

# LM Managed Performance Fund (‘the Fund’ or ‘MPF’)

30 November 2017 | Update to Unitholders No. 18

This is the Trustee’s eighteenth Update to Unitholders.

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## 1 Overview

### 1.1 Purpose of this update

The purpose of this update is to provide information to Unitholders in relation to developments in the winding up of the MPF. This includes the following:

- The progress of settlement negotiations involving a number of matters between the MPF and related parties.
- Recovery of withholding tax from the Australian Taxation Office (‘ATO’).
- Progress of recovery actions taken to date on the loan facility to 457-459 Lygon Street Pty Ltd (‘Lygon Street’).
- Work undertaken to date in a potential claim against the auditor of the MPF in the years ended 30 June 2011 and 30 June 2012.
- Fund management matters.

All values in this document are in Australian Dollars.

### 1.2 Prior update reports

This update to Unitholders should be read in conjunction with prior update reports issued by the Trustee.

### 1.3 Summary of work undertaken/key developments

Key developments over the last twelve months are summarised as follows:

- Negotiations are ongoing with LM Investment Management Limited (‘LMIM’), the Receiver of LM Investment Management Limited as responsible entity of the LM First Mortgage Income Fund (‘FMIF’) and the directors of LMIM in relation to potential settlement of all claims between the parties. These discussions are predominately being managed by the FMIF on behalf of the abovementioned LM funds, over recent months negotiations have stalled and we are awaiting a further update from FMIF which we understand will be available prior to the end of this year.
- The Trustee has been successful in obtaining a refund of \$4.6 million from the ATO in relation to withholding tax payments made in the period from July 2011 to March 2013. As a result of this recovery, it is now likely that a distribution will be made to unitholders of the MPF. Timing of this distribution remains uncertain as we continue to pursue additional recoveries, we are however hopeful that a distribution will be possible during 2018.
- The Trustee entered into contracts for sale for five of the six properties which secure the debt owed to the Fund by Lygon Street. To date, all of these properties have settled with net sale proceeds being paid to LMIM as Responsible Entity for the LM Australian Income Fund (‘AIF’). Following repayment of the AIF, a return on the Lygon Street loan is expected to be received by the Fund during 2018.
- Substantial information and documentation has been received from former auditors of the Fund, WPIAS, and associated parties. Public examinations of three individuals involved in the WPIAS audit of the Fund have been postponed to date, pending further investigations regarding the viability of the claim against the auditors.



## 2 Settlement negotiations

On 12 July 2016, a mediation was held to settle an action being pursued by the Receivers of LMIM as responsible entity of the FMIF against six current or former directors of LMIM, LMIM itself and the Trustee of the MPF. No settlement was reached at mediation, however since this date the parties have been negotiating amongst themselves outside of the Court process. These negotiations impact current and potential litigation between the parties, including:

- FMIF claim against the Fund (referred to above).
- MPF claim against LMIM and FMIF regarding loans to Barly Wood Pty Ltd and The Lifestyle Investment Company Pty Ltd.
- MPF claim against LMIM regarding a loan to Australian International Investment Services Pty Ltd.
- Potential claim by MPF in respect to management fees prepaid to LM Administration Pty Ltd ('LMA').

In order to minimise costs across the abovementioned funds, the negotiations on behalf of the FMIF, MPF and AIF are being managed by the Trustee of FMIF. The large number of parties involved in the negotiations and the complexities of any potential settlement have led to a protracted negotiation timeframe. The Trustee will continue to update Unitholders as the matter progresses.

At this stage, whilst settlement negotiations are ongoing, the above matters are on hold.

## 3 Recovery of withholding tax remitted to the ATO

### 3.1 Background

During the period July 2011 to March 2013, \$4.6 million was remitted to the ATO in respect to amounts withheld from unitholder distributions (both cash distributions and reinvestments). These remittances were made on the basis that unitholder distributions were a distribution of profits generated by the Fund. Based on investigations undertaken by the Trustee, proper assessment of carrying values of mortgage loans during the period should have resulted in additional provisions being raised which would have caused losses in the Fund for the period. As a result, unitholder distributions during this period should not be considered as distributions of profit and no withholding tax should have been payable to the ATO.

In order to progress this matter with the ATO, the Trustee prepared re-stated financial accounts for the year ended 30 June 2012 to reflect appropriate provisions and also prepared management accounts for the years ended 30 June 2013, 30 June 2014 and 30 June 2015. Tax returns were then lodged with the ATO for these periods.

### 3.2 Recent developments

Over the past nine months, the Trustee has been working with a tax advisor and with the ATO regarding the matter and to establish that no withholding tax should have been payable by the Fund over the period from June 2011. Further investigative and analytical work has been required by the Trustee over this period to support this claim. As a result of this work, the ATO has agreed to revise the Fund's business activity statements lodged in respect to the periods from July 2011 and has now refunded an amount of \$4.6 million to the Fund.

The Trustee will hold net funds received (less associated costs) in a high interest deposit account until such time as a distribution is made to unitholders.

### 3.3 Next steps

Based on advice from our tax advisors, the Trustee considers that there is potential for further recovery from the ATO in relation to withholding tax amounts remitted in periods prior to July 2011. We are currently working with our tax advisors in relation to this potential claim, documents have been submitted with the ATO and further information will be made available to Unitholders once those negotiations have advanced further.



## 4 Lygon Street

### 4.1 Background

Upon appointment of the Trustee, MPF held a second ranking mortgage over the property 457-459 Lygon Street, Brunswick East, Victoria. At the time of the Trustee's appointment, preliminary earthworks were being undertaken on the site. Following review, the Trustee determined that the best opportunity for recovery of monies loaned by the MPF (being approximately \$0.9 million at the time) was to assist in ensuring that the development was funded through to completion. MPF's remaining funding obligations at 8 May 2013 were assumed by the AIF in exchange for a new deed of priority ('the Priority and Subordination Deed') being entered into and a release from any breach of trust claims in relation to the development. As a result of these negotiations, the development was completed and the borrower commenced a sale process for the developed properties.

Following initial success by the borrower in selling the properties, settlements began to stagnate from around June 2016 and the Trustee considered that in the absence of enforcement action being taken by one of the mortgagees, it would be unlikely that the remainder of security properties would be sold in an acceptable timeframe. Also contributing to the Trustee's concerns regarding the borrower, a winding up application lodged against Lygon Street by the ATO was heard on 20 September 2016 and an order was made that Lygon Street be wound up.

After obtaining consent from the AIF (as required by the Priority and Subordination Deed), the Trustee issued necessary enforcement notices and entered into possession of six unsold properties on 2 November 2016, comprising five residential properties and one retail property.

### 4.2 Recent developments

Upon taking possession of the six properties, the Trustee commenced a process to physically inspect the properties and prepare them for a sale campaign. This process has involved vacating tenants from three of the five residential properties, obtaining valuations for the properties and ongoing dealings with appointed real estate agents.

To date, sale contracts have been entered for five of the six properties (being the residential properties) and all of these sales have now completed. Net sale proceeds to date have been remitted to AIF and they have now been repaid in full. We estimate that the return to the MPF from the Lygon Street recovery action will be approximately \$1,000,000 and will be finalised in the first quarter of 2018.

## 5 Auditor action

### 5.1 Background

Williams Partners Independent Audit Specialists ('WPIAS') provided audit services to the Fund in 2011 and 2012. The Trustee has been undertaking investigations into a possible claim against WPIAS relating to audit services provided. In order to progress these investigations, the Trustee filed an application in the Federal Court of Australia for an order summoning key parties for examinations and orders for the production of documents. This application was heard on 21 October 2016 and the orders for production and examination summonses were granted.

The examinations have continued to be deferred as the Trustee wishes to first ensure the commercial viability of progressing with a claim against the WPIAS. The Trustee continues to gather information in this regard to better inform ourselves of the merits of any recovery action against WPIAS.

### 5.2 Recent developments

In response to the orders for production, a number of documents were received from Mr Reginald Lance Williams, WPIAS Forensic & Consulting Pty Ltd and Williams Partners Independent Audit Specialists ('the Producing Parties') in December 2016. Following review of these documents, it became apparent that certain requested documents had not been produced by the Producing Parties. In the absence of these documents, the Trustee was unable to finalise preparation for the examinations and were also unable to make any assessment regarding potential recoveries from an action against WPIAS.

Further documents were provided by the Producing Parties in late-January 2017 and early-February 2017, which left insufficient time to review and properly consider in advance of the examinations in February. Accordingly, notice was provided



to the Court of the need to adjourn the examinations. Examinations were re-listed by the Court for 15 and 16 May 2017 and 31 May 2017.

Following a review of the further produced documents, it again became apparent that certain information had not been provided which was required for the Trustee to make an assessment regarding potential recoveries from any action against WPIAS. Further documentation was requested from the Producing Parties and a further application was made for orders for production from a number of parties, for documentation relating to insurance policies held by WPIAS in the relevant period. The Court made the requested orders on 24 February 2017 and additional documents were produced in late-March 2017.

In the following months, the Trustee's legal advisors undertook a detailed review of the produced documents. Further investigations were also undertaken by the Trustee in relation to various matters relevant to the examinations and the potential claim against WPIAS in general. Whilst considerable progress was made with these investigations, the Trustee determined in early June, that additional time would be required to continue investigations before the conducting the examinations. As a result, a further adjournment to the examinations was requested.

### **5.3 Next steps**

The Trustee has requested a deferral of the Examinations and the Courts have now confirmed that this hearing will occur in February 2018.

Given the cost of undertaking examinations, the Trustee must ensure that sufficient preparation has been undertaken to optimise the outcomes of the examinations. The Trustee and its legal advisors are also utilising disclosed information to commence preparations for a potential claim against WPIAS and to assess likely recoveries should the action be successful. The economic viability of this potential claim remains subject to ongoing consideration.

## **6 Fund management**

### **6.1 Return of monies to Unitholders**

Following receipt of the withholding tax refund from the ATO, the Trustee considers it likely that a distribution will be made to unitholders. Due to the expected cost of administering a distribution to unitholders, the Trustee intends on delaying such distribution until substantially all possible recovery actions and litigation is complete.

Prior to any distribution to unitholders, the Trustee intends to seek directions from the Court in respect to a number of matters regarding appropriate apportionment of distribution amount, distribution methodology and administration.

In previous updates, the Trustee has advised that the return to unitholders is likely to be less than five cents in the dollar. This estimate of return to unitholders remains unchanged.

### **6.2 Unitholder details**

Since appointment of the Trustee on 12 April 2013, there has been a freeze on changes to the investor database. Due to a number of factors, including expected costs associated with managing and maintaining the database, the Trustee has made the decision to continue the freeze on changes to the investor database to date.

Due to the likelihood of a distribution being made to unitholders, the Trustee is currently assessing this decision and considering the most appropriate time to commence the unitholder register update process. It is highly likely that this process will be commenced in the next 6 months and unitholders will be contacted once the process has commenced.

We understand that many unitholders wish to change certain details associated with their unit holdings and appreciate your patience during this time.



### **6.3 Management fees**

During the period 15 August 2016 to 26 November 2017, the trustee's role has been largely focussed on:

- Settlement negotiations regarding the FMIF claim against the fund and other actions between related parties.
- Monitoring and realisations of remaining underlying assets which were held as security for the Fund's loans (including Lygon Street).
- Review of the Fund's current income tax and withholding tax positions.
- Preparation of materials and ongoing dealings with tax advisors to assist with recovery of withholding tax paid to the ATO.
- Investigations and ongoing dealing with legal advisors regarding potential claim against the auditor of the Fund.

Fees for this period total \$443,199 (Excl. GST) plus disbursements of \$2,796.23 (Excl. GST).

A summary of fees by task area, by week and by employee is included at Appendix A and a copy of detailed narrations is included at Appendix B.

An application to Court for fee approval for this period is expected to be made in the coming weeks. Unitholders will receive further correspondence regarding this fee approval prior to the hearing.

### **6.4 Investor communication**

The Trustee will continue to communicate to Unitholders significant changes to the status of the Fund or any recovery actions.

In the interim, Unitholders are able to obtain further information by:

- Accessing the KordaMentha website at <http://www.kordamentha.com/creditor-information/australia/109>.
- If you are unable to find the answer to your query in any of our Updates or Frequently Asked Questions listing then you may email [linvestors@kordamentha.com](mailto:linvestors@kordamentha.com); (In order to manage the ongoing management costs of the Fund, due to the high volume of enquires made via email the Trustee will only review and respond to emails on a fortnightly basis).

Please note that the Trustee makes every attempt to answer your enquiries on a regular basis however due to the number of queries received and our focus on managing costs of the Fund there may be some delay in responding to your individual requests. We appreciate your patience whilst we manage the large volume of emails and telephone calls received during this time.

Yours faithfully

KordaMentha  
Trustee of the Fund



## Appendix A – Detailed fee summaries

### Fees by task area – hours

For the period 15 August 2016 to 26 November 2017

Task Area	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Administration and risk management	12.7	28.1	13.4	26.2	6.7	27.5	27.6	30.7	14	24.1	15	11.3	44.4	25	18.5	7.8
Assets	1.8	14	6.8	7.9	0.9	6.3	8.3	71.7	15.9	16.7	25.4	10.4	20.5	1.5	0	6
Investors	3.2	13.3	9.9	18.5	25.6	9.8	6.9	16.7	14.9	15.5	49.9	31.6	10.4	22.9	30	14.2
Investigations	2.9	2.3	2	8	1.7	4	26.6	33.9	1.2	3.6	3.8	4.1	15	8.2	5.7	1.7
Fund trading management and other	3.2	3.9	5.9	3.8	3.5	10.7	29.4	4.9	2.3	10.1	5.7	3.5	8.7	9.3	7	1.2
	<b>23.8</b>	<b>61.6</b>	<b>38</b>	<b>64.4</b>	<b>38.4</b>	<b>58.3</b>	<b>98.8</b>	<b>157.9</b>	<b>48.3</b>	<b>70</b>	<b>99.8</b>	<b>60.9</b>	<b>99</b>	<b>66.9</b>	<b>61.2</b>	<b>30.9</b>

### Fees by task area – amount (\$)

For the period 15 August 2016 to 26 November 2017

Task Area	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Administration and risk management	6,814.50	12,374.00	6,872.50	12,438.00	2,785.50	14,256.00	14,801.00	14,822.00	7,021.50	12,877.00	6,909.00	4,673.00	17,617.50	8,948.50	7,648.00	2,785.00
Assets	891.00	6,487.50	3,236.00	3,910.50	445.50	3,118.50	4,108.50	30,345.00	7,870.50	8,096.50	12,415.50	5,212.50	10,147.50	742.50	--	2,970.00
Investors	960.00	4,835.50	3,010.50	5,886.00	9,679.50	3,122.00	2,112.50	6,260.50	4,493.50	5,889.50	22,077.50	14,205.00	3,270.00	8,045.00	10,780.00	4,260.00
Investigations	1,219.50	865.00	719.00	2,445.00	577.50	1,254.00	8,755.00	10,336.00	374.00	1,130.00	1,249.00	1,301.50	6,162.50	3,310.00	1,817.50	517.50
Fund trading management and other	960.00	1,445.00	1,770.00	1,140.00	1,040.00	3,545.50	10,728.00	1,592.50	735.00	3,282.50	1,847.50	1,125.00	3,812.50	2,995.00	2,260.00	360.00
	<b>10,845.00</b>	<b>26,007.00</b>	<b>15,608.00</b>	<b>25,819.50</b>	<b>14,528.00</b>	<b>25,296.00</b>	<b>40,505.00</b>	<b>63,356.00</b>	<b>20,494.50</b>	<b>31,275.50</b>	<b>44,498.50</b>	<b>26,517.00</b>	<b>41,010.00</b>	<b>24,041.00</b>	<b>22,505.50</b>	<b>10,892.50</b>



Fees by week

	Week ended	Hours	Fee value (\$)		Week ended	Hours	Fee value (\$)
Week 179	21-Aug-16	10.2	4,033.50	Week 213	16-Apr-17	11.4	5,106.50
Week 180	28-Aug-16	6.4	3,153.50	Week 214	23-Apr-17	8.3	2,917.50
Week 181	4-Sep-16	7.8	3,857.50	Week 215	30-Apr-17	5.4	2,337.50
Week 182	11-Sep-16	7	3,128.00	Week 216	7-May-17	12.6	5,580.50
Week 183	18-Sep-16	22.1	10,470.50	Week 217	14-May-17	22.3	9,629.50
Week 184	25-Sep-16	10.6	4,844.00	Week 218	21-May-17	12.8	5,787.00
Week 185	2-Oct-16	21.3	7,365.00	Week 219	28-May-17	19	8,529.00
Week 186	9-Oct-16	17.4	7,084.50	Week 220	4-Jun-17	10.7	5,390.50
Week 187	16-Oct-16	10.5	4,129.50	Week 221	11-Jun-17	15.4	6,178.00
Week 188	23-Oct-16	3	1,075.50	Week 222	18-Jun-17	29.3	13,497.00
Week 189	30-Oct-16	4.5	2,025.00	Week 223	25-Jun-17	30.1	13,364.50
Week 190	6-Nov-16	12.5	4,972.00	Week 224	2-Jul-17	17.6	7,818.00
Week 191	13-Nov-16	12.8	5,287.00	Week 225	9-Jul-17	23.5	11,525.00
Week 192	20-Nov-16	19.2	6,889.50	Week 226	16-Jul-17	16.7	7,548.00
Week 193	27-Nov-16	13.2	5,657.00	Week 227	23-Jul-17	11.5	4,274.00
Week 194	4-Dec-16	12.8	5,689.00	Week 228	30-Jul-17	9.2	3,170.00
Week 195	11-Dec-16	9.9	4,045.50	Week 229	6-Aug-17	6.4	2,660.00
Week 196	18-Dec-16	16	6,164.50	Week 230	13-Aug-17	11.3	5,275.00
Week 197	25-Dec-16	9	2,936.50	Week 231	20-Aug-17	14.2	6,140.00
Week 198	1-Jan-17	0	-	Week 232	27-Aug-17	24.1	9,847.50
Week 199	8-Jan-17	0.5	137.50	Week 233	3-Sep-17	50.1	19,515.00
Week 200	15-Jan-17	6	2,076.00	Week 234	10-Sep-17	20.6	7,417.50
Week 201	22-Jan-17	32.1	13,809.00	Week 235	17-Sep-17	5.3	1,985.00
Week 202	29-Jan-17	11.6	5,521.00	Week 236	24-Sep-17	18.7	6,528.50
Week 203	5-Feb-17	24.3	10,619.50	Week 237	1-Oct-17	15.2	5,682.50
Week 204	12-Feb-17	20	8,446.00	Week 238	8-Oct-17	10	3,330.00
Week 205	19-Feb-17	34.7	14,362.50	Week 239	15-Oct-17	14.6	5,272.50
Week 206	26-Feb-17	19	7,456.00	Week 240	22-Oct-17	10.2	4,367.50
Week 207	5-Mar-17	27.2	11,510.00	Week 241	29-Oct-17	14.2	4,935.50
Week 208	12-Mar-17	38.5	13,968.50	Week 242	5-Nov-17	19.8	6,962.50
Week 209	19-Mar-17	26.8	11,475.50	Week 243	12-Nov-17	13.7	5,367.50
Week 210	26-Mar-17	43.6	17,680.50	Week 244	19-Nov-17	6.5	2,095.00
Week 211	2-Apr-17	30.7	12,095.00	Week 245	26-Nov-17	3.1	1,067.50
Week 212	9-Apr-17	23.2	10,133.00	<b>Total</b>		<b>1078.2</b>	<b>443,199.00</b>

## Fees by person

Name	Position	Hourly rate	27 Aug 16	10 Sep 16	24 Sep 16	8 Oct 16	22 Oct 16	5 Nov 16	19 Nov 16	3 Dec 16	17 Dec 16	31 Dec 16
JARROD VILLANI	Partner	\$575	3.0	6.5	4.3	5.4	2.8	5.5	3.1	4.0	0.0	0.0
BRIAN WOOD	Partner	\$575	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.0	0.0
STACEY CLISBY	Director	\$495	7.1	3.9	22.1	8.9	2.1	3.1	10.2	10.8	13.0	1.7
RICHARD BARTLETT	Associate Director	\$450	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VISHKA PEIRIS	Executive Analyst	\$325	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	3.5	0.0
REBECCA CLARK	Senior Business Analyst	\$300	3.4	2.3	1.7	2.1	4.9	1.3	2.7	0.4	2.1	0.0
MELISSA LOURENS	Senior Business Analyst	\$300	3.0	2.0	0.0	13.4	3.3	4.1	5.4	6.0	0.0	3.5
ZACHARY VOLL	Senior Business Analyst	\$300	0.0	0.0	2.3	1.2	0.0	0.0	0.0	0.0	0.0	0.0
AIDA VUCIC	Business Analyst	\$275	0.0	0.0	1.2	5.9	0.0	0.0	5.1	0.0	3.1	0.0
JULIEN CARTRON	Business Analyst	\$275	0.0	0.0	0.0	0.0	0.1	0.0	0.7	0.0	0.0	0.0
ADAM JOSE	Business Analyst	\$275	0.0	0.0	0.0	0.0	0.0	2.0	4.0	1.5	3.5	3.7
ANGELA PANUCCIO	Senior Client Services Admin	\$275	0.1	0.1	0.7	0.5	0.2	0.0	0.8	0.1	0.7	0.1
ADMINISTRATION	Various	\$130	0.0	0.0	0.0	1.3	0.1	1.0	0.0	0.0	0.0	0.0
<b>Total professional fees (excluding GST)</b>			<b>16.6</b>	<b>14.8</b>	<b>32.7</b>	<b>38.7</b>	<b>13.5</b>	<b>17.0</b>	<b>32.0</b>	<b>26.0</b>	<b>25.9</b>	<b>9.0</b>

Name	Position	Hourly rate	14 Jan 17	28 Jan 17	11 Feb 17	25 Feb 17	11 Mar 17	25 Mar 17	8 Apr 17	22 Apr 17	6 May 17	20 May 17	3 Jun 17
JARROD VILLANI	Partner	\$575	0.0	10.3	10.8	7.5	5.9	5.7	9.5	4.3	2.8	4.7	9.8
STACEY CLISBY	Director	\$550	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STACEY CLISBY	Director	\$495	1.3	16.0	12.4	15.3	28.6	34.8	21.7	5.2	9.0	17.7	11.1
DAVID JOHNSTONE	Associate Director	\$495	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DAVID JOHNSTONE	Associate Director	\$450	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VISHKA PEIRIS	Senior Executive Analyst	\$350	0.0	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
PATRICK QUIGLEY	Senior Executive Analyst	\$350	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MELISSA LOURENS	Executive Analyst	\$325	2.8	9.7	18.3	28.7	15.2	17.3	11.0	4.9	3.0	9.2	6.8
AIDA VUCIC	Senior Business Analyst	\$300	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.5	0.0	0.0
ADAM JOSE	Business Analyst	\$275	1.5	4.2	2.0	0.0	5.4	9.0	6.2	4.0	2.0	2.0	0.0
ADMINISTRATION	Client Accounting Administration	\$275	0.9	0.6	0.8	2.2	0.4	0.6	0.2	0.8	0.6	1.5	1.6
ADMINISTRATION	Various	\$130	0.0	0.0	0.0	0.0	9.8	3.0	5.3	0.5	0.1	0.0	0.0
<b>Total professional fees (excluding GST)</b>			<b>6.5</b>	<b>43.7</b>	<b>44.3</b>	<b>53.7</b>	<b>65.7</b>	<b>70.4</b>	<b>53.9</b>	<b>19.7</b>	<b>18.0</b>	<b>35.1</b>	<b>29.7</b>



Name	Position	Hourly rate	17 Jun 17	1 Jul 17	15 Jul 17	29 Jul 17	12 Aug 17	26 Aug 17	9 Sep 17	23 Sep 17	7 Oct 17	21 Oct 17	4 Nov 17	18 Nov 17	25 Nov 17
JARROD VILLANI	Partner	\$575	4.1	0.0	0.0	0.0	5.0	0.0	0.0	0.0	1.5	0.5	0.0	0.5	0.5
STACEY CLISBY	Director	\$550	0.0	0.0	24.8	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
STACEY CLISBY	Director	\$495	22.0	34.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DAVID JOHNSTONE	Associate Director	\$495	0.0	0.0	4.5	0.0	6.0	20.5	20.5	7.0	4.5	10.0	7.0	6.0	0.0
DAVID JOHNSTONE	Associate Director	\$450	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
VISHKA PEIRIS	Senior Executive Analyst	\$350	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PATRICK QUIGLEY	Senior Executive Analyst	\$350	0.0	0.0	0.0	0.0	0.0	3.5	31.1	0.0	0.0	0.0	0.0	0.0	0.0
MELISSA LOURENS	Executive Analyst	\$325	14.0	9.4	5.0	10.5	4.3	13.0	8.0	7.3	6.5	5.0	14.2	4.5	0.0
AIDA VUCIC	Senior Business Analyst	\$300	0.0	0.2	1.8	1.3	1.3	1.3	9.9	7.3	12.7	8.8	12.5	8.5	2.6
ADAM JOSE	Business Analyst	\$275	0.0	3.5	2.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ADMINISTRATION	Client Accounting Administration	\$275	1.1	0.1	1.5	1.1	1.1	0.0	1.2	1.2	0.0	0.5	0.2	0.7	0.0
ADMINISTRATION	Various	\$130	0.0	0.0	0.6	0.3	0.0	0.0	0.0	1.2	0.0	0.0	0.1	0.0	0.0
<b>Total professional fees (excluding GST)</b>			<b>44.7</b>	<b>47.7</b>	<b>40.2</b>	<b>20.7</b>	<b>17.7</b>	<b>38.3</b>	<b>70.7</b>	<b>24.0</b>	<b>25.2</b>	<b>24.8</b>	<b>34.0</b>	<b>20.2</b>	<b>3.1</b>



Fee summary

	\$
<b>Professional fees (excluding GST)</b>	<b>\$443,199.00</b>
<b>Disbursements</b>	
Taxi	\$58.71
Storage of B&R	\$1,198.93
Searches	\$231.47
Postage	\$1,307.12
<b>Total disbursements (excluding GST)</b>	<b>\$2,796.23</b>
GST on professional fees and disbursements	\$44,599.52
<b>Total professional fees and disbursements (including GST)</b>	<b>\$490,594.75</b>



## Appendix B – Detailed narrations

Task area	Sub category	Description
Risk Management (Litigation/Legal) & Administration	Forensic & Investigations	<ul style="list-style-type: none"> <li>• Forensic review and capture of file server data and email server data.</li> <li>• Forensic input into various legal matters and discovery processes.</li> <li>• Investigations for various legal matters.</li> </ul>
	Litigation/Legal	<ul style="list-style-type: none"> <li>• Ongoing discussions with legal advisors with respect to, but not limited to: <ul style="list-style-type: none"> <li>– obligations and processes to be undertaken to release security over certain property</li> <li>– enforcement options against non-performing loans</li> <li>– planned dealings of assets by first mortgagors and ability to secure value of such assets to the Fund</li> <li>– ongoing research of historic fund documentation in light of breach of trust claims. Detailed discussion internally and legal advisors regarding claims and required supporting documentation.</li> <li>– current and potential litigation, including: <ol style="list-style-type: none"> <li>i. Barly Wood and Lifestyle</li> <li>ii. AIIIS</li> <li>iii. Bellpac FMIF Receiver's action</li> <li>iv. Auditor claim</li> </ol> </li> </ul> </li> <li>• Discussions with various parties regarding the potential claim against the Directors and Officers insurance policy</li> <li>• Undertake detailed forensic analysis of certain loans for evidence preparation regarding breach of trust claims.</li> <li>• Correspondence and meetings with the Australian Securities and Investments Commission (ASIC) regarding the conduct of the former trustee's directors, various breaches of trust and ongoing investigations.</li> <li>• Correspondence with ASIC seeking copies of documents in their possession that would be books and records of the fund.</li> <li>• Correspondence with FMIF regarding breach of trust claims.</li> <li>• Issue various instructions to the Fund's custodian regarding various legal matters.</li> <li>• Attendance in Chambers and in Court for various matters where attendance required.</li> <li>• Correspondence and review of documentation regarding Bellpac defence and disclosure process.</li> <li>• Correspondence with Liquidators of Bellpac regarding agreements to which the Fund is party too.</li> <li>• Ongoing correspondence with IMF Bentham regarding Barly Wood and Lifestyle claims.</li> <li>• Detailed analysis of potential outcomes with IMF.</li> <li>• Investigations and correspondence with solicitors regarding potential auditor claim and access to audit files.</li> <li>• Correspondence with solicitors and forensic team to enable review of potentially privileged documentation in ASIC's claim against Peter Drake.</li> <li>• Detailed analysis of impact of litigation on the MPF's financial position.</li> <li>• Review of various affidavit materials for ongoing litigation.</li> </ul>
	Media	<ul style="list-style-type: none"> <li>• Correspondence with media outlets as required.</li> </ul>



<b>Task area</b>	<b>Sub category</b>	<b>Description</b>
	Investor Information Management	<ul style="list-style-type: none"> <li>• Ongoing update and maintenance of the Fund's dedicated website.</li> <li>• Uploading documents in relation to various court applications for service of notice on unitholders.</li> <li>• Preparation of update reports to investors.</li> </ul>
	Engagement Planning	<ul style="list-style-type: none"> <li>• Engagement planning and management meetings.</li> <li>• Ongoing review and update of task lists.</li> <li>• Ongoing maintenance of priority investigations and allocation of resources.</li> <li>• Ongoing management of cash flow forecasts and expense accruals.</li> </ul>
	Other Administration	<ul style="list-style-type: none"> <li>• Word processing and finalisation of formal correspondence.</li> </ul>
Assets	Loans/Property	<ul style="list-style-type: none"> <li>• Ongoing review and monitoring of current status with realisation of security property.</li> <li>• Liaising with various parties regarding releases of mortgage security.</li> <li>• Monitoring of sale and settlement of Lygon Street security property.</li> <li>• Correspondence with the borrower regarding timely repayment of Lygon Street facility and negotiations regarding applicable fees.</li> <li>• Correspondence with various parties regarding recovery action against guarantors of impaired loans.</li> <li>• Correspondence with Trustee of Peter Drake bankrupt estate.</li> <li>• Correspondence with Trustee of David Hawes bankrupt estate.</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>• Reconciliation of bank accounts and management of the Fund's cash flow.</li> <li>• Various correspondence with banks regarding account maintenance.</li> </ul>
	Withholding tax recovery	<ul style="list-style-type: none"> <li>• Correspondence with taxation advisers regarding withholding tax recovery.</li> <li>• Investigations and analysis to support withholding tax recovery.</li> <li>• Meetings and strategy discussions regarding withholding tax claims.</li> <li>• Detailed review of prior Fund tax records to identify withholding tax issues for potential secondary claim.</li> </ul>
Investors/Creditors	Reports/Circulars	<ul style="list-style-type: none"> <li>• Preparation, finalisation and distribution of update 17 to Unitholders.</li> <li>• Preparation, finalisation of update 18 to Unitholders.</li> </ul>
	Investor Communication	<ul style="list-style-type: none"> <li>• Continued communication support for Unitholders and investor support groups via email and telephone.</li> <li>• Various correspondence with investors regarding current litigation.</li> <li>• Mail out of correspondence for those investors where emails undeliverable.</li> <li>• Review of investor responses regarding various litigation for inclusion in affidavit material.</li> <li>• Consideration of correspondence from Unitholders regarding compensation schemes.</li> </ul>
	Investor Information	<ul style="list-style-type: none"> <li>• Ongoing refinement of internal model for Unitholder data.</li> <li>• Maintenance of Unitholder email distribution list.</li> <li>• Consideration of process for allowing update to investor register and discussions with internal technology team.</li> <li>• Correspondence with third party registry service regarding options for investor register.</li> </ul>
	Advisor Communication	<ul style="list-style-type: none"> <li>• Ongoing dealings and support to financial advisors regarding current progress of the winding up of the Fund.</li> </ul>
Statutory Compliance	ASIC Correspondence	<ul style="list-style-type: none"> <li>• Ongoing correspondence with ASIC and compliance with various requests.</li> </ul>



<b>Task area</b>	<b>Sub category</b>	<b>Description</b>
	ATO	<ul style="list-style-type: none"> <li>• Review of overall tax position of the Fund.</li> <li>• Ongoing correspondence with the ATO regarding lodgement requirements.</li> <li>• Preparation and lodgement of Business Activity Statements for current periods.</li> </ul>
	Books and Records	<ul style="list-style-type: none"> <li>• Books and records management and archiving.</li> <li>•</li> </ul>
Trading	Trade-on Management	<ul style="list-style-type: none"> <li>• Review, approval and payment of invoices payable by the Fund</li> <li>• Ongoing cash flow management.</li> <li>• Correspondence with various creditors of the Fund.</li> <li>• Ongoing calculation and accrual of loan balances due to the Fund.</li> </ul>
	Fund Accounting	<ul style="list-style-type: none"> <li>• Maintenance of cash book for the Fund.</li> <li>• Review of carrying value of loan assets and assessment of appropriate amount and timeframe for provisioning and write-offs.</li> </ul>

