiver and manager appointed in accordance with this agreement and each other deed (if any) or otherwise has authority to act on behalf of the Responsible Entity in a way which exposes the Responsible Entity to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Responsible Entity for the purpose of clause 18.4.
- 18.7 A failure by the Responsible Entity to comply with, or a breach by the Responsible Entity of any of its obligations under this agreement and each other deed (if any) will not be considered to be fraud, negligence or wilful default by the Responsible Entity if the relevant failure or breach:

- (a) arose as a result of a breach by a person other than the Responsible Entity where the performance of the action (the non-performance of which gave rise to such breach) is a precondition to the Responsible Entity performing the said obligation; or
- (b) was in accordance with a lawful court order or direction or otherwise required by law.

18.8 All of the terms, clauses and conditions of this agreement are subject to this clause 18.

19. NOTICES

19.1 Notices etc only by authorised signatories

Any notice or communication that must or may be given by a party to this agreement is only given if it is executed by that party or signed by an authorised signatory of that party. A person is an authorised signatory if he or she is a solicitor, director or company secretary of the relevant party, or if he or she is authorised in writing by that party.

19.2 Giving notices

Any notice or communication given to a party under this agreement is only given if it is in writing and sent in one of the following ways:

- (a) delivered or posted to that party at its address and marked for the attention of the relevant department or officer (if any) set out below;
- (b) faxed to that party at its fax number and marked for the attention of the relevant department or officer (if any) set out below.

The Mortgagee

Name:

Address:

Fax number:

Attention:

The Responsible Entity

Address:

Fax number:

Attention:

The Manager

Address:

Fax number:

Attention:

19.3 Change of address or fax number

If a party gives the other party three business days' notice of a change of its address or fax number, any notice or communication is only given by that other party if it is delivered, posted or faxed to the latest address or fax number.

19.4 Time notice is given

Any notice or communication is to be treated as given at the following time:

- (a) if it is delivered, when it is left at the relevant address;
- (b) if it is sent by post, two (or, in the case of a notice or communication posted to another country, nine) business days after it is posted;
- (c) if it is sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number;
- (d) however, if any notice or communication is given, on a day that is not a business day or after 5pm on a business day, in the place of the party to whom it is sent it is to be treated as having been given at the beginning of the next business day.

20. GENERAL

20.1 Assignment

A party may not assign any of its rights or obligations under this agreement without the prior written consent of the other parties.

20.2 Governing law

- (a) This document is governed by the law in force in Queensland.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of Queensland at Brisbane, and any court that may hear appeals from any of those courts, for any proceedings in connection with this document, and waives any right it might have to claim that those courts are an inconvenient forum or to object to the exercise of jurisdiction by those courts on any basis.

20.3 Giving effect to this agreement

Each party must do anything (including execute any document), and must ensure that its employees and agents do anything (including execute any document), that the other party may reasonably require to give full effect to this agreement.

20.4 Operation of this agreement

- (a) This document contains the entire agreement between the parties about its subject matter. Any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this agreement and has no further effect.
- (b) Any provision of this agreement which is illegal, unenforceable or invalid, or partly illegal, unenforceable or invalid is, where possible, to be severed to the extent necessary to make the provision and this agreement legal, enforceable

and valid, unless this would materially change the intended effect of the provision or this agreement.

20.5 Variation

No variation of this agreement will be of any force or effect unless it is in writing and signed by the parties to this agreement.

20.6 Inconsistency with other documents

If this agreement is inconsistent with any other document or agreement between the parties, this agreement prevails to the extent of the inconsistency.

20.7 Counterparts

This agreement may be executed in counterparts and an exchange of electronic or facsimile counterparts will be deemed to be an exchange of the original. Each counterpart taken together will constitute one and the same instrument.

20.8 Attorneys

Each person who executes this agreement on behalf of a party under a power of attorney declares that he or she is not aware of any fact or circumstance that might affect his or her authority to do so under that power of attorney.

Schedule 1

General Information

Commencement Date: 1 July 2011
Borrower: Brambleton Pty Ltd ACN 118 835 742
Mortgagor: Seasilver Hotels Pty Ltd ACN 116 758 279
Mortgagor: Brambleton Pty Ltd ACN 118 835 742

Security and Secured Property

- (a) Real property mortgage granted by the Mortgagors to the Mortgagee:
- (i) Mortgagor's name
Seasilver Hotels Pty Ltd ACN 116 758 279
 - Date
4 December 2006
 - Property address
Holiday Inn Suites, Gold Coast Highway, Surfers Paradise Qld 4217
 - Property description
Lots 508- 516 on SP 186322 County Ward Parish Gilston
Lots 610- 613 on SP 186322 County Ward Parish Gilston
Lots 701- 705 on SP 186322 County Ward Parish Gilston
Lots 714- 723 on SP 186322 County Ward Parish Gilston
Lot 801 on SP 186322 County Ward Parish Gilston
Lot 901 on SP 186322 County Ward Parish Gilston
Lots 1001- 1005 on SP 186322 County Ward Parish Gilston
Lots 1101-1111 on SP 186322 County Ward Parish Gilston
Lot 1201 on SP 186322 County Ward Parish Gilston
Lot 1301 on SP 186322 County Ward Parish Gilston
Lot 1321- 1323 on SP 186322 County Ward Parish Gilston
Lot 1501 on SP 186322 County Ward Parish Gilston
Lots 1509-1515 on SP 186322 County Ward Parish Gilston
Lots 1701- 1706 on SP 186322 County Ward Parish Gilston

Lot 1801 on SP 186322 County Ward Parish Gilston

Lots 1901-1905 on SP 186322 County Ward Parish Gilston

Lot 2001 on SP 186322 County Ward Parish Gilston

Lot 2101 on SP 186322 County Ward Parish Gilston

Lots 2119-2121 on SP 186322 County Ward Parish Gilston

Lot 2201 on SP 186322 County Ward Parish Gilston

Lot 2212- 2218 on SP 186322 County Ward Parish Gilston

- Registered number

710152486

- (ii) Mortgagor's name

Seasilver Hotels Pty Ltd ACN 116 758 279

- Date

27 June 2006

- Property address

Holiday Inn Suites, Gold Coast Highway, Surfers Paradise Qld 4217

- Property description

Lot 902- 915 on SP186322 County Ward Parish Gilston

Lot 1601 on SP186322 County Ward Parish Gilston

Lot 1616-1623 on SP186322 County Ward Parish Gilston

- Registered number

709716884

- (b) Fixed and floating charge granted by the Mortgagors to the Mortgagee:

- (i) Mortgagor's name

Seasilver Hotels Pty Ltd ACN 116 758 279

- Date

23 June 2006

- Property description

The property as described in the instrument including the undertaking of the company and all of its property, rights and other assets, whether owned at present or acquired in the future.

- Registered number
1317828
- (ii) Mortgagor's name
Brambleton Pty Ltd ACN 118 835 742
- Date
23 June 2006
- Property description
The property as described in the instrument including the undertaking of the company and all of its property, rights and other assets, whether owned at present or acquired in the future.
- Registered number
1317825

Service fee (clause 7.1)

1. General Administration:

General Administration fees will be charged on an hourly rate basis (exclusive of GST) as follows:

Director	\$450
Senior Executive	\$350
Senior Consultant	\$350
Fund Manager	\$315
Development / Project Manager	\$315
Loan Manager / Procurement	\$315
Sales and Marketing manager	\$315
Asset manager / development assistant	\$315
Senior accountant – loan recovery	\$285
Senior asset manager / analyst	\$315
Administration Assistant	\$180
Senior paralegal	\$315
Property Services Manager	\$ 70
Maintenance officer	\$ 60
Maintenance officer	\$ 60

2. Development Management Services

Not applicable

3. Marketing and Sales Management

Marketing and Sales Management Fees will be charged at the rate of 2% of gross sales proceeds (inclusive of GST) where the Manager undertakes the sale of assets directly on behalf of the Mortgagee/ Responsible Entity. In the event the Mortgagee/ Responsible Entity elects to appoint an external real estate agent, the manager would reduce its sales

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management fee to 1.00% of gross sales proceeds (inclusive of GST) to co-ordinate and oversee the sales and marketing program.

Terms of payment (clause 7.1 and clause 7.2)

The Manager will provide the Mortgagee with a tax invoice at the end of each month for the Services plus any expenses referred to in clause 7.2.

Subject to the terms of this agreement, the Mortgagee will pay the Manager's tax invoices within 7 days of receipt of those tax invoices.

Schedule 2

Services

The Manager will perform all services requested by the Mortgagee related to the Mortgagee's exercise of its powers under the Security including (without limitation):

1. General Administration:

All administrative functions resulting from exercise of the mortgagee's rights to recover the debt (including in its capacity as Mortgagee in Possession) which include but are not limited to:

- Taking possession and control of the secured property;
- Carrying on any business or activity of the mortgagor;
- Meeting all reporting requirements under the Corporations Act as Controller or otherwise;
- Opening separate controller bank accounts, as required, to record controller transactions for each loan;
- Maintaining separate accounting records for each loan to reflect transactions of mortgagee;
- Managing all operational issues (including employment of staff) where the Mortgagee is acting as Managing Controller;
- Arranging for further loan advances (as required) from the mortgagee to meet the costs arising from the recovery action as determined by the mortgagee;
- Recording and payment of all costs associated with holding and dealing with the security property;
- Arranging for adequate insurance of security property;
- Accounting for and reporting on all taxation obligations (including GST, PAYG);
- Receiving and recording all proceeds from realization of security property;
- Accounting to the mortgagee for debt reduction;
- Accounting to the borrower on status of loan recovery;
- Liaising with development & marketing managers as required.

2. Development Management Services

All development management services as may be required to be undertaken in the exercise of the mortgagee's rights to recover the debt owing. Such services may range from conception through to completion of any development including, but not limited to, the following:

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- Commercial analysis, risk assessment, market research and developing work-out strategies;
- Prepare feasibility studies and establish a development programme;
- Assemble, co-ordinate and direct project consultant teams;
- Design development to maximise realization and saleability, and ensure efficient delivery;
- Obtain all statutory and town planning approvals, and ensure all development conditions imposed by relevant authorities are complied with;
- Arrange project finance and monitor mechanisms that lead to the repayment of the loan facility;
- Tender, Negotiate and Document Contracts;
- Construction Management (including commissioning, and managing defects works post construction); Regular reporting on actual against budget forecasts, project progress against the critical path and time or cost related implications, monthly progress claims, variations and contractual claims etc.

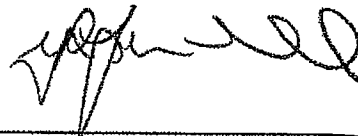
3. Marketing and Sales Management

All Marketing and Sales Management Services as may be required to be undertaken to oversee the marketing and sell-down of any security property as part of the exercise of the mortgagee's rights to recover the debt owing. Such services include, but are not limited to, the following:

- Inspection of properties and arrange for maintenance or other work preparatory to sale;
- Negotiate with tenants where required;
- Obtain quotes for necessary work; assess and appoint contractors; liaise with contractor and assess adequacy of work provided;
- Approve payment of invoices for services provided;
- Obtain quote from valuer and liaise with appointed valuer to provide valuation report; assess adequacy of valuation;
- Obtain submissions from marketing & sales consultants; assess and appoint consultant;
- Approve and finalise marketing material; timetable & targets;
- Monitor results of campaign and report to directors;
- Liaise with the Development team as required on the timing and handover of new product for sale and presales campaigns; and
- Liaise with the legal team on the preparation of sale documentation; consultants contracts; settlement of sales etc.

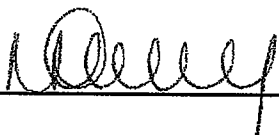
EXECUTED as an agreement

The Trust Company (PTAL) Limited ACN 008 412 913, by its Attorney who states that he/she has had no notice of revocation of the Power of Attorney dated 12 July 2010:




Geoffrey Funnell
State Manager – Corporate and Legal Services (Qld)

LM INVESTMENT MANAGEMENT LIMITED
in accordance with Section 127 of the *Corporations Act 2001*:



Signature

Lisa Maree Darcy
Director



Signature

Simon Jeremy Ticker
Director

LM ADMINISTRATION PTY LIMITED
in accordance with Section 127 of the *Corporations Act 2001*:



Peter Charles Drake
Sole Director

Brambleton Pty Ltd ACN 118 835 742

("Borrower")

LM Investment Management Limited ACN 077 208 461
("the Responsible Entity")

and

Permanent Trustee Australia Limited ACN 008 412 913
("Lender" and "Custodian")

Loan Agreement

LM INVESTMENT MANAGEMENT LTD
Level 4,
9 Beach Road
Surfers Paradise Qld 4217

Ph: 07 5584 4500
Fax: 07 5592 2505

THIS AGREEMENT is made on the date stipulated in Item 1

BETWEEN: LM Investment Management Limited ACN 077 208 461 ("the Responsible Entity")

AND: The parties described in Item 2 ("the Borrower")

AND: The party described in Item 3 ("the Lender")

AGREEMENT

The Lender (as Custodian for the Responsible Entity) has, at the Borrower's request, agreed to lend and advance to the Borrower the Loan Amount on the conditions, among others, that the Borrower execute this Agreement.

THE PARTIES AGREE

1. INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires:

"**Business Day**" means a day other than Saturday, Sunday or other day on which the Lender or trading banks generally are closed or obliged to close in Brisbane;

"**Consumer Credit Legislation**" means the Consumer Credit Code or the earlier Credit Acts;

"**Custodian**" means Permanent Trustee Australia Limited ACN 008 412 913

"**Date for Repayment**" means that date specified in Item 5;

"**DDR Authority**" means the Direct Debit Request, periodic payment authority or periodic debt/credit authority relating to the DDR System.

"**DDR System**" means any process by which the Borrower, at the request of the Lender, authorises the deduction of instalments of principal and/or interest payable by the Borrower to the Lender in accordance with this Agreement from the Borrower's bank account;

"**Event of Default**" means any of the events of default described as such in this Agreement;

"**Facility to Security Ratio**" means the maximum acceptable ratio between the Money Secured and the value of the Principal Security determined by the Lender in its absolute discretion and expressed as a percentage as specified in Item 13;

"**Guarantor**" means the person, if any, described in Item 12 and any other person who may from time to time guarantee the payment of the Money Secured;

"**Higher Rate**" means the rate of interest stipulated in Item 6;

"**Holiday Inn Lots**" means Lots 508 – 516, 610 – 613, 701 – 705, 714 – 723, 801, 901 – 915, 1001 – 1005, 1101 – 1111, 1201, 1301, 1321 – 1323, 1501, 1509 – 1515, 1601, 1616 – 1623, 1701 – 1706, 1801, 1901 – 1905, 2001, 2101, 2119 – 2121, 2201 and 2212 – 2218 on Survey Plan 186322 comprising part of the Holiday Inn, Gold Coast Highway, Surfers Paradise, Queensland 4217;

"**Lower Rate**" means the rate of interest stipulated in Item 7. If no rate is stipulated the rate shall be deemed to be the same as the Higher Rate;

"**Loan Amount**" means that sum specified in Item 4 and includes all further advances or re-advances, if any, under this Agreement;

"**Money Secured**" includes:

- (a) the Loan Amount;
- (b) all moneys hereby deemed to be principal in arrears;
- (c) all money now or hereafter owing or payable to the Lender by the Borrower, and/or the Security Provider either alone or jointly with another person now or in the future, whether directly or indirectly or contingently under this Agreement, an Security, or on any other account whatsoever, and including without limitation all such money arising from:

- (i) any guarantee, deed, indemnity, bond, account, document or other agreement in writing including the Security;
 - (ii) interest payable on the Money Secured including interest which has been capitalised;
 - (iii) interest on any judgment entered by the Lender against the Borrower, and/or the Security Provider in respect of the Money Secured;
 - (iv) all costs, expenses or losses incurred or sustained by the Lender in relation to any failure by the Borrower or the Security Provider to comply with the terms of the Security; and
 - (v) all advances, further advances, loans, credits or financial accommodation whether made created or given on or before the signing hereof or that may hereafter be made created or given by the Lender in its absolute discretion to for or on account of or at the expressed or implied request of the Borrower and/or the Security Provider;
- (d) postage, commissions, valuation fees, fees, costs, charges and expenses relating to the advance hereunder and the Security, according to the usage and course of business of the Lender or payable by the Borrower and/or any Security Provider under any Security;
 - (e) stamp duty or any other levy, financial impost or tax payable according to law or arising out of or in connection with the Security;
 - (f) all costs charges, fees and expenses incurred by the Lender in enforcing the terms of the Security (including legal expenses on a full indemnity basis or a solicitor and own client basis, whichever is the greater) or which in the Lender's opinion are payable, required or desirable for or in connection with:
 - (i) the drawing accepting or discounting of any bill of exchange at the request of, or for the accommodation of, the Borrower and/or the Security Provider under the Security;
 - (ii) the Lender protecting its interest under the Security including all moneys which the Lender or any receiver or any attorney appointed under any security may have paid or may pay in the exercise or enforcement or attempted exercise or enforcement of any right power or remedy conferred on the Lender by the Security;
 - (iii) the preparation, execution, stamping or registration of the Security;
 - (iv) full or partial release or discharge from, transfer or variation of the Security;
 - (v) any advice in respect of the Security;
 - (vi) any breach of or default of any covenant contained or implied in the Security; or
 - (vii) the Lender making good any default by any party (other than a default by the Lender) under the Security,

any rights which the Lender may have under any law,

AND SHALL where the context so admits mean and include any part of the Money Secured.

"month" means a calendar month;

"Mortgagor" means any and every party to any Security, other than the Lender;

"person" includes a company or other incorporated body;

"Principal Security" means the land referred to in Item 10;

"Receiver" means and includes receiver or receiver and manager;

"Security" means each and every document, agreement or other security provided from time to time which secures or provides for the payment of the Money Secured or the performance of obligations of the Security Provider in favour of the Lender, which may be executed or provided by the Security Provider or any other person (including this Agreement, those documents described in Item 9 and any additional security provided in accordance with clause 5.1(c) hereof);

"Security Provider" means each and every party to or provider of the Security including the Borrower, the Mortgagor and the Guarantor, but not including the Lender;

1.2 In this Agreement unless the context requires otherwise:

- (a) words importing:
 - (i) the singular include the plural and vice versa; and
 - (ii) one gender shall include all other genders.
- (b) references to persons or individuals shall include corporations and partnerships and vice versa;
- (c) references to clauses are references to clauses of this Agreement and references to sub-clauses are references to sub-clauses of this Agreement;

- (d) references to this Agreement and any deed, agreement or instrument shall be deemed to include references to this Agreement or such other deed agreement or instrument as amended, novated, supplemented, varied or replaced from time to time;
 - (e) references to any party to this Agreement shall include its successors or permitted assigns;
 - (f) references to an Item shall mean an Item in the Schedule hereto;
 - (g) where there are two or more persons in a party each are bound jointly and severally;
 - (h) reference to any legislation or to any section or provision thereof shall include any statutory modification or re-enactment thereof or any statutory provision substituted therefor and ordinances by-laws regulations and other statutory instruments issued thereunder; and
 - (i) time shall be of the essence.
- 1.3 If any act to be done hereunder or any payment to be made by any party under this Agreement shall be due to be done or paid on a day which is not a Business Day, the time and day for such act or payment shall be by 2.00 p.m. local time in the place where the act is to be done or the payment made on the Business Day immediately following such day.
- 1.4 Headings are for convenience of reference only and shall not affect the interpretation of this Agreement.
- 1.5 Any payments required to be made by the Borrower to the Lender shall at the Lender's discretion be deemed not to have been made until the moneys are actually received by the Lender as cleared funds.
- 2. ADVANCE**
- 2.1 The Lender may in its sole discretion on the terms and conditions herein set forth:
- (a) lend and advance to the Borrower the Loan Amount; and / or
 - (b) permit the Borrower to draw down the Loan Amount by two or more drawdowns which total the Loan Amount, on such terms and conditions as the Lender may otherwise advise.
- 2.2 Prior to electing whether or not to exercise its discretion under Clause 2.1 to advance the Loan Amount or any part of it, the Borrower must first deliver to the Lender, in a form and in substance satisfactory to the Lender, the following for the Lender's consideration:
- (a) where the Borrower and/or the Security Provider is a corporation, a certified copy of the following:
 - (i) the certificate of registration or incorporation of the Borrower and/or the Security Provider;
 - (ii) an extract of the minutes of a meeting of the board of directors of the Borrower and/or the Security Provider which evidences the resolutions authorising the signing and delivery of an observance of obligations under the Security to which it is a party, and the appointment of an authorised representative of the Borrower and/or the Security Provider respectively and such other resolutions as may be required by the Lender; and
 - (iii) each instrument which evidences any other necessary corporate or other action in connection with the Security; and
 - (b) where the Borrower and/or the Security Provider is a trustee of any trust, a certified copy of the following:
 - (i) the instruments creating or varying such Trust;
 - (ii) an extract of the minutes of a meeting of the trustee which evidences the resolutions authorising the signing and delivery of an observance of obligations under the Security to which it is a party, and the appointment of an authorised representative of the Trust and such other resolutions as may be required by the Lender; and
 - (iii) each instrument which evidences any other necessary corporate or other action in connection with the Security; and
 - (c) a certified copy of each authorisation necessary to enter into, observe obligations under and enforce the Security (including without limitation, the approval from the Foreign Investment Review Board (if necessary)); and
 - (d) a certified copy of each Power of Attorney under which a person signs and delivers the Security for the Borrower and/or the Security Provider and if required by the Lender, evidence of its stamping and registration and a declaration of non revocation of such Power of Attorney; and
 - (e) a certified copy of any licences, leases or tenancy agreements effecting the Security and the terms and conditions of such licences, leases or tenancy agreements being satisfactory to the Lender; and
 - (f) a certificate of currency of an all risks policy of insurance for the full insurable value of all lots, buildings and improvements and covering such other risks (including public liability insurance cover for an amount of not less than \$20,000,000.00 for each and every event or claim) as may be required by the Lender in respect of the Security for such amount or amounts as the Lender may determine from time to time, noting the interests of the Lender as first mortgagee. The Borrower and/or the Security Provider shall deliver the original policy of insurance or alternatively a certificate of currency of such insurance with the

Lender's interests noted thereon together with receipted proof of payment of the premium for such insurance cover; and

- (g) a fully completed and executed a Direct Debit Request to enable operation of the DDR System in favour of the Lender or as otherwise directed by the Lender and delivered same to the Lender's legal advisers; and
- (h) a satisfactory valuation in favour of the Lender in respect of the real property comprising the Security; and
- (i) this Agreement and each and every Security duly signed and delivered by the Borrower and/or the Security Provider and such other person as may be required to perfect the Security and, if required by the Lender, evidence of its stamping and registration.

2.3 The advance is further conditional upon:

- (a) the Lender having obtained satisfactory results from all searches and inquiries as it considers appropriate made in respect of the credit worthiness of the Borrower and the Security Provider;
- (b) the Lender's legal advisers having obtained satisfactory results from all searches and inquiries made in respect of the real and/or personal property comprising the Security; and
- (c) the Lender's legal advisers certifying to the Lender in terms satisfactory to the Lender that it is in order for the Loan Amount to be advanced.

3. ADVANCE FOR CONSTRUCTION OR DEVELOPMENT PURPOSES

If the Loan Amount, or part of the Loan Amount, is to be applied for the purposes of development of the Principal Security by subdivision of it into lots for sale or construction or extensions of, or improvements to, a building structure of any type (herein called "the Construction"), then the following conditions shall apply:-

3.1 The Borrower must before the Loan Amount, or part thereof, is advanced (unless the Lender agrees otherwise) provide the Lender with a copy of:-

- (a) the building contract;
- (b) evidence that the builder undertaking or overseeing the Construction is duly licensed in accordance with the laws of the State referred to in Item 11;
- (c) local authority development or building approval;
- (d) the plans and specifications for the proposed construction or improvement works;
- (e) an estimate of the cost of the Construction;
- (f) an estimate of the Cost to Complete the Construction; and
- (g) the builder's building contractors all risk insurance policy with an insurer acceptable to the Lender, showing the Lender's interest as mortgagee, for an insurable amount and covering such risks (including public liability insurance cover for an amount of \$10,000,000 for each and every event or claim) as are acceptable to the Lender
- (h) Where applicable, Building Services Authority Insurance or Home Warranty Insurance (as applicable in the relevant State) with an insurer acceptable to the Lender on terms acceptable to the Lender;
- (i) The Lender's pre-sale requirements as advised;
- (j) any other document relevant or necessary to the Construction as the Lender requires.

The Lender's obligations contained in this Agreement and the Security are conditional upon the Lender's approval of the documents described in this clause.

3.2 That part of the Loan Amount relating to the Construction will be advanced by progress payments (called "draws") at the discretion of the Lender upon receipt by the Lender of a written request by the Borrower. Such written request must be signed by the Borrower and must specify or provide as the case may be:-

- (a) the amount of the draw required;
- (b) the works or stage of the Construction that the draw relates to, and a statement to the effect that such works have been completed;
- (c) a certificate from the Quantity Surveyor appointed to the project and approved by the Lender which specifies the cost to complete the Construction and the timing;
- (d) to whom the draw is to be paid;
- (e) Full particulars of the Cost to Complete the Construction;
- (f) Full particulars of the Cost to Complete the Development; and
- (g) such other matters as the Lender may require from time to time.

Each request for a draw must reflect the value of the works completed on the site of the Construction and may be subject to inspection by the Lender or a person appointed by the Lender (at the Borrower's cost) before any draw is made. The Lender shall be entitled to withdraw its approval to any Quantity Surveyor approved by it at any time.

3.3 Any contribution which is to be made by the Borrower to the cost of the Construction is to be applied to the cost of the Construction before any draw under this Agreement or any part of the draw is applied.

- 3.4 Unless otherwise agreed, in the case of construction or extensions of, or improvements to a building structure of any type, the first draw shall not be made until the appropriate cost to complete certification is provided to the Lender by its appointed Quantity Surveyor and all subsequent draws shall to the extent that the Loan Amount is to be applied to the Construction be made at the times and in the amounts specified in the building contract.
- 3.5 The Borrower shall cause the Construction to be completed:
- (a) within a reasonable time, taking into account events beyond the control of the Borrower or the builder;
 - (b) in accordance with the Borrower's approved programme of works as certified by the Quantity Surveyor;
 - (c) in accordance with the Borrower's development approvals, approved plans, specifications and building permit; and
 - (d) in a proper and workman like manner and of a standard which may reasonably be expected from a professional builder for works of that type which is the Construction.
- The Construction, or any stages thereof, shall not be deemed to have been completed unless all materials and fittings have been duly installed or affixed to the land on the approved site for the Construction.
- 3.6 Immediately upon practical completion of the Construction and prior to the final progress draw on account of the Construction, the Borrower shall provide the Lender with a certificate of currency or insurance policy which insures the property which was the subject of the Construction for such risks and of such amount as the Lender may reasonably require, and which notes the Lender's interest in the property.
- 3.7 The Lender shall not be liable for any loss which occurs in connection with the Construction which the Lender has consented to (including any loss which arises out of any plans or specifications which the Lender may have approved or reviewed) or which arises should the Lender take possession of the Construction site and take control of the Construction.
- 3.8 Payments of the Loan Amount or part thereof may be made by the Lender directly to the builder shown on the building contract relating to the Construction and the Borrower does hereby indemnify and hold harmless the Lender in respect of any such payments. The Lender is under no obligation to ensure that the Construction works or any part thereof has been completed adequately or in accordance with the development approval or the building contract before making any such payment.
- 3.9 Notwithstanding any other provision contained in this agreement if at any time the Borrower requests the Lender to make a draw then:
- (a) The Lender shall have no obligation to make any such draw if, at the time the request is made either:
 - a. the amount of the draw when added to all previous draws would exceed the loan amount; or
 - b. the amount of the draws when added to all previous draws and to the Cost to Complete the Development would exceed the loan amount; or
 - c. the amount of the draw when added to the amount of monies secured and to the Cost to Complete the Development would exceed the loan amount.
 - (b) The Borrower will (at the Borrower's expense) permit the Lender or any person authorised by the Lender to enter upon the Principal Security at all reasonable times or upon one (1) days notice to:
 - a. inspect the Principal Security and all development or construction works undertaken thereon;
 - b. determine the Cost to Complete the Construction works;
 - c. determine the Cost to Complete the Development; and
 - d. prepare a report in writing of the matters referred to in sub paragraphs (i), (ii) and (iii).
- 3.10 For the purpose of this clause 3:
- (a) the expression "the Construction" means the development or construction works (including the estimated costs of those works) disclosed by the Borrower to the Lender and approved in writing by the Lender as at the date of the first draw or from time to time thereafter; and
 - (b) the expression "the Cost to Complete the Construction" means the cost to complete the Construction certified from time to time in writing by the Lender or by any person authorised by the Lender.
 - (c) The expression "the Cost to Complete the Development" means the Cost to Complete the Construction plus all other costs of and incidental to completion of the development including but not limited to interest, marketing fees, consultants fees, legal fees, fees charged by the Lender or Responsible Entity and management fees;
 - (d) the Borrower covenants and agrees with the Lender that a Certificate given pursuant to clause 3.10(b) shall be conclusive evidence of the matters stated in that Certificate.