

10 July 2017

Our Ref: RCL_8977r3

CIRCULAR TO INVESTORS

Dear Sir/Madam

RE: LM Investment Management Limited (In Liquidation) ACN 077 208 461 (LMIM) (the Company) as the responsible entity of the LM Australian Structured Products Fund (the Fund)

I refer to my previous update regarding this Fund on 30 June 2016. I also refer to the appointment of Ginette Muller and I as Joint and Several Administrators of LM Investment Management Limited (In Liquidation) on 19 March 2013 and our subsequent appointment as Liquidators on 1 August 2013. Ginette Muller resigned as Liquidator of the Company on 17 May 2017.

I provide the following update in relation to the wind-up of the Fund.

Taxation Matters

WMS Chartered Accountants have completed financial accounts for the Fund to the financial year ended 30 June 2016. Taxation Returns have been prepared but cannot be lodged until the audits for the Fund are completed. Business Activity Statements have been completed to 30 June 2016.

Audited accounts for financial years ended 30 June 2013 and 30 June 2014

Following my previous update to investors, a request was submitted to the Australian Securities and Investments Commission (ASIC) asking them to grant relief to the Fund from lodging audited financial accounts. The application was made to avoid both the cost to the Fund of completing these audits as well as the considerable time required to prepare and lodge the audits. ASIC did not grant the relief and accordingly the Fund is required to lodge audited financial accounts for each year it remains in wind-up.

As investors will be aware from my update in June 2016, auditors Ernst and Young (EY) have failed on numerous occasions to progress the 2013 and 2014 financial year audits. Despite advising the audits for these years would be completed by 31 July 2016, neither the 2013 nor 2014 audits have been finalised to date despite repeated requests from my office.

Following completion by EY of audited accounts for the years ended 30 June 2013 and 30 June 2014, they will be removed as the listed auditors of the Company and Fund and replaced with new auditors whom I believe are better placed to work with WMS Chartered Accountants to promptly complete the remaining audits and enable a timely wind up of the fund shortly thereafter.

Custom House Currency Exchange (Australia) Pty Limited (Custom House)

Following the execution of a settlement deed with Custom House, the following monies were received by the Fund:

Euro	41,292.53
Great British Pound	48,493.70
US Dollar	189.31

The funds comprised not only monies being held for LMIM in foreign currencies but also some investor monies which had been withheld by Customs House following our appointment. The relevant investors were identified, contacted, and funds were remitted to their nominated accounts in January 2017.

Sale of Newcrest Mining Shares

In my previous report to investors, three (3) options were provided as to strategies to wind up the Fund. The Liquidators recommended Option 3, being to unwind and sell investments as soon as practicable and make an interim distribution to investors. Investors were given the opportunity to object to this course of action. As no objections were received, the Liquidators proceeded to sell the Newcrest Mining Shares and made an interim distribution to investors in December 2016.

Net Asset Value

An indicative position of the Fund and estimated unit price as at 30 June 2017 is set out in the table below. All figures are in Australian Dollars.

Series No.	Cash at Bank	Less Allocation of Liabilities	Net Assets	No. of AUD Equivalent Units	Estimated Unit Price
ASPF1	\$1,149,010.70	\$53,806.03	\$1,095,204.67	2,601,408.16	\$0.42
ASPF2	\$231,659.50	\$10,848.18	\$220,811.32	1,304,948.94	\$0.17
ASPF3	\$160,735.91	\$7,526.96	\$153,208.95	793,726.21	\$0.19
ASPF4	\$199,696.02	\$9,351.39	\$190,344.63	533,067.51	\$0.36
ASPF5	\$42,511.46	\$1,990.73	\$40,520.73	170,009.15	\$0.24

Series No.	Cash at Bank	Less Allocation of Liabilities	Net Assets	No. of AUD Equivalent Units	Estimated Unit Price
ASPF6	\$7,185.75	\$336.50	\$6,849.25	18,668.41	\$0.37
ASPF7	\$98,161.44	\$4,596.72	\$93,564.72	327,161.59	\$0.29
ASPF8	\$101,133.63	\$4,735.90	\$96,397.73	270,800.00	\$0.36
ASPF9	\$118,888.12	\$5,567.31	\$113,320.81	379,531.57	\$0.30
ASPF12	\$345,190.58	\$16,164.63	\$329,025.95	1,281,502.98	\$0.26

The estimated asset and unit values are expressed in AUD equivalents and are subject to daily market fluctuations. AUD equivalent units have been calculated based on the Australian Taxation Office average foreign currency exchange rates for the year ended 30 June 2017. Accordingly, they are subject to change without notice to members. I also note the liabilities being allocated exclude GST.

For the purposes of presenting an indicative net position, the known invoiced liabilities of the Fund at 30 June 2017 have been allocated proportionally to each series based on gross asset value of that series at the date of the allocation. The net asset position is calculated before consideration of future wind-up costs (including custody fees, accounting and audit costs, and Liquidator remuneration and out of pocket expenses) not yet invoiced or yet to be incurred. These future costs are expected to be relatively significant considering the ongoing work required in relation to finalising the outstanding taxation and audit matters. I will do everything possible to minimise the ongoing wind-up costs.

The net asset position is also subject to change should additional liabilities of the Fund be identified.

Contact Details

Investors are able to obtain further information by either:

1. Updates will be provided on the LMIM administration website (www.lminvestmentadministration.com);
2. Sending an email outlining your queries to enquiries@lminvestmentadministration.com; and

3. Queries concerning transaction statements, holdings and updated details should be directed to Advanced Share Registry, the details of which are as follows:

- Telephone: +618 9389 8033
- Fax: +618 9262 3723
- Email: admin@advancedshare.com.au
- Address: PO Box 1156, Nedlands WA 6909

Yours faithfully
FTI Consulting



John Park
Liquidator