

The TEYS Income Builder

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

Investor Update No. 12, 27 October 2014

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) 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. Interim Capital Return (\$0.02)

I advise that an interim capital repayment to investors of \$0.02 in a dollar was distributed to investors on 2 October 2014.

Any investors, who have yet to receive their capital repayment, please contact TTIB's external registry as detailed below:

External registry:	Boardroom Limited
Phone:	1300 737 760
Email:	teys@boardroomlimited.com.au

2. Assets – Loan portfolio

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

2.1. LadyBrand Retirement Village

As you are aware, the balance of \$4million is to 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:

	Lot No.	\$80K/ILU received on
1	219	29 November 2012
2	241	30 January 2013
3	187	10 May 2013
4	245	12 August 2013
5	246	4 October 2013
6	242	19 December 2013
7	248	16 January 2014
8	240	29 January 2014
9	238	29 January 2014

In addition, Dalesun has confirmed the following:

- An offer has been received on lot 239 (completed ILU) which is subject to the sale of the offeror's own home; and
- Additional seven (7) ILUs are currently being constructed (*estimated to complete by November 2014*) and Dalesun has received unconditional offer on three (3) of the seven (7) ILUs.

I note that as at the date of this report, total amount outstanding is \$3.28million.

2.2. Windang

I advise that a contract for Windang was exchanged for \$909,091 (exclusive of GST) on 31 July 2014.

The property settled on 11 September 2014 and TTIB received net receivable after costs and expenses (including Receiver's and Manager's fees and costs of \$72,015) some \$730,029. This amount was distributed to investors in the Interim Capital Repayment of \$0.02 in a dollar per Section 1 above.

2.3. Braidwood

As noted in my previous report, I have executed an agreement with Wilrobec Consulting Services Pty Ltd ("Wilrobec") to acquire Braidwood an associate of the Borrower, Habitat Homes via an option for \$1.4million.

A Deed Option agreement has been prepared and agreed upon by all parties. In essence, the agreement provides for the following:

- i) Wilrobec has twelve (12) months from the date of execution (i.e. 11 April 2014) to exercise its rights to purchase Braidwood property for \$1.4million; and
- ii) all costs and expenses or liabilities arising in relation to the ownership, maintenance and marketing of the Braidwood Property incurred until the expiration of the Deed Option will be paid in full by Wilrobec;

If Wilrobec does not exercise the option, I will immediately market the property to sale.

2.4. Terranora

I advise that the Terranora parcel of land was exchanged on 2 October 2014 for \$3.6million (excl. GST). In essence, the contract provides for:

- 10% deposit (TTIB received 5% deposit on exchange and another 5% is payable within ninety (90) days from the execution date).
- 90% final payment will be paid at settlement. Settlement date is 31 May 2015;
- Not subject to finance and due diligence; and
- Mr Tim Humphreys provided personal guarantee.

3. Other Matters

3.1. Audit Report

The outstanding audit reports for year ended 2010 to 2014 will be available shortly.

3.2. Accounting Fees

In accordance to TTIB's constitution, TPFL is entitled to a monthly accounting fee of \$6,250 (ex-GST) which equates to \$75,000 per year. TPFL had charged accounting fee up to June 2011.

As previously advised, I have estimated four (4) months in a year to assist with the completion of audit and tax work for TTIB and therefore, will only be charging TTIB accounting fees of \$25,000 per year ($\$6,250 \times 4$ months) for year 2012, 2013, 2014, 2015 and 2016. This will save \$50,000 per year and \$250,000 overall.

3.3. Responsible Entity Fees

In accordance to TTIB's constitution, TPFL is entitled to a monthly Responsible Entity's fee of \$8,333 (ex-GST) which equates to \$100,000 per year.

However, as advised previously, I have reduced the Responsible Entity fees entitled to TPFL to \$5,000 (ex-GST) since 1 July 2011.

This will represent a total saving to investors of some \$200,000.

4. Estimated Further Return of Capital

A detailed analysis of the financials of TTIB will be provided in the audited accounts that will be forwarded to investors shortly.

In summary, I estimated return to investors based on the following scenario:

Capital Repayment	Pessimistic	Optimistic
Paid to date*	14.50	14.50
Future	14.00	16.00
TOTAL	28.50	30.50

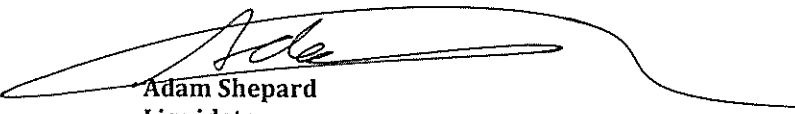
** I note that on 27 June 2011 and 2 October 2014, total return of capital of 4,790,065 (12.5¢/\$) and 766,410 (2¢/\$) units respectively, have been distributed to investors. In that regard, total outstanding units in TTIB is 32,764,045.*

The above pessimistic future capital return to investors assumes that Wilrobec will not exercise the Deed Option relating to Braidwood (see Section 2.3 above) and recovery from sale of same is estimated to be \$1.1mill ex-GST (auction value) less applicable costs. The pessimistic capital return also assumes that scheduled sale / settlement relating to Terranora and Ladybrand will be completed as envisaged.

The above optimistic future capital return to investors assumes that Wilrobec will exercise the Deed Option relating to Braidwood and scheduled sale / settlement relating to Terranora and Ladybrand will be completed as envisaged.

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