

LM Managed Performance Fund

('the Fund' or 'MPF')

28 June 2019 | Update 21

This is the Trustee's twenty first (21st) update to Unitholders.

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All values in this document are in Australian Dollars.

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, including:

- the progress of recovery actions and litigation being taken on behalf of the Fund
- the progress of the defence of claims against the Fund
- the status of an application seeking directions from the Court prior to any distribution being made to Unitholders
- fund management matters.

1.2 Prior update reports

This update to Unitholders should be read in conjunction with prior update reports issued by the Trustee. Should you wish to obtain a copy of any previous update reports, please contact the Trustee via the email address contained in section 6.3 of this report.

1.3 Summary of work undertaken and key developments

Key developments since the Trustee's last update to Unitholders are summarised as follows:

- The Trustee has been successful in negotiating a settlement with the Receiver of the LM First Mortgage Income Fund ('FMIF') in respect to its claim against the MPF. Despite being party to this claim, LM Investment Management Ltd ('LMIM') and six current or former directors of LMIM were not party to the settlement. This settlement extends to all claims between MPF and FMIF and is a positive step towards finalisation of the winding up of the MPF.
- The Trustee has obtained directions from the Supreme Court of Queensland and has discontinued a claim relating to management fees prepaid by the Fund to LM Administration Pty Ltd ('LMA').
- The Trustee is continuing to monitor the realisation of a property located in Fiji by the Trustees of the bankrupt estate of Peter Drake. A local Fijian real estate agent has now been engaged to market the property for sale.
- The Australian Securities and Investments Commission ('ASIC') has been successful in its action against former auditor of the Fund and the Companies Auditors Disciplinary Board has cancelled the registration of Reginald Lance Williams and found that he had failed to carry out or perform adequately and properly the duties of an auditor in relation to his audit of the financial report of the MPF for the year ended 30 June 2012.
- As outlined in previous update reports, prior to any distribution being made to Unitholders, the Trustee considers it necessary to seek directions from the Supreme Court of Queensland in relation to a number of matters. Due to the extent and complexity of the issues involved, it is proposed to deal with the directions in at least two separate applications to the Court. The disputes between the MPF and FMIF caused the first directions application to be delayed, however in light of the settlement between the MPF and the FMIF, the application can now be progressed. The Trustee expects that the first application for directions will be made within the next two to three months.



- The Trustee has advanced preparation for Unitholders to be able to make changes to their details held on the unitholder register. This process is expected to commence shortly after the first application for directions has been heard by the Court.

2 Recovery action and litigation

2.1 Recovery of withholding tax remitted to the ATO

As outlined in previous update reports, the Trustee has been successful in recovering a total amount of \$7.8 million from the ATO in respect to withholding tax remitted on behalf of Unitholders in the period July 2007 to March 2013. The net refund amount of \$6.54 million is currently being held in a high interest account pending distribution ('the ATO Funds').

The ATO Funds can only be distributed once the Trustee has received the Court's directions as to the appropriate process for making any distribution to Unitholders (discussed in section 4 below).

2.2 Prepaid management fees claim

Background

At the time of the Trustee's appointment, the accounts of the Fund indicated that an amount of \$12.3 million had been prepaid by MPF to LMA for management fees. Further investigations have been undertaken by the Trustee to confirm this balance.

The Trustee considers that this prepayment or overpayment of management fees to LMA constituted a breach of trust by LMIM. The Trustee commenced proceedings against LMIM in the Supreme Court of Queensland in early 2017 in respect to this alleged breach of trust.

In November 2018, the Trustee determined that it had insufficient funds to prosecute the action and simultaneously defend the FMIF claim against the Fund and other parties (discussed in section 3 below). The Trustee therefore applied to the Supreme Court of Queensland for a direction that it would be justified in discontinuing this action.

Recent developments

The application was heard in the Supreme Court of Queensland on 19 December 2018 and an order was made that the Trustee would be justified in discontinuing this action. Notices of discontinuance have now been filed and the matter has been discontinued.

Despite discontinuance of the action, the Trustee considers that the Fund has a claim against LMIM in respect to this matter. A Formal Proof of Debt form has been submitted to the Liquidator of LMIM in respect to this claim, however due to the financial position of LMIM any return on this claim is unlikely.

The Fund also has a claim against LMA in relation to the prepaid management fees. LMA is currently in liquidation. The Liquidators of LMA have recently been successful in reaching a settlement with the ATO regarding a preference claim, however after application of recovered funds towards costs and priority employee claims, it does not appear likely that there would be any funds available for distribution to the MPF.

2.3 Auditor action

Williams Partners Independent Audit Specialists ('WPIAS') provided audit services to the Fund in 2011 and 2012. The Trustee has undertaken investigations regarding a possible claim against WPIAS in relation to audit services provided to the MPF. In order to progress these investigations, the Trustee filed an application in the Federal Court of Australia for an order summoning key parties (including Reginald Lance Williams) for examinations and orders for the production of documents.

After reviewing documents produced by WPIAS and a number of other parties, in 2018 the Trustee issued a letter of demand to WPIAS in relation to its alleged breach of various auditing and accounting standards with respect to its conduct of the 2011 and 2012 audits.

The Trustee is currently considering its position in relation to this matter.



ASIC action

On 10 April 2019 ASIC announced that the Companies Auditors Disciplinary Board ('CADB') had decided to cancel the registration of Reginald Lance Williams.

ASIC successfully contended before the CADB that Mr Williams had failed to carry out or perform adequately and properly the duties of an auditor in relation to his audit of the financial report of the MPF for the year ended 30 June 2012.

Mr Williams has applied to the Administrative Appeals Tribunal for a review of the CADB's decision. It is not yet known when that review will be completed.

Further information regarding this action can be found here on this website: <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-084mr-queensland-auditor-s-registration-cancelled/>.

2.4 Bankrupt Estate of Peter Charles Drake

On 20 November 2014, the Trustee was successful in its application for judgment on an amount loaned to Peter Drake, former director of LMIM. On 9 January 2015, Mr Drake submitted a debtors petition and Jason Bettles and Raj Khatri of Worrells Solvency & Forensic Accountants were appointed as Trustees of his bankrupt estate ('the Trustees of the Bankrupt Estate').

The primary asset of the bankrupt estate is a property located at Savasavu in Fiji. The Trustees of the Bankrupt Estate have been pursuing a realisation process for this property. The Trustee has provided some funding to assist the Trustees of the Bankrupt Estate with costs associated with realisation of the Fiji property. To date, funding of \$27,403 has been provided to the Trustees of the Bankrupt Estate.

Recent developments

The Trustees of the Bankrupt Estate are continuing to work with their Fijian real estate agent to sell the property. Whilst there has been a level of interest in the property, it remains on the market. If creditors are aware of anyone who may be interested in purchasing the property, they may contact the appointed real estate agent, Mr Aren Nunnink, regarding their interest. Mr Nunnink's contact details are as follows:

Mr Aren Nunnink
Ki-Maren Real Estate
Email: land4sale@connect.com.fj

Whilst the property is on the market, the Trustees of the Bankrupt Estate have entered into agreements for short-term rental of the property on a commercial basis to a Fijian subsidiary of an Australian based company.

2.5 Funding provided to Bellpac Pty Ltd (In Liquidation)

Over the period 2010 to 2013, funding of approximately \$680,000 was provided by MPF to the Liquidator of Bellpac Pty Ltd ('Bellpac') to fund litigation in respect to convertible bonds issued by Wollongong Coal Limited to Bellpac in 2008. The provision of this funding resulted in significant recoveries by Bellpac.

The Trustee requested payment from the Liquidator of Bellpac of the funding provided from the realised proceeds in priority to any other secured or unsecured creditor. However, the Receiver of the FMIF objected to any payment being made to MPF in respect to this claim.

This claim is subject to the settlement reached with FMIF, discussed further in section 3 below. The Trustee will have no further recoveries in relation to this matter.

3 Defence of claim against the Fund

3.1 Background

On 23 December 2014, LMIM as responsible entity of the FMIF commenced proceedings in the Supreme Court of Queensland against six current or former directors ('the Directors') of LMIM, LMIM itself and the MPF ('the FMIF Action'). FMIF alleges that the Directors breached duties owed to LMIM and FMIF in relation to the distribution of proceeds of the settlement of a legal action. The FMIF further alleges that LMIM was knowingly involved in those breaches and that the proceeds of the breaches



were paid to the MPF. FMIF sought to recover, from the Directors, LMIM and the MPF, \$15,546,147.85 plus interest on the sum and legal costs.

Following mediation on 12 July 2016, settlement negotiations continued through 2017 however they were ultimately unsuccessful.

Trial dates were set for three weeks commencing on 1 April 2019.

3.2 Recent developments

Shortly prior to the commencement of the trial, a settlement was negotiated between the Trustee and the Receiver of the FMIF to settle the matter between the two parties.

This settlement was executed on 26 March 2019 and extends to:

- the FMIF action
- the funding provided to Bellpac Pty Ltd by MPF
- any claim by FMIF against the ATO Funds
- any other claim between the FMIF and MPF which is known, or could reasonably have been known to the FMIF or the MPF as at the date of the deed.

Following execution of the settlement, MPF were discontinued from the FMIF action on 27 March 2019.

The action proceeded to trial with the remaining defendants on 1 April 2019. Judgement has been reserved and is expected to be delivered later this year.

4 Court directions prior to distribution

4.1 Background

As outlined in previous update reports, prior to any distribution being made to Unitholders, the Trustee considers it necessary to seek directions from the Court in relation to a number of matters. Those matters include:

- the identification of the correct version of the unitholder register with respect to the MPF and the process by which Unitholders may update their details prior to any distribution being made
- the manner in which the Trustee is to communicate with Unitholders during any distribution process
- adjustments to the unitholder register which the Trustee considers appropriate to reflect transactions prior to the closure of the Fund
- the treatment of Unitholders whose account may have matured prior to closure of the Fund but who did not have a redemption processed
- the appropriate apportionment and calculation of the distribution amount amongst Unitholders
- the appropriate characterisation and treatment of the ATO refund amount (i.e. that the ATO refund is held on trust for distribution to Unitholders and not for distribution to general creditors of the Fund)
- the proper treatment of potential creditors of the Fund, including financial advisors.

Due to the extent and complexity of the issues involved, it is proposed to deal with the directions in at least two separate applications to the Court. As previously advised in Update 20 to Unitholders the matters to be dealt with in the first application are outlined below.

Investor register

Following appointment, the Trustee was provided with a number of versions of the unitholder register which contain minor inconsistencies. The Trustee has undertaken detailed analysis to identify the correct register by reference to the investor transaction register and other books and records of the Fund. However before any distribution is made to Unitholders, and to ensure Unitholders are given an opportunity to consider the Trustee's position with respect to the unitholder register, the Trustee intends to seek directions from the Court to the effect that it is justified in adopting one of the registers for the purposes of calculating any distribution.



Further information with respect to the unitholder registers will be provided in the application material.

Investor register update process

Since the 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 likely costs associated with managing and maintaining the database, the Trustee has maintained the freeze on changes to the investor database to date.

Prior to any distribution being made, Unitholders will be provided with the opportunity to update certain personal details. The process that the Trustee proposes to follow to enable updates to the unitholder register will be detailed in the application for directions.

Treatment of Unitholder liability accounts

The balance sheet of the Fund at 12 April 2013 detailed a number of credit accounts which appear to have related to Unitholder transactions. A summary of those accounts, and any adjustments proposed by the Trustee, is provided below. More detailed information regarding these accounts will be made available at the time the application for directions is made.

Funds awaiting investment

This credit account was used to record a liability in the accounts of the Fund following receipt of investor funds but before units were issued.

Most of the balance of this account upon the Trustee's appointment related to 'quarantined funds' which were funds received by MPF but where no units had been issued prior to closure of the Fund. The majority of the quarantined funds have been refunded to the affected persons.

The Trustee has undertaken a review of the remaining transactions in this account and has identified two additional transactions which do not constitute quarantined funds. The Trustee intends to seek directions as to whether it would be justified in making adjustments to the unitholder register with respect to those two accounts.

Details of those transactions and the Trustee's proposed adjustments will be provided in the application material.

Distributions payable / accrued earnings

There were two credit accounts which were used by the Fund to record accrued earnings on unitholdings and distributions payable to Unitholders.

With the exception of the account of one Unitholder, the earnings accrued on unitholdings were reflected in the unit price, i.e. unit prices were regularly increased to reflect earnings. As a result, the Trustee considers that there is no need to make any adjustment to the unitholder register to reflect earnings for all but one of the accounts.

In respect of the one Unitholder account with a fixed unit price, the Trustee intends to seek directions as to whether it is appropriate for an adjustment to be made to the unit balance for this account to reflect accrued earnings in the period 8 May 2012 to 19 March 2013. Further details in relation to the affected account and the Trustee's proposed adjustment will be provided in the application for directions.

Redemptions payable

This credit account was used to record redemptions payable to Unitholders in the accounts of the Fund before they were paid but after Unitholder account balances were reduced to reflect the redemption.

The Trustee has undertaken a review of the transactions in this account for the period 1 July 2012 until closure of the Fund. This review indicates that approximately \$560,000 of the account balance relates to redemptions which were deducted from unit balances but which were not paid to Unitholders. This amount comprises approximately 435 redemptions impacting 400 unitholders. In those cases, the unit balance was reduced but no redemption payment was received by the investor.

In the circumstances, the Trustee intends to seek directions as to whether the "redeemed" units should, in effect, be re-issued to the affected Unitholders before any distribution is made by the Trustee.



Unitholder accounts past maturity

The Trustee understands that due to liquidity issues experienced by the Fund in the period leading up to its closure, unitholder redemptions were delayed in many cases.

The Trustee is aware that, based on Unitholder instructions and application forms, there may have been a number of instances where a Unitholder's account may have matured prior to closure of the Fund but a redemption was not processed or reflected in the Unitholder's account ("the Matured Accounts"). Based on preliminary analysis undertaken by the Trustee, there appears to be a total of 885 potential Matured Accounts.

The Trustee proposes to seek directions as to whether it is appropriate that no adjustment to be made in the case of Matured Accounts – i.e. that unit holdings remain as set out in the unitholder register regardless of whether the investment might have matured prior to closure of the Fund.

4.2 Recent developments

FMIF claim to ATO Funds and delay of first application

In May 2018, correspondence was received from the FMIF in relation to the ATO Funds. This correspondence requested an undertaking from the Trustee that it would not pay any distributions to unitholders of the MPF until the claims made by the FMIF against the MPF had been heard and determined by the Court, and any amounts due to the FMIF as a creditor had been paid.

As advised in previous updates to Unitholders, it is the position of the Trustee that the ATO Funds are held on trust for distribution to Unitholders and are not available to pay creditors of the MPF. However, the correspondence from the FMIF foreshadowed a potential claim against the ATO Funds, which if successful, could have potentially consumed the entire value of the Fund (including the ATO Funds). The predominant claim by the FMIF against the MPF was the FMIF Action discussed above.

The first application for directions (which is now largely prepared), deals with a variety of matters, including a number which it will only be necessary to address in the event that it is proposed to make a distribution to Unitholders. The question of whether a distribution would be made to Unitholders was dependent on two primary matters, being:

- the outcome of the FMIF Action
- the subsequent success of the FMIF in a claim against the ATO Funds.

That is primarily because if the Trustee was unsuccessful in its defence of the FMIF Action and were then unsuccessful in defending a claim by the FMIF against the ATO Funds, there was a real possibility that there would be no remaining funds in the MPF available for distribution to Unitholders. For this reason, it was considered appropriate to delay the first application for directions from the Court until such time as the matters above were resolved.

Current position

As outlined in Section 3.1 above, a settlement has recently been finalised between the Trustee and the Receiver of the FMIF to settle the FMIF Action and other claims between the parties.

As a result, the uncertainties referred to in the preceding section have been resolved and the Trustee, together with its legal advisers, is now working to finalise the first application for directions.

The Trustee proposes to serve the application material on Unitholders in the usual manner – i.e. by uploading the material to the Trustee's website referred to in section 6.3 of this Update and sending correspondence to notify Unitholders that the material is available for download.

Further information in relation to the first application for directions will be provided at the time the application is served on Unitholders.

4.3 Estimated return to Unitholders

In previous update reports, 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.



5 LM Investor Victim Centre initiative

In the Trustee's Update 16 to Unitholders, the Trustee advised that it had been approached by an investor group known as the LMIVC for co-operation and support of a wide-ranging initiative addressing corrective and recovery actions outside of the immediate scope of the Trustee.

Whilst the Trustee does not express any view in relation to the intentions or actions of the LMIVC, or the validity of its initiative, the Trustee has agreed to share the following web link on the LMIVC's behalf for your further consideration:

<https://sites.google.com/site/lminvestorvictimcentre/recovery-initiatives#pu>. LMIVC report continued progress toward a third-party legal claim.

For the avoidance of doubt, the LMIVC is in no way associated with the Trustee and any actions undertaken by the LMIVC are entirely independent of those being undertaken by the Trustee.

6 Other fund management matters

6.1 Update to Unitholder details

Prior to any distribution being made by the Trustee, Unitholders will be given the opportunity to update certain personal details. The process for update of the investor database will be dealt with in the first application to the Court for directions as detailed above.

It is likely that Link Market Services ('Link') will be engaged to manage the update process. You should expect to receive correspondence from Link after the relevant directions are obtained, which is expected to be within the next three to six months. We understand that this process has taken longer than initially anticipated due to a number of factors and we appreciate the patience of Unitholders over this time.

6.2 Management fees

This report outlines much of the work undertaken by the Trustee during the period since the last update to Unitholders on 17 December 2018.

An application to Court for fee approval for the period 28 May 2018 to 16 June 2019 is currently being prepared and is expected to be made in the coming month.

Fees for the 13-month period 28 May 2018 to 16 June 2019 total \$427,891.50 (excl. GST), being an average of approximately \$33,000 per month. A summary of these fees by task area, week and employee is included as Appendix A and detailed narrations are included as Appendix B.

6.3 Next update

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

In the interim, Unitholders can obtain further information by:

- accessing the KordaMentha website at <https://www.kordamentha.com/creditors/lm-managed-performance-fund>
- if you are unable to find the answer to your query in any of our updates or frequently asked questions, then you may email lminvestors@kordamentha.com.

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 received.

Yours faithfully

KordaMentha
Trustee of the MPF



Appendix A – Detailed fee summaries

Fees by task area – hours

For the period 28 May 2019 to 16 June 2019

Task Area	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Administration and risk management	11.8	30.8	57.4	58.7	18.4	10.8	64.7	40.3	29.1	27.3	22.1	4.4	16.1	4
Assets	0.7	10.1	0.2	1.1	70	3.8	0.7	0	1.2	0.3	0.5	0.6	0.4	0
Investors	13.3	50.4	73.8	26.1	27.4	20.5	20.7	28.3	13.2	8.8	15.9	8.3	19.8	10.3
Investigations	0.1	6.1	18	25	18.4	11.4	21	9.7	1.9	1.6	1.6	1.6	2	2
Fund trading management and other	1.5	1.9	5.1	18.9	3.9	4.7	22	6.6	12.9	2.7	1.4	4.2	3.1	2.1
	27.40	99.30	154.50	129.80	138.10	51.20	129.10	84.90	58.30	40.70	41.50	19.10	41.40	18.40

Fees by task area – amount (\$)

For the period 28 May 2019 to 16 June 2019

Task Area	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Administration and risk management	5,790.00	16,680.00	26,332.00	28,021.00	9,624.00	4,339.50	27,425.00	18,973.50	14,395.00	15,240.00	11,805.00	2,385.00	8,160.00	1,450.50
Assets	385.00	3,327.50	110.00	492.50	29,480.00	1,045.00	385.00	-	660.00	165.00	275.00	330.00	220.00	-
Investors	7,045.00	23,355.00	27,629.00	8,605.00	9,920.00	6,417.50	6,512.50	11,382.50	4,160.00	2,940.00	6,170.00	2,905.00	7,565.00	4,662.50
Investigations	27.50	1,957.50	5,769.50	8,587.50	7,450.00	3,997.50	7,567.50	3,620.00	535.00	445.00	522.50	447.50	550.00	742.50
Fund trading management and other	487.50	617.50	1,657.50	6,120.00	1,072.50	1,435.00	6,837.50	2,182.50	4,425.00	935.00	420.00	1,267.50	872.50	577.50
	13,735.00	45,937.50	61,498.00	51,826.00	57,546.50	17,234.50	48,727.50	36,158.50	24,175.00	19,725.00	19,192.50	7,335.00	17,367.50	7,433.00



Fees by week

	Week ended	Hours	Fee value (\$)
Week 272	3/06/2018	32.60	16,297.50
Week 273	10/06/2018	28.90	12,505.00
Week 274	17/06/2018	23.50	11,530.00
Week 275	24/06/2018	24.80	11,835.00
Week 276	1/07/2018	16.90	7,505.00
Week 277	8/07/2018	30.00	11,550.00
Week 278	15/07/2018	41.10	17,984.50
Week 279	22/07/2018	39.40	15,711.00
Week 280	29/07/2018	34.10	12,442.50
Week 281	5/08/2018	31.90	12,457.50
Week 282	12/08/2018	24.60	10,190.00
Week 283	19/08/2018	10.20	3,940.00
Week 284	26/08/2018	27.60	10,503.50
Week 285	2/09/2018	45.40	18,545.00
Week 286	9/09/2018	19.70	8,207.50
Week 287	16/09/2018	29.30	12,640.00
Week 288	23/09/2018	23.60	9,980.00
Week 289	30/09/2018	65.50	26,719.00
Week 290	7/10/2018	19.80	6,897.00
Week 291	14/10/2018	6.60	2,070.00
Week 292	21/10/2018	6.50	2,260.00
Week 293	28/10/2018	12.60	4,065.00
Week 294	4/11/2018	12.00	4,292.50
Week 295	11/11/2018	32.10	9,977.50
Week 296	18/11/2018	34.60	13,926.00
Week 297	25/11/2018	35.10	13,486.50
Week 298	2/12/2018	21.00	8,987.50
Week 299	9/12/2018	38.70	17,128.50
Week 300	16/12/2018	38.50	16,215.00
Week 301	23/12/2018	4.70	1,852.50
Week 302	30/12/2018	3.00	962.50
Week 303	6/01/2019	-	-
Week 304	13/01/2019	21.20	9,825.00
Week 305	20/01/2019	28.90	11,625.00
Week 306	27/01/2019	5.10	1,720.00
Week 307	3/02/2019	3.80	1,335.00
Week 308	10/02/2019	11.90	5,062.50
Week 309	17/02/2019	12.60	6,355.00
Week 310	24/02/2019	8.20	4,387.50
Week 311	3/03/2019	9.30	4,727.50
Week 312	10/03/2019	12.00	5,635.00
Week 313	17/03/2019	8.20	3,492.50
Week 314	24/03/2019	9.60	4,930.00
Week 315	31/03/2019	9.70	3,997.50
Week 316	7/04/2019	8.90	2,657.50
Week 317	14/04/2019	3.00	1,237.50
Week 318	21/04/2019	4.30	2,202.50
Week 319	28/04/2019	1.00	385.00
Week 320	5/05/2019	17.30	8,175.00
Week 321	12/05/2019	5.80	2,225.00
Week 322	19/05/2019	8.20	3,527.50
Week 323	26/05/2019	5.00	1,650.00
Week 324	2/06/2019	7.00	2,642.50
Week 325	9/06/2019	6.60	2,290.00
Week 326	16/06/2019	11.80	5,143.00
Total		1,033.7	427,891.50



Fees by person

Name	Position	Hourly rate	10 Jun 18	24 Jun 18	8 Jul 18	22 Jul 18	5 Aug 18	19 Aug 18	2 Sep 18	16 Sep 18
Jarrold Villani	PARTNER	\$575	7.0	2.0	3.7	13.4	5.7	5.3	3.7	2.0
Brendan Read	EXECUTIVE DIRECTOR	\$575	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stacey Clisby	DIRECTOR	\$550	29.6	31.9	12.0	20.2	9.5	5.7	19.9	22.2
David Johnstone	ASSOCIATE DIRECTOR	\$495	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rachael Vogel	MANAGER	\$400	0.0	0.0	0.0	1.3	0.2	0.0	0.0	0.0
Vishka Peiris	MANAGER	\$400	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Melissa Lourens	SNREXECANALYST	\$350	0.0	0.0	9.7	20.0	17.2	9.5	25.6	8.9
Patrick Quigley	SNREXECANALYST	\$350	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0
Aida Vucic	EXECANALYST	\$325	22.0	14.2	20.4	17.9	25.6	13.8	10.0	0.0
Julien Cartron	EXECANALYST	\$325	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adam Jose	SNRBUSANALYST	\$300	0.0	0.0	0.0	0.4	2.0	0.0	0.0	0.0
Alexi Dracakis	BUSINESS ANALYST	\$275	0.0	0.0	0.0	0.0	3.0	0.0	11.7	14.6
Administration	ADMIN	\$275	0.4	0.2	1.1	1.6	1.3	0.5	1.9	1.3
Administration	VARIOUS	\$130	0.0	0.0	0.0	4.6	1.5	0.0	0.2	0.0
Total professional fees (excluding GST)			61.5	48.3	46.9	80.5	66.0	34.8	73.0	49.0

Name	Position	Hourly rate	30 Sep 18	14 Oct 18	28 Oct 18	11 Nov 18	25 Nov 18	9 Dec 18	23 Dec 18	31 Dec 18
Jarrold Villani	PARTNER	\$575	0.0	1.0	0.5	0.5	3.5	0.5	0.5	0.0
Brendan Read	EXECUTIVE DIRECTOR	\$575	0.0	0.0	0.0	0.0	0.0	1.5	1.5	0.0
Stacey Clisby	DIRECTOR	\$550	43.6	0.0	0.0	7.5	19.8	25.8	16.9	0.5
David Johnstone	ASSOCIATE DIRECTOR	\$495	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rachael Vogel	MANAGER	\$400	0.0	0.0	0.0	0.0	0.3	0.0	0.2	0.0
Vishka Peiris	MANAGER	\$400	0.0	8.4	0.0	0.0	0.0	0.0	0.0	0.0
Melissa Lourens	SNREXECANALYST	\$350	2.8	6.5	12.3	12.6	22.6	27.1	12.2	0.0
Patrick Quigley	SNREXECANALYST	\$350	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0
Aida Vucic	EXECANALYST	\$325	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Julien Cartron	EXECANALYST	\$325	3.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adam Jose	SNRBUSANALYST	\$300	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alexi Dracakis	BUSINESS ANALYST	\$275	37.7	9.1	5.8	15.1	20.7	4.0	10.9	2.5
Administration	ADMIN	\$275	0.0	0.5	0.5	1.4	1.1	0.6	1.0	0.0
Administration	VARIOUS	\$130	1.3	0.9	0.0	7.0	0.5	0.2	0.0	0.0
Total professional fees (excluding GST)			89.1	26.4	19.1	44.1	69.7	59.7	43.2	3.0



Name	Position	Hourly rate	13 Jan 19	27 Jan 19	10 Feb 19	24 Feb 19	10 Mar 19	24 Mar 19	7 Apr 19	21 Apr 19
Jarrold Villani	PARTNER	\$575	0.0	1.5	1.5	6.5	8.5	6.0	0.0	2.0
Brendan Read	EXECUTIVE DIRECTOR	\$575	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stacey Clisby	DIRECTOR	\$550	12.1	8.2	4.7	10.5	6.6	5.8	4.3	3.0
Vishka Peiris	MANAGER	\$400	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Melissa Lourens	SNREXECANALYST	\$350	6.3	14.1	2.5	1.0	0.0	0.0	0.0	0.0
Aida Vucic	EXECANALYST	\$325	0.0	0.0	0.0	0.0	0.0	0.0	4.7	0.0
Alexi Dracakis	SNRBUSANALYST	\$300	1.8	9.3	6.0	1.9	5.6	5.3	4.9	0.0
Julian Gowdie	SNRBUSANALYST	\$300	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Joseph Kerins	BUSINESS ANALYST	\$275	0.0	0.0	0.0	0.0	0.0	0.5	3.8	1.6
Administration	ADMIN	\$275	0.5	0.9	1.0	0.4	0.6	0.2	0.9	0.4
Administration	VARIOUS	\$130	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total professional fees (excluding GST)			21.2	34.0	15.7	20.8	21.3	17.8	18.6	7.3

Name	Position	Hourly rate	5 May 19	19 May 19	2 Jun 19	16 Jun 19
Jarrold Villani	PARTNER	\$575	5.0	2.5	0.0	0.5
Brendan Read	EXECUTIVE DIRECTOR	\$575	0.0	0.0	0.0	0.0
Stacey Clisby	DIRECTOR	\$550	6.7	3.3	2.5	7.1
Vishka Peiris	MANAGER	\$400	0.0	0.0	0.0	0.0
Melissa Lourens	SNREXECANALYST	\$350	0.0	0.0	0.0	0.0
Aida Vucic	EXECANALYST	\$325	3.7	4.9	6.1	5.7
Alexi Dracakis	SNRBUSANALYST	\$300	0.0	0.0	0.0	0.0
Julian Gowdie	SNRBUSANALYST	\$300	0.0	0.0	0.0	0.0
Joseph Kerins	BUSINESS ANALYST	\$275	2.9	1.8	3.2	3.7
Administration	ADMIN	\$275	0.0	1.5	0.2	1.3
Administration	VARIOUS	\$130	0.0	0.0	0.0	0.1
Total professional fees (excluding GST)			18.3	14.0	12.0	18.4



Fee summary

	\$
Professional fees (excluding GST)	\$427,891.50
Disbursements	
Courier	\$48.55
Storage of B&R	\$867.25
Telephone	\$8.10
Postage	\$5,096.53
Total disbursements (excluding GST)	\$6,020.43
GST on professional fees and disbursements	\$43,391.19
Total professional fees and disbursements (including GST)	\$477,303.12



Appendix B – Detailed narrations

Task area	Sub category	Description
Risk Management (Litigation/Legal) & Administration	Litigation/Legal	<ul style="list-style-type: none"> • Ongoing discussions and correspondence with legal advisors with respect to, but not limited to: <ul style="list-style-type: none"> – action in relation to prepaid management fees – action in relation to loans to The Lifestyle Investment Company Pty Ltd and Barly Wood Pty Ltd – action in relation to a loan to Australian International Investment Services Pty Ltd – action against the Fund by the Receiver of the FMIF – potential action against former auditor of the MPF – claim for funding provided to Bellpac Pty Ltd – correspondence with FMIF regarding the ATO Funds – application for directions in relation to Unitholder distribution matters. • Discussions with various parties regarding the potential claim against the Directors and Officers insurance policy • Undertake detailed forensic analysis of certain loans for evidence preparation regarding breach of trust claims. • Correspondence with FMIF regarding breach of trust claims. • Issue various instructions to the Fund's custodian regarding various legal matters. • Attendance in Chambers and in Court for various matters where attendance required. • Correspondence and review of documentation regarding Bellpac defence and disclosure process. • Correspondence with Liquidators of Bellpac regarding agreements to which the Fund is party too. • Ongoing correspondence with IMF Bentham regarding Barly Wood and Lifestyle claims. • Detailed analysis of potential outcomes with IMF. • Investigations and correspondence with solicitors regarding potential auditor claim. • Detailed analysis of impact of litigation on the MPF's financial position. • Production of detailed workings and other documentation regarding Unitholder distribution matters. • Review of various affidavit materials for ongoing litigation and legal matters.
	Forensic & Investigations	<ul style="list-style-type: none"> • Forensic input into various legal matters, including in relation to discovery.
	Investor Information Management	<ul style="list-style-type: none"> • Ongoing update and maintenance of the Fund's dedicated website. • Uploading documents in relation to various court applications for service of notice on unitholders.
	Engagement Planning	<ul style="list-style-type: none"> • Engagement planning and management meetings. • Ongoing review and update of task lists. • Ongoing maintenance of priority investigations and allocation of resources. • Ongoing management of cash flow forecasts and expense accruals.
	Other Administration	<ul style="list-style-type: none"> • Word processing and finalisation of formal correspondence.



Task area	Sub category	Description
Assets	Loans/Property	<ul style="list-style-type: none"> • Correspondence with various parties regarding recovery action against guarantors of impaired loans. • Detailed review of loans and preparation of proofs of debt for lodgement to LMIM liquidators. • Correspondence with Trustee of Peter Drake bankrupt estate. • Correspondence with Trustee of David Hawes bankrupt estate. • Correspondence with the Liquidator of LM Administration Pty Ltd.
	Bank accounts	<ul style="list-style-type: none"> • Reconciliation of bank accounts and management of the Fund's cash flow. • Various correspondence with banks regarding account maintenance.
Investors/Creditors	Reports/Circulars	<ul style="list-style-type: none"> • Preparation, finalisation and distribution of Update 20 to Unitholders. • Preparation of Update 21 to Unitholders.
	Investor Communication	<ul style="list-style-type: none"> • Continued communication support for Unitholders and investor support groups via email and telephone. • Various correspondence with investors regarding current litigation. • Mail out of correspondence for those investors where emails undeliverable. • Review of investor responses regarding various litigation for inclusion in affidavit material. • Consideration of correspondence from Unitholders regarding compensation schemes.
	Investor Information	<ul style="list-style-type: none"> • Ongoing refinement of internal model for Unitholder data. • Maintenance of Unitholder email distribution list. • Consideration and development of process for allowing update to investor register. • Correspondence with Link Market Services regarding investor register update.
	Advisor Communication	<ul style="list-style-type: none"> • Ongoing dealings and support to financial advisors regarding current progress of the winding up of the Fund.
Statutory Compliance	ASIC Correspondence	<ul style="list-style-type: none"> • Ongoing correspondence with ASIC and compliance with various requests.
	ATO	<ul style="list-style-type: none"> • Review of overall tax position of the Fund. • Ongoing correspondence with the ATO regarding lodgement requirements. • Preparation and lodgement of Business Activity Statements for current periods. • Preparation of financial information required for tax return lodgement.
	Books and Records	<ul style="list-style-type: none"> • Books and records management and archiving.
Fund Management and Other	Fund Management	<ul style="list-style-type: none"> • Review, approval and payment of invoices payable by the Fund • Ongoing cash flow management. • Correspondence with various creditors of the Fund. • Ongoing calculation and accrual of loan balances due to the Fund.
	Fund Accounting	<ul style="list-style-type: none"> • Maintenance of cash book for the Fund. • Reconciliation of Fund bank accounts. • Review of carrying value of loan assets and assessment of appropriate amount and timeframe for provisioning and write-offs.

