



**Advisory**  
147 Collins Street  
Melbourne Vic 3000  
  
GPO Box 2291U  
Melbourne Vic 3001  
Australia

ABN: 51 194 660 183  
Telephone: +61 3 9288 5555  
Facsimile: +61 3 9288 6666  
DX: 30824 Melbourne  
www.kpmg.com.au

TO THE INVESTOR AS ADDRESSED

Our ref 12570885\_1

16 September 2011

Dear Sir/Madam

**The Unregistered Managed Investment Schemes detailed at Annexure A and associated Companies detailed at Annexure B (“the Letten Schemes”) to which Receivers and Managers are appointed and Companies detailed at Annexure C to which Liquidators are also appointed.**

We refer to our circular to Investors dated 10 June 2011 on progress being made in the winding up of the Letten Schemes and now provide Investors with a further update. This includes updates on:

- Realisations
- Investigations
- Distributions to proper trust creditors for certain schemes
- Distributions to Investors
- Remuneration of the Receivers and Managers

**Realisation Update**

**Nicholson Street Joint Venture (Receivers and Managers Appointed)**

Investors were previously advised that the property located at 127-137 Nicholson Street, Brunswick East (“Nicholson Street Property”) had been sold via an expression of interest process in line with the requirements of the Federal Court of Australia (“the Court”) for \$14.3 million. Settlement of the Nicholson Street Property occurred on 30 June 2011.

As previously advised, the sale price achieved for the Nicholson Street Property was sufficient to pay the costs of realisation and the debt owing to the secured creditor. As a result there is expected to be funds available for proper trust creditor claims, pending direction from the Court (refer below).

Therefore, subject to directions of the Court, it is expected that funds will be available to be included in the common fund for Investors in accordance with the pooling Orders made by the Court on 11 November 2010.

**SY21 Retail Complex Project (Receivers and Managers Appointed) (“SY21 Scheme”)**

Investors were previously advised that they (via the SY21 Scheme) do not have any direct proprietary interest in the Chapel Street property, which is owned by SY21 Retail Pty Ltd (“SY21 Retail”). Rather, the asset of the SY21 Scheme is a 50 percent shareholding in SY21 Retail together with moneys owing by SY21 Retail to LGH Holdings Ltd (Receivers and Managers Appointed) (In Liquidation) (“LGHH”).

The Chapel Street property has now been sold by the director of SY21 Retail and settlement of the property occurred on 3 August 2011. As a result an interim dividend has been paid by SY21 Retail to both shareholders (including the SY21 Scheme) in the amount of \$200,000. Further distributions may be made in the future. Discussions with the director of SY21 Retail are continuing with respect to repayments of loan funds owed to LGHH.

Investors will be updated in due course on whether there is likely to be a contribution to the common fund from the SY21 Scheme.

**Cass Bay Spur Project (Receivers and Managers Appointed)**

The New Zealand based Liquidators of the company that owns the property located at 60 Governors Bay Road, Cass Bay, Lyttelton Harbour, New Zealand (“Cass Bay Property”) has advised the Cass Bay Property has been sold at auction by the secured creditor.

Based on the sales price achieved and information currently available, insufficient funds have been realised on the sale of the Cass Bay Property to repay the debt owed to the secured creditor.

**Yarra Valley Golf Pty Ltd and Yarra Valley Golf Joint Venture (“YVG”)  
Glenbelle Pty Ltd and Glenbelle Project (“Glenbelle”)  
(All Receivers and Managers Appointed)**

***YVG Golf Assets and Glenbelle Retreat & Spa and Various Properties***

Investors were previously advised of the Receivers and Managers’ application to the Court to seek approval for the sale of selected property and business of YVG and Glenbelle (“YVG and Glenbelle Assets”). Following this application the Court ordered on 17 May 2011 that the Receivers’ application be approved and that settlement of the YVG and Glenbelle Assets occur. In accordance with the orders of the Court, settlement of the sale of the YVG and Glenbelle Assets occurred on 15 July 2011.

As previously advised insufficient assets were realised from this sale to repay the secured creditor and allow for a distribution to proper trust creditors or contribute to the common fund for Investors.

### ***Glenbelle – Management Lot***

Investors have previously been advised that the Management Lot (being an asset of Glenbelle) was sold by public auction earlier this year.

We continue to work with the purchaser of the Management Lot to meet certain conditions precedent to the contract and make the required application for Court approval of the sale. Investors will be notified of this application once it is filed with the Court.

### ***YVG – Botanica Townhouses***

As previously advised, at the time of our appointment on 25 February 2010 (“Appointment Date”), the assets owned by YVG included double storey two and three bedroom townhouses known as the ‘Botanica’ townhouses located at The Heritage Golf and Country Club (“the Botanicas”).

In total 35 townhouses (numbered Lots 601-635 on Plan of Subdivision 415064K) were developed on the YVG site. As at the Appointment Date YVG had completed and settled the initial two stages of the Botanica development (17 townhouses numbered Lots 618 – 635) with the exception of two individual townhouses which failed to settle (Lots 625 and 626).

At the Appointment Date, the remaining Botanicas were at the following stages of completion:

- Lots 601-610 – Construction was completed and the Occupancy Permits had been issued. We approached the Court in late March 2010 to request the power to settle and complete the sale of these properties in line with the pre-existing contracts
- Lots 611-618 – Construction was yet to be completed and no Occupancy Permit had been issued. We submitted a request to the Court in June 2010 to request funding from the secured lender to enable completion of the construction work, issuance of the Occupancy Permit and settlement and completion of the pre-existing contracts

By Orders of the Court dated 31 March 2010 and 4 June 2010, we were granted the power to settle the Botanicas subject to pre-existing sale contracts (“the Pre-sold Properties”).

We confirm the following in relation to the Pre-sold Properties:

- 14 of the properties were settled in accordance with their contract of sale; and
- 4 properties did not settle and we remain in possession of the properties (“the Remaining Botanicas”).

On 5 August 2011 the Court granted us the power to sell the Remaining Botanicas and two additional Botanicas that were not subject to a sale contract on the Appointment Date (collectively “the Unsold Botanica Properties”). A copy of the Order is available for review through the secure data room at [www.kpmg.com.au/lettenschemes](http://www.kpmg.com.au/lettenschemes).

The Unsold Botanica Properties will be sold in the coming months through the Court ordered sale process:

- The Unsold Botanica Properties will be marketed for sale by Fletchers and Philip Webb, who were selected as the most appropriate agents based on proposals submitted by 4 qualified sales agents;
- Two of the Unsold Botanica Properties will be sold by a public Auction on 8 October 2011, by the marketing agents preceded by a 4 week marketing campaign (which has commenced); and
- Based on the outcome of the first 2 sale campaigns, and in consultation with the respective agents, a decision will be made in relation to the most appropriate method and time frame to sell the remaining properties.

Investors will be updated on the progress of the above sale campaigns in due course, however, it is not anticipated the sale of the Unsold Botanica Properties will enable the YVG secured creditor to be repaid in full and no proceeds are expected to be available for creditors and Investors.

#### ***YVG – Henley Lots 6 & 7***

We are continuing to work towards settlement of the sale of Lots 6 & 7 that were subject to contracts of sale on the Appointment Date. We shall update Investors once the sale of these properties are completed. It is expected that any excess proceeds will not enable the secured creditor to be repaid in full and no proceeds are expected to be available for creditors or Investors.

#### ***YVG – Henley Lot 8***

Settlement of the sale of Lot 8 occurred on 16 August 2011 which was subject to a contract of sale at the time of our appointment. The excess funds received from settlement were distributed to the secured creditor and were not sufficient to repay the secured debt.

#### **Forster Development Co Pty Ltd (In Liquidation) (“Forster”)**

On 30 August 2011 the shareholders of Forster, a company associated with Mark Letten, resolved to place it into liquidation. This company is the registered proprietor of 4-6 Penny Lane, South Yarra which is the former residential property of Mr Letten and his family. The liquidator has advised that it is his intention to realise the assets of Forster.

We have advised the Liquidator of the Letten Schemes’ claim against any surplus proceeds coming from the realisation of 6 Penny Lane after repayment of the debt owed to the secured creditor, National Australia Bank. In addition we have submitted a claim, on behalf of LGH

Administration Pty Ltd (Receivers and Managers Appointed) (In Liquidation) as an unsecured creditor of Forster.

The quantum of any return from Forster is not currently known and Investors will be advised in due course.

### **Moorhouse Shopping Centre Project**

Investors will recall this scheme does not have a direct interest in the Moorhouse Shopping Centre in Christchurch, New Zealand but rather an interest in the New Zealand registered company that owns this property. The New Zealand based liquidators had sold the balance of the project's landholding by public auction with settlement scheduled to occur shortly after the Christchurch earthquake on 22 February 2011. As a result of the earthquake, settlement did not occur.

The purchaser has confirmed that he may wish to proceed with the purchase, on renegotiated terms, after completion of a full engineering assessment of the site. Due to the level of damage suffered by all buildings in central Christchurch this process has not yet been completed. Further, the New Zealand based liquidators are continuing their discussions with the company's insurer regarding the ability of the relevant policy to meet the costs of any damage that occurred.

It is not known when, or if, the sale of this asset will be completed or the ultimate realisation amount. Investors will be updated in due course as progress is made.

### **Investigations**

We are continuing our investigations into other assets recoverable for the benefit of Investors. These include the payment of monies prior to the Appointment Date to Mark Letten and individuals, companies and trusts associated with him that might be recoverable. These investigations require review of substantial records in our possession. This work is continuing.

We are also aware that ASIC has undertaken an investigation into this matter and its investigations are continuing.

Investors will be advised the outcome of these investigations in due course.

### **Distribution to Proper Trust Creditors**

As previously advised, the Liquidators previously notified all known and potential creditors of The Glen Centre Hawthorn Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ("The Glen") and Twinview Nominees Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ("Twinview") of their intention to declare a dividend on 28 July 2011.

During the proof of debt process certain claims were received whereby the Liquidators consider it unclear whether they are proper trust creditors and are uncertain of the ability of the trustees of the relevant schemes to rely on their indemnity against trust assets to meet these claims.

In order to resolve these issues, the Receivers & Managers of the Glen Centre Joint Venture and the Twinview Joint Venture have applied to the Court for directions.

A directions hearing to consider the application occurred on 14 September 2011. At that hearing, amongst others, the following Orders were made:

- The Receivers are to identify contradictors in respect of the application and notify the Court in writing as to basis of their selection; and
- The matter is to be heard by the Court on 4 November 2011 at 9.30am.

The purpose of appointing a contradictor is to nominate an appropriate party to effectively argue on behalf of all Investors their opinion in respect of the matters before the Court. Any Investor wishing to undertake this role is requested to contact this office as soon as possible and by no later than 21 September 2011. The application involves a number of complex legal issues relating to trust law. However, Investors should note that any contradictors in this matter may be required to bear their own legal costs.

Copies of the interlocutory process and all other information relating to this issue are available at [www.kpmg.com.au/lettenschemes](http://www.kpmg.com.au/lettenschemes) should Investors wish to participate in the legal process.

Investors will be advised of the outcome of the hearing in due course.

### **Distribution to Investors**

As previously advised, subject to the outcome of the creditor adjudication process for The Glen and Twinview, the Investor interim distribution process was expected to commence in August 2011. However, as Court directions are required to resolve the issues outlined above the proposed interim dividend and formal proof of claim process for Investors has not yet occurred pending the outcome of the Court hearing.

We are seeking to resolve the issue before the Court as soon as possible to enable a distribution to be made to Investors. We encourage all investors to continue to visit [www.kpmg.com.au/lettenschemes](http://www.kpmg.com.au/lettenschemes) for regular updates.

We have also previously advised our estimated return to Investors. This estimate will be updated and reported to Investors following resolution of the application to Court in respect of the Proper Trust Creditors of The Glen and Twinview.

Investors will recall that in estimating the return to Investors we assumed, amongst other things, no capital gains tax was payable by us on the sale of any scheme asset. Our discussions with the Australian Taxation Office (“ATO”) in this regard are ongoing. Should the ATO form the view that capital gains tax is payable this will materially reduce any return to Investors. We are unable to advise, at this time, of the ATO’s position.

Investors will be updated once the ATO's final position is known.

**Remuneration of the Receivers and Managers**

On 12 September 2011 the Court delivered its judgement and reasons in respect of the Receivers and Managers' application for approval of its fees and disbursements for the period 25 February 2010 to 2 July 2010.

The Court undertook a detailed assessment of the fees sought and has ruled that the Receivers and Managers' claim for remuneration be reduced by 5%. This is in addition to the 10% reduction already provided by the Receivers and Managers. A copy of the Order is attached as Annexure D and the reasons of the Court are available for inspection by all Investors in the secure section of the Investors' website.

The Receivers expect to shortly file with the Court a further remuneration application for later periods. Investors will be advised when this has occurred.

Should you have any further queries in relation to this matter please send an email to [lettenschemes@kpmg.com.au](mailto:lettenschemes@kpmg.com.au) or call the Investor hotline on 1800 882 944 (Australia) or +61 3 9838 4238 (International).

Yours faithfully



Damian Templeton  
Receiver and Manager

**Annexure A: KPMG Partners Damian Templeton and Philip Hennessy have been appointed Receivers and Managers to the following schemes:**

<b>Scheme</b>	<b>Description of property</b>
Reef House Resort	99 Williams Esplanade Palm Cove, Qld – The Sebel Reef House Resort
Twinview Joint Venture	167 Flinders Lane, Melbourne, Victoria
The Glen Centre Joint Venture	673–681 Glenferrie Road, Hawthorn, Victoria
Nicholson Street Joint Venture	127-137 Nicholson Street, East Brunswick, Victoria
Low Head Joint Venture	136 Low Head Road George Town, Tasmania, 142 Low Head Road, George Town, Tasmania & 40 Gunn Parade, George Town, Tasmania
George Street Joint Venture	34 George Street, Launceston, Tasmania
Cimitiere House Joint Venture	113 Cimitiere Street, Launceston, Tasmania
211 Wellington Road Joint Venture	211 Wellington Road, Mulgrave, Victoria
Yarra Valley Golf Joint Venture	St John of God's Seminary and Henley Farm, Chirnside Park, Victoria
Glenbelle Project	Sebel Heritage Lodge Management Lot, Yarra Valley Golf Course, Chirnside Park, Victoria
Healesville Walk Shopping Centre Joint Venture	251-263 Maroondah Highway, Healesville, Victoria
Howleys Road Joint Venture	40-48 Howleys Road, Notting Hill, Victoria
Queen Street Joint Venture	118 Queen Street, Melbourne, Victoria
Simms Investment Project	626 Pittwater Road, Brookvale, NSW
National Boulevard Joint Venture	144 National Boulevard, Campbellfield, Victoria
SY21 Retail Complex Project	The Court has found that the asset of the SY21 Scheme is the 50 percent shareholding in SY21 Retail Pty Ltd together with moneys owing by SY21 Retail Pty Ltd to LGH Holdings Ltd.
Tomasetti House Joint Venture	277-279 Flinders Lane, Melbourne, Victoria
Aurora Park Project	443-447 Warringah Road, Frenchs Forest, New South Wales
Moorhouse Shopping Centre Project	343-359 Moorhouse Avenue, Christchurch, New Zealand
Cass Bay Spur Project	60 Governors Bay Road, Cass Bay, Lyttelton Harbour, New Zealand
Mount Hutt Project	McLennans Bush Road, Methven, New Zealand

**Annexure B: KPMG Partners Damian Templeton and Philip Hennessy have been appointed Receivers and Managers to the following companies:**

LGH Holdings Limited ACN 077 191 943	Glenbelle Pty Ltd ACN 097 306 646
211 Wellington Road Pty Ltd ACN 092 663 860	Glenvale Way Pty Ltd ACN 088 287 021
Bluemist Holdings Pty Ltd ACN 097 306 922	Greenview Lane Pty Ltd ACN 093 505 312
Dellwood Holdings Pty Ltd ACN 098 505 803	Hallmark Corporation Pty Ltd ACN 083 180 812
Enmore Enterprises Pty Ltd ACN 082 158 487	Moorleigh Holdings Pty Ltd ACN 088 287 058
Firbank Arch Pty Ltd ACN 059 464 381	Norton Ridge Pty Ltd ACN 078 821 066
Glenline Pty Ltd ACN 098 532 364	Raleigh Glen Pty Ltd ACN 088 204 380
Gerling Holdings Pty Ltd ACN 091 726 457	Redcrest Holdings Pty Ltd ACN 100 836 486
LGH Administration Pty Ltd ACN 077 165 069	Suri Corporation Pty Ltd 093 505 321
LGH Finance Pty Ltd ACN 078 859 248	Sutton Rise Pty Ltd ACN 088 204 399
Low Head Village Pty Ltd ACN 091 731 958	The Virtual Mlmer Pty Ltd ACN 065 374 665
Nicholson Street Pty Ltd ACN 069 104 089	Tivendale Pty Ltd ACN 093 505 349
Holloway Crest Pty Ltd ACN 091 731 967	Tulloch Downes Pty Ltd ACN 078 895 048
Rosebery Enterprises Pty Ltd ACN 091 826 229	Maining Pty Ltd ACN 100 790 485
Simms Investments Pty Ltd ACN 093 504 511	Topglen Pty Ltd ACN 096 857 564
The Glen Centre Hawthorn Pty Ltd ACN 089 906 543	Maywood Investments Pty Ltd ACN 091 599 218
Castello Holdings Pty Ltd ACN 088 204 175	Aranbay Pty Ltd ACN 098 532 319
Twinview Nominees Pty Ltd ACN 097 307 278	Melville Corporation Pty Ltd ACN 091 911 045
Yarra Valley Golf Pty Ltd ACN 066 632 479	Tilley Lane Pty Ltd ACN 086 136 361
Adina Rise Pty Ltd ACN 083 181 122	Allblue Pty Ltd ACN 100 836 388
Albright Investments Pty Ltd ACN 088 204 166	Acetrain Pty Ltd ACN 100 820 282
Ashfield Rise Pty Ltd ACN 093 504 806	Sage Bay Pty Ltd ACN 097 306 628
Bradfield Corporation Pty Ltd ACN 088 204 371	Tobago Holdings Pty Ltd ACN 093 504 520
Copeland Enterprises Pty Ltd ACN 093 504 824	HPSC Pty Ltd ACN 059 930 139
Devlin Way Pty Ltd ACN 088 264 813	Jensdale Pty Ltd ACN 098 367 974

**Annexure C: KPMG Partners Damian Templeton and Philip Hennessy have been appointed Joint and Several Liquidators to the following companies:**

LGH Holdings Limited ACN 077 191 943
211 Wellington Road Pty Ltd ACN 092 663 860
Bluemist Holdings Pty Ltd ACN 097 306 922
Dellwood Holdings Pty Ltd ACN 098 505 803
Enmore Enterprises Pty Ltd ACN 082 158 487
Gerling Holdings Pty Ltd ACN 091 726 457
LGH Administration Pty Ltd ACN 077 165 069
Simms Investments Pty Ltd ACN 093 504 511
The Glen Centre Hawthorn Pty Ltd ACN 089 906 543
Castello Holdings Pty Ltd ACN 088 204 175
Twinview Nominees Pty Ltd ACN 097 307 278
Melville Corporation Pty Ltd ACN 091 911 045
Tilley Lane Pty Ltd ACN 086 136 361
HPSC Pty Ltd ACN 059 930 139
Jensdale Pty Ltd ACN 098 367 974
Oakdale Rise Pty Ltd ACN 091 598 908
Maywood Investments Pty Ltd ACN 091 599 218
Acetrain Pty Ltd ACN 100 820 282
Sage Bay Pty Ltd ACN 097 306 628
Tobago Holdings Pty Ltd ACN 093 504 520
(All Receivers and Managers Appointed) (All In Liquidation)

**IN THE FEDERAL COURT OF AUSTRALIA  
VICTORIA DISTRICT REGISTRY  
GENERAL DIVISION**

**VID 95 of 2010**

**IN THE MATTER OF THE *CORPORATIONS ACT* 2001**

**and**

**IN THE MATTER OF MARK RONALD LETTEN (and others)**

**AUSTRALIAN SECURITIES AND INVESTMENTS  
COMMISSION**

**APPLICANT**

**MARK RONALD LETTEN AND OTHERS**

**RESPONDENTS**

**DEPUTY  
REGISTRAR:**

**PRINGLE R**

**DATE:**

**12 SEPTEMBER 2011**

**PLACE:**

**MELBOURNE**

**THE COURT ORDERS AND DIRECTS THAT:**

For the purposes of fixing the remuneration sought by the Receivers in the Remuneration Application for the period 25 February 2010 to 2 July 2010 (the **Relevant Period**) and to which the Receivers are properly entitled and the costs and expenses they properly incurred in the performance of their duties and the exercise of their powers (as required by paragraph 4 of the Order of Justice Gordon dated 22 December 2010):

1. The Receivers' remuneration for the Relevant Period be fixed at \$5,200,582.83 (excluding GST).
2. Within 7 days of the date of this Order, the Receivers are to serve upon all investors identified by the Receivers to be investors in any of the Schemes (**Investors**) and the Secured Lender:
  - (a) a copy of these orders;

(b) a cover letter which informs them that a copy of the Reasons of Registrar Pringle dated 12 September 2011 are available on the secure section of the Investors' website ([www.kpmg.com.au/lettenschemes](http://www.kpmg.com.au/lettenschemes)).

3. Service of the documents referred to in paragraph 2 of this Order be effected in the same manner as required by paragraph 6 of the Order of Justice Gordon dated 22 December 2010.

NOTE: For the purpose of this order:

- (a) **Receivers** and **Secured Lender** have the meanings ascribed to those terms in the Orders of Justice Gordon made in this proceeding on 25 February 2010 (Appointment Order) and 4 March 2010 (SY21 Appointment Order);
- (b) **Remuneration Application** means the application of the Receivers by interlocutory process dated 30 November 2010 for approval of their remuneration, costs and expenses in respect of the the Relevant Period.