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04/05/2015

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Dear Shareholder,

It is with pleasure that I enclose the Interim Report for the Half Year ended Dec 31, 2014.

I am sure that you will be delighted to note that, following our demutualisation and sales of Transport Health, Dental on Swan and Park Hill Gardens, we have increased our equity from \$37 million to \$49 million (the details of which are on page 7 of the enclosed report).

It is now time for us to develop the new business direction for TFSL and to deploy these assets to grow shareholder wealth and create the opportunity for shareholders to be able to liquidate their shareholding or invest further in your company. You may recall that when we demutualised the Board expressed the intention to list our company on a stock exchange within a 3 year period, and prepare the company so that shareholders would benefit from this opportunity. We will continue to pursue this goal while we embark on our new concept for retirement living.

While our business plan is still a 'work in progress', we are developing our concepts in consultation with a number of specialist advisers and I would hope to be in a position to articulate in some more detail, at the AGM, how we will roll out these plans with an indicative timetable.

I think it is a very exciting time for all of us as we use the strength of our Balance Sheet to take shareholders on a new journey to grow our wealth with a new business model while continuing to improve on our returns from the Mornington development.

Our plan now is to communicate with you more frequently as shareholders and, by keeping you informed, take you on the journey that we began to articulate in the demutualisation document.

May I encourage you to regularly check our website www.tfsl.org.au for updates.

Thank you all for your continued support,

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Derek Cafferty', with a horizontal line drawn through the middle of the signature.

Derek Cafferty
Chief Executive Officer