



vanEyk **Three Pillars**

TO: COMPANY ANNOUNCEMENTS OFFICE
COMPANY: AUSTRALIAN SECURITIES EXCHANGE LIMITED
FROM: VAN EYK THREE PILLARS LIMITED
DATE: 21 July 2011
NO. OF PAGES: 44

PROPOSED BUYBACK AND EXTRAORDINARY GENERAL MEETING (EGM)

The following documents have been mailed to shareholders:

1. Shareholder booklet for the EGM (including the Independent Expert's Report)
2. Proxy Form



van Eyk Three Pillars Limited ABN 91 106 854 175
PO Box 767, Crows Nest, NSW 1585
P 1300 732 413
www.vaneyk.com.au



van Eyk Three Pillars Limited
(ACN 106 854 175)

Shareholder Booklet

Extraordinary General Meeting including Authorisation for Buyback of Ordinary Shares

A notice of meeting is included with this Booklet. A proxy form for the meeting accompanies this Booklet.

The independent expert has concluded that the Buyback Price is fair and reasonable

Your vote is important in determining whether the Buyback proceeds. This is an important document and requires your urgent attention.

If you are in any doubt as to how to deal with this Booklet, please consult your legal, financial, taxation or other professional advisor immediately.

If you have recently sold all of your Shares, please disregard all enclosed documents.

Directors unanimously recommend Shareholders vote in favour of the resolutions.

Important Notices

General

You should read this Booklet in its entirety before making a decision on how to vote on the Resolutions to be considered at the Extraordinary General Meeting. The notice convening the Extraordinary General Meeting is contained in this Booklet. A proxy form for the meeting is enclosed.

Defined terms

Capitalised terms in this Booklet are defined either in the Glossary in Section 5 of this Booklet or where the relevant term is first used.

References to **dollars** or **\$** are references to the lawful currency of Australia. Any discrepancies between the totals and the sum of all the individual components in the tables contained in this Booklet are due to rounding.

Purpose of this Booklet

The purpose of this Booklet is to:

- provide information regarding ordinary business to be conducted at the Extraordinary General Meeting;
- explain the terms and effect of the Buyback; and
- provide such information as is prescribed by the Corporations Act and the Listing Rules.

ASIC and ASX

A copy of this Booklet has been lodged with ASX and ASIC. None of ASX, ASIC or any of their officers takes any responsibility for the contents of this Booklet.

Input from other parties

Lonergan Edwards & Associates Limited (**Independent Expert**) has prepared the Independent Expert's Report in relation to the Buyback in Appendix 1 and takes responsibility for that Appendix. The Independent Expert is not responsible for any other information contained within this Booklet. Members are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Other than in respect of the information identified above, the information contained in the remainder of this Booklet has been prepared by van Eyk Three Pillars Limited (**VTP**) and is the responsibility of VTP. VTP does not assume responsibility for the accuracy or completeness of any other part of this Booklet and assumes responsibility only to the extent required by law.

Investment decisions

This Booklet does not take into account the investment objectives, financial situation, tax position and requirements of any particular person. This Booklet should not be relied on as the sole

basis for any investment decision in relation to Shares. Independent financial and taxation advice should be sought before making any decision to invest in VTP or in relation to the Buyback. It is important that you read the entire Explanatory Memorandum before making any voting or investment decision. In particular, it is important that Members consider the possible disadvantages of the Buyback and the risk factors identified in Section 2.

Members should carefully consider these factors in light of their particular investment objectives, financial situation, tax position and requirements. If Members are in any doubt on these matters, they should consult their legal, financial, taxation or other professional adviser before deciding how to vote on the Buyback. Past performance is no indication of future performance.

Forward looking statements

This Booklet includes certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those identified in Section 2. The assumptions on which prospective financial information is based may prove to be correct or may be affected by matters not currently known to, or considered material by, VTP.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of VTP, the officers of VTP or any person named in this Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. You are cautioned not to place undue reliance on those statements.

The forward looking statement in this Booklet reflects views held only as at the date of this Booklet.

Electronic document

This Booklet may be viewed online at www.threepillars.vaneyk.com.au or on the Australian Securities Exchange web site, www.asx.com.au. A paper copy of this Booklet will be provided free of charge to any person who requests a copy by contacting VTP.

Important dates and times

Date of this Booklet	18 July 2011
Last time and date by which the proxy form for the Extraordinary General Meeting can be lodged	2:30 pm (Sydney time) on 22 August 2011
Time and date for determining eligibility to vote at the Extraordinary General Meeting	7:00 pm (Sydney time) on 22 August 2011
Extraordinary General Meeting*	2:30 pm (Sydney time) on 24 August 2011

* The Extraordinary General Meeting will be held at The Kirribilli Club, 11 Harbour View Crescent, Lavender Bay 2060.

You should consult your legal, financial, taxation or other professional adviser concerning the impact your decision may have on your own circumstances.

Table of Contents

Important dates and times

Table of Contents

Notice of Extraordinary General Meeting

1.	Rationale and terms of the Buyback	1
2.	Buyback – Relevant considerations for Members	4
3.	Management of VTP	10
4.	Additional information regarding Buyback	12
5.	Glossary	15
	Appendix 1 – Independent Expert’s Report	16



Notice of Extraordinary General Meeting

van Eyk Three Pillars Limited
(ACN 106 854 175)

Notice of Meeting for the Extraordinary General Meeting of Members

To be held at 2:30 pm (Sydney time) on 24 August 2011
at The Kirribilli Club, 11 Harbour View Crescent, Lavender Bay 2060

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.

This Notice of Meeting includes an Explanatory Memorandum. An Independent Expert's Report is also an appendix to the Explanatory Memorandum. The Explanatory Memorandum and its appendices have been prepared to assist Members in determining whether or not to vote in favour of or against the Resolutions set out in this Notice of Meeting.

The Explanatory Memorandum and its appendices should be read in conjunction with this Notice of Meeting.

You are encouraged to attend the meeting, but if you cannot, you are requested to complete and return the enclosed proxy form without delay:

By post to the share registry, Boardroom Pty Limited:

GPO Box 3993, Sydney NSW 2001

By hand delivery to Boardroom Pty Limited at:

Level 7, 207 Kent Street, Sydney NSW 2000

By fax to Boardroom Pty Limited on:

1300 653 459 from within Australia, or +61 2 9290 9655 from outside Australia

By Electronic Lodgement online:

<http://www.boardroomlimited.com.au/vote/vtpgm2011> in accordance with instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy online.

The business of the meeting is to consider the following proposed resolutions.

ORDINARY BUSINESS

1. Approval of Buyback

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to and conditional on the passage of Resolution 2, to the extent required under Section 257C of the Corporations Act, the terms of the buyback agreement under which the Company will buy back Shares on an equal access basis and on the terms set out in the Explanatory Memorandum is approved.

Without limitation, Section 257C of the Corporations Act is relevant to this Resolution.

There is no voting restriction for this Resolution 1.

2. Change in scale of activities

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That, subject to and conditional on the passage of Resolution 1, for the purposes of Listing Rule 11.1.2 and for all other relevant purposes, approval is given for the Company to make a substantial change in its activities as a result of implementation of the Buyback as described in the Explanatory Memorandum.

Without limitation, Listing Rule 11.1.2 is relevant to this resolution.

There are voting restrictions for this Resolution 2. See Section 4.4 for details.

Explanatory Memorandum

Members are referred to the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Extraordinary General Meeting, Shares will be taken to be held by the persons who are the registered holders at 7:00 pm (Sydney time) 22 August 2011. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting restrictions and exclusions in respect of the Resolutions are set out below for each resolution.

How to vote

Members entitled to vote at the Extraordinary General Meeting may vote:

- by attending the meeting and voting in person; or
- by appointing an attorney to attend the meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Voting in person (or by attorney)

Members or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Extraordinary General Meeting and bring a form of personal identification (such as their driver's licence).

(iii)

To vote by attorney at this meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 2:30 pm (Sydney time) on 22 August 2011 in any of the following ways:

By post to the share registry, Boardroom Pty Limited:

GPO Box 3993, Sydney NSW 2001

By hand delivery to Boardroom Pty Limited at:

Level 7, 207 Kent Street, Sydney NSW 2000

By fax to Boardroom Pty Limited on:

1300 653 459 from within Australia, or +61 2 9290 9655 from outside Australia

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Extraordinary General Meeting to be held at The Kirribilli Club, 11 Harbour View Crescent, Lavender Bay 2060 on 24 August 2011 commencing at 2:30 pm (Sydney time).

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless VTP received written notification of the death, mental incapacity, revocation or transfer before the meeting or adjourned meeting.

Voting by proxy

Members wishing to vote by proxy at this meeting must:

- complete and sign or validly authenticate the proxy form, which is enclosed with this Booklet; and
- deliver the signed and completed proxy form by 2:30 pm (Sydney time) on 22 August 2011 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Submitting proxy votes

Members wishing to submit proxy votes for the Extraordinary General Meeting must return the enclosed proxy form to VTP in any of the following ways:

By post to Boardroom Pty Limited:

GPO Box 3993, Sydney NSW 2001

By hand delivery to Boardroom Pty Limited at:

Level 7, 207 Kent Street, Sydney NSW 2000

By fax to Boardroom Pty Limited on:

1300 653 459 from within Australia, or +61 2 9290 9655 from outside Australia

By Electronic Lodgement:

<http://www.boardroomlimited.com.au/vote/vtppgm2011> in accordance with instructions provided on the website. You will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to lodge your proxy online.

Notes for proxies

1. A Member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote at the meeting on that Member's behalf.
2. A proxy need not be a Member.
3. A proxy may be an individual or a body corporate. A proxy that is a body corporate may appoint a representative to exercise the powers that the body corporate may exercise as the Member's proxy.
4. If a Member appoints two proxies and the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, each proxy may exercise half the votes.
5. A proxy may vote or abstain as he or she chooses except where the appointment of the proxy directs the way the proxy is to vote on a particular resolution. If an appointment directs the way the proxy is to vote on a particular resolution:
 - if the proxy is the chair - the proxy must vote on a poll and must vote in the way directed;
 - if the proxy is not the chair - the proxy need not vote on a poll, but if the proxy does so, the proxy must vote in the way directed; and
 - in this instance if the proxy does not attend the meeting, or does not vote on a poll, the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.
6. If a proxy appointment is signed or validly authenticated by the Member but does not name the proxy or proxies in whose favour it is given, the Chairman may either act as proxy or complete the proxy appointment by inserting the name or names of one or more Directors or Company Secretary.

If:

- a Member nominates the Chairman of the meeting as the Member's proxy; or
- the Chairman is to act as proxy if a proxy appointment is signed by a Member but does not name the proxies in whose favour it is given or otherwise under a default appointment according to the terms of the proxy form,

then the person acting as Chairman in respect of an item of business at the meeting must act as proxy under the appointment in respect of that item of business.

Notes for corporate representatives

1. To vote in person at the Extraordinary General Meeting, a Member or proxy which is a body corporate may appoint an individual to act as its representative.
2. To vote by corporate representative at the meeting, a corporate Member or proxy should obtain an Appointment of Corporate Representative Form from the share registry, complete and sign the form in accordance with the instructions on it. The appointment should be lodged at the registration desk on the day of the meeting.
3. The appointment of a representative may set out restrictions on the representative's powers.

(v)

4. The original form of appointment of a representative, a certified copy of the appointment, or a certificate of the body corporate evidencing the appointment of a representative is prima facie evidence of a representative having been appointed.
5. The Chairman of the meeting may permit a person claiming to be a representative to exercise the body's powers even if he or she has not produced a certificate or other satisfactory evidence of his or her appointment.

By order of the Board



Stuart Nisbett
Chairman
van Eyk Three Pillars Limited

18 July 2011

1. Rationale and terms of the Buyback

1.1. Rationale for the Buyback

In its Initial Public Offering (IPO) prospectus dated 14 November 2003, VTP was presented as a means by which retail investors could gain exposure to the investment strategy undertaken by van Eyk Research Limited (**VER**). VTP had entered into a 25-year management contract with VER, which highlighted the key role expected to be played by VER, using its VER portfolios. VTP's administration was also outsourced to VTP Management Pty Ltd (**Administration Manager**). Collectively, VER and the Administration Manager were known as the **External Managers**.

VTP underwent a major transformation during 2009-2010, after Shareholders voted in the third quarter of 2009 to appoint a new independent board. The new board was mandated to conduct a detailed strategic review to examine a range of options to achieve the objectives of:

- increasing the value of VTP's Shares; and
- providing mechanisms for Shareholders to realise their investments in VTP in a fair and timely manner at net tangible asset backing (**NTA**).

As part of the strategic review, the board reviewed a range of capital management initiatives including a substantial Share buyback, a return of capital, a takeover of the Company and a winding up. An overriding issue was to ensure that every Shareholder was treated equally regardless of the size of their investment in the Company.

On 8 April 2010, Shareholders overwhelmingly endorsed the board's recommendation of a capital reduction amounting to approximately 95 per cent of the value of gross tangible assets, followed by a share consolidation on a 20-for-1 basis. This represented the best opportunity available for Shareholders to realise their investment in VTP in a fair and timely manner at, or close to, net tangible asset backing. A total of \$96,587,286 was handed back to Shareholders on 27 August 2010, being a capital return of 88 cents per Share (pre share consolidation).

In 2011, VTP completed a buyback of unmarketable Share parcels from 1,061 Shareholders, with 311,607 Shares bought back by VTP for a total consideration of \$264,865.95 at a price of 85 cents per Share.

In April 2011, VTP finalised an agreement with its External Managers to terminate the External Management Agreements (including that with VER via its subsidiary, the Portfolio Manager) for cash consideration, and that VTP's board would assume responsibility for the management of VTP's investment portfolio and administrative functions either directly or via other finance professionals. VTP's board has continued to explore options for the investment of VTP's portfolio and further strategic options for the company.

The board of VTP recognises that Shareholders may have invested in VTP on the basis of the continued involvement of VER via its subsidiary Portfolio Manager in the management of VTP's investment portfolio. In order to address the share price discount to net tangible assets at which the Company's Shares have continued to trade, and allow the further return of capital to Shareholders at, or close to, net tangible assets (NTA), the board of VTP considered it appropriate to provide Shareholders with the opportunity to exit from their investment by electing to have their Shares bought back by VTP.

Directors do not consider that the Buyback is a means of returning excess capital to Shareholders. Rather, it is a company-sponsored means to enable Shareholders to exit from their investment at a price close to net tangible assets. A selective return of capital, an alternative means available under the Corporations Act to facilitate such an exit, would require Shareholder approval by way of special resolution from Members not participating in the reduction. This alternative was not considered appropriate as it has higher execution risk than the Buyback.

The board of VTP recommends that Shareholders vote in favour of Resolutions 1 and 2, as the Buyback will provide Shareholders the opportunity to realise their investments at NTA in a fair and timely manner. Your Directors believe that in approving the Buyback Shareholders will have greater

flexibility in making investment decisions. Your Directors make no recommendation regarding whether you should participate in the Buyback (if approved by Shareholders) as this is an individual Shareholder decision.

1.2. Terms of the Buyback

Buyback offer

The Buyback will be structured as if it were an equal access buyback. Shareholders will receive an offer document following the Extraordinary General Meeting setting out in detail the terms of the Buyback and other information known to VTP relevant to the decision of a Shareholder as to whether to accept the Buyback. Shareholders will then have a period of one month to elect to participate in the Buyback. Shareholders will be able participate a portion or all of their shares to be bought back in the Buyback, subject to the scale back described below.

Participation in the Buyback is voluntary. Shareholders who do not wish to participate in the Buyback can still vote on whether VTP should offer the Buyback but need not take any further action in relation to the Buyback.

Scale back if over 90% tendered

The total Buyback amount will be capped at 4,659,719 Shares, which is equivalent to 90% of VTP's issued Shares.

If more than 4,659,719 Shares are tendered into the Buyback, VTP will:

- scale back all parcels pro rata in order to reduce the potential total amount of Shares bought back to 4,659,719 (**First Scale Back**);
- buy back all non-marketable parcels (**NMPs**) created as a result of the First Scale Back (**NMP Acquisition**);
- subtract the number of Shares bought back under the NMP Acquisition from the 4,659,719 Share cap, in order to find the total number of Shares that remain subject to the Buyback; and
- apply a second pro rata scale back to all remaining parcels tendered, in order to arrive at the number of Shares to be bought back from each remaining Shareholder.

The NMP Acquisition is VTP's acquisition of Shares from those Shareholders who tender their Shares into the Buyback and would, but for this acquisition, have had a Non-Marketable Parcel created as a result of the First Scale Back.

A Non-Marketable Parcel is a parcel of Shares with a value (based on the closing price of VTP Shares on the date that Buyback price is determined) of less than A\$500, except that it will not be a Non-Marketable Parcel where the Shareholder has more Shares on the Closing Date than the Shareholder held on the Record Date.

Entitlement to participate

If the Resolutions are passed at the Extraordinary General Meeting, the Buyback will be available for acceptance by Shareholders on the register of members of VTP on 31 August 2011 being the date seven Business Days after the date of passage of Resolutions 1 and 2.

Shareholders with a registered address other than in Australia and New Zealand and any other jurisdiction in which it is lawful for VTP to offer the Buyback to Shareholders may not participate in the Buyback. If you are such a Shareholder, you may sell your Shares on-market through the ASX.

Buyback price

The Buyback price will be the net tangible asset backing per Share of VTP (see Section 2.5 for details). This determination will be made on the date 10 Business Days after close of the Buyback offer (refer *Timing* below).

Shareholders who intend to participate in the Buyback (if it is approved) are cautioned that this pricing exposes them to fluctuations in the market for investments held by VTP between their acceptance of the Buyback and determination of the Buyback price.

If the Buyback price had been determined at 31 December 2010, the Buyback price per VTP share would have been \$0.91, the NTA announced to the market through ASX at that date (after all taxes). The last price at which VTP Shares traded on ASX on 31 December 2010 was \$0.79; the Buyback price (if calculated at 31 December 2010) would have been a premium of approximately 15.2% to the then market price.

The actual price payable under the Buyback will not be known until realisation of investments following conclusion of the Buyback.

Timing

The Buyback booklet will be mailed to eligible Shareholders within four Business Days of the Record Date, expected to be 31 August 2011. The Buyback offer will be open for acceptance for a period of one month and so is expected to close on 30 September 2011. Payment of the Buyback price for Shares the subject of the Buyback will be made within 15 Business Days after close of the Buyback offer. This is expected to provide VTP a reasonable opportunity to realise sufficient investments to meet the Buyback payment obligations. All Shares bought back will be cancelled following payment of the Buyback price.

2. Buyback – Relevant considerations for Members

2.1. Introduction

The purpose of this Section 2 is to identify significant issues for Members to consider in relation to the Buyback.

Before deciding how to vote at the Extraordinary General Meeting, Members should carefully consider the factors discussed below, as well as the other information contained in this Booklet.

2.2. Why you should vote in favour of Resolutions 1 and 2

Reasons why Members may decide to vote in favour of Resolutions 1 and 2 include the following:

- **The Independent Expert has concluded that the Buyback Price is fair and reasonable to Shareholders.**
- All eligible Shareholders have an equal opportunity to participate in the Buyback.
- Shares in VTP, like Shares of other small listed investment companies, have traded at a discount to net tangible assets since the onset of the global financial crisis.
- Shareholders have the opportunity to sell their Shares at NTA.
- Shareholders have a choice of whether to retain their Shares or participate in the Buyback for their full shareholding or part thereof.
- The off-market buyback process will enable Shareholders to sell a large volume of Shares other than through the ASX.
- Eligible Shareholders will not have to pay brokerage or appoint a stockbroker to sell their Shares in the off-market Buyback.

2.3. Why you may vote against Resolutions 1 and 2

Members may decline to approve Resolutions 1 and 2 for a number of reasons. These may include the following:

- You are not obliged to follow the recommendation of the Independent Expert.
- There will be a reduction in the number of Shares on issue which may decrease liquidity on the ASX. See Section 2.11 for details.
- The Buyback will increase operating costs such as audit and custodian fees (other than management fees) as a proportion of total assets of VTP. See Section 2.6 for details.
- If a significant number of Members accept the Buyback, VTP may cease to have sufficient scale of operations or spread to maintain its listing on the ASX. If this occurs, the Directors will present the remaining Shareholders with the opportunity to approve a special resolution to wind up VTP. See Sections 2.12 – 2.13 for details.
- In view of the possible adverse consequences of the Buyback for Shareholders not wishing to participate in the Buyback, it may be in the interests of such Shareholders to vote against Resolutions 1 and 2.

2.4. Key implications if the Buyback does not proceed

If Members do not pass Resolutions 1 and 2:

- The Buyback will not proceed and there will be no change in the capital structure of VTP.
- The Board will continue to manage VTP directly.

- Shareholders wishing to exit their investment in VTP must do so on the ASX or off-market, which may depress the price of Shares traded on the ASX.

2.5. Impact on VTP's financial position

Following implementation of the Buyback, the impact of the Buyback on the financial position of VTP, and the net tangible asset backing per Share following the Buyback is illustrated in the pro forma balance sheet set out below. The financial position of VTP has changed since the latest available balance sheet, used below. The last price at which Shares traded on the ASX on 31 May 2011 was \$0.78. The price at which the Buyback would have been offered based on the NTA of VTP as at 31 May 2011 (the last announced NTA for VTP) would be \$0.80 per Share, a 2.6% premium to the last traded price.

Statement of Financial Position as at 31 December 2010

	Before Buyback ¹	25% take up ²	50% take up ³	75% take up ⁴	90% take up ⁵
CURRENT ASSETS					
Cash and cash equivalents	2,539,249	1,292,626	46,002	0	0
Trade and other receivables	18,815	18,815	18,815	18,815	18,815
Current tax assets	0	0	0	0	0
Other current assets	44,702	44,702	44,702	44,702	44,702
TOTAL CURRENT ASSETS	2,602,766	1,356,143	109,519	63,517	63,517
NON-CURRENT ASSETS					
Available-for-sale financial assets ⁶	2,616,772	2,616,772	2,616,772	1,416,151	668,177
Deferred tax assets ⁷	2,688	2,688	2,688	2,688	2,688
TOTAL NON-CURRENT ASSETS	2,619,460	2,619,460	2,619,460	1,418,839	670,865
TOTAL ASSETS	5,222,226	3,975,603	2,728,979	1,482,356	734,382
CURRENT LIABILITIES					
Trade and other payables	231,199	231,199	231,199	231,199	231,199
TOTAL CURRENT LIABILITIES	231,199	231,199	231,199	231,199	231,199
NON-CURRENT LIABILITIES					
Deferred tax liabilities	2,688	2,688	2,688	2,688	2,688
TOTAL NON-CURRENT LIABILITIES	2,688	2,688	2,688	2,688	2,688
TOTAL LIABILITIES	233,887	233,887	233,887	233,887	233,887
NET ASSETS	4,988,339	3,741,716	2,495,092	1,248,469	500,495
EQUITY					
Issued capital	24,963,732	23,717,109	22,470,485	21,223,862	20,475,888
Retained earnings	(19,975,393)	(19,975,393)	(19,975,393)	(19,975,393)	(19,975,393)
TOTAL EQUITY	4,998,339	3,741,716	2,495,092	1,248,469	500,495
NTA after all taxes	\$0.91	\$0.91	\$0.91	\$0.91	\$0.91
NTA before deferred tax on unrealised income	\$0.91	\$0.91	\$0.91	\$0.91	\$0.91
NTA before all deferred taxes	\$0.91	\$0.91	\$0.91	\$0.91	\$0.91

Notes:

1. The column headed "Before Buyback" represents the audited statement of financial position of VTP as at 31 December 2010.
2. The column headed "25% take-up" is taken from the audited statement of financial position of VTP as at 31 December 2010 adjusted to take account of acceptance of the Buyback in respect of 1,372,268 Shares representing 25% of the issued Shares.
3. The column headed "50% take-up" is taken from the audited statement of financial position of VTP as at 31 December 2010 adjusted to take account of acceptance of the Buyback in respect of 2,744,537 Shares representing 50% of the issued Shares.
4. The column headed "75% take-up" is taken from the audited statement of financial position of VTP as at 31 December 2010 adjusted to take account of acceptance of the Buyback in respect of 4,116,805 Shares representing 75% of the issued Shares.
5. The column headed "90% take-up" is taken from the audited statement of financial position of VTP as at 31 December 2010 adjusted to take account of acceptance of the Buyback in respect of 4,940,166 Shares representing 90% of the issued Shares.
6. It was assumed that the Buyback was funded by cash and the sale of investments. If part of the portfolio was liquidated, VTP would realise gains and losses and this would change the retained earnings. For simplicity, in the above scenarios, it was assumed that no gains or losses were realised on the sale of investments.
7. As at 31 December 2010, \$6,948,082 of deferred tax assets was written off the Statement of Financial Position due to uncertainty of their realisation.

2.6. Impact on operating costs

As VTP has terminated its External Management Agreements, management fees have been reduced to zero and will not be affected by the Buyback.

However, other on-going costs associated with the operation of VTP including accounting and audit fees, advisors' fees, costs of preparation of the annual report and holding annual general meetings, other compliance costs and legal costs are largely fixed costs and will not reduce proportionately with the reduction in assets of VTP. As a result, the management expense ratio for VTP may increase.

If there is a significant take-up of the Buyback by eligible Shareholders, the Directors will reassess the operating costs (including Board expenses) associated with continued operation of the business of VTP and may take steps available to them to limit any increase in the management expense ratio of VTP.

The Directors recognise that if a significant number of Shares are tendered into the Buyback, VTP Shares may cease to be quoted on ASX. VTP may also remain a listed company but the Buyback may reduce the assets of VTP to a level that renders it uneconomic for VTP to remain a listed entity.

If this occurs and there is no other superior strategic proposal, the Directors will provide Shareholders with an opportunity to consider a special resolution to affect a members' voluntary winding up. Such a resolution would be put to Shareholders to consider as soon as practicable after conclusion of the Buyback. See 2.12 and 2.13 for details.

2.7. Funding of the Buyback

As at 31 May 2011, VTP held investments in one index fund quoted on the ASX with a value of \$3,923,386. These securities are available for sale to the extent required to fund payments under the Buyback. VTP also held cash of \$425,058 representing approximately 9.8% of the value of the portfolio on that date. This cash is also available to meet payment obligations under the Buyback.

VTP will fund the payment obligations under the Buyback by liquidating investments and drawing on existing cash resources.

In preparing the pro forma statements of financial position included in Section 2.5, it has been assumed that the Buyback was funded by cash and the sale of investments and that no gains or

losses were realised on the sale of those investments. This may not reflect the source of funding for the Buyback. See note 6 to the pro forma statements of financial position in Section 2.5 for details.

2.8. No impact on solvency

VTP anticipates that it will remain solvent and will continue to be able to pay its debts as and when they fall due following the Buyback, irrespective of the level of acceptance of the Buyback. The Directors will not proceed with the Buyback unless they are satisfied that the relevant timetable would not materially adversely affect the financial position of VTP.

2.9. Impact on VTP's capital structure

VTP presently has 5,177,466 Shares on issue held by 1,582 Shareholders (based on the register of Members of VTP on 31 May 2011). VTP has no other securities on issue.

Under the Corporations Act, each Share that is bought back will be cancelled. As a result, the number of Shares on issue, and therefore the capital of VTP, will be reduced by the number of Shares that Shareholders offer into the Buyback.

2.10. Impact on control of VTP

The impact of the Buyback on VTP is dependent on the level of participation in the Buyback and the identity of the parties electing to participate in the Buyback.

Based on the substantial shareholder notices lodged with VTP up to 18 May 2011, Tidewater Investment Limited (**ASX:TDI**) was the sole substantial shareholder in VTP holding voting power of 19.51%.

If TDI does not participate in the Buyback and its voting power in VTP does not change other than as a direct result of the Buyback, the voting power of TDI following the Buyback assuming acceptance of the Buyback in respect of 25%, 50% and 75% of Shares would be approximately 26%, 39% and 78% respectively.

As at 31 May 2011, the next largest registered holder holds Shares representing 3.9% of the issued capital of VTP. This holding of Shares, as a proportion of the total issued capital, will only exceed 20% if Shares representing in excess of 80.4% of the issued Shares are acquired by VTP under the Buyback and that Shareholder does not participate in the Buyback.

2.11. Impact on liquidity and trading

Generally, liquidity in trading of Shares is affected by the number of Shares available for trading. As the Buyback will reduce the number of Shares on issue, the Buyback may result in a reduction in liquidity of Shares on the ASX. The extent of that reduction will depend on the number of Shares bought back by VTP.

However, as the Buyback provides an exit mechanism for Shareholders independent of the ASX, the Buyback may have the effect of reducing selling pressure on the VTP Share price. As a result, while liquidity may be reduced, the price at which Shares trade on the ASX may be higher than that prior to implementation of the Buyback.

Moreover, if the Buyback price is higher than the pre-Buyback price at which Shares trade on the ASX, there may be an increase in the market price for Shares. The last price at which Shares traded on the ASX on 31 May 2011 was \$0.78. The price at which the Buyback would have been offered based on the NTA of VTP as at 31 May 2011 (the last announced NTA for VTP) would be \$0.80 per Share, a 2.6% premium to the last traded price.

See Section 3.2 for further information regarding trading in Shares on the ASX.

2.12. Impact on continued listing and quotation on ASX

Under Listing Rule 12.1, the continued listing of VTP on the ASX and continued quotation of Shares on the ASX is dependent on VTP maintaining a level of operations which, in the opinion of the ASX, is sufficient to warrant continued quotation.

The ASX will not admit an investment entity to the ASX unless its net tangible assets are greater than \$15 million. VTP's net tangible assets are currently well below that limit. The ASX may consider VTP in breach of Listing Rule 12.1 if, following implementation of the Buyback, its net tangible assets continue to fall.

VTP must also maintain a spread of Shareholders which, in the opinion of the ASX, is sufficient to ensure that there is an orderly and liquid market in its securities. Listing Rule 12.4.1 provides that if the ASX determines that VTP does not have a sufficient spread of Shareholders following the Buyback, it may require VTP to do each of the following:

- obtain the required spread within three months after the date the ASX requires it to do so; and
- tell all Shareholders in writing that if the required spread is not obtained within three months after the date specified by the ASX, the ASX may suspend quotation of Shares.

The ASX will not admit a company to the official list of the ASX unless it has a spread of at least 400 Shareholders holding a parcel of Shares with a value in excess of \$2,000. As at 31 May 2011, VTP had 329 such Shareholders.

2.13. Members voluntary winding-up

The Directors recognise that if a significant number of Shares are tendered into the Buyback, VTP Shares may cease to be quoted on ASX. VTP may also remain a listed company but the Buyback may reduce the assets of VTP to a level that renders it uneconomic for VTP to remain a listed entity.

If this occurs and there is no other superior strategic proposal, the Directors will propose a resolution to affect a Shareholders voluntary winding-up. VTP would put such a proposal to Shareholders to consider as soon as practicable after conclusion of the Buyback, and it would require approval by special resolution.

2.14. Impact on tax position

There will be no ordinary income, allowable deduction or Capital Gains Tax (CGT) consequences for VTP. However, depending on the take up of the Buyback, the provisions relating to a change in majority ownership of a company in the company loss recoupment rules may apply as well as unrealised losses. The expenses incurred by VTP in relation to the Buyback (such as legal fees) will not be immediately deductible for income tax purposes, but will be amortised over five years in accordance with Section 40-880 of the Income Tax Assessment Act, 1997 (Cth).

A Reduced Input Tax Credit (RITC) can be claimed for the GST on certain expenses incurred by VTP in relation to the Buyback. This will include brokerage, certain unit registry costs and management costs.

There are no stamp duty impacts in relation to the share Buyback.

2.15. Impact on franking credits

If the Buyback is approved, it is to be affected as an off-market Buyback, the excess of the purchase price paid for the buyback of Shares over the amount debited to the share capital account is taken to be a dividend paid by VTP to participating Shareholders. Such a dividend is paid out of profits derived by VTP on the day the Buyback occurs. In this case, VTP can decide how much of the deemed dividends are franked – creating a franking debit to the company's franking account.

However, there will be no deemed dividends from the Buyback if the Buyback Price is below the issue price for each Share. If this is the case, no franking debits will arise from the Buyback.

2.16. Intentions of the Directors

As at 20 June 2011, the Directors held the following numbers of Shares:

Directors	Number of Shares (indirectly held)
A Dixon	84,534
C Brown	2,250
C Duffield	nil
A MacLachlan	nil
S Nisbett	nil
J Vatovec	nil
Total	86,784

Your Directors will all be voting in favour of Resolutions 1 and 2, however, they are yet to determine whether they will participate in the Buyback.

2.17. Independent Expert

The Independent Expert has concluded that:

“the proposed share buy-back price is fair and reasonable to VTP shareholders”.

The Independent Expert's Report is set out in full in Appendix 1 of this Booklet and you are strongly encouraged to read that report as part of your assessment of the Buyback.

3. Management of VTP

3.1. Termination of External Management Agreements

In April 2011, VTP finalised its agreement with its External Managers to terminate the External Management Agreements (including that with VER via its subsidiary, the Portfolio Manager) for total cash consideration of \$250,000. VTP's board has assumed responsibility for the management of VTP's investment portfolio and administrative functions either directly or via other finance professionals.

Following the termination of the External Management Agreements, VTP's investment portfolio is approximately 90% invested in an ASX 300 index fund, Vanguard Australian Shares Index Exchange Traded Fund, with the remainder to be held in cash, pending exploration of options for the investment of VTP's portfolio, and further strategic options for the company.

Summary of half year results and outlook

A capital return of 88 cents per Share was paid to Shareholders 27 August 2010 prior to a 20-1 share consolidation on 13 September 2010. This amounted to a total return of capital of \$96,587,286. VTP also paid a 100% franked ordinary interim dividend of 25 cents per Share on 1 November 2010. As a result, funds available for investment were substantially limited.

Revenue from ordinary activities of \$5,701,095 for the half year ended 31 December 2010 consisted of net unrealised and realised gains of \$5,276,581, dividends of \$78,721 and interest of \$345,793. This compares to revenues from ordinary activities of \$24,183,451 for the half year ended 31 December 2009, which consisted of net unrealised and realised gains of \$22,080,801 revenues from dividends of \$1,958,726 and interest of \$143,924.

In the half year to 31 December 2010, VTP generated a profit before income tax expense of \$5,268,530, after expenses of \$432,565. This compares to a gain before income tax expense of \$22,961,337 for the half year ended 31 December 2009, after expenses of \$1,222,114.

A net loss, after income tax expense of \$8,513,165, amounting to \$3,244,635 was incurred for the half year ended 31 December 2010. This compares to a net profit after income tax expense of \$16,547,235 for the half year ended 31 December 2009, after adjusting for an income tax expense of \$6,414,102. The income tax expense of \$8,513,165 arose from current year income tax of \$1,565,083 plus a Deferred Tax Asset write down of \$6,948,082.

The net assets per share (after tax) decreased to \$0.91 as at 31 December 2010 from \$1.05 as at 31 December 2009. The gross asset backing per Share decreased to \$0.91 as at 31 December 2010, from \$1.08 as at 31 December 2009.

A complete copy of the audited financial statements for VTP for the financial half year ended 31 December 2010 is included in the half year report mailed with this Notice of Extraordinary General Meeting or is available from the Company's website at www.threepillars.vaneyk.com.au and the Australian Securities Exchange website, www.asx.com.au.

3.2. Trading in Shares

In the 12 months to 31 May 2011, based on the closing prices Shares have traded at a high of \$1.09 (on 6 October 2010) and a low of \$0.68 (on 5 July 2010). The volume weighted average price at which Shares have traded in this period was \$0.79.

In the 3 months to 31 May 2011, based on the closing prices Shares have traded at a high of \$0.81 (on 12 May 2011) and a low of \$0.74 (on 15 March 2011). The volume weighted average price at which Shares have traded in this period was \$0.78.

See Section 2.1 of the Independent Expert's Report for further trading information of Shares.

3.3. VTP is a disclosing entity

As a company listed on the ASX and a "disclosing entity" under the Corporations Act, VTP is subject to regular reporting and disclosure obligations which require it to announce price sensitive information as soon as it becomes aware of that information. VTP's most recent announcements are available on its website.

Further announcements concerning VTP will continue to be made available on the website after the date of this Booklet.

The ASX maintains files containing publicly available information about entities listed on their exchange. VTP's files are available for inspection from the ASX during normal business hours and are available on the website at www.asx.com.au.

VTP is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by VTP may be obtained, or inspected at, ASIC offices.

4. Additional information regarding Buyback

4.1. Introduction

This Section includes additional information that VTP considers is material to the decision on how to vote on the Resolutions to be considered at the Extraordinary General Meeting.

4.2. Interconditional Resolutions

Resolutions 1 and 2 are interconditional. This means that each of these Resolutions needs to be passed for the approval sought in respect of the Buyback to be effective.

Both Resolutions 1 and 2 are proposed as ordinary resolutions, requiring the approval by a simple majority of votes cast by eligible Members present and voting at the Extraordinary General Meeting.

4.3. Regulatory requirements

This Section summarises the Corporations Act and ASX Listing Rule requirements relevant to Resolution 1 (approval of Buyback) and Resolution 2 (approval of change in scale of activities).

Corporations Act – Section 257C

Under Section 257C of the Corporations Act, VTP may not undertake a buyback of Shares representing more than 10% of the smallest number of votes attaching to Shares on issue in the preceding 12 months unless the terms of the buyback agreement are approved by Shareholders in Extraordinary General Meeting. This cap on share buybacks is known as the 10/12 limit.

Whether the Buyback will result in the 10/12 being exceeded will depend upon the level of acceptance for the Buyback received by VTP following passage of Resolution 1. Resolution 1 is directed at providing the authorisation to implement the Buyback on the assumption that the 10/12 limit will be exceeded.

Listing Rule 11.1.2

Listing Rule 11.1.2 provides that a listed entity may not make a significant change in the scale of its activities without the approval of the holders of Shares if the ASX so directs.

Whether the Buyback will result in a significant change in the scale of activities of VTP will depend upon the level of acceptance by Shareholders of the Buyback. Resolution 2 provides an authorisation under Listing Rule 11.1.2 in the event that the Shareholder acceptance of the Buyback will result in a significant change in the scale of activities of VTP.

4.4. Voting restrictions

There is no voting restriction for Resolution 1.

The Company will disregard any votes cast on Resolution 2 by members of the Board or any of their Associates.

However, VTP will not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

4.5. ASX waivers

As at the date of printing of this Booklet, no waiver from the Listing Rules has been granted by the ASX to VTP in relation to the Buyback.

4.6. ASIC relief

The proposed Buyback does not technically comply with the requirements under the Corporations Act for an equal access buyback. Accordingly, absent relief from ASIC, it will be treated as a selective buyback for the purposes of the Corporations Act and, rather than requiring approval by ordinary resolution of Shareholders, it would require approval by a special resolution on which no votes may be cast by Shareholders whose Shares are proposed to be bought back.

VTP has applied for and received an exemption under Section 257D(4) of the Corporations Act. This exemption permits VTP to conduct the Buyback in substantially the same manner as an equal access buyback in accordance with Division 2 of Part 2J of the Corporations Act, except that:

- (a) VTP will invite each Shareholder to tender all or part of their Shares for sale, rather than offering to buy back those Shares; and
- (b) offers under the Buyback are not to be made to Shareholders whose registered addresses are in jurisdictions where offers cannot be made because of the laws of those jurisdictions; and
- (c) the total Buyback amount will be capped at 90% of the outstanding Shares, being 4,659,719 Shares. If more than 4,659,719 Shares are tendered into the Buyback, there will be a pro rata scale back based on Shares tendered, after the Non-Marketable Parcel Acquisition.

The Non-Marketable Parcel Acquisition is VTP's acquisition of Shares from those Shareholders who tender all of their Shares and would, but for this acquisition, have had a Non Marketable Parcel created as a result of the scale back.

4.7. Independent advice

Members should consult their legal, financial, taxation or other professional advisor if they have any queries regarding:

- the Buyback;
- the taxation implication for them if the Buyback is implemented; or
- any other aspects of this Booklet.

4.8. Other material information

VTP will issue a supplementary document to this Booklet if it becomes aware of any of the following between the date of despatch of this Booklet and the date of the Extraordinary General Meeting:

- a material statement in this Booklet is false or misleading in a material respect;
- a material omission from this Booklet;
- a significant change affecting a matter included in this Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Booklet if it had arisen before the date of lodgement of this Booklet for registration by ASIC.

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, VTP may circulate and publish any supplementary document by:

- making an announcement to the ASX; and/or
- placing an advertisement in a prominently published newspaper that is circulated generally throughout Australia; and/or
- posting the supplementary document to Members at their registered address as shown in the VTP Register; and/or

- posting a statement on VTP's corporate website, as VTP in its absolute discretion considers appropriate.

5. Glossary

The following terms used in this Booklet (including the Notice of Meeting included in this Booklet) have the meanings given to them below, unless the context otherwise requires.

Administration Manager	VTP Management Pty Ltd (ACN 109 771 351)
ASIC	Australian Securities & Investment Commission
Associate	The meaning given in section 9 of the Corporations Act.
ASX	ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conduct by it
Business Day	A day other than a Saturday, Sunday or public holiday on which banks are open for normal banking business in New South Wales.
Buyback	The proposed buyback of VTP Shares, to be considered by Shareholders at the Extraordinary General Meeting 24 August 2011
Explanatory Memorandum	This explanatory memorandum dated 18 July 2011 in relation to the Buyback
Extraordinary General Meeting	The meeting of members to be convened in respect of the Buyback on 24 August 2011 at 2:30pm. The notice convening the Extraordinary General Meeting is included in this Booklet
Independent Expert	Lonergan Edwards & Associates Limited (ACN 095 445 560)
Independent Expert's Report	The report of the Independent Expert expressing an opinion on the Buyback. The Independent Expert's Report is set out in Appendix 1 of this Booklet
Listing Rules	The listing rules of the ASX
External Management Agreements	The management agreements between VTP and VER (by its subsidiary, the Portfolio Manager and VTP and the Administration Manager), terminated by agreement for cash consideration in April 2011
External Managers	VER and the Administration Manager
Member	A registered holder of Shares
Notice of Meeting	The notice for the Extraordinary General Meeting dated 18 July 2011 included in this Booklet
Portfolio Manager	Three Pillars Portfolio Managers Pty Limited, a subsidiary of VER
Resolutions	The resolutions set out in the Notice of Meeting
Shares	Ordinary shares in the capital of VTP
Shareholder	A registered holder of Shares
VER	van Eyk Research Limited
VTP	van Eyk Three Pillars Limited (ACN 106 854 175)

Appendix 1 – Independent Expert’s Report

The Directors
van Eyk Three Pillars Limited
PO Box 767
Crows Nest NSW 1585

18 July 2011

Subject: Proposed equal access share buy-back

Dear Directors

Introduction

- 1 On 8 July 2011 van Eyk Three Pillars Limited (ASX: VTP) announced a proposed off-market equal access buy-back of up to 90% of the issued capital of VTP (the buy-back).
- 2 The proposed buy-back price will be the net tangible asset (NTA) backing per share of VTP.¹

Purpose of report

- 3 Australian Securities & Investments Commission (ASIC) Regulatory Guide 110 – *Share buy-backs* (RG110) sets out the information to be disclosed to shareholders by companies seeking shareholder approval for a buy-back.
- 4 In situations where a company proposes to buy-back a significant percentage of its issued shares RG110 states that:
 - (a) the company should consider providing an independent expert's report (IER) containing a valuation of the company's shares²
 - (b) it is usually appropriate for shareholders to have the benefit of independent advice on whether to vote for a buy-back.³
- 5 The directors of VTP have therefore requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the proposed share buy-back price is fair and reasonable to VTP shareholders.
- 6 Our report will be provided to VTP shareholders to assist them in considering the resolution to approve the proposed buy-back.
- 7 LEA is independent of VTP and has no other involvement or interest in the proposed buy-back.

¹ NTA per share will be calculated at the buy-back date, which is expected to be 10 business days after the close of the buy-back offer.

² RG110.18.

³ RG110.20.

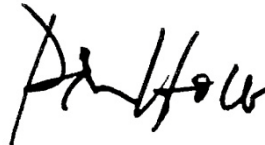
Summary of opinion

- 8 LEA has concluded that the proposed share buy-back price is fair and reasonable to VTP shareholders. We have arrived at this conclusion for the reasons set out in this report.
- 9 Whilst prima facie therefore we would recommend that VTP shareholders vote in favour of the resolution to approve the buy-back, we are not aware of the specific circumstances of individual VTP shareholders. The ultimate decision whether to approve the buy-back should be based on each VTP shareholder's assessment. If VTP shareholders are in doubt about the action they should take in relation to the proposed buy-back or matters dealt with in this report, shareholders should seek independent professional advice. VTP shareholders should also note that LEA provides no recommendation as to participation in the share buy-back (if approved by VTP shareholders). For our full opinion on the proposed buy-back and the reasoning behind our opinion, we recommend that VTP shareholders read the remainder of our report.

Yours faithfully



Wayne Lonergan
Authorised Representative



Martin Holt
Authorised Representative

Table of contents

Section		Page
I	Profile of VTP	4
	Financial position	4
	Share capital	5
	Share price performance	6
II	Valuation of VTP	8
	Tax losses	8
	Backdoor listing	9
III	Assessment of share buy-back price	11
	Assessment of fairness	11
	Assessment of reasonableness	11
	General	11

Appendices

A	Financial Services Guide
B	Qualifications, declarations and consents
C	Limitations and reliance on information
D	Glossary

I Profile of VTP

- 10 van Eyk Three Pillars Limited (ASX: VTP) is a listed investment company (LIC) whose shares have been listed on the Australian Securities Exchange (ASX) since January 2004.
- 11 Subsequent to a shareholder approved return of capital of \$96.6 million in August 2010 its investment activities have been significantly curtailed. The capital returned represented approximately 95% of the value of gross tangible assets.
- 12 Recent events impacting on the activities of the company have included:
- (a) the buy-back in March and April 2011 of unmarketable share parcels for a total consideration of \$264,866 (equivalent to a price of 85 cents per share)
 - (b) the finalisation in April 2011 of agreements with the (prior) external managers for the termination of VTP's management agreements for a cash consideration of \$250,000
 - (c) a subsequent decision by VTP management to invest around 90% of the trading portfolio in the Vanguard Australian Shares Index Exchange Traded Fund, an ASX 300 index fund.

Financial position

- 13 The financial position of VTP as at 30 June 2010 and 31 December 2010 is set out below:

	30 Jun 10 \$000	31 Dec 10 \$000
Cash and cash equivalents	15,723	2,539
Trade and other receivables	621	19
Trading portfolio ⁽¹⁾	81,788	2,617
Prepayments	103	45
Deferred tax assets ⁽²⁾	8,456	3
Total assets	106,692	5,222
Trade and other payables	309	231
Deferred tax liabilities ⁽²⁾	17	3
Total liabilities	327	234
Net assets	106,365	4,988
Contributed equity	121,724	24,964
Retained earnings / (accumulated losses)	(15,358)	(19,975)
Total equity	106,365	4,988

Note:

- 1 As at 30 June 2010 and 31 December 2010 the trading portfolio comprised shareholdings in blue chip, growth and special situations stocks together with cash. Subsequent to the termination of the external management agreements in April 2011 the trading portfolio largely comprises an investment in one index fund quoted on the ASX.
- 2 As at 31 December 2010 deferred tax assets were only recognised to the extent they offset deferred tax liabilities.
- 3 Rounding may exist in the above.

- 14 The significant decline in net assets in the six month period to 31 December 2010 reflects the net effect of:
- (a) the return of capital of \$96.6 million in August 2010
 - (b) the payment of a fully franked dividend of \$1.4 million in November 2010
 - (c) a reported loss after tax for the six months ended 31 December 2010 of \$3.2 million (which included the write-down of a deferred tax asset of \$6.9 million).

Tax losses

- 15 As at 30 June 2010 VTP had available tax losses (on income account) of \$25.75 million. These losses arose in FY09 associated with the significant decline in value of the trading portfolio concurrent with and subsequent to the global financial crisis (GFC).
- 16 Based on reported earnings for the six months ended 31 December 2010, approximately \$5.3 million of these losses were recouped in the period, reflecting the realisation of the majority of the trading portfolio to finance the capital return.
- 17 The ability of VTP to recoup further tax losses is constrained by:
- (a) the current size of the trading portfolio, which as at 31 May 2011 was valued at around \$3.9 million following realisations in March and April 2011 to fund the buy-back of non-marketable share parcels and the termination payments in respect of the prior management agreements
 - (b) the inherent risks associated with investing in listed equity securities (the ASX 300 declined 3.2% in the period 1 January 2011 to 30 June 2011)
 - (c) whilst significantly reduced, VTP has ongoing management, compliance and regulatory costs estimated in the range of \$100,000 to \$200,000 per annum (which would need to be covered by investment returns prior to any tax losses being potentially recouped).
- 18 The contemplated buy-back of shares of up to 90% of the issued share capital of VTP inherent in the proposal will further constrain the ability of the company to recoup the tax losses.

Share capital

- 19 VTP currently has 5,177,466 shares on issue. No options or other equity securities have been issued by VTP. The reduction in issued shares subsequent to 31 December 2010 reflects the buy-back of non-marketable share parcels, which was completed in April 2011 and comprised 311,607 shares.
- 20 Tidewater Investments Limited holds 19.5% of the issued capital of VTP.

Share price performance

21 The price of VTP shares from 14 September 2010⁴ to 30 June 2011 is summarised in the table below:

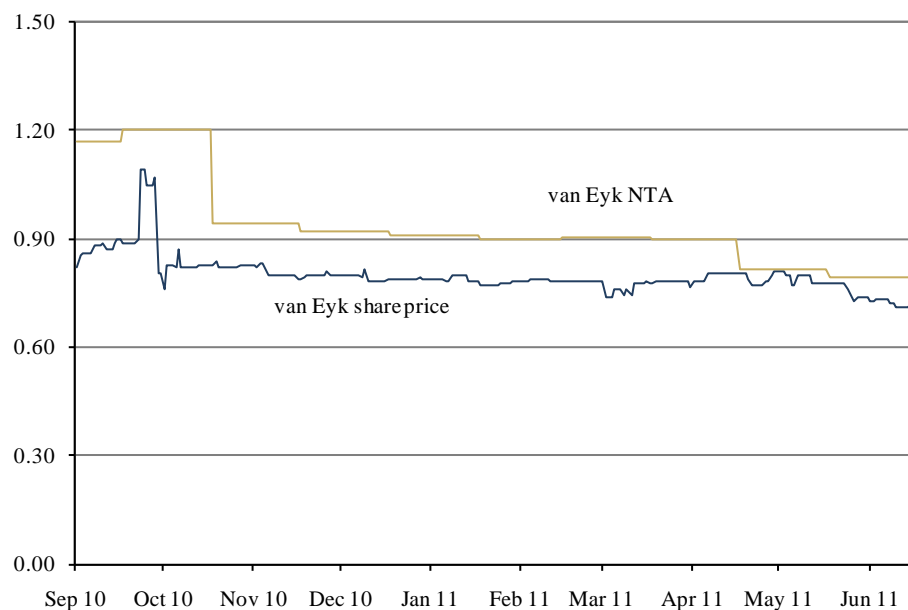
Month	High \$	Low \$	Close \$	Monthly volume 000
September 2010 ⁽¹⁾	0.90	0.80	0.89	214
October 2010	1.10	0.76	0.83	463
November 2010	0.85	0.79	0.79	349
December 2010	0.82	0.79	0.79	207
January 2011	0.80	0.77	0.77	94
February 2011	0.82	0.77	0.78	126
March 2011	0.81	0.74	0.78	519
April 2011	0.81	0.75	0.81	108
May 2011	0.85	0.77	0.78	688
June 2011	0.78	0.68	0.68	60

Note:

1 From 14 September 2010.

22 The following graph illustrates the movement in the VTP share price from 14 September 2010 to 30 June 2011 as compared to the reported after tax NTA per share for the period:

VTP – share price history compared to NTA (after tax) – 14 September 2010 to 30 June 2011



Source: Bloomberg.

⁴ Following a capital return to shareholders on 27 August 2010, shares in VTP were consolidated on a 1 for 20 basis on 13 September 2010.

- 23 As noted above the VTP share price has consistently traded at a discount to the reported NTA after tax, subsequent to the return of capital in August 2010. In respect of the above we note:
- (a) NTA per share is quoted on an after tax⁵ basis
 - (b) on 12 October 2010, VTP shares went ex-dividend for an amount of \$0.25 per share
 - (c) the narrowing of the differential between the share price and NTA from 30 April 2011 onwards coincided with the termination of the prior external management agreements, the payment in respect of which reduced NTA per share⁶.

Reported NTA

- 24 Consistent with its obligations as a LIC, VTP reports monthly NTA per share data to the ASX. The calculation thereof based on the latest reported financial position as at 31 December 2010 is summarised below:

	\$000
Net assets (refer paragraph 13)	4,988
Less investment portfolio realisation costs	<u>(5)</u>
Adjusted net assets	<u>4,983</u>
Shares on issue (000)	5,489
NTA per share	90.8 cents

- 25 The latest reported NTA, as at 31 May 2011, was 79.6 cents per share.

⁵ No tax is payable due to carry forward losses. The potential future income tax benefit from recoupment of the losses is excluded in the calculation of NTA.

⁶ The buy-back of non-marketable share parcels in March and April 2011 was conducted off-market at a price which reflected a discount of approximately 5% to NTA.

II Valuation of VTP

- 26 VTP is an investment company with its portfolio now comprising cash together with an investment in an index fund quoted on the ASX. For the purpose of our report we have therefore assessed the value of 100% of the equity in VTP adopting the orderly realisation of assets approach. Using this methodology the value of the net assets of the company is adjusted for the time, cost and taxation consequences of realising the company's assets.
- 27 The valuation of the VTP investment portfolio has been made by reference to the quoted market price of the listed index fund (consistent with the approach adopted by VTP for financial reporting purposes)⁷.
- 28 In the circumstances of VTP therefore the reported NTA effectively reflects the market value of the NTA of the company.
- 29 We note however that in seeking to distribute such value to VTP shareholders certain costs would be incurred, particularly in the context of any eventual (voluntary) liquidation of the company). These costs have been estimated by VTP management in the range of \$80,000 to \$100,000.
- 30 In assessing the value of VTP we have also considered what a "willing but not anxious" purchaser might be prepared to pay for 100% of the equity in VTP (as required by ASIC RG111).
- 31 Given the current nature of the net assets of VTP, we note that an investor could achieve a comparable investment position without acquiring the company, thereby avoiding:
- (a) incurring the costs and time associated with the acquisition process
 - (b) implicitly taking on board the inherent risk of undisclosed liabilities associated with the acquisition of companies generally
 - (c) the public company costs, listing fees etc. currently being incurred by VTP.
- 32 In the circumstances of VTP therefore we consider the economic rationale behind any acquisition of the company would be either the potential to recoup some or all of the tax losses, or alternatively to use the company shell for a backdoor listing.

Tax losses

- 33 In considering the potential to recoup the tax losses we note that pursuant to an acquisition of 100% of the equity of VTP the ownership of the company would implicitly change and that the "continuity of ownership" test would fail⁸. We have therefore considered the potential for VTP to meet the "same business" test.

⁷ Given that the trading portfolio comprises a single investment we have accepted for the purpose of our report that the transaction costs incurred on the (notional) realisation of the investment portfolio would not be material.

⁸ The ability of a company to recoup prior year tax losses is primarily dependent on being able to meet either the substantial continuity of ownership test, or alternatively the same business test.

- 34 Based on tax advice received by VTP management, we understand that the scope of the “same business” test is intended to be limited and has been applied accordingly by the Australian Taxation Office (ATO). Factors that would be considered in assessing the satisfaction of the same business test include the name of the company, changes in the directors and/or management of the company and changes in the company’s assets. Therefore, if a third party acquired VTP and either de-listed the company, changed its investment mandate and/or increased the scale of the company’s activities⁹, the same business test is not likely to be satisfied to enable a recoupment of the prior year income tax losses carried forward.
- 35 The value attaching to any potential recoupment of the tax losses would provide the additional return to a willing but not anxious purchaser contemplating an acquisition of VTP (over and above the potential investment returns that could be achieved in any event). Given the inherent risks above, in our opinion, a willing but not anxious purchaser would:
- (a) not pay away any of the potential return from the recoupment of tax losses in an offer price for the VTP shares
 - (b) likely price the shares at a discount to NTA to compensate for the costs, risks and time associated with an acquisition of VTP¹⁰.

Backdoor listing

- 36 In buoyant share market conditions it is possible for shareholders in companies in the position of VTP to generate additional value by approving the acquisition of businesses / assets, the consideration for which comprises the issue of new shares equivalent to a controlling interest in the company¹¹. This process is commonly known as a backdoor listing, with the transaction implicitly attributing a potential value to the company “shell” of up to around \$0.5 million. However, in contrast to an offer price in the context of an acquisition (takeover), the value to existing shareholders is generally not realised and is reflected in the transaction, in particular the relative percentage interests going forward of existing and new shareholders (being the owners of the business being back-door listed).
- 37 The share market conditions conducive to the use of VTP as a possible back-door listing vehicle do not currently prevail. For some time now there has been a general lack of interest and support from the investment community in initial public offerings (IPOs). The presence of such support and a related strong IPO market are pre-requisites for vendor interest in backdoor listings.
- 38 In the circumstances of VTP therefore we consider that any value that might attach to the backdoor listing potential in the current market conditions would be nominal.¹²

⁹ As noted in Section I above, in the absence of a significant increase in business scale the ability to recoup tax losses is constrained.

¹⁰ It would be less risky to invest directly in a portfolio of listed shares.

¹¹ Dependent on the circumstances share issues equivalent of up to 90% of the enlarged capital can be made.

¹² This could change when more buoyant IPO market conditions prevail.

Conclusion

39 Based on the above, we are therefore of the view that:

- (a) the value of the equity in VTP is likely to be no greater than the NTA backing of the company
- (b) based on a more probable commercial assessment (reflecting either a third party acquisition or voluntary liquidation of the company), the value of VTP is less than the NTA backing of the company.

III Assessment of share buy-back price

40 LEA has concluded that the proposed share buy-back price is fair and reasonable to VTP shareholders. We have arrived at this conclusion for the reasons set out below.

Assessment of fairness

41 Pursuant to Australian Securities & Investments Commission (ASIC) Regulatory Guide 111, an offer is “fair” if:

“The value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer.”

42 As noted above the proposed share buy-back price is to be equivalent to the NTA backing per share of VTP.

43 In Section II of our report, in considering the value of VTP, we have concluded:

- (a) the value is likely to be no greater than the NTA backing of the company
- (b) based on a more probable commercial assessment, the value of VTP is less than the NTA backing of the company.

44 Accordingly we have concluded that the proposed buy-back price per share is fair when assessed based on the guidelines set out in RG111.

Assessment of reasonableness

45 Pursuant to RG111, a transaction is reasonable if it is fair. Consequently, in our opinion, the buy-back price is also reasonable to VTP shareholders.

46 In considering whether the buy-back price is reasonable to VTP shareholders we also note that:

- (a) VTP shares have traded below the reported NTA per share of the company in the period 14 September 2010 to 30 June 2011
- (b) no transaction costs will be incurred by VTP shareholders pursuant to the buy-back
- (c) the buy-back provides VTP shareholders with the opportunity to sell a significant volume of VTP shares without depressing the market price thereof
- (d) based on observed transactions, recent buy-backs of significant percentages of issued shares undertaken by listed investment companies have been priced at a discount to underlying NTA per share.

General

47 The ultimate decision whether to approve the buy-back should be based on each VTP shareholder’s assessment. If VTP shareholders are in doubt about the action they should take in relation to the proposed buy-back or matters dealt with in this report, shareholders should seek independent professional advice.

Financial Services Guide

Lonergan Edwards & Associates Limited

- 1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and Independent Expert's Reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.
- 2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

- 3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the Shareholder Booklet to be sent to VTP shareholders in connection with the proposed share buy-back.
- 4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

- 5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

- 6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.
- 7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

- 8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at \$20,000 plus GST.
- 9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

Appendix A

- 10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
- 11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

- 12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
- 13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

- 14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

- 1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 Independent Expert's Reports to shareholders.
- 2 This report was prepared by Mr Wayne Lonergan and Mr Martin Holt, who are each authorised representatives of LEA. Mr Lonergan and Mr Holt have over 35 years and 25 years experience respectively in the provision of valuation advice.

Declarations

- 3 This report has been prepared at the request of the Directors of VTP to accompany the Shareholder Booklet to be sent to VTP shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the proposed share buy-back price is fair and reasonable to VTP shareholders.

Interests

- 4 At the date of this report, neither LEA, Mr Lonergan nor Mr Holt have any interest in the outcome of the proposed share buy-back. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.
- 5 LEA has had no prior business or professional relationship with VTP prior to the preparation of this report, other than the issue of an IER in February 2010 in connection with a proposed capital return (which was subsequently approved by VTP shareholders).

Indemnification

- 6 As a condition of LEA's agreement to prepare this report, VTP agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of VTP which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

- 7 LEA consents to the inclusion of this report in the form and context in which it is provided to VTP shareholders.

Limitations and reliance on information

- 1 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 2 Our report is also based upon financial and other information provided by VTP and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.
- 3 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the proposed share buy-back. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, “due diligence” of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.
- 4 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.
- 5 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 6 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

Glossary

Term	Meaning
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FY	Financial year
GFC	Global financial crisis
IER	Independent expert's report
IPO	Initial public offerings
LEA	Lonergan Edwards & Associates Limited
LIC	Listed investment company
NTA	Net tangible assets
RG110	Regulatory Guide 110 – <i>Share buy-backs</i>
VTP	van Eyk Three Pillars Limited



This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes.

Reference Number :

Please note it is important you keep this confidential

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECEIVED BEFORE 2:30PM, MONDAY, 22 AUGUST 2011

TO VOTE ONLINE



STEP 1: VISIT <http://www.boardroomlimited.com.au/vote/vtpgm2011>

STEP 2: Enter your holding investment type

STEP 3: Enter your Reference Number and VAC:

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of proxy

Indicate here who you want to appoint as your proxy
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative form" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy using this Proxy Form, you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together in the same envelope.

STEP 2 Voting directions to your proxy

You can tell your proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Proxy Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.
Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **2:30pm on Wednesday, 24 August 2011**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged:

BY MAIL	Share Registry - Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia
BY FAX	+61 2 9290 9655
IN PERSON	Share Registry - Boardroom Pty Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Vote online at:

**<http://www.boardroomlimited.com.au/vote/vtpgm2011>
or turnover to complete the Proxy Form**

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**PROXY FORM
Extraordinary General Meeting**

STEP 1 - Appointment of proxy

I/We being a member/s of **van Eyk Three Pillars Limited** (the "Company") and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X')

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Extraordinary General Meeting of van Eyk Three Pillars Limited to be held at Kirribilli Club, 11 Harbour View Crescent, Lavender Bay NSW 2060 on Wednesday, 24 August 2011 at 2:30pm** and at any adjournment of that meeting, to act on my behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of resolution 2. and votes cast by the Chairman of the Meeting for that resolution, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote 100% of all open proxies FOR the resolution.

STEP 2 - Voting directions to your proxy - please mark to indicate your directions

Ordinary Business

		For	Against	Abstain*
1.	Approval of Buyback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Change in scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above, The Chair intends to vote 100% of all open proxies FOR the resolution.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Step 3 - PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name.....

Contact Daytime Phone.....

Date / /