

## The TEYS Income Builder

A.R.S.N. 110 052 429 ("TTIB")

Investor Update No. 9, 15 November 2012

### Issuer of this Document

TPFL Limited (In Liquidation) ACN 105 164 047 ("TPFL") is the Responsible Entity of The TEYS Income Builder and the issuer of this report. The contact details for the Liquidator's office are can be found in this report. This report should be read in conjunction with previous reports.

### Ongoing disclosure to investors

This report forms part of my ongoing disclosure to investors. This report will be placed on my website ([www.dwsrecovery.com.au](http://www.dwsrecovery.com.au)) and paper copies will be sent to investors. Additional updates may also be placed on my website from time to time.

### Purpose of this Document

I have prepared this information without taking into account your particular objectives, financial situation and needs. This information is purely an update on TTIB and is not investment advice. You should consider the appropriateness of this information before making any decisions based on it and consult your independent advisors.

### Disclaimer

The comments and statements contained in this report and any annexures hereto have been prepared and conducted from the responsible entity and Scheme's books and records and/or from information provided by the company's director, other representatives and third parties.

My opinions and recommendations are based on the information provided to us. I have not completed an audit nor conducted a comprehensive investigation of the scheme's financial affairs. I cannot therefore warrant the accuracy, reliability or completeness of the underlying information and my comments and opinions should be considered subject to this limitation.

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Chartered  
Accountants

NUMBER ONE IN NUMBERS

## 1. ASSETS – LOAN PORTFOLIO

Further to my previous investors report and most recent meeting with the investors, I summarised as follows update of TTIB's remaining assets:

### 1.1. LadyBrand Retirement Village

As you are aware, balance of \$4million will be paid by the borrower, Dalesun Holdings Pty Limited ("Dalesun") by 13 June 2016. The remaining receivables of \$4million (i.e. \$80,000 every time an ILU is sold/ leased) is to be paid from the construction and sale/leasing of 50 Independent Living Units (ILUs).

I advise that Dalesun has been providing monthly status report to my office and I summarised as follows, status update for October 2012:

	<b>Lot No.</b>	<b>Progress</b>
1	<b>187</b>	Completed. This unit is being fitted and furnished for use as a display unit in conjunction with being available for purchase.
2	<b>219</b>	Sold - TTIB to receive \$80,000 within seven (7) days from settlement date, 29 November 2012. Same has been included in the updated return of capital calculated per Section 3.2 below.
3	<b>241</b>	Completed.
4	<b>245</b>	Completed
5	<b>246</b>	Completed
6	<b>238</b>	Floor Slab on. Council approval of building licence still pending.
7	<b>239</b>	Floor Slab on. Council approval of building licence still pending.
8	<b>240</b>	Council approval of building licence still pending.
9	<b>242</b>	Council approval of building licence still pending.
10	<b>248</b>	Council approval of building licence still pending.

I understand that Dalesun has commenced its marketing campaign for the above remaining completed ILUs. I will provide more details on sales/development progress of TTIB's ILUs at the upcoming investors meeting (see Section 4 for details of meeting).

### 1.2. Windang

Further to my previous report, I note that Wollongong Council ("Council") has recently adopted "Floodplain Risk Management Study & Plan for Lake Illawarra" which provides flood study assessment and implementation actions relating to flood mitigation of Windang and flood-prone surrounding suburbs.

Therefore, in light of the recent adoption, the Land and Use Planning department has prepared its report with respect to TTIB's planning proposal providing their recommendation for Council to either:

- (i) Reject TTIB's request to prepare draft Planning Proposal to rezone major part of the land from Private Recreation to Low Density Residential, which will essentially be the end of the request; OR
- (ii) Resolve to prepare a draft Planning Proposal for the rezoning of major part of the land from Private Recreation to Low Density Residential to be submitted for a Gateway Determination; OR

- (iii) Resolve to prepare a draft Planning Proposal for the rezoning of major part of the land from Private Recreation to Environmental Living. This would permit in the order of 10-12 additional residential lots (permitting single dwellings only), enabling enough land area to potentially mitigate flood impacts and would be consistent with the zoning recommendations of the Lake Illawarra Flood Risk Management Plan.

I advise that at the recent Council's meeting held on 12 November 2012, Councillors have requested Council to prepare a further report into item (iii) above. I am hopeful of getting the land rezoned to Environmental Living.

It is my opinion that recommendation per item (iii) above is an acceptable position should TTIB's initial request to rezone major part of the land from Private Recreation to Low Density Residential is rejected as this will still provide the opportunity for TTIB to sell Windang land at better value in comparison to selling "as-is" basis. This is because the Development Approval under the current zoning (i.e. Private Recreation) is not commercially feasible and therefore, selling price at auction is currently unknown. However, for report purposes, I have estimated valuation to be \$500,000. I have not undertaken a formal valuation.

### **1.3. Braidwood**

As you may be aware, Kim Burton of RFA Finance Limited ("RFAF") had previously offered to purchase Braidwood via third party financing. However, I note that RFAF has been unable to complete the purchase.

In that regard, I have met with Peter Wallace, director of the borrower, Habitat Homes and agreed that no further time will be given to RFAF and that Braidwood should be sold.

At the moment, Habitat Homes is currently approaching potential purchasers and will bear the costs of marketing program. I will report on progress during the upcoming investors meeting (meeting details in Section 4 below).

### **1.4. Terranora**

As advised during the most recent investors' meeting, I have received a revised valuation for Terranora on 25 May 2012. I note that valuation based on "as-is basis" has reduced from \$7mill to \$4.5mill and valuation based on "as-is Development Approval ("DA") approved" basis has reduced from \$9.5mill to around \$6.5mill-7.5mill. Please refer to Section 3.2 for effect on estimated return to TTIB's investors as a result of the Terranora's revised valuation.

The valuer noted that there are several issues (i.e. including increased uncertainty in the current market and poor infrastructure around the Terranora) which contributed to the lower revised valuation.

In addition, I advise that the Borrower, Creeksound Pty Limited ("Creeksound") has failed to obtain DA by 5 November 2012. Therefore, TTIB is now able to enforce its security over Terranora and sell same for investors' benefit.

At this stage, I am currently getting the assistance of Town Planner to prepare a report exploring development options and land uses for Terranora. I will provide more details on same as soon as I receive same.

## 2. LIABILITIES

### 2.1. Other Liabilities

As at the date of this report, the following are the estimated liabilities of TTIB:

- Principal payment to Baymac of \$500,000 in relation to re-financing of Heritage National Limited's debt;
- Receiver and manager fees of approximately \$75,000, in relation to Windang; and
- \$300,000 principal debt plus interest to Peter Wallace in relation to Braidwood\*.

**Note:**

*\*Peter Wallace debt has been included in the return of capital calculation hereunder (refer to Section 3.2 below). Therefore, Braidwood estimated loan receivable is net of this debt.*

## 3. OTHER MATTERS

### 3.1. Audit Relief Application

During the recent investors' meeting, investors in attendance have requested for me to lodge a formal application to ASIC for an audit relief for TTIB.

I have lodged a formal application for TTIB audit relief. If my application is successful then TTIB will not be required to be audited. At this stage, I do not consider the prospects of success to be great.

### 3.2. Revised Return of Capital

As mentioned in Section 1.4 above, I have prepared the following scenarios to reflect previous and revised valuation for Terranora and the effect on estimated return to TTIB's investors to be paid by 13 June 2016:

	Higher case scenario	Revised Lower case scenario
	\$	\$
Estimated Net Assets Available to Investors	13,812,846	7,762,846
Number of Units #	38,320,521	38,320,521
<b>Estimated Available return to investors</b>	<b>36.05</b>	<b>20.26</b>

*# I note that on 27 June 2011 total return of capital of 4,790,065 units has been distributed from receipt of partial payment from sale of LadyBrand Retirement Village. In that regard, total outstanding units in TTIB is 33,530,456.*

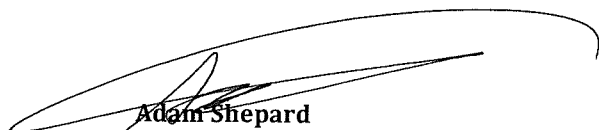
I note that the above estimations may vary depending on the revised valuation for Terranora land as noted in Section 1.4 above.

#### 4. MEETING OF INVESTORS

A meeting of investors has been scheduled on **Wednesday, 12 December 2012 at 10.30am (AEST)** at my office, Dean-Willcocks Shepard, Level 2, 32 Martin Place SYDNEY 2000.

All investors residing outside of Sydney may participate via telephone conference. Please advise Ivy Michael of this office **by 5pm on Monday, 10 December 2012** to organise same.

Yours faithfully,  
TPFL Limited  
(In Liquidation)



Adam Shepard  
Liquidator