

## The TEYS Income Builder

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

Investor Update No. 10, 15 July 2013

### 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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## 1. Change of Liquidator's office details

I advise that my previous office, Dean-Willcocks Shepard has ceased to operate effective 1 July 2013.

In that regard, I am pleased to announce that I am currently operating under a new firm, Farnsworth Shepard and my new office contact details are as follows:

<b>Firm Name:</b>	Farnsworth Shepard
<b>Website:</b>	<a href="http://www.farnsworthshepard.com.au">www.farnsworthshepard.com.au</a>
<b>Contact Number:</b>	02-7903 8000
<b>Email:</b>	<a href="mailto:teys@farnsworthshepard.com.au">teys@farnsworthshepard.com.au</a>
<b>Mailing Address:</b>	GPO Box 3470, SYDNEY NSW 2001

Please note the following:

- **Up to 31 July 2013**, I will remain to be in operation at the previous office address:  
*Office Address:* Level 2, 32 Martin Place, SYDNEY NSW 2000  
*Fax Number:* 02-9234 0499
- **From 1 August 2013**, my office will move to a new premise with a new fax number:  
*New Office Address:* Level 5, 2 Barrack St, SYDNEY NSW 2000  
*New Fax Number:* 02-7903 8088

Please be advised that the change of my office name and location do not affect any current appointments/engagements which are currently handled and/or administered by me.

## 2. Assets – Loan portfolio

Further to my previous report to investors, I summarised the status of TTIB's remaining assets:

### 1.1. LadyBrand Retirement Village

As you are aware, the balance of \$4million will be paid by the borrower, Dalesun Holdings Pty Limited ("Dalesun") by 13 June 2016. The \$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 confirm that Dalesun has sold the following ILUs and payment was received on:

	<b>Lot No.</b>	<b>\$80K/ILU received on</b>
1	<b>219</b>	29 November 2012
2	<b>241</b>	30 January 2013
3	<b>187</b>	10 May 2013

In addition, Dalesun provided the following status for June 2013 with respect to:

	Lot No.	Progress
1	245	Completed. - Conditional offer received (subject to offeror selling their home).
2	246	Completed. - Conditional offer received (subject to offeror selling their home).
3	238	See Note * below
4	239	See Note * below - A reservation has been placed on this lot notwithstanding that the unit has not been completed.
5	240	See Note * below
6	242	See Note * below
7	248	See Note * below

**Note\*:**

Dalesun has received the necessary building permit from Mandurah Council and is currently constructing the units.

**1.2. Windang**

I advise that at the Wollongong Council ("Council") meeting held on 11 February 2013, Councillors have resolved in favour for Council to prepare a draft Planning Proposal for the rezoning of major part of the land from Private Recreation to Environmental Living with a minimum lot size of 1,000m<sup>2</sup> and would permit in the order of 10-12 additional residential lots (permitting single dwellings only).

The Councillors were of the view that despite the flood constraints, limited residential development in the site was appropriate and would improve the current site amenity issues. In that regard, the Department of Planning and Infrastructure had issued a Gateway Determination to Council on 12 April 2013, which allows the Council to formally exhibit Windang's draft Planning Proposal for a minimum of twenty-eight (28) days. The draft Planning Proposal was placed on exhibition from 6 May 2013 to 7 June 2013.

Consequent to the exhibition, I note that representative of the Council's Land Use Planning ("LUP") department advised that LUP has received only one (1) submission from NSW Department of Environment and Heritage with respect to flooding issues. Therefore, a report will be prepared by LUP and expected to be submitted to Council by end of July 2013.

I summarised an expected timeline in regard to Windang's planning proposal application:

	Major Processes	Estimated Timeframe	Responsibility	Status
1	Date of Gateway Determination	-	Department of Planning and Infrastructure ("DPI")	Granted on 12 April 2013
2	Completion of required technical studies	<i>Flood Study may be required later for DA</i>	Consultants	-N/A- <i>No studies are required at this stage but one may be required for any future DAs on the land.</i>

	Major Processes	Estimated Timeframe	Responsibility	Status
3	Government agency consultation	-	Agencies	Completed
4	Public exhibition period	-	Council	6 May 2013 to 7 June 2013
5	Date of Public Hearing ( <i>if applicable</i> )	-	Council	-N/A- <i>A public hearing was not deemed necessary by Council and as such one will not be undertaken.</i>
6	Consideration of submissions	June / July 2013	Council	-
7	Assessment of proposal post-exhibition	June / July 2013	Council	-
8	Report to Council	July / August 2013	Council	-
9	Final maps and Planning Proposal prepared	November to December 2013	Council	-
10	Submission to Department for finalisation of Local Environmental Plan ("LEP")	November 2013	Council	-
12	Anticipated date Council will forward final Planning Proposal to DPl for notification	January 2014	Council	-
13	Anticipated date of LEP will be notified	Unknown	Parliamentary Counsel and DPI	-

I am hopeful that the above process will be successful.

### **1.3. Braidwood**

Habitat Homes ("Habitat") has approached multiple parties, both retirement village operators and private developers to develop and/or acquire the site. However, due to current financial outlook with respect to retirement village sector, no party has made an offer.

Therefore, TTIB is currently implementing the following:

- Habitat to continue to market the site on a private investment syndicate basis; and
- Colliers International is appointed as sole agent to market the site on a discreet basis through the existing landowner (not mortgagee in possession). Colliers have offices in Canberra, Wollongong and Batemans Bay.

### **1.4. Terranora**

Further to my previous report to investors, I note that I have had several discussions with Metricon (*as the adjacent landowner*) and its agent with respect to the sale of Terranora.

However, Metricon confirmed that they are not interested in purchasing Terranora and would be interested as a project manager for Terranora but TTIB does not have the financing ability to fund the project.

In that regard, I have obtained updated marketing proposals from three (3) marketing agents with respect to the sale of Terranora.

I summarise marketing proposals received from the following agents:

	<b>CBRE</b>	<b>RAY WHITE</b>	<b>COLLIERS</b>
1) Recommended method of sale	Expressions of Interest	Expressions of Interest	Expressions of Interest
2) Proposed Commission	1.75% of sale price + GST	2.5% of sale price + GST	2.0% of sale price + GST
<b>MARKETING PROGRAMME</b>			
1) Marketing Budget (incl. GST)	apprx. \$29,925	\$28,435	\$24,792
2) Print Advertising	The Brisbane Courier Mail, The Melbourne Age, The Financial Review & Tweed Daily News	The Brisbane Courier Mail, The Melbourne Age, The Financial Review & Gold Coast Bulletin	Gold Coast Bulletin, Australian Financial Review & Brisbane Courier Mail
3) Online Advertising	Elite Listing in realestate.com.au	Standard web listings in 6 online advertising portals	Elite Listing in realestate.com.au
4) Duration of Marketing Programme	6 weeks	6 weeks	5 weeks

I note that CBRE has the most attractive proposal, with lower commission and a sale price more in line with Terranora's current valuation. In that regard, I propose to appoint CBRE as marketing agent and to start their marketing campaign after the September Federal 2013 election.

As investors are aware, the most recent valuation received on 10 May 2012 provides a valuation of \$4.5million (ex-GST) on "as-is basis" (i.e. without Development Approval).

### 3. Liabilities

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

- Principal payment to Baymac of \$500,000 plus interest 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.

Please do not hesitate to contact myself or Ivy Michael of this office, should you have any other questions with respect to the above.

Yours faithfully,  
**TPFL Limited**  
(In Liquidation)

  
**Adam Shepard**  
Liquidator