LM Managed Performance Fund (the 'Fund' or 'MPF')

Detailed narrations for Update to Investors No. 12 issued 9 April 2014

Task Area	Sub Category	Description
Risk Management (Litigation/Legal) & Administration	*Forensic and Investigations*	Ongoing correspondence and dealing with the Administrators regarding FTP data delivery for books and records.
		Conversion of supplied data from paper form to electronic.
		Attendance at offices of LM Administration for discussions regarding document transfer. Discuss and agree on methodology and timeframes for transfer.
		Develop books and records register for recording documents requested and delivered to the Trustees.
	Insurance	Correspondence with Insurance providers regarding ongoing insurance requirements
	Litigation/Legal	Ongoing discussions with legal advisors with respect to, but not limited to, the following: • Obligations and processes to be undertaken to release security over certain property • Enforcement options against non-performing loans • Caveats to be removed from property subject to sale agreements • Planned dealings of assets by first mortgagors and ability to secure value of such assets to the Fund • Ongoing research of historic Fund documentation in light of breach of trust claims. Detailed discussion internally and with legal advisors regarding claims and required supporting documentation.
		Undertake detailed forensic analysis of certain loans for evidence preparation regarding breach of trust claims.
		Review and consider lien and indemnity settlement agreement from Administrators. Meeting with Administrators and their legal representatives to discuss the same.
		Facilitate settlement of lien claim amount
		Correspondence and meetings with the Australian Securities and Investments Commission (ASIC) regarding the conduct of the formers trustee's directors, various breaches of trust and ongoing investigations.
		Discussions and meeting with David Whyte of BDO regarding his appointment as Receiver and Manager of the First Mortgage Income Fund (FMIF) and related issues such as breach of trust claims, books and records access, common mortgagees and FMIF charge over the Fund.

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		Correspondence with McGrathNicol (Receiver and Manager of the FMIF) regarding potential breach of trust claims against the FMIF. Request and organise the withdrawal of various caveats over properties which the Fund has an outstanding mortgage to. Arrange for variations to be made to active loan agreement in order to complete project. Drafting and circulating a Confidentiality Deed to allow for access to the Funds books and records. Management of process re: same including instructions to legal advisors. Recovery of monies owed to the Fund by a former exchange hedge provider. Instructions to legal advisors regarding same. Consideration of legal action and process to recover monies and settlement of claim with former foreign exchange hedge provider. Comprehensive review of legal action relating to Bellpac and Great Pacific Capital loans on foot prior to our appointment as Trustees. Discussions with legal advisors and other various parties regarding continued involvement of MPF and funding of same. Regarding Bellpac, review of various actions previously ruled on or currently before the Courts and being litigated. Determine future actions to pursue and discuss with necessary parties. Develop summaries of opposing parties involved and their capacity to remit amounts ruled against them. Attend meetings re the same. Preparation for application to the Courts for directions on the winding up and process to be undertaken. Supply supporting affidavits. Review requests by FMIF refinancer for release of all potential future claims against them to enable a refinancing to occur. Issue various instructions to the Fund's custodian regarding various legal matters. Preparation for attendance at court on 10 February 2014 with respect to applications regarding: • Wind down of the Fund • Distribution of quarantine monies • Lien and indemnity claim of administrator • Lien and indemnity claim of former trustee • Books and records This work included preparation of affidavit material, instructions to legal advisers and barristers and attendance at Court for instructions. With respect to obtaining books and records of the Fund: • Agreeing confidentiality agreement which included instructions to legal advisers and review of confidentiality document and process • dealings with KM forensics with respect to key word searches

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		Attendance at mediation with respect to lien and indemnity claim of LMIM administrator and negotiation of terms of settlement and documenting same and distributing funds. Work included application to the Court and preparation for same. Consideration with respect to action against LMIM and related parties for various breach of trust claims. Involved instruction to legal advisers and dealings with other parties considering similar action and coordination regarding same.
	Media	Provide responses and discussions with various media outlets as required.
	Reports/Updates to Unitholders	*See 'Investors Section' below.*
	Investor information management	Ongoing update and maintenance of the Fund's dedicated website. Uploading documents in relation to various court applications for service of notice on unitholders
	Other Administration	Correspondence and dealings with McGrathNicol regarding their role as Receivers and Managers over the LM First Mortgage Income Fund. Receive further physical books and records from LMIM pertaining to the Fund. Create file listing of received books and records. Correspondence and meetings with appointed Receivers and Managers of LMIM. Instructions to legal advisers with respect to Peregian litigation. Correspondence and meetings with appointed Liquidator of LMA. Review of report to creditors of LM Investment Limited and LMA Numerous travel to LMA offices for meetings with LMA staff.
	Engagement Planning	Engagement planning meetings. Ongoing review and update engagement planning task listing. Ongoing maintenance of priority investigation job listing. Allocation of tasks to staff and ongoing review on progress. Development and ongoing management of the cash flow forecasts and expense accrual position.
Assets	*Loans/Property*	Further review of the Fund's books and records provided to our office. Comprehensive review of feasibilities and other documentation previously relied upon by the former trustee in assessing approved loan applications.

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		Detailed investigations into guarantees provided for certain mortgages.
		Ongoing detailed review of related party transactions and Deed of Priority structures and historic changes.
		Correspondence with Liquidators of certain debtors.
		Review and consider mortgage release requests for Lot 111 sales.
		Review and modify feasibilities of the Lot 111 development. Examination of feasibility models and testing to analyse likely return to the Fund.
		Review of AIIS / Aalto facility and its relationship with other debtors of the Fund.
		Review of Maddison feasibility model with legal advisors and preparation for legal action.
		Working through taxation structure with purchaser of Maddison debt.
		Liaise with enquiring parties regarding release of mortgage security on certain assets.
		Monitoring of construction process with respect to Lygon St and recovery of monies from mortgage securities.
		Ongoing review of first mortgagee loan balances of which the Fund holds second mortgage positions.
		Correspondence and dealings with LMIM Administrators/Liquidators.
		Work with respect to completing the sale of the Bushland Beach site, including liaising with agents, instructions to solicitors, providing settlement instructions and processing funds.
		Work with respect to completing the sale of the Lifestyle site, including liaising with agents, instructions to solicitors, providing settlement instructions and processing funds.
		Ongoing investigation with respect to recovery of monies regarding the Barlywood loan including liaising with legal advisers and FTI Consulting.
	Bank accounts	Reconciliation and management of Fund’s cash flow.
		Monitor all AUD and foreign currency accounts.
		Liaise with LMA staff to ascertain the original documentation relating to certain transactions.
Investors/Creditors	*Reports/Circulars*	Compile and distribute update eleven to investors.
	Trade Creditors	Continue review, record and correspond with creditors of the Fund which were incurred prior to our appointment.
	Investor	Continued communication support for Unitholders and their

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	Communication	advisors via emails and telephone conversations. Update of Frequently Asked Questions for Unitholders and their advisors. Distribute circulars and notifications via email to all known Unitholders.
	Investor Information	Ongoing communications with LM staff regarding the provision of Unitholder data. Ongoing refinement of internal model of Unitholder data to allow distribution to investors.
	Quarantined Funds	Continued communication with individual Unitholders and their advisors that have monies held on trust by the Trustee. Distribution of certain quarantined monies.
	Advisor Communication	Ongoing dealings and support to financial advisors regarding current progress of the Fund.
Statutory Compliance	*ASIC Correspondence*	Ongoing correspondence with and compliance to various ASIC requests. Compilation and provision of documentation requested by ASIC. Meetings with ASIC with respect to information supplied to them from the Trustees Correspondence and meetings with ASIC regarding various matters of the Fund.
	ATO	Investigations into the Fund's Withholding Tax liability incurred prior to our appointment and recovery of monies regarding same. Reconciliations of previous months Withholding Tax calculations. Meeting with and instructions to taxation advisors with respect to recovery of withholding tax amounts. Comparison and investigation of former trustees GST calculation basis. Reconciliations of all amounts reported in months preceding our appointment. Request the ATO to provide the Trustees with information regarding the former trustee's lodgements. Continuing correspondence with the ATO regarding lodgement requirements and association with the former trustee. Preparation of Business Activity Statement lodgements for the period of the Trustees.
	TrustCo	Ongoing discussions with TrustCo regarding, but not limited to, the following:

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		• Instructions for payment requests • Release of security over certain claims • Issuance of demands for certain loan repayments Instructions to various financial institutions
Trading	*Trade On Management*	Review, approval and payment of invoices payable by the Fund. Ongoing cash flow management and associated costs. Correspondence with various creditors of the Fund. Calculate and record accruing loan balances due to the Fund. Track foreign currency account balance movements in correlation with foreign exchange rate movements.