

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL & EQUITY DIVISION
COMMERCIAL COURT

r8.05

LIST E

No 7114 of 2009

IN THE MATTER OF TIMBERCORP SECURITIES LIMITED
(UNDER ADMINISTRATION)
ACN 092 311 469

TIMBERCORP SECURITIES LIMITED
(UNDER ADMINISTRATION) ACN 092 311 469
IN ITS CAPACITY AS RESPONSIBLE ENTITY OF EACH OF THE
MANAGED INVESTMENT SCHEMES LISTED IN SCHEDULE 1
First Plaintiff

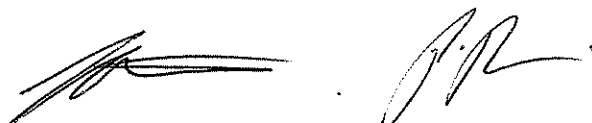
MARK ANTHONY KORDA and LEANNE KYLE CHESSER
Second and Third Plaintiffs

AFFIDAVIT OF PAUL CHARLES RIORDAN

Date of document:	3 July 2009
Filed on behalf of:	Paul Charles Riordan
Prepared by:	
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MELBOURNE VIC 3000	Ref: MAB:0900205

I, Paul Charles Riordan, 15 Murray Street, Gol Gol, NSW 2738, senior executive of olive company, make oath and say that:

1. I am the managing director of Boundary Bend Limited ACN 115 131 667 (BBL).
2. I make this affidavit on my own behalf and except where I otherwise indicate, the matters deposed to in this affidavit are deposed to from my own personal knowledge of the facts.
3. Where I depose to matters from information and belief, I believe such matters to be true.
4. Boundary Bend is supportive of the growers maintaining their interests in the following schemes:
 - (a) 2001 Timbercorp Olive Project ARSN 094 382 082;
 - (b) 2002 Timbercorp Olive Project ARSN 098 233 455;
 - (c) 2003 Timbercorp Olive Project ARSN 104 648 473;
 - (d) 2004 Timbercorp Olive Project ARSN 108 744 378;
 - (e) 2006 Timbercorp Olive Project ARSN 119 182 179;



(f) 2007 Timbercorp Olive Project ARSN 123 155 715; and

(g) 2008 Timbercorp Olive Project ARSN 129 307 722

(together, the **Projects**)

BACKGROUND

5. BBL was appointed to be the Boort grove farm manager in late 2004. This extended to selling olive oil through its marketing and distribution networks and via its labels, which include "Cobram Estate". BBL was also appointed to be the farm manager for the following schemes:
 - (a) 2006 Timbercorp Olive Project ARSN 119 182 179;
 - (b) 2007 Timbercorp Olive Project ARSN 123 155 715; and
 - (c) 2008 Timbercorp Olive Project ARSN 129 307 722
6. After Timbercorp Securities Limited (Under Administration) ACN 092 311 469 (**TSL**) was placed into voluntary administration on 23 April 2009 BBL initiated and organised a meeting of significant (by dollars invested) grower/advisors in Melbourne on 21 May 2009. BBL introduced the concept of a special purpose vehicle to that audience (**SPV**). It was rejected as being impracticable for a number of reasons by those present but the attendees were keen to see the Projects continue as managed investment schemes in some format.

BBL VIEW

7. We believe the Projects should be restructured in a way that maximises the chances of the Projects being viable without the problems of melding disparate schemes. This can be done relatively quickly and simply by continuing the 2,777 hectare Boort projects in a modified format but within the format of their current constituent documents.
8. Our current view is that the larger Boundary Bend projects (3,800 hectare) will require substantially more funding and hence is more of an issue for the growers. This is due in part to funding that would have ordinarily been forthcoming from TSL to develop the groves through to when they could be cash flow positive. As TSL is in liquidation there is no replacement funding available and the three product disclosure statements for these projects are now irrelevant. The relatively immature trees and the need for the growers to provide significant working capital before break even is achieved renders these projects problematic.
9. Accordingly the Projects should be considered separately in order to deal with Growers interests fairly given the current situation.

BOORT PROJECTS PROPOSAL (Boort Projects Proposal)

10. The Boort Projects Proposal relates to the following schemes:



- (a) 2001 Timbercorp Olive Project ARSN 094 382 082;
 - (b) 2002 Timbercorp Olive Project ARSN 098 233 455;
 - (c) 2003 Timbercorp Olive Project ARSN 104 648 473;
 - (d) 2004 Timbercorp Olive Project ARSN 108 744 378;
- (together the **Boort Projects**)

11. In summary, the Boort Projects Proposal is:

- (a) the existing or a proposed new responsible entity (**RE**), with assistance from BBL, prepares and analyses Boort Project budgets for the term of the Boort Projects to establish viability;
- (b) the RE, with assistance from BBL, if it confirms the Boort Projects are viable, provides annual budget to growers and calls for contributions with the first call being payable in August 2009;
- (c) BBL to approach Commonwealth Bank of Australia (**CBA**) to provide finance to keep the Boort grove in "best practice" condition until 31 August 2009;
- (d) if some growers fail to pay the calls due to lack of finance or lack of confidence given the recent public statements BBL is currently disposed to provide an "underwriting" for the failed calls;
- (e) BBL agrees to acquire the land, improvements and infrastructure at a negotiated price from TSL and lease to the Growers on commercial terms;
- (f) BBL agrees with the RE to provide a saving on the annual "licence fee" of approximately \$5.0million;
- (g) the Boort Projects be amended to allow for 100% of water to be leased as temporary water and to be a direct cost of the Boort Project;
- (h) TSL relinquishes all of its rights to interests and all other incentive arrangements and rights to all management fees; and
- (i) BBL reduces its management fees in return for an "at risk" fee to incentivise and reward.

BOUNDARY BEND PROJECTS (Boundary Bend Projects Proposal)

12. The Boundary Bend Projects Proposal relates to the following schemes:

- (a) 2006 Timbercorp Olive Project ARSN 119 182 179;
- (b) 2007 Timbercorp Olive Project ARSN 123 155 715; and



(c) 2008 Timbercorp Olive Project ARSN 129 307 722

(together, the **Boundary Bend Projects**)

13. In summary the Boundary Bend Projects Proposal is,

- (a) a New RE is appointed by the grower group;
- (b) the New RE, with assistance from BBL, prepares and analyses Boundary Bend Project budgets for the term of the Boundary Bend Projects to establish viability;
- (c) If the Boundary Bend Projects is viable then consider similar proposal to Boort Projects; and
- (d) if it is unviable then the growers may consider terminating the Boundary Bend Projects.

SPV


14. BBL is open to the concept of an SPV acquiring the Boort land and improvements and Boort Projects interests. However, BBL believes the proposal set out in paragraph 11 is more likely to be successful for the Growers.

TIMING

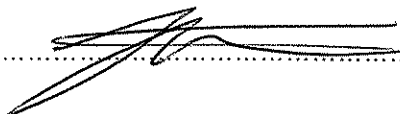
15. We believe this proposal can be completed before 31 August 2009.

SWORN by the said Paul Charles Riordan
at Melbourne in the State of Victoria
this 3rd day of July 2009

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Before me:



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an Australian Legal Practitioner within the
meaning of the *Legal Profession Act 2004*