

Timbercorp Securities Limited
ABN 12 092 311 469

Application Forms

Persons intending to use an electronic version of the Application Forms should note the following:

- 1 The Application Forms in this document relate to the 2005 Timbercorp Almond Project ARSN 112 935 092 (**'project'**) pursuant to a PDS dated 2 March 2005 (**"PDS"**).
- 2 The Application Forms are accompanied by an electronic version of the PDS which contains information regarding investing in a financial product referred to in the Application Forms.
- 3 Persons who access the PDS in electronic form should note that interests in the project offered by this PDS are not intended to be a short-term investment and will be subject to the risks generally associated with horticulture orchards. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to invest.
- 4 A person who gives another person access to the Application Forms must at the same time and by the same means give the other person access to the PDS and any supplementary document.
- 5 Interests in the project will only be processed and issued on receipt of the Application Forms issued together with the PDS.
- 6 The offer to subscribe for interests referred to in the PDS are available to Australian residents. The PDS does not constitute an offer of securities or financial products in any jurisdiction where, or to any person to whom, it would be unlawful to issue the PDS.
- 7 Whilst the PDS is current, Timbercorp Securities Limited will send copies of the PDS and any supplementary document and the Application Form Booklet, on request and without charge. In this regard, please contact:

Timbercorp Securities Limited

Level 8, 461 Bourke Street,
Melbourne, Victoria, 3000
Telephone: 03 8615 1200
Facsimile: 03 9670 4271
Email: r.coughlan@timbercorp.com.au



2005 TIMBERCORP

ALMOND PROJECT

PRODUCT DISCLOSURE STATEMENT

ARSN 112 935 092

An offer to cultivate and manage up to 500 hectares of almond orchards with an option to accept oversubscriptions.

This is not intended to be a short term venture and will be subject to the risks generally associated with horticultural operations.



CORPORATE DIRECTORY

Responsible Entity, Manager and Sub-lessor

Timbercorp Securities Limited
ACN 092 311 469

Australian Financial Services Licence
No. 235653

Head Office

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Melbourne Victoria 3000
Telephone 03 8615 1200
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Offices also in:
Perth, Sydney, Brisbane, Adelaide,
Hamilton, Albany, Bunbury and Penola

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Robert J Hance
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Project Manager

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Melbourne Victoria 3000

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Almond Land Pty Ltd
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Melbourne Victoria 3000

Orchard Contractor

Select Harvests Limited
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Thomastown Victoria 3074

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Horticultural Development
Services Pty Ltd
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IMPORTANT INFORMATION

This Product Disclosure Statement (PDS) is dated 2 March 2005. It contains details of an offer by Timbercorp Securities Limited (ACN 092 311 469) (Timbercorp Securities) of interests in the 2005 Timbercorp Almond Project (ARSN 112 935 092). This Project was registered by ASIC as a managed investment scheme on 22 February 2005.

Timbercorp Securities is the Responsible Entity, Manager and Sub-Lessor of the Project. Timbercorp Securities is the issuer of this PDS and has been issued with Australian Financial Services Licence Number 235653. Almond Management Pty Ltd (Almond Management) is the Project Manager and Almond Land Pty Ltd (Almond Land) is the owner of the land on which the Project will be carried on. Timbercorp Limited (ABN 87 055 185 067) is the parent company of Timbercorp Securities, Almond Management and Almond Land.

This document is important and should be read in its entirety. If you are uncertain or have any doubts about subscribing to this issue, you should consult your financial adviser, solicitor or accountant.

No person, firm or corporation associated with the issue of this PDS guarantees, warrants or underwrites the performance of this Project or any particular return. The Australian Securities and Investments Commission takes no responsibility for the contents of this PDS, nor does the Custodian, Trust Company of Australia Limited.

The Project's Orchard Contractor, Select Harvests Limited (Select Harvests), takes no responsibility for the contents of this PDS. Select Harvests (and any related company of Select Harvests involved in the Project) has not been involved in the preparation of this PDS and has not performed any function in a professional, advisory or other capacity for Timbercorp Securities in relation to the proposed issue of interests in the Project. References to Select Harvests or any related company involved in the Project should not be taken as an endorsement or recommendation.

Interests in the Project will be issued only on receipt of a completed application form in or accompanying this PDS. No interests will be allotted or issued on the basis of this PDS after the Offer Period closes.

This PDS will be available in paper form and in electronic format, which may be viewed online at www.timbercorp.com.au. To participate, you must be an Australian resident and must access the information from within Australia. During the Offer Period, any person may obtain a paper copy free of charge by contacting Timbercorp Securities.

Upon acceptance of an application, you will become a grower and responsible commercially for carrying on the business of almond production. This Project is intended to be a long-term investment and will be subject to the risks generally associated with commercial almond orchard plantations. It is important that you consider the risk factors that could affect the financial performance of your participation.

This PDS does not take into account the investment objectives, financial situation, or the particular needs of any potential investor. You should seek your own professional advice.

Certain information in this PDS is subject to change and may be updated from time to time. We will notify you of any changes that have a materially adverse impact on you, your participation in the Project or other significant events that affect the information in this PDS. Information regarding Project updates can be accessed on our website www.timbercorp.com.au or by contacting (03) 8615 1200. A paper copy of any updated information will be provided to you free of charge.

A Glossary of defined terms appears in Section 14.

None of the photographs in this PDS represent current activities or assets of the Project.

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THE 2005 TIMBERCORP ALMOND PROJECT

The 2005 Timbercorp Almond Project provides an opportunity to participate in an integrated agribusiness to supply almonds for domestic and export sale to established markets.

Well-managed agribusiness ventures are a specialist business investment outside of the traditional asset classes and offer a new level of diversification.

The 2005 Timbercorp Almond Project ("the Project") allows you to take advantage of tax benefits now, while creating a long-term income stream for the future.

HOW DOES THE 2005 TIMBERCORP ALMOND PROJECT WORK?

Upon acceptance of an application to participate in the Project through this PDS, you will commence an almond farming business on a commercial almond orchard that is expected to enter commercial production from early 2008.

You will sub-lease two or more identifiable allotments of land of approximately 0.25 hectares each, called Almondlots for the duration of the 20-year term of the Project. Each Almondlot will include Almond Trees, an allocation of Water Licences and associated infrastructure, all of which you are entitled to use under the sub-lease.

Your Manager, Timbercorp Securities, is responsible for cultivating and managing the Almond Trees on your behalf and for procuring services for harvesting, processing and marketing the almonds. Under an Almond Orchard Management Agreement with the Project Manager, Almond Management, Select Harvests has been engaged to manage the day-to-day farming operations on the Orchard and to process and market your Almonds.

Your Project costs are 100% tax deductible in the financial year in which they are incurred if you enter the Project before 31 July 2005. Your Almonds will be harvested annually from the third year after establishment, providing a regular income stream during the remaining term of the Project.

KEY BENEFITS

1 Tax effective investment

Your Project costs will be 100% tax deductible in the financial year in which they are incurred if you enter the Project before 31 July 2005. If you enter the Project after 31 July 2005 you will be entitled to deduct all costs other than a proportion of the first year's rent. This has been confirmed by the Australian Taxation Office (ATO) through the issue of Product Rulings **PR 2005/15** and **PR 2005/16** for the Project, providing total tax certainty. Copies of the Product Rulings are available free of charge from the ATO (www.ato.gov.au), professional taxation advisers or Timbercorp Limited. You can download them at our website www.timbercorp.com.au. **Page 35**

2 Efficient, growing industry

The Australian almond industry is highly organised and professionally managed. This attribute, coupled with generally favourable climatic conditions, high yielding crops, relatively few pests and diseases and a reputation for producing a premium quality product, has enabled Australian producers to compete successfully on international markets.

In the fifteen years to 1999, the Australian almond industry grew at an average rate of over 13% per annum. Although official figures have not been published since 1999, supermarket sales data indicates it continues to grow strongly.

Page 15

3 Strong global markets

The global market for almonds is substantial and is growing in volume and value. Indeed, California, the world's largest supplier of almonds with an export crop currently worth approximately US\$1.3 billion per annum, reported growth in export shipments for the fifth consecutive year in 2004, despite prices reaching a seven-year high. Californian growers expect that the quantity and value of their export shipments will again increase in 2005. **Pages 12 - 15**

4 Premier almond orchard

The Project will be conducted on premium land near Boundary Bend in northwest Victoria. The anticipated size of the orchard, combined with the use of best practice horticultural techniques and advanced processing facilities, is expected to achieve significant economies of scale and enhanced returns. **Page 24**

5 Industry expertise

Select Harvests, the Project contractor, is an ASX-listed public company and Australia's leading integrated producer, processor and marketer of almonds. Select Harvests has been engaged to manage the almond orchards on a day-to-day basis. **Page 25**

6 Established sales channels

The Project is expected to start producing commercial quantities of Almonds in February 2008. From this time, Select Harvests will harvest and process the Almonds annually and will market the Almonds through established channels in domestic and overseas markets. A key benefit for Growers is the undertaking by Select Harvests to sell the entire annual crop of almonds available for harvest each season by 30 June of the following year. **Page 24**

7 Management strength and experience of Timbercorp

Timbercorp Securities is the Responsible Entity and Manager of the Project. It is a wholly owned subsidiary of Timbercorp Limited, an ASX/S&P 200 public listed company with net assets in excess of \$365 million as at 30 September 2004. The Timbercorp group of companies is a market leader in agribusiness investment, with a proven track record. The Timbercorp group has been established for 13 years and currently manages 3,691 hectares of almond orchards in addition to projects in plantation forestry, olives, citrus and table grapes. In late 2004 Timbercorp announced its intention to promote and manage an annual series of mango projects. **Page 18**

8 Aligned interests

Our interests are directly aligned with yours through remuneration that provides incentive to achieve the highest yield, best price and lowest production costs for your Almonds. Management incentive fees amount to 25% of any Net Proceeds that exceed predefined thresholds and will be calculated on a two year rolling basis to allow for variation in yields from year to year. **Page 9**

9 Pooled harvests

Following harvest, your Almonds will be pooled with those of other Growers in the Project, for processing and sale. The Project's processed almonds will be kept separate from all other almonds processed or stored by Select Harvests, until sold. Generally, the Project's Almonds will be sold collectively with other almonds processed and marketed by Select Harvests so as to derive the benefit of supply contracts with advantageous pricing mechanisms. Importantly, the pooling mechanism operated by Select Harvests ensures that producers of higher quality almonds benefit from the higher prices and returns that such almonds attract. Growers will share in both Proceeds and costs according to their proportional interests. **Page 24**

10 Security of land tenure

Timbercorp's subsidiary, Almond Land, owns the land that is used for the Project and has leased the Orchard to us, Timbercorp Securities, to secure your tenure. Under the lease, which will be registered under the land title laws of Victoria, we have exclusive possession of the Orchard for the duration of the Project. **Page 26**

11 Independent almond orchard expert

We have engaged an independent almond orchard expert to provide you with an independent overview of the Project. The Independent Almond Orchard Expert is confident that the horticultural techniques to be applied to the Project are the most appropriate available to achieve target yields. **Page 40**

SUMMARY OF KEY FEATURES AND FEES

This Section provides a summary of the key features of the Project including the basic terms of the Offer and the Fees payable by a Grower. However, to fully understand these matters you should read the whole PDS before deciding whether to participate.

Summary of the offer

OFFER OPENS	15 March 2005.
OFFER CLOSES	15 June 2005 for Early Growers and 15 June 2006 for Post 30 June Growers, unless our Directors determine to close the Offer Period earlier.
MINIMUM APPLICATION	You must apply for at least 2 Almondlots, although we reserve the right in our absolute discretion to accept applications for less than 2 Almondlots.
WHAT IS AN ALMONDLOT?	Each Almondlot is a separately identifiable area of the Orchard of approximately 0.25 of a hectare.
MINIMUM SUBSCRIPTION, ALLOCATION AND OVERSUBSCRIPTIONS	<p>There is no minimum subscription that must be reached before Almondlots are allocated. This means that the Project will proceed irrespective of how many Almondlots are applied for.</p> <p>We are offering up to 2,000 Almondlots (totalling 500 hectares) for subscription. We also have the option to accept oversubscriptions. Almondlots will be allocated in order of receipt of completed applications, unless agreed otherwise with any particular Grower or financial intermediary and subject to our absolute discretion to refuse an application.</p>

Key Features of the Project

PROJECT TERM	The term of the Project is approximately 20 years from acceptance of an application. We expect the first harvest of your Almonds to take place in February to April of 2008.	
PROCEEDS	As Responsible Entity we will remit excess Proceeds to you periodically after deducting the annual fees and costs described below and any other amounts which are overdue and which have not be paid.	Page 24
INFORMATION AND REPORTING	We will provide you with details of your Almondlots and annual reports about the progress of the Orchard, the almond yields and sale results.	Page 27
JOINT VENTURE GROWERS	The Project provides for you and another person to participate as a Joint Venture Grower, if you so elect.	Pages 35 & 49



TAXATION

Based on **PR 2005/15** and **PR 2005/16**, our directors believe you are entitled to claim as a tax deduction, the Project costs and any interest incurred on borrowings in the years in which they are incurred. However the amount of deduction will be reduced by the amount of any GST input tax credit to which you may be entitled.

Page 35

You should also be entitled to a deduction for the costs associated with the establishment of the almond trees on the Orchard, even though the Land Owner incurs these costs.

PROJECT RETURNS

Due to the long-term nature of the Project and a large number of variables (many of which are outside our control), it is not possible to determine with certainty the financial returns to you as a Grower. We have provided information in this PDS so you can make your own assessment of the benefits of participating in the Project. You should seek professional advice when considering potential returns.

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PROJECT RISKS

Participation in the Project is intended to be of a long-term nature, and there are a number of associated risks of which you should be aware.

Pages 37 - 39

LAND TENURE

Timbercorp's subsidiary, Almond Land, will own the land used in the Project, and Timbercorp Securities will register a head lease over the land in its name. This provides you with security of tenure for your Almondlots throughout the Project Term.

Pages 26 & 27

RESPONSIBLE ENTITY, PROJECT MANAGER, AND SUB-LESSOR

Timbercorp Securities, a wholly owned subsidiary of Timbercorp Limited, is the Responsible Entity, Manager and Sub-Lessor of the Project and is the issuer of this PDS.

Pages 18 & 21

Under a Management Agreement, we will delegate our managerial responsibilities to Almond Management, the Project Manager, but will remain liable to you for the actions of the Project Manager. The Project represents our fifth issue of interests in almond orchards and is a registered managed investment scheme.

ORCHARD CONTRACTOR

Select Harvests Limited has been engaged to assist the Land Owner with the establishment of the Orchard and is responsible for the day-to-day orchard operations, processing and marketing of your Almonds.

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TERMS OF ARRANGEMENTS

For your information, the Constitution and all material agreements are summarised in this PDS.

Pages 45 - 57



Fees and costs (*per Almondlot*)

APPLICATION MONIES

Early Growers: \$7,000 (inclusive of \$636.36 GST).

Post 30 June Growers: \$9,000 (inclusive of \$818.18 GST).

RENT

- There is no rent for the 2005 financial year.
- \$500 per annum (inclusive of \$45.45 GST) for each of the 2006-2010 financial years, payable on 31 October 2005-2009, except for Post 30 June Growers, where the rent for the 2006 financial year has been incorporated into the Application Monies.
- \$1,400 per annum (inclusive of \$127.27 GST) for the 2011 financial year and each subsequent financial year of the Project term, Indexed on and from 31 October 2011. The Rent is payable on 31 October each year.

MANAGEMENT FEES

FOR 2006 FINANCIAL YEAR SERVICES

Early Growers:

- (i) Fixed management fees of \$1,500 (inclusive of \$136.36 GST) payable on 31 October 2005; and
- (ii) deferred management fees of 2.475% (inclusive of 0.225% GST) of Gross Proceeds*.

Post 30 June Growers:

\$8,500 (including \$772.72 GST) which has been incorporated into the Application Monies.

FOR 2007 FINANCIAL YEAR SERVICES

Early Growers:

- Fixed management fees of \$1,500 (inclusive of \$136.36 GST) payable on 31 October 2006; and
- deferred management fees of 2.475% (inclusive of 0.225% GST) of Gross Proceeds*.

Post 30 June Growers:

- Fixed management fees of \$1,500 (inclusive of \$136.36 GST) payable on 31 October 2006; and
- deferred management fees of 4.95% (inclusive of 0.45% GST) of Gross Proceeds*.

***Note:** all deferred management fees are payable following the harvest and sale of your Almonds and will be deducted from your annual Gross Proceeds, commencing in 2008.

For example:

If you are an Early Grower and your Gross Proceeds per Almondlot in a financial year are \$1,000, then you will pay deferred management fees of \$49.50 (inclusive of \$4.50 GST) in that financial year.

It is important to note that these figures are not indicative of future Gross Proceeds or costs, but are provided by way of an example only. In providing the example we do not make any representation about what the Net Proceeds and costs are likely to be.

OPERATING COSTS

2008 FINANCIAL YEAR AND FOLLOWING

Commencing on 31 October 2007 and then on each subsequent 31 October during the Project term, you will pay the estimated annual operating costs of managing your Almondlots. These costs will include an allocation of overheads incurred by us that will not exceed \$50 per Almondlot (Indexed each year, adopting 30 June 2005 as the base date). The estimated operating costs will be adjusted each year by adding or deducting the difference between the actual costs for a financial year and the estimated costs from the preceding financial year.

PERFORMANCE INCENTIVE

Our remuneration is deliberately designed to provide incentive to achieve the highest yield, best price and lowest production costs for your Almonds. Accordingly, we will be entitled to a performance incentive fee equal to 25% of any Net Proceeds that exceed the Incentive Fee Thresholds. The performance incentive fees will be deducted from your Proceeds following harvest and sale.

The Performance incentive fee will be calculated on a two year rolling basis to smooth out the effect of variation in yields from year to year. Thus, if your Net Proceeds are less than the amount of the Incentive Fee Threshold in any year, you do not have to pay any performance incentive fee in that year and, for the purpose of determining whether an incentive fee is payable in the following year, the shortfall between your actual Net Proceeds and the Incentive Fee threshold is carried forward and added to the amount of the Incentive Fee Threshold for the following year. In other words, the manager must make up a shortfall in the performance target for one year before it is entitled to the performance incentive fee in the following year. However, shortfalls do not aggregate and a shortfall is only carried forward for one year.

The following Incentive Fee thresholds have been determined using assumptions made by us as to average almond prices and yields, operating costs and inflation over the term of the Project.

INCENTIVE FEE THRESHOLDS*

Year ending 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Project Year	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Net Proceeds to Growers before tax	168	730	2,210	2,505	2,568	2,633	2,699	2,767	2,837	2,908	2,981	3,056	3,133	3,212	3,292	3,375	4,602

*It is important to note that these figures are not indicative of potential financial returns that you may achieve from the Project and have been calculated by us solely for the purpose of determining the incentive fees payable to us. In addition, your financial returns may differ materially from the above Incentive Fee Thresholds.

DEFAULT COSTS

Should you be in default under the Project Agreements, you may be liable for interests and costs. These are set out in the Constitution, Sub-lease and Management Agreement which are summarised in Section 12.



JOINT VENTURE GROWERS

If Growers elect to participate as joint venturers:

the **First Joint Venturer** is responsible for:

management fees:

- all of the management fees payable in the financial year in which the application is accepted;
- 50% of all annual management fees (other than deferred management fees) from and including the 2010 financial year.

rent:

- if the Joint Venturers are Post 30 June Growers, the rent payable in the year of application (the 2006 financial year); and
- 50% of all annual rent during the Term from and including the 2010 financial year.

the **Second Joint Venturer** is responsible for:

management fees:

- all management fees payable in the financial years prior to the 2010 financial year, other than those payable for the financial year in which the application is made.
- 50% of all annual management fees (other than deferred management fees) from and including the 2010 financial year; and
- all of the deferred management fees.

rent:

- if the Joint Venturers are Early Growers, the rent payable in respect of the 2006 financial year [Note: there is no rent for the 2005 financial year];
- the rent payable in respect of the 2007-2009 financial years; and
- 50% of all annual rent during the Term from and including the 2010 financial year.

The Joint Venturers are then entitled to a 50% share each of the Almonds, Proceeds and any other rights of the Joint Venture under the Project.

The Joint Venturers are responsible for any incentive fees payable to us in their Respective Proportions and will each be entitled to an income tax deduction for fees and costs for which they are responsible, including any interest incurred on borrowings to pay those costs. In addition, the Joint Venturers will be entitled to claim a write off in respect of the costs associated with the establishment of the almond trees on the Orchard.



INVESTING IN ALMONDS

THE ALMOND

Almonds are the most versatile of all nuts as they are able to be consumed in their raw form as well as in a wide variety of processed forms, including blanched (whole, sliced or slivered), roasted and smoked. They are extensively used in cooking, breakfast cereals, confectionery, snack foods, dairy products and spreads. Almond oil has very low saturated fat content that makes it popular for cooking and as salad oil. It is also used for massaging, cosmetics and wood preservation. Almond hull (the outside husk) is a high-energy stock feed. The 2004 Almond Almanac, produced by the Almond Board of California, reported that in the United States more almonds are being put to more uses, and used more often, than ever before.

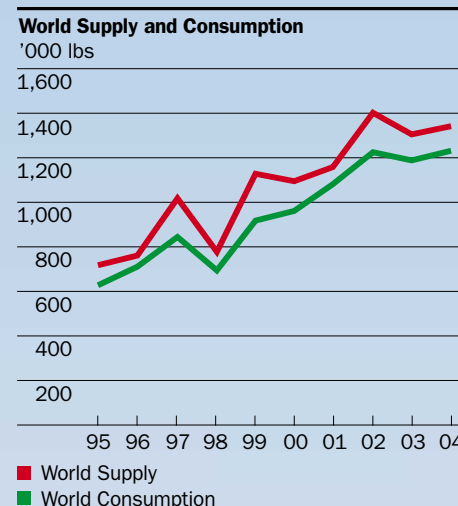
HEALTH BENEFITS

The health benefits of almonds are being increasingly recognised, encouraging producers to promote an even wider range of applications for the nut.

Current medical research indicates that almonds may provide some protection against various cancers, lower the risk of heart disease and reduce the risk of strokes by lowering blood pressure and blood cholesterol. Almonds are a source of a wide range of important vitamins and minerals as well as dietary fibre and antioxidants. Studies undertaken by the Californian almond industry nutrition research program, in relation to the effect almonds have on body weight, indicate that despite the fat content of almonds, they may not cause weight gain.

THE GLOBAL MARKET FOR ALMONDS

The outlook for the global almond market is optimistic. The industry has demonstrated strong fundamentals in recent years and no longer suffers from the problem of over-supply experienced in the 1990s. Indeed, with global consumption increasing steadily, there is now concern in some quarters that the growth in supply may not be able to keep pace with the growth in demand. Prices are at a seven-year high despite recent record crops and are likely to remain firm for the remainder of the decade.



Source – May/June 2004 Blue Diamond President's Corner

International demand for almonds is expected to continue to show strong growth with considerable strength in traditional markets as well as emerging markets such as Japan, India, China and Eastern Europe.

California is the world's largest producer and exporter of almonds, accounting for approximately 80% of total almond supply. The next largest producers are Spain, Italy, Turkey and Greece, who, together, produce approximately 16% of world supply. Australia's contribution is less than 2%.

The Californian crop is the single largest factor influencing the price of almonds on international markets. Given California's huge market share, its almond industry statistics provide a strong indication of market trends.

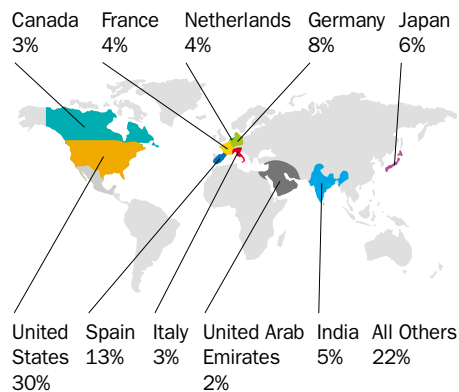


California's export statistics show that demand in Asia has grown consistently since the region recovered from the significant economic difficulties experienced in 1995/96. Shipments of almonds to Asia from California have increased by approximately 107% in the last five years and in 2003-2004 accounted for approximately 22% of California's total almond exports. The biggest consumers in Asia are India and Japan, and each is among California's 5 largest export markets. India is also a major market for Australian almonds. The high protein value of the nut makes it attractive to the Indian diet. With a rapidly expanding middle class, it is widely considered to be one of the strongest economies in the region.

Shipments to Eastern Europe from California have also increased dramatically in the past five years. From 2.4 million pounds in 1998/99 the quantity shipped rose to 27.5 million pounds in 2003/04.

Western Europe has traditionally been the leading importer of Californian almonds and continues to exhibit strong demand. It currently accounts for approximately 59% of Californian exports.

California's Top Ten Destinations 2003/2004



Source: Almond Almanac 2004

In recent years, California has produced a number of bumper almond crops. The 2002/2003 almond crop totalled approximately 1,032.9 million pounds, which was just below the record 1,083.7 million pounds produced in 2001/2002. However, an analysis of California's almond crops over a 25-year period, shows that bumper crops occur only sporadically, with very good crops typically followed by average or poor harvests.

The most significant factors accounting for the biennial nature of California's almond production are its variable climatic conditions and relatively short blossom period.

As a consequence of this biennial trend, the Californian industry has traditionally maintained carry-over stocks of saleable almonds.

Data published by the USDA National Agricultural Statistics Services in the 2004 Fruit and Tree Nut Yearbook shows that carry-over stocks have not increased with total production, and in fact have been steadily declining. This suggests that California is unlikely to be able to meet market demand in lower producing seasons should the fluctuating historical production trend continue. The level of carry-over stocks to total shipments peaked at 56% in 1982/83 and stood at only 14% in 2003/2004, which is amongst the lowest levels on record.

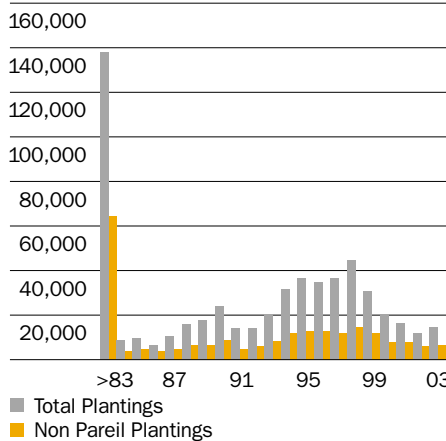
FUTURE CALIFORNIAN PRODUCTION AND RISING ALMOND PRICES

In May 2004 the California Agricultural Statistics Service (CASS) released the 2004 California Almond Acreage Report.

The CASS Report disclosed that 27% of California's almond bearing acres are now 20 years or older and 46% of these bearing acres are Nonpareil, the preferred table almond (and the main cultivar used for the Project). Furthermore, production from these orchards is declining.

California Almond Orchards

Age of Acreage - 10th May 2003
Acres



Source - 2004 Californian Almond Acreage Report
- Californian Agricultural Statistics Service

The CASS Report further illustrated that while there has been an upswing in planting activity for the first time since 1998, the composition of almond varieties in California has seen the Nonpareil variety reduced from a peak of 56% in the early 1970's to only 43% in 2003/2004. Between 1998 and 2002, new plantings declined each year by an average of 18% per annum and between 2000 and 2003, the level of new plantings of Nonpareil was less than 50% of the 1998 levels.



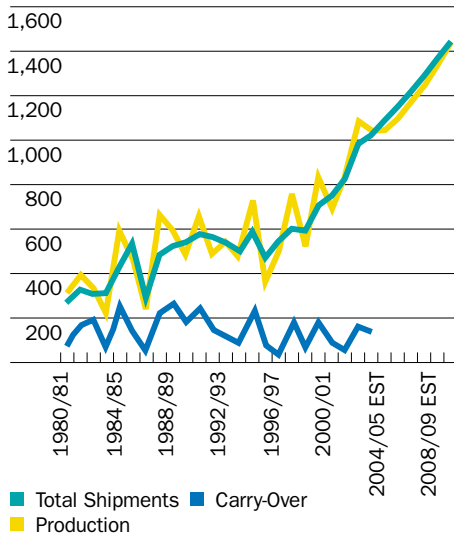


In a May/June 2004 report, the President of Blue Diamond Growers, the largest almond growers cooperative in the US, predicted that improved returns for growers resulting from a rising almond price will result in increased plantings of almonds in California. Net plantings are expected to total 25,000 acres in 2004/2005 and approximately 40,000 acres per annum in the foreseeable future.

The graph below illustrates the forecast total production and shipments through to the end of the decade. Importantly, Blue Diamond Growers does not expect a repeat of the oversupply conditions that followed the record plantings in the nineties. Rather, while the expected increase in production is driven in part, by rising almond prices and improved grower returns, the fundamental reason for the increase is the industry's need to keep up with the strong market demand. Over the past 20 years, the compound annual growth rate in consumption of California's almonds has been 4.8% and Blue Diamond expects this rate to be maintained or increased.

Total Production, Total Shipments and Carry-Over Stocks

Pounds (Hundreds of Millions)



Source: May/June 2004 Blue Diamond Growers President's Corner and the 2004 Fruit and Nut Year Book

THE AUSTRALIAN ALMOND INDUSTRY

SAG Report

In July 1999, the South Australian Government ('SAG') published a report outlining the investment opportunity in almonds. Under the heading, 'Why Invest in Almonds?' the report lists the following key reasons:

- 'Industry growth of more than 13% per annum for more than 15 years indicates buoyancy of the market.'

- 'The industry enjoys world's-best practice in production, processing and marketing.'
- 'The industry is highly organised and professionally managed at all levels.'
- 'The industry's relative pest and disease-free status results in lower production costs.'
- 'Australia's international reputation as a producer of premium quality-product is driving export sales.'
- 'There is potential to develop new, value-added almond products.'

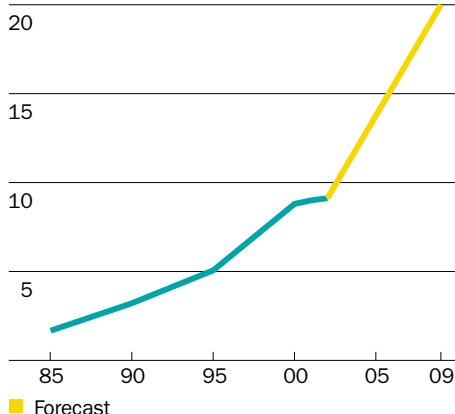
Since the issue of the SAG report, the Australian Almond industry has continued to expand with annual increases in production and consumption. Whilst more recent official figures for production are not available, supermarket sales data indicates that domestic consumption continues to increase. The quantity of almonds sold in Australian supermarkets for cooking has grown by approximately 17% during the past 12 months.

History of Stable Production

Unlike California, Australia has a history of stable almond production (see the graph below), primarily due to the more favourable weather conditions present in almond growing regions of Australia. The majority of almond production in Australia is located in the Sunraysia region, which is centred on the Murray River from Robinvale in Victoria through Renmark and Loxton in South Australia and then through to Swan Reach, also in South Australia.

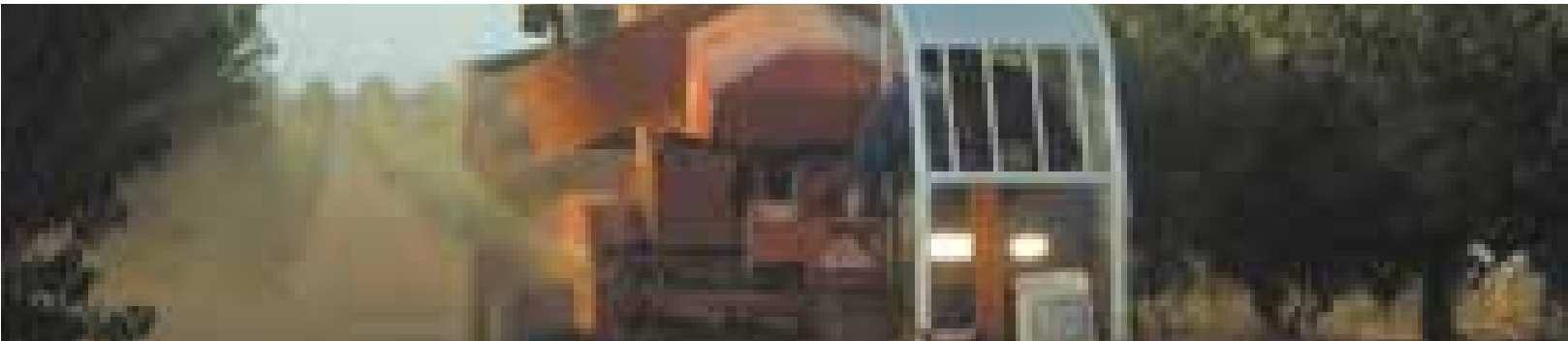
Australian Almond Production

Tonnes (000)



Source: Almond Board of Australia, 2003

Australia has a track record of producing high-grade almonds that are recognised for their larger size and lightness in colour. This record, together with the continuity of supply it offers to the market, has enabled Australian producers access and develop valuable export markets.



Select Harvests is the orchard contractor and marketer for the Project. Select Harvests has achieved considerable marketing success by paying particular attention to the needs and requirements of the consumers of its product. An example of this is its success in selling unshelled almonds on the Indian market in the face of competition from an established local hand-shelling industry. Indeed, most of the unshelled almonds Select Harvests now exports are destined for India, a market that it expects to grow rapidly.

The advantage of having a premium product is further enhanced by the fact that Australia's supply is counter-seasonal to that of the northern hemisphere, where the majority of the world's producers happen to be. Thus, Australia's product becomes available when the northern hemisphere product is 'out of season' and therefore tends to complement, rather than directly compete with, production in the northern hemisphere.

In 1999, Australia's production of almonds reached a then record of approximately 8,500 tonnes and achieved a new record of approximately 9,000 tonnes in 2001. The Almond Board of Australia (formerly, the Australian Almond Association) expects production of almonds to double between 2003 and 2009. The challenge for the industry will be to market as much as possible on the domestic market to optimise domestic price premiums. Select Harvests' recent sale results have been encouraging in this regard.

While Australia has developed a sound niche position in selected export markets, its overall volume of production is still very small, accounting for less than 2% of world production. Although Australia's production is increasing, so is world production. The Californian crop has quadrupled over the past 20 years. Our proportion of world production is not expected to change significantly, although as production in some countries (for example, Italy) decline, Australia will move up the ranking ladder.

Consumption

The domestic market for almonds is firm. As almonds are a traditional component of the diets of people from the Mediterranean, India, the Middle East and Asian regions, Australia's multicultural mix and relative affluence underpins its high per capita consumption.

In 1995 Australians consumed 5,790 tonnes of almonds, equating to approximately 350 grams per head. In 1999 consumption reached 8,867 tonnes, representing approximately 490 grams per capita. In 2001 total consumption reached approximately 9,000 tonnes and in 2002 that total increased again.

It is difficult to obtain reliable information about more recent consumption trends, although sales achieved by Select Harvests over the past two years suggest that domestic consumption is increasing at a similar rate to that

experienced in the US over the same period. Importantly, however, Australia, unlike the US, does not have production surpluses and fully utilises its annual harvest.

AUSTRALIA'S ADVANTAGE

Australia is the largest producer of almonds in the southern hemisphere. Although its total production is small compared to that of the principal producers of the northern hemisphere, its crop is counter-seasonal to theirs and, therefore, represents a fresh alternative for the world's consumers. Australia's main almond producing regions also benefit from a more stable climatic pattern to that of California and its pollination period is approximately twice that of California. These factors contribute to relatively consistent yields of good quality almonds. Australia's total production currently exceeds its domestic consumption, with the balance able to be sold, comfortably, on the large and growing international markets. Unlike California, Australia is able to sell the whole of its crop each year and does not need to maintain stockpiles of surplus production.

This has been in spite of the high production level from California, and the United States government's export and market policies, which are the dominant factors in determining global supply and prices of almonds. In some niche markets, such as India, Australia has enjoyed premium prices by being able to meet demand for high-quality almonds and value added products such as blanched almonds.

The SAG report highlights this competitive advantage, and also notes that 'The Riverland/Sunraysia region provides excellent climate conditions ... The primary requirements of almonds are frost-free growing conditions from the flowering stage in the month of July. The region is relatively frost-free and there are few pests and disease problems due to the ideal dry climate.'

This Project aims to capitalise on the competitive advantages identified above, but also takes the range of benefits further through long-term contractual arrangements with Select Harvests, Australia's leading integrated producer, marketer and exporter of almonds. Select Harvests will control all aspects of growing, harvesting, processing, sorting and packing of almonds and therefore, is well-placed to achieve a consistent quality of almonds.

The Project is expected to have little or no impact on the balance of global supply and demand and therefore no significant impact on world almond prices. However, Growers will benefit from increased sales that Select Harvests will make to niche and emerging export markets, including China, India, Japan, Middle East, Europe, and to long standing domestic customers such as confectioners, bakers and cereal manufacturers, dairy producers, supermarket packers and wholesalers.



THE TIMBERCORP GROUP

Timbercorp is a leading investment manager, specialising in agribusiness – a sector worth \$160 billion per annum in Australia.

Timbercorp's approach to agribusiness investment management is to identify high quality agricultural projects in growth industries with strong global demand. The core objective is to develop and manage these projects intensively in accordance with best practice so as to add value and achieve enhanced performance, to build a diverse portfolio of projects and to create wealth for investors by providing investment opportunities that offer attractive returns and immediate tax savings.

Established in 1992, Timbercorp today manages over 3,600 hectares of almond orchards, more than 80,000 hectares of eucalypt plantations, and, at 2,777 hectares, one of the world's largest olive groves on a single site. Recently, the Group has further diversified into citrus, table grape and mango projects through alliances with some of Australia's leading managers, processors and marketers.

MANAGEMENT STRENGTH AND EXPERIENCE

Premium land, quality of bud-stock, expert management and access to established markets are all factors that have contributed to the pre-eminent position enjoyed by Timbercorp's almond orchards in northwest Victoria.

From the outset, Timbercorp recognised the value of partnering with an industry specialist, such as Select Harvests Limited (ASX:SHV), to ensure the successful development of its almond operations. Thus, Timbercorp entered into a strategic alliance with Select Harvests (announced in August 2000) under which the latter was engaged to provide ongoing almond orchard services to the Timbercorp Group for site development, crop harvesting, and processing and marketing.

Timbercorp undertook its first almond orchard development in 2001 with the objective of achieving 4000 hectares under management within 5 years. Since then, with the assistance of Select Harvests, it has planted over 3,600 hectares of almond trees and, in December 2004, it announced its intention to develop an additional 4,000 hectares of trees in Victoria over a five year period and an extension of the strategic alliance with Select Harvests. These orchards will also be managed by Select Harvests, in which Timbercorp holds a strategic 11.84% equity interest, with approximately 1,300 hectares of these additional plantings being undertaken in 2005.

The first almond orchard established by the Timbercorp Group, in 2001, was harvested for the first time in February and March 2004. The bulk of the nuts produced were pre-sold into domestic and export markets. This inaugural harvest was a milestone and marks the commencement of what will be a 15-year income stream for Growers participating in that Project. Details of the prices and yields attained are provided on pages 30 and 31.





FINANCIAL POSITION

Timbercorp is an ASX/S&P 200 publicly listed company with net assets in excess of \$365 million at 30 September 2004. The Group has built a financially sound business to ensure full support of the Project throughout its Term.

This section contains extracts of audited accounts for both the Timbercorp group and Timbercorp Securities for the years ended 30 September 2004 and 30 September 2003. A full set of Timbercorp's audited financial statements, including notes to the accounts, is available on request. As Timbercorp Securities is a licenced responsible entity, it is required to lodge periodic accounts and other relevant information with ASIC.

FINANCIAL ACCOUNTS OF THE TIMBERCORP GROUP

	Audited 2004 \$'000	Audited 2003 \$'000
Extract of Statement of Financial Performance		
For the financial year ended 30 September		
Profit From Ordinary Activities Before Income Tax Expense	63,597	44,149
Income tax expense relating to ordinary activities	(18,495)	(13,161)
Net Profit	45,102	30,988
Net result attributable to outside equity interests	(4,013)	(3,896)
Net Profit Attributable to Members of the Parent Entity	41,089	27,092
Increase in asset revaluation reserve arising on revaluation of investments	7,674	11,398
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity	7,674	11,398
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	48,763	38,490

	2004 \$'000	2003 \$'000
Extract of Statement of Financial Position		
As at 30 September		
Current Assets		
Cash	114,670	38,554
Receivables	32,232	20,641
Inventories	10,492	25
Financial assets	11,808	6,324
Current tax assets	1,089	2,736
Other	5,743	5,584
Total Current Assets	176,034	73,864
Non-Current Assets		
Financial assets	171,984	144,690
Investments accounted for using the equity method	7,040	220
Property, plant and equipment	254,249	246,333
Self-generating and regenerating assets (SGARAs)	57,768	47,946
Intangibles	815	963
Deferred tax assets	5,530	2,288
Other	4,051	4,478
Total Non-Current Assets	501,437	446,918
Total Assets	677,471	520,782
Current Liabilities		
Payables	41,591	18,086
Interest-bearing liabilities	28,669	7,731
Provisions	900	1,167
Receipts in advance	28,456	28,287
Total Current Liabilities	99,616	55,271
Non-Current Liabilities		
Interest-bearing liabilities	146,308	159,423
Deferred tax liabilities	19,228	16,320
Provisions	355	253
Receipts in advance	46,761	47,049
Total Non-Current Liabilities	212,652	223,045
Total Liabilities	312,268	278,316
Net Assets	365,203	242,466
Equity		
Contributed equity	184,920	101,739
Asset revaluation reserve	19,072	11,398
Retained profits	141,405	115,939
Parent entity interest	345,397	229,076
Outside equity interest	19,806	13,390
Total Equity	365,203	242,466

FINANCIAL ACCOUNTS OF TIMBERCORP SECURITIES

Extract of Statement of Financial Performance	Audited 2004	Audited 2003
For the financial year ended 30 September	\$	\$
Revenue from ordinary activities	148,550,670	58,463,466
Project establishment and maintenance costs	(104,412,422)	(38,949,976)
Marketing costs	(23,229,916)	(13,020,839)
Corporate expenses	(3,951,492)	(3,149,984)
Profit From Ordinary Activities Before Income Tax Expense	16,956,840	3,342,667
Income tax expense relating to ordinary activities	(5,087,052)	(1,002,801)
Net Profit	11,869,788	2,339,866
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	11,869,788	2,339,866

Extract of Statement of Financial Position	2004	2003
As at 30 September	\$	\$
Current Assets		
Cash	232,828	3,626,901
Receivables	23,948,966	5,780,036
Current tax assets	-	1,074,374
Financial assets	18,974,904	7,623,086
Other	6,537,030	1,036,962
Total Current Assets	49,693,728	19,141,359
Non-Current Assets		
Receivables	3,436,593	-
Deferred tax assets	-	332,842
Total Non-Current Assets	3,436,593	332,842
Total Assets	53,130,321	19,474,201
Current Liabilities		
Payables	10,618,028	1,662,108
Receipts in advance	22,692,412	9,862,000
Total Current Liabilities	33,310,440	11,524,108
Total Liabilities	33,310,440	11,524,108
Net Assets	19,819,881	7,950,093
Equity		
Contributed equity	50,005	50,005
Retained profits	19,769,876	7,900,088
Total Equity	19,819,881	7,950,093

The financial information disclosed in this PDS in relation to Timbercorp and the Timbercorp group has been prepared in accordance with generally accepted accounting principles in Australia. For reporting periods beginning on or after 1 January 2005, the Timbercorp group must comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS"). Accordingly, the Timbercorp group's first half-year report prepared under A-IFRS will be for the half year reporting period ending 31 March 2006, and its first annual financial reporting prepared under A-IFRS will be for the year ending 30 September 2006.

The potential impacts on the Timbercorp group's financial performance and financial position on the adoption of A-IFRS have not yet been quantified. Accordingly, the impact on future years will depend on the particular circumstances prevailing in those years.

Timbercorp is, however, monitoring accounting standard developments as and when they arise in respect of Australia's adoption of International Financial Reporting Standards. It has undertaken a high level scoping review and is developing a detailed transition project plan. The potential implications of the conversion to A-IFRS highlighted by the high level scoping review are set out in the notes to the financial statements, which are available on request.



THE RESPONSIBLE ENTITY

Timbercorp Securities is the Responsible Entity, Manager and Sub-Lessor of the Project, and the issuer of this PDS.

Timbercorp Securities has ultimate responsibility for the operation and management of the Project. From time to time it may engage other entities to perform certain functions on its behalf, including, for example, the Project Manager, Almond Management, who will perform the managerial functions in relation to the Project under a Management Agreement. Nonetheless, Timbercorp Securities will remain liable to you for the actions of any contractor it engages, including Almond Management.

Timbercorp Securities is authorised by ASIC to operate the Project under Australian Financial Services Licence number 235653. Timbercorp Securities was incorporated in 2000 following the introduction of the Managed Investments Act. This PDS represents Timbercorp Securities' fifth offer document in relation to almond orchards.

Timbercorp Securities is a wholly owned subsidiary of Timbercorp and participants in the Project will also benefit from the parent company's recognised management expertise and agribusiness credentials.

Directors of the Responsible Entity

Gary W Liddell

Non Executive Chairman

Mr Liddell is an Associate of the Institute of Chartered Accountants in Australia and is a partner with the chartered accounting firm, Liddell Weight & Co. He has been the external accountant to the Timbercorp group since incorporation in 1992 and a non-executive director since 1997. Mr Liddell has vast experience in financial management and compliance work and has a detailed knowledge of primary production structures and operations.

Robert J Hance

Chief Executive Officer

Mr Hance is a co-founder of the Timbercorp group and has been the chief executive officer since 2000 and a director since 1997. He has extensive experience in the structuring, financing and marketing of agribusiness investment projects and has led the development and marketing of Timbercorp's projects since incorporation.

John M Vaughan

Executive Director

Mr Vaughan has been a director of Timbercorp since 1992 and assumed an executive role in 2000, overseeing the company's project operations, technologies, new business and human resource functions. He has worked with several Australian and overseas listed natural resource companies at senior or board level and has extensive experience in project development, treasury and corporate management. He is a Fellow of the Australian Society of Certified Practising Accountants.

Sol C Rabinowicz

Executive Director

Mr Rabinowicz was appointed a director in 2000 and is Timbercorp's chief financial officer, responsible for corporate finance, corporate affairs, accounting and treasury. He joined Timbercorp in 1996 following its successful ASX listing and has served as company secretary, general manager corporate, and marketing director. Mr Rabinowicz has a unique mix of experience in the evaluation, structuring, financing and promotion of agribusiness investment products, in addition to securities industry, finance and taxation law expertise.

Compliance

Timbercorp Securities has prepared a compliance plan for the Project, as required by the Corporations Act, to ensure your protection and that we meet our obligations as Responsible Entity. The compliance plan:

- provides an overview of the Project including its key features, documents and parties;
- describes our internal compliance framework and structures, within which the compliance plan is intended to operate;
- considers our ongoing obligations under the Constitution and the Corporations Act and identifies the outcomes those obligations are designed to deliver;
- identifies the investment and other risks associated with the Project and the safeguards that we have established to minimise those risks; and
- establishes the structures, processes and systems designed to meet the risks of non-compliance by us in key areas of the Project and to deliver the intended outcomes of the Project.

Deloitte Touche Tohmatsu has been engaged to audit our compliance with the plan annually.

Timbercorp Securities has also established a Compliance Committee which will meet at least quarterly to monitor the extent to which we comply with the compliance plan and other statutory obligations. The Compliance Committee will report any breaches to the Board, and will regularly assess the plan's adequacy. The Committee comprises two external members and one representative of Timbercorp. The members are as follows:

Michael J Walter FCA
External member

Greg Bush LLB BA
External member

Asuka Sugimoto LLB
Timbercorp Securities representative

Custodian

Timbercorp Securities has engaged Trust Company of Australia Limited as Custodian for the Project and will pay all custody fees and expenses out of its own funds. The services of the Custodian are set out in the summary of the Custody Agreement in section 12 and include the following:

- holding Application Monies and Proceeds until they are disbursed in accordance with the Constitution and Grower Agreements;
- retaining in safe custody the executed Grower Agreements.

OTHER PROJECT ENTITIES

The Project Manager

Almond Management, a subsidiary of our parent company, Timbercorp Limited, is the Project Manager. The Board of Directors and key personnel of Almond Management have substantial expertise in the management of almond orchards and other horticultural projects.

The Land Owner

Almond Land, a subsidiary of our parent company, Timbercorp Limited is the owner of Project Land. It also owns the infrastructure and other capital works necessary to operate the Orchard, including the irrigation equipment and Water Licences.

Orchard Contractor

Select Harvests will be responsible for day-to-day management of the Orchard as well as processing and marketing the Almonds. For details on Select Harvests, see section 6.



HOW THE PROJECT WORKS

Timbercorp Securities is offering you the opportunity to participate in the 2005 Timbercorp Almond Project, which will be managed with the objective of producing almonds for domestic and export sale to established markets. The Project was registered with ASIC as a managed investment scheme on 22 February 2005.

Your Project costs are 100% tax deductible in the financial year in which they are incurred if you enter the Project before 31 July 2005 (if you enter the Project after 31 July 2005 you will be entitled to deduct all Project costs other than a proportion of the first year's rent). Your Almonds are expected to be harvested annually from the third year after establishment, providing a regular income stream during the remaining term of the Project.

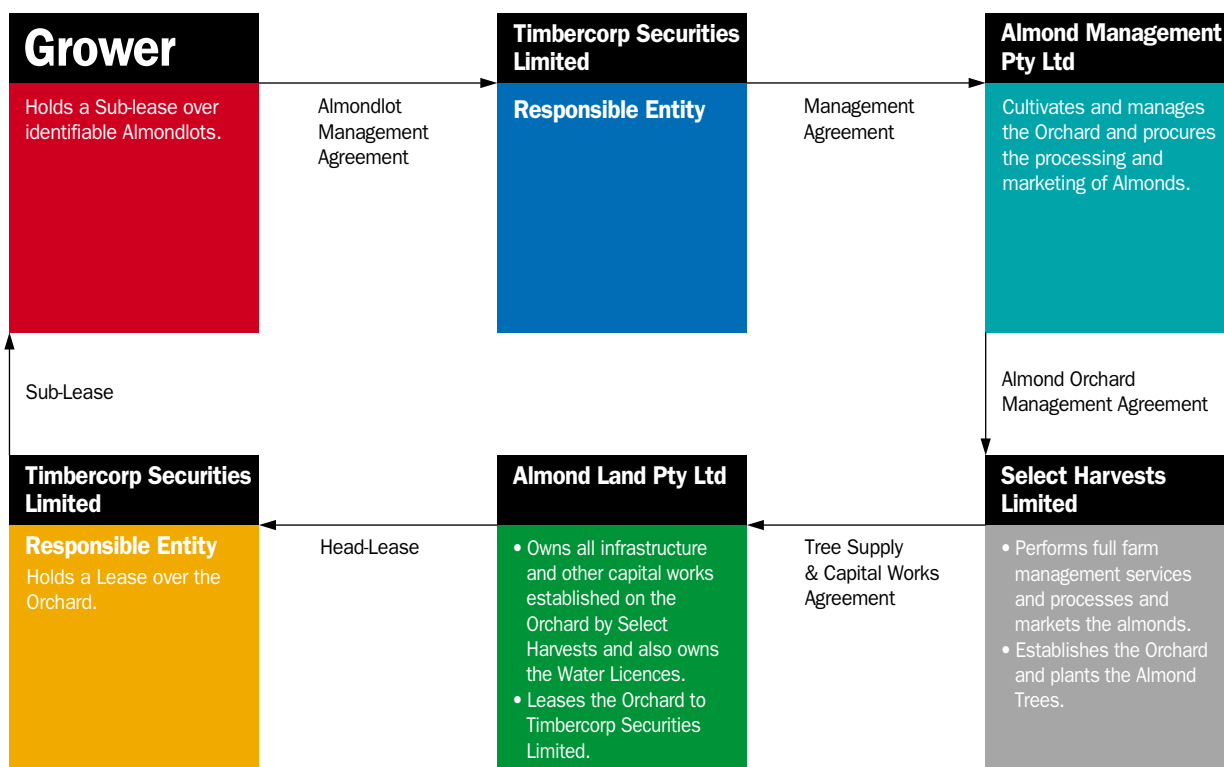
The offer comprises allotments of separately identifiable land of approximately 0.25 of a hectare, called Almondlots. It is expected that the Orchard will yield its first commercial crop in February – April 2008, and will reach full maturity in the seventh year after establishment. At full maturity, the Orchard is expected to produce a weighted average yield of 3.46 tonnes of almonds per hectare.

Almondlots will be issued only upon acceptance of a completed application form at the back of this PDS. Upon acceptance of an application, you will become an almond grower in your own right by:

- sub-leasing 2 or more Almondlots from us, the Sub-Lessor; and
- engaging us as manager to cultivate and manage your Trees on these Almondlots, and to procure services for harvesting, processing and marketing the almonds.

Information regarding your acceptance into the Project and reports that we will send you are detailed later in this section.

TIMBERCORP ALMOND PROJECT STRUCTURE





ESTABLISHMENT AND MANAGEMENT

Timbercorp's almond orchards are among the largest irrigated horticultural developments in Australia. The Project is being conducted on three large commercial almond orchards on premium land near Boundary Bend in northwest Victoria. The Land Owner, Almond Land, will complete no less than 40% of the planting of each of your Almondlots, each of which will be located across two or more of the orchards, by 23 June 2005 and the balance by the end of July 2005 with the assistance of Select Harvests.

The anticipated size of the Project, combined with the use of best practice horticultural techniques and advanced processing facilities, is expected to achieve significant economies of scale and enhanced returns. See section 8 for details on the Project site and its development.

HARVESTING, PROCESSING AND SALE OF YOUR ALMONDS

Harvest and processing

The harvesting program will commence in late February of each year when Select Harvests will test the maturity of the Almonds to determine their readiness for harvesting. Harvesting will take place generally in the months of February to April. The Almonds will be shaken to the ground with the use of mechanical tree shakers. Some Almonds may fall to the ground before this process commences as a result of wind conditions.

After being shaken onto the ground, the Almonds will be swept into rows ready for pick up. Almond pick-up machines will collect the rows of Almonds and transfer them into trailers for removal to stockpiles, where they will be covered prior to being transported to Select Harvests' hulling and cracking plant. This is located at Kyndalyn Park, approximately 40 kilometres from the Orchard.

At the hulling and cracking plant, the harvested Almonds will initially be put through a pre-cleaner to remove excess dirt, sticks and stones. Then, subject to individual customers' orders and specifications, the husk will be removed to produce inshell, or in addition, the shell may be cracked to produce whole kernel. The hull and shell generated by processing the Almonds will be the property of Select Harvests and it will be responsible for its disposal.

After the Almonds are dried to remove excess moisture content, if necessary, they are transferred to the sorting and packing plant situated close by at Euston, the sister city of Robinvale on the New South Wales side of the Murray River. There they are graded having regard to size, variety and defects, if any, using United States Department of Agriculture specifications as a guide. The Almonds will then be weighed, tested and processed before being put through quality control and then stockpiled in the warehouse. All Almonds produced from the Project will be of a high-grade variety.

Sale of your Almonds

Under our obligations to you, we will sell your Almonds as your agent, endeavouring to maximise your returns. In doing so, we are appointed as your attorney to enter into any purchase agreement in relation to Almonds grown on your Almondlots and are authorised to appoint our own agents to sell the produce. We have appointed the Project Manager as our agent to sell the Almonds, subject to our direction.

One of the key arrangements that underpins the commerciality of the Project is the engagement of Select Harvests by the Project Manager to market the entire crop of Almonds through established local and overseas channels. This arrangement is embodied in the Almond Orchard Management Agreement.

Pools and sub-pools

Following harvest, your Almonds will be pooled with those of the other Growers in the Project and processed by Select Harvests. The Project's pool of Almonds will be kept separate from all other almonds processed or stored by Select Harvests until they are sold.

Generally, Select Harvests will pool the Almonds produced by the Project with other almonds it handles at the time of sale. However, the Project Manager may direct Select Harvests to sell the Project Almonds outside its pooling arrangements if the Project Manager considers a better price may be obtained that way.

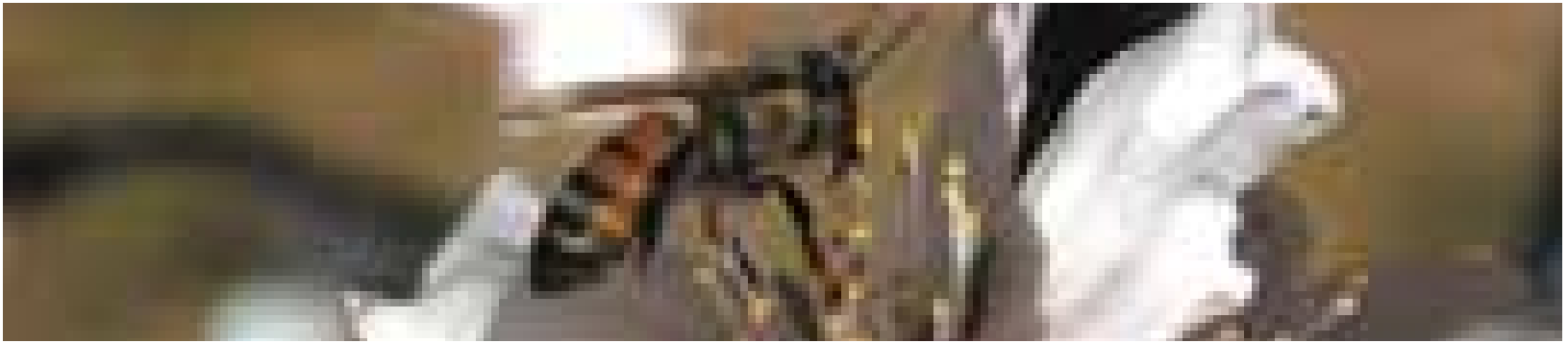
Different grades of almonds can have significant differences in price and, consequently, Select Harvests establishes sub-pools of the almonds it sells, according to grade, so as to gain the advantage of these price differentials. Thus, the pooling and sub-pooling arrangements enable producers of higher quality almonds to benefit from the higher prices that such nuts attract.

Separate contribution proportions and prices will be calculated for each sub-pool created, and an amount equal to the proceeds of sale less the costs of sale will be paid to the Project Manager within 7 days of the end of each month. Then, at the end of each quarter, Select Harvests will reconcile and adjust the actual contribution proportions made by the Project Manager on your behalf to each sub pool operated by Select Harvests to ensure that Growers ultimately receive all proceeds to which they are entitled.

Distribution of your almond proceeds

As your Almonds will be pooled with the Almonds of all other Growers in the Project, you will be entitled to a proportionate share of the net proceeds paid by Select Harvests to the Project Manager, plus any other proceeds of sale generated by the Project Manager on your behalf.

As consumer demand and price prospects will determine the timing of sales, we will receive proceeds from the sale of Almonds progressively throughout each year. As Responsible Entity, we will distribute proceeds received from



the Project Manager periodically. Prior to distributing the proceeds to you, we will deduct the rent due under the Sub-lease, the management fees and costs due under the Almondlot Management Agreement and any amount payable under the Grower Agreements which is overdue and has not been paid.

The value of Select Harvests

Select Harvests is Australia's leading integrated almond producer, processor and marketer of almonds and is a public company listed on the Australian Stock Exchange, with net assets in excess of \$79 million and net profit after tax of \$15.2 million in 2004 (representing the 5th year in succession that it has achieved growth in excess of 25%). Its financial strength and significance within the almond industry make its involvement an important benefit to the Project.

Select Harvests manages over 35% of Australia's total almond crop and over 50% of Australia's almond orchards. It is responsible for approximately 14,000 hectares of almond trees. In October 1998, it acquired Lucky Candy Co., the largest retail packer of almonds in Australia, and it now also processes, packages and markets almonds (and other nut and dried fruit products) through Australian supermarkets under the 'Lucky' brand.

Select Harvests' orchard management activities are centred in the Murray River irrigation areas of northwest Victoria, where the Project Land is also located. This region provides the valuable water resource that the trees require and produces almonds that are among the world's finest.

To avoid deterioration in the quality of the almonds and maximise efficiency, Select Harvests operates state-of-the-art processing facilities, including a new hulling and shelling facility. Upgrades of these facilities are scheduled to take place in 2005 and additional upgrades will be undertaken from time to time, as required.

In 2004, Select Harvests sold 3,560 tonnes of almonds from the orchards it manages, up from 2,700 in 2003. Approximately 37% of its 2004 crop was exported. The growth in yields that Select Harvests has achieved on the orchards it manages (approximately 135% over the past 5 years) has outpaced the growth in hectares under its management, thus reflecting its focus on devising and implementing improved management and horticultural practices. Select Harvests' approach to management has reduced the costs of almond production by 5% on a per-kilogram-produced basis over the past year. These efficiency gains consolidate the cost savings achieved in previous years and places Select Harvests as one of the most efficient producers in the world.

Importantly, under this Project, Select Harvests guarantees the sale of the entire crop produced each year by the end of the financial year following the year in which Almonds will be harvested. However, Select Harvests does not guarantee the sale price of the Almonds.

Select Harvests has a strong track record as a producer, marketer and exporter of almonds. The yields produced to date have been achieved on mature orchards established over 15 years ago. More recent orchards, including the orchard established under this Project have been developed with modern growing techniques and best practice farm management.

Select Harvests has been appointed to oversee the establishment of the infrastructure and other capital works on the Land and the planting of the Almond Trees on the Orchard. Its appointment will ensure that when completed, the Orchard will have been established consistently with proven techniques that have been developed by it over time. This factor, together with Select Harvests' proven orchard management record, will help maximise almond yields.

Select Harvests' expertise and experience in growing, harvesting, processing and marketing almonds, as well as its established relationships with domestic and overseas almond buyers underpin the commercial viability of the Project.

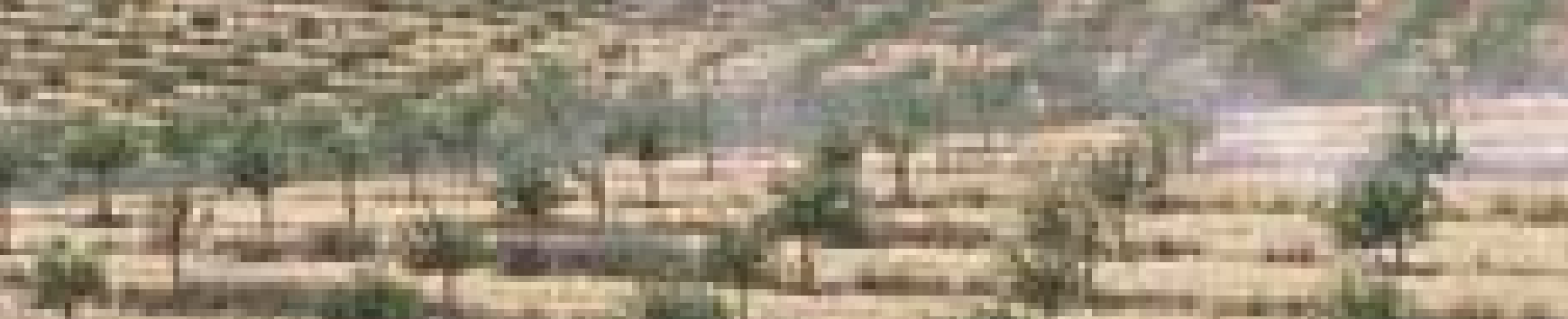
ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

Timbercorp is committed to excellence in environmental and social responsibility. We understand that sustainability – both operational and financial – is dependent on adherence to the strictest environmental practices.

As a matter of policy Timbercorp only establishes projects on land that has already been farmed. We appreciate that native vegetation is a valuable asset, and generally aim to retain this vegetation and existing community plantings in order to promote biodiversity and provide wildlife corridors.

Extensive environmental impact assessments reviewing waste management and water quality, and vegetation management plans for the protection of remnant vegetation and indigenous revegetation, are prepared prior to Timbercorp's major project establishment work. More than 10,000 hectares of Timbercorp's total land holdings comprise remnant native vegetation, wetlands, creek beds and gullies that have been preserved and protected from any establishment activities.

In attaining crop growth, Timbercorp promotes water conservation through the use of state-of-the-art micro-irrigation systems. In the almond orchard double drip irrigation (that is, a dripline on each side of the tree) is utilised to accurately place water and minimise nutrient run-off into waterways. Variable speed drive pump stations are employed for their economical use of diesel fuel and optimum water transfer management feeds, so that the Timbercorp irrigation network is professionally designed to match water application to soil characteristics and almond tree needs. Environmental and soil moisture monitoring equipment are installed to allow for accurate irrigation scheduling, fertiliser application and salinity management.



Timbercorp has also dedicated significant resources to minimising chemical usage and identifying more environmentally friendly alternatives.

Environmental policy

In order to achieve the expectations set by Timbercorp Securities and the community, Timbercorp will:

- act with integrity and respect for the community and the environment.
- comply with applicable environmental and labour legislation, regulations, standards and policies.
- commit to the prevention of pollution in the areas in which it operates.
- endeavour to continually improve Project performance by implementing a best practice approach to relevant aspects of almond orchard management.
- actively participate with relevant industry bodies to improve agribusiness practice, enhance regional biodiversity and to conserve the environment generally.
- conduct its operations in accordance with relevant Codes of Practices, local planning schemes and the policies to which the Timbercorp group subscribes.
- provide training to its employees and contractors in relation to the company's environmental policy.

Regulatory compliance and auditing

As the farm manager, Select Harvests applies best practice through the use of business systems that comply with the following international standards:

- ISO9002 Quality Management System; and
- HACCP (Hazard Analysis Critical Control Point)

These certifications require the application of risk management strategies that systematically identify, evaluate and control hazards relating to food safety and business management. Select Harvests' food safety and quality systems cover the total supply chain from tree nurseries to retail packs. Timbercorp and Select Harvests are currently working together to develop further Quality Assurance Systems for Timbercorp's almond projects.

Labour policy

The Project Manager has engaged Select Harvests as farm contractor, processor and marketer of the Almonds. The Project Manager and we will, in accordance with International Labour Organisation treaties and Australian State and Federal legislative requirements, take into account labour standards in the management of Select Harvests' workforce for the Project.

Ethical Considerations

As Responsible Entity, Timbercorp Securities will act in the best interest of Growers and will at all times seek to deal with Growers and all persons associated with the Project in a fair and ethical manner.

APPLICATION PROCESS AND PROJECT AGREEMENTS

To become an Early Grower or a Post 30 June Grower under this Project you must complete the application and power of attorney booklet at the back of this PDS and lodge your completed application form, together with the relevant Application Monies, with your financial advisor or with the office of Timbercorp Securities in your state or territory. To be an Early Grower your application must be made and accepted on or before 15 June 2005.

Project Agreements

In completing the application and power of attorney form, (whether as an Early Grower or Post 30 June Grower), you will agree to be bound by the Constitution and will authorise Timbercorp Securities, among other things, to enter into Grower Agreements on your behalf.

The Constitution

The Constitution is a deed that establishes the 2005 Timbercorp Almond Project as a managed investment scheme and sets out the terms and conditions under which we are appointed as Responsible Entity for the duration of the Project. The Constitution also sets out:

- how the Project will be administered;
- how reports will be provided to you;
- your rights;
- the fees that you are required to pay;
- termination and retirement provisions;
- your protections and safeguards, including complaints resolution procedures; and
- receipt and distribution of Proceeds.

The Sub-lease

The Land Owner has leased the Orchard to us in order to secure your tenure of the Land for the duration of the Project. The Lease confers on us exclusive possession of the Orchard and will be registered by us under the land title laws of Victoria.



Under the Sub-lease, we then grant to you a sub-lease to use and occupy two or more identifiable Almondlots for the term of the Project. The purpose of the Sub-lease is to allow you to cultivate and harvest Almonds. Under the Sub-lease, Almond Land, the Land Owner, agrees to establish all of the infrastructure and other capital works necessary to operate a commercial almond orchard, including the planting of Almond Trees on your Almondlots. Almond Land will own the entire infrastructure and other capital works on the Orchard, including Water Licences and irrigation equipment (see section 7 for further details).

Almondlot Management Agreement

Under the Almondlot Management Agreement between you and us, we will manage and cultivate your Almondlots.

We have engaged Almond Management, the Project Manager, under a Management Agreement to assist us in performing our duties and meeting our obligations to you and the Project Manager has engaged Select Harvests to undertake the day-to-day management of the Orchard, harvest the Almonds and thereafter process and sell the Almonds to domestic and overseas markets through an established distribution network.

A summary of the Constitution and Grower Agreements are set out in section 12.

COOLING OFF RIGHT

Investors have the right to "cool off" when they invest in certain financial products. This means that the investor can return the product and obtain a refund of their investment monies, less taxes, charges and administrative costs, provided they take the necessary action within the cooling off period.

The cooling off period begins from the time the investment is confirmed by letter, fax or email and ends 14 days later. If the investor does not receive confirmation of the investment, as detailed above, the cooling off period begins at the end of the fifth day after the financial product is issued to the investor.

Cooling off under the Project

While the right to "cool off" applies to many managed investment products, it is doubtful whether applicants for Almondlots in the Project can exercise this right in respect of their interests in the Project, because:

- the cooling-off right only applies to liquid schemes and, upon acceptance of your application, your Application Monies are immediately disbursed to us in accordance with the PDS, the Constitution and the Grower Agreements; and

- cooling-off rights are forfeited when the applicant exercises some other right or power granted by the product and applicants immediately receive the benefit of management services once their application is accepted.

INFORMATION AND REPORTING

Initial Project documentation

On becoming a Grower, we will send to you:

- An Almondlot statement together with a map to enable you to identify the location of your Almondlots; and
- a formal advice of Application Monies paid to assist in the preparation of your income tax return.

Naturally, you will be entitled to visit your Almondlots and monitor their progress.

Reporting and Grower visits

During the Project we will send to you:

- annual reports setting out the results of the harvest of Almonds including the condition of the Orchard, Almond Trees and other relevant details;
- annual invoices for management costs and rent; and
- statements of income and expenses and proceeds from the sale of your Almonds.

We will also keep you informed of relevant compliance developments including changes to the tax laws, confirmation of the implementation of the arrangements as set out in the Product Rulings, and marketing trends and developments. Grower communication may include newsletters or updates through our website, www.timbercorp.com.au.

Other information you can inspect or request

If there are more than 100 Growers in the Project, it will become a disclosing entity under the Corporations Act. As such, the Project will be subject to regular reporting and disclosure obligations and you will be able to obtain from, or inspect at an ASIC office copies of documents lodged.

During the Offer Period, copies of the Constitution, Custody Agreement, compliance plan, Grower Agreements and Product Rulings may be inspected or obtained free of charge during normal business hours at our head office in Melbourne. You may also request from us in writing, a copy of the Project's annual financial report most recently lodged with ASIC. At the date of this PDS no annual financial report had been lodged with ASIC.

Throughout the term of the Project, Timbercorp Securities will maintain a register of Growers at our head office. The register may be inspected by any member of the public between the hours of 9.00am and 5.00pm, Monday to Friday (excluding public holidays).

DISPUTE RESOLUTION

As a Grower, you have the right to make a formal complaint about any aspect of the Project. We treat all complaints seriously and deal with them in a timely manner, attempting to respond fully within 45 days of the complaint being made.

Staff receiving verbal complaints will attempt to settle them immediately or will involve another staff member who may be able to resolve the complaint. All written complaints and any verbal complaints that cannot be resolved in a timely manner will be referred to Timbercorp's Complaints Officer.

Timbercorp will notify you within 14 business days of receipt of a written complaint to advise it is being considered and will provide an estimated time in which a full response will be made. If a complaint cannot be resolved to your satisfaction, then you are entitled to refer it for determination to one of two external complaints resolution bodies of which we are members:

Financial Industry Complaints Service Limited (FICS)

Level 13

31 Queen Street

Melbourne Victoria 3000

Telephone 03 8623 2000

Insurance Brokers Disputes Limited (IBD)

Level 13

31 Queen Street

Melbourne VIC 3000

Telephone 1800 064 169

If you do not wish to use FICS or IBD, or your complaint does not fall within the rules of FICS or IBD, you must submit your complaint to arbitration. You and Timbercorp must agree to accept any determination of FICS or IBD or the arbitrator as final and binding, subject to any rights of appeal. This procedure does not prevent Timbercorp Securities from commencing proceedings against a Grower or submitting its dispute or difference with a Grower to arbitration.

For further details on dispute resolution provisions, please refer to the summaries of the Constitution and Grower Agreements in section 12.



PROJECT RETURNS

There are a number of variables that may impact the calculation of returns to Growers in this Project. Given the Project's agricultural and long-term nature, many of these variables are outside of our control, which make it difficult to determine future cash flows or returns with certainty. As a result, our directors have elected not to provide forecast returns for the Project.

To help you make your own assessment of the benefits of participating in the Project, we have set out below the major factors that may impact Project returns over its 20-year term. Our directors have exercised due care in preparing and reviewing this information and believe it is reasonable. Importantly, the directors have obtained confirmation from the Independent Almond Orchard Expert (set out in section 11) that the information presented in relation to Almond yields is reasonable. In providing you with this information, the directors and the Independent Almond Orchard Expert do not guarantee the success of, or financial returns from, the Project.

We recommend you seek your own professional advice when considering possible Project returns and to assist you in determining whether participation in the Project suits your objectives and financial situation. You should consider the variables below in conjunction with the taxation features discussed in section 9 and the risks and safeguards described in section 10.

FACTORS WHICH IMPACT FINANCIAL PERFORMANCE

The main factors that can affect the return on an agribusiness project are the Project's yield, the price received for the product following harvest and Project costs.

ALMOND PRICES

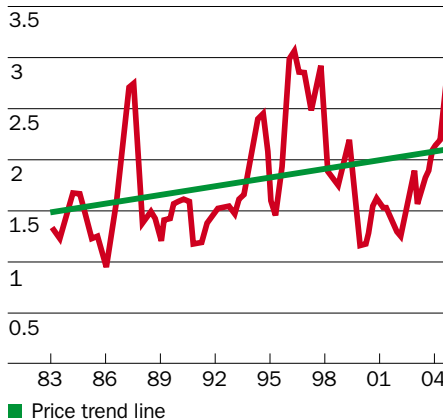
The price at which Select Harvests is able to sell the Project's Almonds will be affected primarily by the almond price in US dollars, as California generally supplies approximately 80% of the worldwide demand for almonds.

As illustrated in the graph which follows, over the past 21 years, the Nonpareil SSR 23/25 almond variety has traded in a range of \$US1 to \$US 3.35 per pound (\$US2.18 to \$US7.37 per kilogram). It can be reasonably expected that prices will continue to fluctuate in the future, thereby affecting your returns from year to year.

World Almond Prices

Grade NP SSR 23/25

\$US Price Per Pound



Figures sourced from David Neve & Associates Pty Ltd

Under this Project the Orchard will comprise 50% Nonpareil, 33% Carmel and 17% Price almond varieties. There is no published price information available for the Carmel and Price varieties. These pollinator varieties generally attract slightly lower prices than the premium Nonpareil almond variety.

Nonpareil is the preferred table almond because of its size, shape, light colour, mild taste and ease of hand shelling which minimises kernel damage. The Nonpareil SSR 23/25 almond is the benchmark grade and size of almonds used in the international almond market for the purpose of determining the price at which almonds will be traded. One half of the total crop produced by Select Harvests is Nonpareil.

The SSR (Select Sheller Run) grade is the lowest grade of almonds produced by Select Harvests. Of the crops managed by Select Harvests over 2002 and 2003, only approximately 13% of the Nonpareil variety and 61% of the Carmel and Price varieties were rated SSR grade. The balance was rated Extra No 1 or Supreme grade, which command premiums above SSR and, significantly, approximately 64% of the Nonpareil crop was rated Extra No 1. The crop disposition for the 2004 harvest is not yet available. Extra No 1 and Supreme are ranked as the second and third highest grades of almonds, respectively. The highest grade, Fancy, is rarely traded.

Importantly, Select Harvests has demonstrated a consistent and proven ability to produce premium end grade almonds. This is an important consideration for prospective Growers in the Project. By comparison, up to 25% of the Californian crop is comprised of 'std.sr', which is an equivalent standard to the Australian SSR.

We have been informed by Select Harvests that:

- between 2001 and 2003, the price in \$US for Australian NP SSR 23/25 rose by approximately 53%, driven by strongly performing international markets;
- in 2004 the price in \$US for Australian almonds increased again, by approximately 60% to a then record high; and
- the growth in prices during 2004 was achieved despite the value of the \$A appreciating significantly against the \$US during the year.

The first almond orchard established by Timbercorp, the 2001 Timbercorp Almond Project, was harvested for the first time in February and March of 2004, with the bulk of the crop already committed and sold into domestic and export markets. The average price for the crop sold to date is \$A6.46 per kilogram. Importantly, in the month of December 2004 the average price achieved by Select Harvests was \$A7.50 per kilogram, demonstrating that prices are on the rise. Since then, the almond price has continued to rise and has traded as high as \$A9.80 per kilogram.

From time to time Select Harvests enters into forward contracts in selling its almond pool.

Select Harvests does not guarantee the sale price of the Almonds produced by the Project.

The Californian Almond Industry

Being the world's major supplier of almonds, the size of the Californian crop will have a significant bearing on global almond prices and your returns from year to year. For a discussion of the Californian Almond Industry and the challenges it faces in meeting future demand, see section 4 of this PDS.

Exchange Rate

Almonds in world markets are priced in US dollars. Therefore, fluctuations in the US\$/A\$ exchange rate will also influence your returns over the life of the Project.

Timing of sales

The speed with which Select Harvests is able to sell your Almonds will also affect the returns that you may achieve over the life of the Project.

Currently, Select Harvests sells approximately 50% of its stock of almonds in the period of March to June each year, while operating an active export program. The major domestic demand is in the period of August to December in the build up to Christmas.

There is no guarantee that Select Harvests will continue to sell almonds, including Almonds produced from this Project, in line with current sales patterns. However, under the Almond Orchard Management Agreement, Select Harvests

guarantees that it will sell the entire crop produced each year by the end of the financial year following the year in which your Almonds are harvested. Your crop of Almonds will be harvested each year between February and April.

Domestic / export sales

Over the past five years, on average, almost 40% of all sales of Select Harvests grown almonds have been into export markets. The balance has been sold on the domestic market where it generally attracts premium prices. Select Harvests' domestic sales of packaged almonds have increased in volume by 13% for the calendar year ended 31 December 2001 and by approximately 17% for the calendar year ended 31 December 2002.

The ability of Select Harvests to continue exporting almonds will depend on the following:

- the demand / supply dynamics within the Australian and overseas markets and the availability of almonds for export; and
- availability of almonds for export in the March-July period when it operates an export market program.

Free trade agreement

The Free trade Agreement ('FTA') between Australia and the United States came into effect on 1 January 2005.

Through the immediate abolition of some tariffs and the phasing out of others, the FTA will provide improved market access for agricultural producers in both the US and Australia. However, because of the relatively low level of protection that Australia has afforded its primary producers in recent years, Australian producers are likely to benefit more from the FTA than their U.S. counterparts.

For Australian almond producers, one immediate consequence of the implementation of the FTA is the abolition of the 5% import tariff which previously applied to imports of U.S. almonds. Although this will obviously improve the competitiveness of U.S. produced almonds on Australia's domestic markets, local producers will still enjoy significantly lower processing and transport costs. On the other hand, since the FTA also means the abolition of the U.S. import duty on kernels previously applied to Australian almonds, Australian producers are expected to benefit from greater access to one of the world's largest markets for almonds.

Other Matters

Finally, global economic conditions and actions taken by individual world governments and regulatory authorities, particularly those of the United States, will have an impact on the supply, demand and world price of almonds.



ALMOND YIELDS

It is expected that the Orchard will yield its first commercial crop in February-April 2008, and reach full maturity in the seventh year after its establishment. At full maturity, it is expected that the weighted average yield across the Orchard will be 3.46 tonnes per hectare. The table below sets out the forecast long-term average yields from the first year of commercial crop to full maturity and beyond.

Year ended 30 June	Kilograms per Almondlot	Kilograms per hectare
2008	93	371
2009	340	1,359
2010	463	1,853
2011	803	3,212
2012 onwards p.a.	865	3,460

The above yields are based on an average planting density of 248 Almond Trees per hectare (ie. 62 Trees per Almondlot) and are verified as reasonable by the Independent Almond Orchard Expert's Report, which is reproduced in section 11.

In 2004, Select Harvests completed the first commercial harvest of the 2001 Timbercorp Almond Project. The orchard achieved approximately 87% of the forecast yield, primarily due to unseasonal frost events which caused widespread damage around the time of flowering.

It should be noted that actual yields may vary from year to year from those set out above. Furthermore, some Almondlots may produce yields which are higher or lower than the expected yields. However, all almonds produced from the Project will be pooled and Early Growers and Post 30 June Growers will share in the proceeds of sale of the pooled almonds.

COSTS

The costs for the Project are fully set out in section 3. From the fourth year of the Project certain components of the management fees will be Indexed and from the seventh year of the Project rent will be Indexed.

Based on information provided to us by Select Harvests as operator, we estimate that the operating costs of managing your Almondlots in the financial years ending 30 June 2008 to the end of the Project will be as follows:

Year ended 30 June	Estimated operating costs per Almondlot
2008	1,903
2009	2,281
20010	2,655
2011	3,197
2012 onwards p.a.	3,423

Note: These costs are inclusive of GST and are estimates only. Actual costs may be higher or lower.

Other ongoing annual costs you will have to pay in the 2008 financial year and beyond will be rent Indexed annually with the first indexation occurring in the 2011 financial year, the deferred management fees referable to the 2006 and/or 2007 financial years respectively and the 25% incentive fee calculated as described in section 3.

Certain components of the operating costs of managing your Almondlots and annual rent will be affected by the rate of inflation in Australia.

It is in our interest to maximise the price that you receive for your Almonds and to minimise the operating costs of managing your Almondlots, in order to exceed the incentive fee thresholds detailed in section 3.

TAX PROFILE

Your profile as a resident Australian taxpayer will also impact the returns you achieve from participation in the Project.

The higher your marginal tax rate, the greater the benefit you receive from the income tax deductions to which you are entitled for all management and incentive fees and rent that you pay in respect of the Project together with any interest incurred on borrowings and your entitlement to a write off for the costs incurred by the Land Owner to establish the Almond Trees on the Orchard.

Obviously, a natural person on the highest marginal tax rate (including the Medicare levy) of 48.5% will receive the greatest benefit from the income tax deductions available under the Project.

However, you should note that the amount of any deduction will be reduced by the amount of any GST input tax credit to which you are entitled under GST Law. You may claim input tax credits for the GST included in the Project costs provided you are registered for GST.

Your returns will also be affected by whether or not you elect to have the Simplified Tax System apply to your almond growing activities, and your marginal tax rate at the time you receive proceeds from the Project.

For a discussion of these matters, please see section 9 and Product Rulings **PR 2005/15** and **PR 2005/16**.

PROJECT SITE AND DEVELOPMENT

THE LAND AND SOILS

The Sunraysia region of northwest Victoria is a prime horticultural area with a history of improving yields of high quality almonds.

The Orchard, to be established across the three sites, Wagera, Carina West and Nanandie, will consist of up to approximately 1,300 hectares of new almond orchards after allowing for frost prone areas and unsuitable soil types, and the construction of roads.

The Wagera site adjoins an existing 2,320 hectare almond orchard established over the past two years for the 2003 and 2004 Timbercorp Almond Projects. The Land Owner expects to establish a further approximately 460 hectares (1,840 Almondlots) on the site.

The Land Owner first developed the Carina West site in 2002, as part of the 2002 Timbercorp Almond Project. It is adjacent to the Carina site established in 2001 and existing almond orchard owned and managed by Select Harvests. A further 40 hectares (160 Almondlots) will be developed under this Project.

The Land Owner has entered into a contract to purchase the Nanandie property in November of 2004 and will establish a further approximately 800 hectares (3,200 Almondlots) on the property.

All three properties are situated within close proximity to Boundary Bend and Wemen and the processing, hulling and packing facilities owned and operated by Select Harvests.

The Land has been soil tested and surveyed not only to determine the most appropriate orchard layout, but also to ensure that the irrigation system design is optimised for the land planted. The tests have shown that the Land is suitable for growing commercial crops of almonds.

For further details regarding the land and soil, refer to the Independent Almond Orchard Expert's Report in section 11.

CLIMATE AND TOPOGRAPHY

The Sunraysia region enjoys a Mediterranean semi arid climate with relatively mild winters and long warm to hot dry summers. This is the preferred climate for almond growing. It has a mean annual rainfall of 353.8 millimetres, which resembles the southern end of the San Joaquin valley in California, around Bakersfield, and which is a significant almond-producing region. Rainfall is distributed quite evenly throughout the year with an average rainfall of approximately 20 to 35 millimetres each month of the year. As a result, the incidence of crop loss and disease due to high rainfall is low.

The minimal daily cloud that is characteristic of the area maximises the time available for tree and nut growth. Mean daily temperatures during August, when almonds flower and bees are used to cross-pollinate the crop, range from 4.1 to 17.3 degrees Celsius. During the harvest months of February to April, mean maximum daily temperatures range from 32.1 to 23.5 degrees Celsius, thus allowing the kernel sufficient time to dry in the field before the harvest and processing commence.



WATER SUPPLY AND IRRIGATION

Growing almonds is a high water usage activity and the establishment of a new orchard requires extensive planning in the areas of irrigation design, layout, installation and water monitoring in order to achieve high yields.

At full maturity, almond trees, on average, require 12.5 megalitres of water per hectare to produce the quantity and quality of almonds that are being forecasted for this Project.

The Land Owner will progressively acquire, at its own cost, sufficient permanent Water Licences on the open market to meet the Project's needs up to a maximum of 12.5 megalitres per hectare. It will purchase sufficient Water Licences prior to the commencement of each irrigation season. If during the life of the Project, additional water in excess of 12.5 megalitres per hectare is required, and such water can be reasonably procured by way of temporary water rights, we will procure such additional water and supply it to you. The cost of supplying such additional water will be treated as a cost of operating the Almondlots, payable by Growers to us under the Almondlot Management Agreement.

Water for the Project is provided by the Murray River. The Murray River generates water from rainfall on the slopes of the Australian Alps. The northern slopes, including the Mount Kosciusko region in New South Wales, feeds water to the Murrumbidgee River which enters the Murray River not far from Robinvale. The southern slopes of the Australian Alps, located south of the Kosciusko National Park, feeds water to the north of the Murray River.

The irrigation water will be pumped from the Murray River and delivered to the Orchard via mainlines. The Land Owner has established three dams on the Yungera site on which the 2003 orchard was established with a combined capacity of 800 megalitres. A further dam with a capacity of 400 megalitres was constructed on the Wandown property, the site of the 2004 Timbercorp Almond Project and a 400 megalitre dam is also being constructed on the Nanandie property. The water will be delivered to Growers' Almondlots through a sophisticated drip irrigation system.

The delivery of water to the Orchard is under the control and direction of the Lower Murray Urban and Rural Water Authority, which is also responsible for the collection and disposal of sub-surface drainage water resulting from irrigation activities.

Water is applied to the Almond Trees using two poly drip laterals with one lateral on each side of the tree row to allow alternative watering of Nonpareil and pollinator almond varieties. The system is also designed with two sub-mains delivering water to each block. To achieve optimum tree growth and yields, soil moisture needs to be maintained within strict limits. Therefore, the volume of water that is applied to the almond rows each day depends on the prevailing climatic conditions, the age of the trees, drainage characteristics and moisture holding capacities of soils at various parts of the Orchard.

The Land Owner has commissioned a qualified expert irrigation company to prepare a fully integrated irrigation design, water budget and drainage management plan for the Orchard. These plans and budgets have been reviewed by Select Harvests to achieve a number of results: first, to ensure that the irrigation system installed on the Orchard conforms with specifications particular to almond growing and operates to maximum efficiency; secondly, to enable us to maximise the quantity and quality of the Almonds produced and achieve consistent uniform production. For further details on the irrigation requirements of the Orchard, refer to the Almond Orchard Expert's Report in section 11.

The Land Owner owns the entire infrastructure and other capital works that it has carried out on the Orchard, including the Water Licences and irrigation equipment.

HOW THE ORCHARD IS ESTABLISHED

The Land Owner will purchase the Almond Trees for the Orchard from Select Harvests under a Tree Supply and Capital Works Agreement. The trees, which will be largely supplied from Select Harvests' nursery, will be defoliated in May in preparation for planting in June and July 2005. Select Harvests has agreed with the Land Owner that it will, at its cost, replace and replant any Almond Tree which fails on the Orchard in the first six months after planting, where Select Harvests causes such failure.

Under the Tree Supply and Capital Works Agreement, the Land Owner has also appointed Select Harvests to oversee the installation of the internal irrigation system and other infrastructure works on the Orchard prior to planting. These works include identifying and organising the pegging of block layouts, clearing approved vegetation, broadacre weed spraying, ripping of tree rows, marking out tree locations and applying pre-plant fertilizer. Select Harvests will then plant the Almond Trees, tie them to tree stakes and protect them with supporting guards.

The Almond Trees will be planted on a 7.25 metre by 5.5 metre grid to give a density of approximately 248 trees per hectare. This spacing allows trees to grow without undue overcrowding and enable machinery to travel down the rows without damaging the crop. Select Harvests will prune the Almond Trees to promote tree shape that has the potential to achieve early yield projections and consistent quality commercial yields at full maturity.

The layout of the Orchard needs careful planning. Because the almond tree is not self-pollinating, different varieties of almond trees that flower at approximately the same time have been planted to ensure bees carry out cross-pollination. Three varieties of Almond Trees will be planted, with the main Nonpareil variety being planted every second row. The other two varieties, Price, an early blooming variety, and Carmel, a later blooming variety, will be planted in alternate pollinator rows to ensure that the main variety is adequately pollinated.



ALMOND VARIETIES

Under this Project, the Orchard will comprise 50% Nonpareil, 33% Carmel and 17% Price almond varieties.

Nonpareil

Nonpareil originated in Suisun, California in 1879. It is the main variety and has been planted across one half of the Orchard. It is the most widely grown almond variety in the world because of its consistently high productivity and high market appeal as kernel and inshell. Nonpareil is the preferred table almond because of its size, shape, light colour, mild taste and the ease with which it may be shelled by hand, which minimises kernel damage. The nut has a thin shell, often referred to as 'papershell', that gives it a high kernel to shell ratio and attracts a premium price compared to most other varieties.

The tree is large and moderately spreading and harvests early. In full bearing it produces well and continues to grow in size. It is relatively resistant to frost damage and is vigorous but easy to shape and train.

As the preferred table almond, Nonpareil usually attracts a price premium.

Carmel

Carmel is a pollinator that is sold as kernel and manufacturing product and, to a lesser extent, inshell. It is highly productive when young and is second only to Nonpareil in popularity worldwide. Carmel blooms shortly after Nonpareil and matures ready for harvest approximately one week after the conclusion of the Nonpareil harvest, allowing for an efficient harvest program.

The tree is more upright than Nonpareil and is of medium size. It is a strong pollinator of Nonpareil and is highly productive when young but may lose some tree vigour over time. Carmel has a long elongated kernel of medium size and is generally darker than Nonpareil with a stronger flavour. The nut is versatile from a marketing perspective and can be used as a table nut or a manufacturing nut. Shelling damage is usually higher than Nonpareil due to a thicker shell. Approximately one third of the Orchard will be planted with Carmel.

Price

Price is a minor yet significant variety pollinator because it blooms within a day or two of Nonpareil. Price kernel tends to be smaller than Nonpareil and Carmel and has a similar shape to Nonpareil and is generally lighter in colour than Carmel. It is a versatile nut from a marketing perspective, much the same as Carmel. The crop matures for harvest slightly after Nonpareil but before Carmel, again allowing for an efficient harvest.

The tree generally has good vigour and is somewhat spreading but more upright than the Nonpareil tree. Price can have a tendency to have a lower bloom density on alternate years and can bear lighter crops in those years. As a pollinator, it is secondary to Carmel and is planted at no more than a 1:2 ratio to Carmel. Accordingly, the Price variety will be planted across approximately 17% of the Orchard on every sixth row.



TAXATION

PRODUCT RULINGS AND DEDUCTIONS

The Australian Taxation Office (ATO) has issued Product Rulings in respect of the Project namely, **PR 2005/15** (for Early Growers) and **PR 2005/16** (for Post 30 June Growers).

The Product Rulings confirm that:

- if you are an Early Grower, your Application Monies and all other Project costs (with the exception of deferred management fees*, which are deductible under section 8-1 of the Tax Act) and any interest on borrowings, will be 100% tax deductible in the financial year in which they are incurred;
- if you are a Post 30 June Grower entering the Project on or before 31 July 2005, your Application Monies and all other Project costs (with the exception of deferred management fees*, which are deductible under section 8-1 of the Tax Act) and any interest on borrowings, will also be 100% tax deductible in the financial year in which they are incurred. However, if you enter the Project on or after 1 August 2005, your entitlement to a deduction for rent payable upon application will be reduced at the rate of \$41.67 per month, or part thereof;
- you are entitled to claim a write off for the costs associated with the establishment of the Almond Trees on the Orchard at the rate of 13% per annum, commencing from the year of first commercial production. This is expected to be the financial year ending 30 June 2008;
- the Commissioner of Taxation has exercised his discretion so that the Non Commercial Loss provisions (which operate to deny Project deductions unless certain exceptions are met by you) will not apply to you as a Grower in the Project; and
- Part IVA and other anti avoidance provisions of the Income Tax Assessment Act (1936) do not apply to the Project.

* As a non STS taxpayer, you are entitled to claim a deduction for the deferred management fees in the years in which the fees are incurred. Generally, you will incur the fees in the year or years in which we advise you of the amount of the deferred management fees payable. If you are an STS taxpayer during the relevant year, you will be entitled to claim a deduction in the year in which you pay the deferred management fees out of the Proceeds of sale.

The tax treatment of any GST component will depend on individual circumstances, as detailed below.

Copies of the Product Rulings are available free of charge from the ATO (www.ato.gov.au), professional taxation advisers, by requesting a copy from us or by downloading them at our website (www.timbercorp.com.au).

You should be aware that:

- the Product Rulings will be binding on the Commissioner of Taxation only if the Project is carried out in the specific manner described in the Product Rulings;
- the Product Rulings only apply to applications made after the date of issue, and will continue to apply to you after their withdrawal;
- the ATO does not guarantee or endorse the commercial viability of the Project, nor the reasonableness or commerciality of projected returns and our fees and costs charged in connection with the Project;
- the Product Rulings only rule on the taxation laws as they apply at the date of issue. See section 10 of this PDS, which outlines the risks associated with legislative change;
- the deductibility or otherwise of interest incurred in respect of borrowings other than from Timbercorp Finance Pty Ltd is outside the scope of the Product Rulings.

Joint Venture Growers

Where two applicants apply as a Joint Venture Grower, they are entitled to claim deductions for the Project costs for which they are responsible which are as follows:

The First Joint Venturer:

- the Application Moneys which for Post 30 June Growers only, includes rent of \$500; and
- 50% of all management fees (other than deferred management fees) and rent payable on 31 October 2009 in respect of the 2010 financial year and each subsequent 31 October during the Project term including incentive fees.

The Second Joint Venturer:

- all management fees and costs, other than those payable as part of the Application Moneys, payable by the Grower in respect of the 2006 to 2009 financial years;
- all of the deferred management fees; and
- 50% of all management fees (other than deferred management fees) and rent payable on 31 October 2009 in respect of the 2010 financial year and each subsequent 31 October during the Project term including incentive fees.



In addition, each Joint Venturer is entitled to a deduction in its respective proportion for the costs associated with the establishment of the Almond Trees on the Orchard, even though the Land Owner incurs these costs.

GOODS AND SERVICES TAX (GST)

As a Grower in the Project, you will be carrying on an enterprise and may choose to register for GST purposes. If you already carry on a business and apply to the Project in the same name, your existing registration will be sufficient. You must register for GST if your annual turnover is greater than \$50,000 per annum.

If you are registered or are required to be registered for GST purposes, you will be entitled to claim an input tax credit (a refund or offset) for any GST payable in relation to the Project, but you will not be entitled to a tax deduction for this GST component. It is important to note that the provision of finance is not a 'taxable supply' and any interest payable by you on borrowed funds is not subject to GST.

ALMOND PROCEEDS

All proceeds that you derive from the sale of Almonds will be assessable income for taxation purposes.

ALMONDS ON HAND AT THE END OF THE YEAR

Given the usual pattern of Select Harvests' sales, the entire crop of the Project for a season will generally not be sold by 30 June of the year in which it is harvested. However, any remaining crop for a season will be sold in the following financial year as guaranteed by Select Harvests under the Almond Orchard Management Agreement with the Project Manager.

As a result, you will generally have to bring to account opening and closing trading stock on hand at the end of each year when determining your taxable income. We will advise you each financial year of the value of opening and closing trading stock on hand to allow you to prepare your income tax return.

Note that Select Harvests does not guarantee the sale price of the Almonds.

TAXATION ADVICE

Before deciding whether to participate in the Project you should read Product Rulings **PR 2005/15** or **PR 2005/16**. You should also obtain your own independent professional advice in relation to your tax position and the effects of the GST under the Project.



RISKS ANALYSIS

The Project is a long-term commercial horticultural project and, like any agricultural venture, involves risks. You should carefully consider the risks detailed below before making an application to participate in the Project.

We have considered these risks and have developed strategies to reduce the incidence, and mitigate the impact, of such risks.

PROJECT SPECIFIC RISKS

Almond Trees

Select Harvests will source and plant all of the Almond Trees on the Orchard based on advice given to the Land Owner of the appropriate mix of almond tree varieties. As one of the largest growers of almonds in Australia, Select Harvests' nurseries adopt best horticultural practices to ensure the production of superior quality almond trees. Select Harvests will also ensure that contractor nurseries adopt best horticultural practices in growing and cultivating Almond Trees for the Project.

Select Harvests has agreed with the Land Owner that it will, at its cost, replace and replant any Almond Tree which fails on the Orchard in the first six months after planting where Select Harvests causes such failure.

Yields, pests and diseases

As with any horticultural crop, there are a number of factors that may affect yield including rainfall, storms, interruption of water supply, variations in soil types, pestilence, vermin, disease, frost and wind, as well as poor horticultural practices. While we will make every effort to minimise annual variations in yields and production, yields may vary from tree to tree and from harvest to harvest.

Where practicable, we will arrange appropriate insurance cover to protect the Orchard against the risks of fire and other insurable risks but not crop insurance. We will apply disease and pest management practices to control the onset and spread of these risks. The health of the Almond Trees will be constantly monitored and sick trees will be replaced if required.

Water

The irrigation water from the Murray River is suitable for almonds, having particular regard to its salinity. This may change over time.

Irrigation infrastructure

The Land Owner is incorporating the most advanced design features in the internal irrigation system, as well as the pipeline, dams, pump and other components of the irrigation infrastructure installed or to be installed on the Land. The substantial capital outlay involved in acquiring the high quality plant and equipment should reduce the possibility of major equipment failure. Regular maintenance and insurance cover will also assist in mitigating this risk.

Water Licences

An adequate supply of water is crucial to the success of the Project. The Land Owner has adopted a policy to secure sufficient Water Licences prior to the commencement of each irrigation season. Although these are permanent rights, unexpected changes in climatic conditions may affect future allocation of water rights. The risk of this occurring is small. In fact, according to records held by the Lower Murray Urban and Rural Water Authority (formerly the Sunraysia Water Authority), holders of water licences received their full water entitlements in 96 of the past 100 years. In the remaining 4 years, holders of water licences received between 60-80% of their full entitlements.

Importantly, despite the severe recent drought conditions in the last two years, the Land Owner received its full allocation of water rights from the Lower Murray Urban and Rural Water Authority (formerly the Sunraysia Water Authority).

Infrastructure and services

The success of the Project will also depend on our continued access to infrastructure, including power, irrigation and transport, and our ability to obtain all necessary regulatory approvals to operate the Orchard including a licence to divert water to the Orchard from the Murray River and market the almonds. This may be jeopardised as a result of changes in government policy or the law.

REVENUE AND FINANCIAL RISKS

Almond prices

As California is the world's major supplier of almonds, the size of its crop will have a significant bearing on global almond prices and Growers' returns from year to year. Prices will fluctuate over the life of the Project.

Almonds in world markets are priced in US\$. Therefore, fluctuations in the US\$/A\$ exchange rate will also influence Growers' returns. Further, global economic conditions and actions taken by individual world governments and regulatory authorities, particularly those of the United States, will have an impact on the supply and world price of almonds.

Select Harvests

The Almond Orchard Management Agreement addresses the risk of not selling the almond crop in any year. Under that agreement, Select Harvests guarantees to the Project Manager that the entire annual crop of Almonds available for harvest in a particular season will be sold by 30 June in the Financial Year following the year in which the harvest for that season commences and that it will endeavour to maximise returns. However, Select Harvests does not guarantee the sale price of the Almonds.

Returns

The ultimate financial success of the Project will depend on yield rates achieved, the prevailing market conditions when almonds are sold and the other factors discussed in section 7.

OTHER RISKS

Changes in the law

The success of the Project and the returns achieved by Growers may also be affected by changes in the taxation, regulatory or legal environment, including changes in legislation and the imposition of new levies, imposts or other taxes.

Product Rulings **PR 2005/15** and **PR 2005/16** protect Growers provided that the Project is carried out in accordance with the details we provided to the Australian Taxation Office and described in the ruling. The rulings are withdrawn from 30 June 2007 and 30 June 2008 respectively, although they continue to apply to all persons who became Growers prior to their withdrawal. However, Growers should be mindful of the fact that adverse changes in income tax laws may affect the timing and ability of Growers to claim deductions for payments incurred in the Project. Although the Product Rulings constitute binding public rulings in respect of the Project, they may be superseded by a legislative change in tax laws.

We do not, nor does any other person, firm or corporation associated with the issue of this PDS guarantee the amount or timing of any tax deduction and there remains the risk that the Australian Taxation Office may disallow any claim in this regard or not give a favourable product ruling for the Project. If income tax deductions are disallowed, Growers may be required to pay penalty tax and interest.

The use of appropriate systems and safeguards may mitigate a number of these risks. However, it must be appreciated that many are outside our control.

Consumer demand

While current trends suggest otherwise, there is a risk that local and overseas consumer preference for almonds and almond related products may change during the life of the Project.

Changes in technology

Changes in technology may make other almond orchards more competitive and, therefore, have an impact on forecasted returns. We are committed to using world best management practices and to upgrading these practices, as appropriate, with the best available technology. As Australia's largest producer, processor and marketer of almonds, Select Harvests is focused on leading the market in technology.

Local competition

There is a risk that local competition may develop for the supply of almonds to the domestic and export markets and this could have a material adverse effect on the Project's operating and financial performance.

Default by Growers

Our ability and the ability of the Project Manager to provide quality services may be affected by Growers' failure to pay annual management fees and rent when due. If a Grower defaults, we may take all appropriate action to ensure that fees are paid when they fall due. Default provisions are contained in the Constitution and the Grower Agreements.

Grower Agreements

Anything that affects our ability to meet our obligations under the Almondlot Management Agreement and Sub-lease, and the ability of the Land Owner to meet its obligations under the Sub-lease, could also constitute a risk to Growers.

Illiquid interests

The Project is not intended to be a short-term investment and should be viewed as being one for a fixed term of approximately 20 years.

There is no established secondary market for buying and selling Almondlots and consequently, it is expected that interests issued under this PDS will be illiquid. We are not obliged to purchase from any Grower any Almondlots issued pursuant to this PDS.

RISK MANAGEMENT

Security of land tenure

Timbercorp's subsidiary, Almond Land, owns the Carina West and Wangera sites and, upon completion of the purchase of the Nanandie property, will own all of the land used for the Project. It has leased the whole of the Orchard to Timbercorp Securities to secure your tenure. Under the lease, which will be registered under the land title laws of Victoria, we have exclusive possession of the Orchard for the duration of the Project.

Risk mitigation plans

We are preparing an initial management plan with the assistance of Select Harvests for the financial year ending 30 June 2005. The plan includes risk mitigation plans that, to the maximum extent possible, will reduce the effect of the risks described above. We will also prepare a management plan for each subsequent financial year, again with the assistance of Select Harvests.

The management plan also includes a horticultural plan and an operational plan, including human resources and machinery requirements and farming programs. Each year a horticultural program will be prepared together with financial and operational budgets.

We will manage the Project at all times in the best interests of Growers and in consultation with Select Harvests personnel to ensure that best horticultural and industry practices are used.

Select Harvests' proven ability to undertake the following activities are considered to be a major benefit to Growers participating in the Project:

- the day-to-day management of the Orchard;
- the processing of the Almonds at its state-of-the-art processing facility; and
- the marketing of the entire crop of Almonds each year through established domestic and overseas channels.

For details on Select Harvests' expertise, see section 6 of this PDS.

INDEPENDENT ALMOND ORCHARD EXPERT'S REPORT

PREPARED FOR THE 2005 TIMBERCORP ALMOND PROJECT

By Graham Johns [Roseworthy Diploma Agriculture, South Australia]
Horticultural Development Services Pty. Ltd.

28th February 2005

INTRODUCTION

This independent expert's report has been commissioned by Timbercorp Securities Limited and has been prepared by Mr. Graham Johns from Horticultural Development Services Pty. Ltd. The report will be included in the 2005 Timbercorp Almond Project Product Disclosure Statement (PDS) for the cultivation and management of almond orchards near the town of Boundary Bend and Wemen in Northern Victoria ('Project').

Graham Johns, (Roseworthy Diploma Agriculture, Roseworthy South Australia), has had extensive experience in the Australian and International Almond industries, with over twenty-four years of continuous involvement. As a result he is very familiar with all aspects of almond development, production, management, processing and marketing. Currently Mr. Johns is a member of the Australian Almond Industries Research And Development Committee. Mr Johns was invited to participate in the Australian Almond Industry Strategic Planning And Review Forum held in Adelaide South Australia in November 2000. The Forum brought together leaders in the Australian Almond Industry from the key segments including, research, production, processing and marketing to identify detailed development strategies for each segment over the next five years.

This report has been prepared, based on information supplied to Horticultural Development Services Pty. Ltd. by representatives of Timbercorp Securities Limited, various government and regulatory authorities, companies and individuals associated with the Project and on site inspections:

The evaluation of the 2005 Timbercorp Almond Project has been made after consideration of:

1. Site maps locating the properties on which the development is proposed.
2. Soil Survey Plans produced by Yandilla Park Ltd based in Renmark South Australia.
3. Climatic data for the area.
4. An assessment of parameters being used to design an irrigation system being prepared by Agri-Hort Developments Pty. Ltd.
5. Review of a forecast water budget, showing annual consumption of water by almonds in mega litres per hectare, from year one to year six of the development, produced by the orchard manager, Select Harvests Limited.
6. Estimated almond yields for the development supplied by Timbercorp Securities Limited.
7. Information sourced from an on site inspection of the proposed development site and existing orchards managed by the orchard manager, Select Harvests Limited.
8. Yield estimates of mature and young tree production supplied from actual harvest and hulling and cracking records provided by Timbercorp Securities Limited from Select Harvests Limited.

GENERAL DESCRIPTION OF THE ALMOND ORCHARD DEVELOPMENT

The sites selected for the 'Project' are:

1. Wangera in excess of 460 Ha
2. Carina West approximately 40 Ha
3. Nanandie approximately 800 Ha

The selected sites Wangera and Nanandie are in close proximity to the township of Boundary Bend and Carina West the township of Wemen, in North West Victoria. Wangera is an extension of an existing orchard of approximately 2,300 hectares owned by Timbercorp. Carina West was first developed by Timbercorp in 2002 with the establishment of 220 hectares. The project sites are adjacent to existing almond orchards owned and managed by Select Harvests Limited.

Wangera is near an existing 145 Ha almond orchard owned and managed by Select Harvests Limited. Wangera is situated on a property which is approximately 5,000 Ha in area of which 1,118 ha was planted in 2003 (Yungera plantings) and 1,200 ha (Wandown plantings) was developed under the 2004 Timbercorp Almond Project. The land topography is undulating throughout and is characterised by the existence of steep predominantly east/west sand dunes and associated swales with some closed depressions. To the south the topography flattens considerably with rises much broader and wider.

The Nanandie site is situated on a parcel of land approximately 4,046 hectares in area. The topography at the Nanandie site is characterised by jumbled east/west dunes and depressions. Some of the depressions are closed. There are isolated areas of mallee scrub and tree lines. The property has been used for dry land cereal and sheep farming and potato production under centre pivots. The 2005 Project site is generally elevated which reduces the risk of frost and poor drainage.

Carina West is a 200 Ha portion of land adjacent to the Carina site. The Carina West site shares a common western boundary with the Murray Valley Highway approximately 25km from the township of Robinvale. The topography of the Carina West site is characterised by a sandy ridge extending from the southeast corner to the northwest corner of the property. This ridge almost bisects the plantable area of the site. To the north and south of the ridge land contours become less steep and more undulating to form some low lying areas. The size of the Project will allow for excellent economies of scale to be employed in the management of the orchards, which should minimise the unit costs of production. In addition, the proposed orchards are within 40km from a state of the art almond cracking plant and approximately 35km from packing facilities owned and operated by Select Harvests Limited. The close proximity of the Project to these facilities will minimise the handling and transport costs of field weight product during harvest and processed kernel. These facilities are ISO 9002 and HACCP accredited.

Almond production has provided consistent profits to commercial and efficient producers in the industry over many years and has not been subject in the past to boom and bust economic fluctuations. The almond industry is undergoing rapid expansion at present.

CLIMATE EVALUATION

The major almond growing areas in the southern and northern hemispheres of the world are located between 35° and 40° latitude. At approximately 34° 43'S latitude the Project is well positioned for almond production. The area is a Mediterranean semi arid climate, with a mean annual rainfall of 353.8mm (14.32"), which most closely resembles the southern end of the San Joaquin valley in California around Bakersfield, which is one of the largest almond growing areas in the world.

Rainfall is distributed quite evenly throughout the year with approximately 20 to 35mm falling each month of the year. This is important as at critical periods of the year crop losses can occur with high rainfall. Minimal rainfall is required in August during flowering, when pollination of the crop occurs and from mid January when hull split starts to prevent the occurrence of Hull Rot and from late February to late April during the harvest period. With average rainfall in these periods below 34.5 mm, there is minimal risk of rain having a significant economic impact on the almond crop in most years. It is possible that when the highest monthly rainfall is received in these critical months, that some crop loss could occur, however there are management practices, which can mitigate any potential losses in high rainfall situations. Select Harvests Limited, the orchard manager, is aware of such practices and does employ them. In recent history when large rainfall events have occurred during critical times of the crop cycle, these events have not resulted in significant economic losses. Select Harvests Limited will need to ensure it maintains a modern fleet of harvest equipment of sufficient size when the trees are producing, to minimise the risk of crop loss in years of early and high rainfall.

During August when almond trees flower, bees are used to cross-pollinate the crop. Bee flight as well as the physiological processes of dehiscence (pollen shedding), pollen germination and pollen tube growth, all have minimum, maximum and optimum temperature ranges to occur. All these processes are critical to good nut set. With a mean daily maximum temperature for August of 17.3°C the temperature is high enough to allow all these processes to occur within the optimal range. During harvest drying temperatures in excess of 20°C are required. Drying temperatures above 20°C are required to allow the kernel to dry in a timely manner in the field to not more than 6.5% moisture prior to being harvested. Mean daily maximum temperatures for the months of harvest, which are February, March and April, are approximately, 32.1°C, 28.8°C and 23.5°C respectively. These temperatures ensure that there will be sufficient drying time available during the harvest period at the proposed site. Should rain at harvest become a risk to full nut recovery, continuous dryers can be installed ahead of the cracking plant to dry field weight product prior to cracking.

Bee flight is restricted when wind speed below tree level is above 24 km/hour. Mildura weather data suggests that wind speed during the month of August would be lower than at any other time of the year with the exception of the months of April and May. Crop pollination due to reduced bee flight is not likely to be affected by wind speed in the Boundary Bend district.

Winds can gust to significant speeds in the spring period of between 100 and 139 km/hour. High winds at this time of the year can bend and break soft rapidly growing wood in the first two to three years of tree growth. The integrity of new wood needs to be managed carefully through pruning and fertiliser management, to avoid the need to tie the trees. Tying trees in response to wind damage is not a practical solution on large developments. Healthy mature almond trees and nuts are not affected to any degree by high winds. Select Harvests Limited is aware of the potential for wind damage in young trees and would adopt appropriate practices to minimise any damage by wind in young orchards. An inspection of the new almond orchards being managed by Select Harvests confirmed that young trees were being managed satisfactorily to avoid damage from high wind events.

Frost and hail damage pose the most serious risk of all climatic factors to profitability at the location chosen for this almond development. Frosts are most likely and more severe in low-lying areas where cold air accumulates. Experience has shown that economically significant frost damage is usually confined to low lying areas of orchards. We are advised the risk of frost damage and the impact of frost damage has been assessed and minimised by excluding from planting the higher frost risk areas or by planting on elevated country. The critical period for frost risk is from August to late October. During this period the mean number of days in which temperatures are below 2 degrees Celsius for Euston, a town within approximately 28km of the Project, is 6.7 days. Developing almond kernels are susceptible to frost damage if the temperature is less than or equal to zero. There could be some years during the life of the development when the occurrence of frosts will reduce yield in that year, however frosts are not likely to be economically significant in most years. Therefore frost events over the life of the development are not likely to significantly impact on the economic performance of the Project.

Hail damage in the region is less prevalent than frost damage, but significant damage to an almond crop can be incurred if the hail is large in diameter or falls for extended periods of time. As with frosts, hail affects the nut rather than the tree. The crop is at risk of hail damage during the same months it is at risk from frost damage, August to October inclusive. During this period however the mean number of days at Mildura in which hail occurs is 0.4 days. Hail in the district tends to fall in bands rather than blanket coverage, which means that when infrequent hail events do occur only isolated damage results. There is a reasonable probability that damage to orchards would be localised rather than general. Hail is not expected to have an economically significant effect on the financial performance of the orchard during the term of the investment.

SOIL SUITABILITY EVALUATION

Almonds are most productive on loam textured, deep, uniform soils. Loam soils are preferable to sandy soils because they are inherently more fertile and retain more moisture, allowing for more manageable irrigation. They are also preferable to clay loam or clay soils because drainage and aeration are much better in loam soils than in finer textured soils. Most orchards do not have uniform soils and the development sites are therefore not unusual in this respect.

Analysis of the soil survey results indicate that the development sites have suitable almond soils. The suitable soil groups have been assigned a range of amelioration requirements that have been identified on specific maps. The amelioration recommended allows limitations to satisfactory almond tree growth existing in the plantable soils to be overcome. We are satisfied that the Project management team is aware of the soil amelioration required and will carry out all recommendations in accordance with soil maps provided.

The soil survey assessment results have indicated that it would be reasonable to expect the majority of the soils to be suitable for planting to almond trees after ameliorating recommended areas, less areas excluded due to their high frost risk potential.

From our general knowledge of the soils in the proposed development and a review of the soil maps we believe soils identified as suitable for almond production at the sites would be capable of sustaining commercial almond production.

WATER SUPPLY

Water to the Project will be supplied by mainlines from the Murray River. A review of the almond water budget developed by the orchard manager, Select Harvests Limited, from year 1 through to year 6 inclusive, appears adequate with approximately 3.0 mega litres per hectare budgeted in years 1 through to 12.5 mega litres per hectare from year 6 onwards. Periods of hot weather could affect the water budget, which would mean additional water would need to be purchased or temporarily leased during a season. Drought conditions may also mean that additional water may have to be leased or purchased to compensate for any annual reductions in licence allocations.

The water supply salinity in the area of the development is well below any reading that would be detrimental to almond production. The salinity of the Murray River at the development sites ranges between 150EC (96ppm) and 300EC (192ppm) at varying times of the year.

Dam sites and water quality in dams should be monitored. This is to ensure that no seepage is occurring from the dam and there is no water tables building up near or under the dams that could result in the incursion of ground water into the dams. We have been assured that the appropriate monitoring will be done.

ORCHARD ESTABLISHMENT AND OPERATIONAL REVIEW

Orchard geometry and varieties

The varieties selected for the Project are Non Pareil, Carmel and Price. Non Pareil represents 50% of the orchard, while Carmel and Price are termed pollinators, occupying 33% and 17% respectively of the orchard. All three varieties pollinate one another. Non Pareil is the most widely grown almond variety in the world because of its consistently high productivity and high market demand as kernel and inshell. Carmel is the second most popular variety worldwide at present with significant areas planted. Carmel is sold as kernel, manufacturing product and to a lesser extent inshell. Price is a minor pollinator but within this group is significant. The orchard development will be planted 1:1, pollinator to main variety, which is the acknowledged industry standard when planting an almond orchard. Carmel will be planted every other row alternating with Non Pareil, except for every sixth row, which will be Price.

Trees are to be planted 7.25m between the rows and 5.5m down the row. This spacing will allow orchard machinery to travel down the rows without damaging the crop. This planting pattern gives approximately 248 trees per hectare, which is a reasonable compromise between having sufficient tree density in the orchard to achieve early yields, while ensuring there is enough space for individual trees to grow without overcrowding.

Carmel is a good pollinator for Non Pareil and is highly productive when young, but its yields may decline along with tree vigour over time. Price blooms within a day of Non Pareil and therefore is a good pollinator, however it has a tendency toward significant biennial bearing if not properly managed. The close blooming dates of Non Pareil, Carmel and Price and proximity of all varieties in the orchard will ensure the best opportunity for good pollination and nut set each year. Our understanding is that Select Harvests Limited has the technical knowledge and skills to appropriately manage these situations.

Price can be harvested within fourteen days of Non Pareil and Carmel harvests within twenty one days of Non Pareil. This spread of harvest dates assists with the orderly progress of harvest and reduces the likelihood of different varieties being mixed in the orchard during harvest. Providing harvest progresses efficiently, Carmel, the latest harvesting variety would be harvested by mid April each year, minimising the risk of crop losses due to opening rainfall events.

The choice of varieties is commercially sound from a marketing and production perspective.

Irrigation system and fertigation design

The orchard will be irrigated with a drip system. Drip systems are very efficient in the way they apply water. Drip systems minimise the capital investment in the irrigation system and the amount of water to be purchased. The disadvantage of a drip irrigation system is that it tends to wet a smaller percentage of the available soil volume that roots could occupy and therefore the tree has less reserves of soil moisture. Recent research work has demonstrated that a drip system can be managed to give nearly full orchard floor coverage. The orchard manager needs to be able to monitor soil moisture accurately to enable the application of water and fertiliser in a precise and timely manner. We understand constant data-loggers radio linked to a central control point in the orchard will be installed on representative soil types. This soil moisture monitoring technology will assist with the maintenance of soil moisture within the optimum range. To achieve optimum tree growth rates and yields, soil moisture needs to be maintained within strict limits. The orchard manager (Select Harvests Ltd) has significant experience and expertise with drip irrigated orchards and the maintenance of optimum soil moisture levels using drip systems.

Water is applied to the trees using two poly drip laterals with one lateral on each side of the tree row. Dripper outputs are 2.3 litres per hour and the drippers will be spaced at 0.7m along the lateral. This range of dripper outputs and spacings allows the system to apply water according to soil

infiltration rates, drainage characteristics and moisture holding capacity. In addition, together with the use of two dripper lines per row, the system design parameters will enable a sufficiently large wetted soil volume to be maintained around each tree, to meet the daily water requirements of the tree. Primary and secondary filtration maintenance and regular system flushing will have to be maintained to ensure dripper outputs do not decrease with time. Lateral pressure will be maintained at a minimum of 19 psi across the orchard, which will be adequate to maintain dripper outputs and should be sufficient to enable adequate flushing volumes to clean the laterals.

The design application rate for the system is a maximum of 10.8mm/day. The maximum Mean Daily Pan Evaporation for the area is 9.8mm/day. Trees experiencing very high temperatures, for example in the upper thirties or forties, could be exposed to evaporation rates of 15mm/day, especially if the prevailing winds at the time are strong. With soil moisture reserves in the root zone of at least 35mm, a buffer of at least two days exists before moisture stress is likely to develop in the trees.

Providing irrigation cycling is well managed, the system designed will ensure no trees would be subject to economic losses caused by moisture stress, other than during prolonged days of extreme evapotranspiration. The irrigation dam capacity proposed is sufficient to supply the orchard development for four days. This capacity is adequate to buffer the orchard from unexpected temporary interruptions to water supply. This dam capacity will ensure sufficient time exists to allow emergency repairs to the irrigation system to be done, without significant economic losses to trees. We are satisfied that reasonable dam capacity exists in the Project.

Fertigation of large areas of drip irrigated orchards needs to be done efficiently, accurately and evenly across the orchard. This is important to help ensure trees grow well and evenly and the labour costs associated with fertigation are minimised. We recommend that at the time of commissioning of the fertigation system, independent tests be undertaken to verify that satisfactory dissolution of fertiliser at the pump station and the accurate and even distribution of fertiliser in the orchards can be achieved by the fertigation system installed. After communication with the irrigation designers, we have been advised that the fertiliser management system design in this development, that has been used in previous developments and it has been found to be highly accurate.

The average area irrigated by an irrigation valve is 4 hectares. Each irrigation block can water Non Pareil and pollinating varieties separately, which is very important in the management of tree health during harvest. The irrigation blocks have been grouped, in so far as it is practical, within appropriate soil types according to their different infiltration rates, water holding capacities and drainage characteristics of the soils.

Orchard yields

Orchard yield estimates for the Project used in the Product Disclosure Statement have been included below in Table 1. The maximum yield assumed for the Project is 3,460 kg per hectare (1.4 metric tonnes per acre) in year seven. Mature yields in older orchards are consistent across five years of data at close to the 2012 mature yield estimate of 3,460 kg per hectare in Table 1. A review of yield data by tree age for orchards planted since 1997, indicates that the orchard manager has increased its combined production from its young orchards for three, four and five year old trees in 2004 compared with trees the same age in 2003. The consistency of mature yields in older orchards owned by Select Harvests Limited over five years and the continuing increase in early yields being achieved in young orchards suggests that further yield improvement is still possible. It is therefore reasonable to assume that, although challenging, the production estimates in Table 1 below are reasonable and achievable. The experience gained by the orchard manager since their young orchards were planted in 1997, the very high quality irrigation system being installed, the timely planting of the orchard and

the detailed soil amelioration to be done in accordance with the soil survey report, will all significantly contribute to the attainment of the estimated early and mature yields in Table 1.

Table 1

Year ended 30 June	Kilograms per Almondlot	Kilograms per hectare
2008	93	371
2009	340	1,359
2010	463	1,853
2011	803	3,212
2012 onwards p.a.	865	3,460

Table 1 Yield estimates each year for almond production in the 2005 Timbercorp Almond Project commencing with the first crop in 2008 from trees 2 years and eight months of age.

We understand Timbercorp, in conjunction with their orchard manager Select Harvests Limited, has established a 27 hectare almond trial block to evaluate a range of parameters that could lead to the adoption of technology that increases production and profitability in their orchards in the future. This we see as a very positive initiative towards achieving at least the target yields in Table 1.

The production figures presented in the 2005 Timbercorp Almond PDS, reflect long term averages that will be subject to annual fluctuations due to climatic factors and the effects of biennial bearing.

In December 2000 the Australian Almond Growers Association approved in principle an Almond Best Practice Management Demonstration Trial. The trial has been established and aims to develop data that will provide the basis for the management and economic modelling for optimum economic performance in Australian almond orchards. To achieve this, crop and tree development during critical stages of the growth cycle will be analysed against various replicated inputs of nutrients, irrigation and pruning. It is planned to run the trial over 5 to 6 years. Assuming the outcomes of the trial are favourable, it could be expected the trial will assist in achieving future almond yield targets within the time frames stated in the 2005 Timbercorp Almond Project PDS. This trial is producing encouraging results to date. While no conclusive results are available from the trial, preliminary data suggests higher water and fertiliser inputs in young trees could improve early tree growth and yields. The data also supports our view that the Project may produce mature yields in excess of those set out in Table 1. It is to be determined if the cost of the higher inputs will increase or decrease the overall profitability of the orchard.

One important factor that will have significant influence upon the achievement of the early yield estimates in the Project, is weed control. It will be necessary that a policy of zero weed tolerance be in place during the first few years of tree growth. Just a few weeds near a tree rob the young tree of essential water and nutrients and severely inhibit young tree growth rates. If the tree makes insufficient growth in the first few years in the orchard, the achievement of early forecast Project yields would be unlikely. The management team at Select Harvests is aware of the capability of weeds to reduce early tree growth and the subsequent impact on yields and has the knowledge to take appropriate measures to control orchard weed populations.

Orchard management

The orchard manager Select Harvests Limited, has approximately 5,226 hectares of almonds under management of which 4,466 Ha (86%) are owned by external investors. Over the last five years Select Harvests Limited's Horticultural Division has established an ability to consistently produce almonds at world-class levels of production. The orchard manager Select Harvests Limited brings considerable experience to the operational and technical management of the Project.

Resourcing the new development with suitably qualified personnel will need to happen progressively using internal expertise to train and support new managers and staff. Given the current size of the almond orchards and the rapid growth of them, we believe it would be timely and prudent to consider having two operational managers and not just one as is currently the position. Each operations manager could comfortably manage up to 10,000 acres each. For each operational management position, a person with the desire and ability to perform the duties of an operational manager in their absence should be identified or employed, probably in a second in charge role. From our general knowledge many orchard and secondary businesses in North West Victoria find it challenging to attract and keep staff, at all levels, for very long because of the geographic isolation of the region. The orchard manager is minimising the significance of this situation in the business by focusing on employing local people wherever possible. The employment of a second operations manager in the orchards and the employment or identification of suitable personnel to be trained for the operational management role, would reduce the risks associated with not having sufficient depth at a senior horticultural management level on site. From our discussions we believe the Project management team will address appropriately the employment of adequate numbers of qualified senior horticultural human resources in the Project.

In addition it will be essential to support internal operational and training programs with external professional advice. It would be of assistance to the orchard manager and the future success of the Project if communication channels were established with other large horticultural enterprises nationally and internationally. The Project's strong technical base will be further enhanced with the establishment of an R&D trial orchard, currently being developed, that will conduct field trials on site, that are specific to the needs of the Project.

The recent appointment of a Timbercorp representative to the Research and Development Committee of the Almond Board of Australia Inc., will ensure the project managers can contribute to and take a leadership role in the future development of R&D programs in the Australian Almond Industry. We view the decision by Timbercorp to be involved in the development of R&D programs in the industry and on site at the almond orchards as a valuable initiative to assist with the success of the Project.

Ensuring that adequate and appropriate human resources are engaged in the Project and that technology transfer from external sources occurs in a timely manner, will be needed to ensure a high standard of project performance now and in the future.

From discussions with various members of the Project management team we believe these issues will be properly addressed.

ENVIRONMENTAL OBLIGATIONS

We were advised that the Vegetation Management Plan for the development would be implemented as described in the plan and within the time constraints required. Irrigation test wells will be installed as recommended throughout the development and at the dam site to monitor ground water movements. Appropriate action will be taken if ground water monitoring detects that groundwater is rising anywhere in the development.

RISKS

There are a number of very large mature almond orchards, which are high yielding, situated in close proximity to the Project sites. The location for the Project therefore has been well selected and has the potential to do very well. The soil survey report has identified areas to be planted and excluded unsuitable land so as to minimise the risk of tree and production losses associated with poor soil types and frosts. The irrigation system designed will ensure the trees can be supplied with sufficient water to produce commercial yields under most climatic conditions. The decision to contract Select Harvests Limited to be the orchard manager and marketer, brings considerable experience and expertise to areas of the 'Project' that will be critical to its success. While local climatic conditions and overseas price fluctuations could have an impact on the profitability of the Project from one year to the next, it is not envisaged that these factors will have an extreme impact over the life of the Project. A focus on internal training, ensuring a planned approach to human resourcing is adopted and the engagement of appropriate external expertise at regular intervals, will be valuable in assisting the orchard manager to realise Project targets.

REPORT SUMMARY

The Australian almond industry is in a growth phase of its development. This growth is underpinned by the success of the leadership within the industry in the research, production, processing and marketing segments. The 'Project' sites are climatically well suited to almond production. The water supply to the orchards is of high quality and secure. Soils have been evaluated for their suitability and any unsuitable areas will be excluded from planting. The irrigation system will allow high and efficient almond production to occur. The topography of the sites has been reviewed to exclude high frost risk areas. Varieties selected represent a good balance between horticultural and marketing requirements, which have the potential to produce world-class yields of high quality kernel. Consistent demand has existed for almonds nationally and internationally for many years and given the increasing awareness of the health benefits of almonds and the diversified range of uses for the product, it is reasonable to assume this situation will continue into the foreseeable future. Production will vary from long term Product Disclosure Statement projections with the occurrence of biennial crops and climatic events. There is a focused research and development commitment in the industry and by the Project and Orchard Managers to maximise profitability through understanding how best to manage inputs and production. Variety and rootstock improvement through selection and importation are also a key focus of the industry.

It would be anticipated that with the experienced and high quality management being engaged, the 2005 Timbercorp Almond Project has excellent prospects of success.

DISCLAIMER

Horticultural Development Services Pty Ltd does not, by preparing this report for the PDS, endorse or recommend participation in the orchard development and can give no assurances or guarantee as to its success or performance (financial or otherwise).

This report does not and should not be interpreted as giving financial product advice. This report is not intended to influence the reader in making a decision in relation to the product offered under the Product Disclosure Statement.

Horticultural Development Services Pty Ltd is not operating under an Australian Financial Services Licence in providing this report. Horticultural Development Services Pty Ltd makes the following disclosures:

- it has been retained by Timbercorp to provide a report for inclusion in the Product Disclosure Statement. The total remuneration for this report is \$12,812.80 (inclusive of GST and expenses);
- it may, if requested, provide horticultural reports including annual inspections on an as required basis.

Horticultural Development Services Pty Ltd does not hold any interest in Timbercorp or Timbercorp's business interests that might reasonably be expected to be or have been capable of influencing it in providing this report, and has no commercial interest in the product offered under the Product Disclosure Statement other than as a service provider to Timbercorp Securities Limited. Graham Johns, the author of this report, holds a small parcel of shares in Select Harvests Limited, the orchard contractor, processor and marketer of almonds produced under the Project.

Graham Johns

Horticultural Development Services Pty. Ltd.

SUMMARY OF SIGNIFICANT DOCUMENTS

12

INTRODUCTION

Terms or expressions used in this section that are capitalised and are not defined elsewhere in this PDS have the same meaning as in the relevant document unless the context implies the contrary. The actual terms of the relevant document will prevail over this summary if there is any inconsistency.

THE CONSTITUTION

The 2005 Timbercorp Almond Project has been registered as a managed investment scheme under the Corporations Act. The Constitution establishing the Project is between each several Grower and us as Responsible Entity. The Constitution is a legally enforceable deed.

Important features of the Constitution and of the Corporations Act now follow. Figures in square brackets are references to clause numbers in the relevant documents.

1 Appointment of Responsible Entity as agent, attorney and representative

Under the Constitution, each Grower (either alone or jointly with or in association with one or more other persons) appoints the Responsible Entity as its agent, attorney and representative. The Responsible Entity's powers and responsibilities include:

- (a) to receive and hold the Application Moneys;
- (b) to invest any money held in a Special Trust Account in any Authorised Investment;
- (c) to invest the moneys in the Agency Account in any Authorised Investment;
- (d) to use the Application Moneys of a Grower in discharging the Grower's obligations under the Agreements or under the Constitution;
- (e) to prepare reports and accounts in relation to the Orchard Services and in relation to the processing of Crop and the sale of Product or Crop;
- (f) to monitor the performance of all parties to the Project Documents and to exercise all rights and powers of the Grower under any Project Document;
- (g) to execute any deed, agreement, certificate or other document and to do all other things necessary or desirable in furtherance of the powers granted to the Responsible Entity;
- (h) generally to enter, make or engage in transactions, undertakings, activities and arrangements of every kind and nature which a natural person of full age and capacity could enter, make or engage in and which constitute or are a part of or relate to or are incidental to the Orchard Services on behalf of a Grower;
- (i) to appoint auditors to audit and/or monitor the accounting records and other records of the Responsible Entity and any party to a Project Document in relation to the Crop and Product from the Project; and
- (j) subject to there being adequate moneys in respect of any costs or expenses (or indemnities satisfactory to the Responsible Entity instead of them), to make claims and to bring legal or arbitration or alternative dispute resolution proceedings and to defend or compromise any claim or legal or arbitral proceedings arising out of the interest of the Grower and relating to any Agreement. [11]

In particular, the Grower authorises the Responsible Entity:

- (a) to store its Participating Interest in the Crop;
- (b) to procure the processing of its Participating Interest in the Crop;
- (c) to enter into any processing agreement as agent and attorney for the Grower; and
- (d) as its agent and attorney, to sell its Participating Interest in the Product or Crop on such terms and conditions as the Responsible Entity in its absolute discretion determines. [13.3 and 13.4]

2 Rights of Growers

(a) Limitation of Liability

Except as provided by any express indemnity given by any Grower to the Responsible Entity, the entire liability of each Grower is limited to the balance of the Application Money owing (if any) and the Grower's Participating Interest in the Proceeds and no Grower has any liability to make any further contribution to the Project or payment to the Responsible Entity in respect of the Project, other than the amounts payable under the Constitution, the Almondlot Management Agreement and the Sub-lease. [24.1]

(b) Information

Each Grower has the right to inspect and copy any document or other information relevant to the activities of the Responsible Entity on its behalf (except for information which is confidential because its disclosure could in the reasonable opinion of the Responsible Entity assist competitors or otherwise prejudice the interests of all Growers), provided that on each occasion on which a Grower seeks to exercise such right the Grower will sign a suitable undertaking to keep confidential the document or other information. [19.1(a)]

(c) Opinions

Each Grower has the right to express opinions and to give recommendations relating to any matters the subject of the Sub-lease and the Almondlot Management Agreement and the Responsible Entity will give due consideration to any such opinions or recommendations received in writing. [19.1(b)]

(d) Right to Remove Responsible Entity and Auditors

Growers may take action under Part 2G.4 of the Corporations Act for the calling of a meeting of Growers to consider and vote on an extraordinary resolution that Timbercorp Securities should be removed as responsible entity of the Project. The resolution to remove Timbercorp Securities must be decided on a poll and will be passed if at least 50% of the votes cast by Growers entitled to vote on the resolution vote in favour of it. [section 601FM and Part 2G.4 of the Corporations Act].

(e) Right to Extend Project

The Project may be extended for additional periods not exceeding three (3) years each, as Growers may by Special Resolution agree. [26.2]

(f) Right to Terminate Project

A meeting of Growers may by Special Resolution resolve to terminate the Project at any time. [26.4]

3 Almondlots

(a) Rights of Growers Differ

Each Grower has rights to a particular Almondlot and in that regard the rights of that Grower differ from the rights of any other Grower.

(b) Almondlot Statements

Almondlot Statements will be sent to Growers by the Responsible Entity within 2 months after the Almondlots are issued, the allocation of Almondlots to a Grower in substitution for other Almondlots or when next accounting to the Grower after any change in the holding of the Grower. [10.1]

(c) Transfer or Assignment

No Grower may transfer, assign or otherwise dispose of its Almondlots without the consent of the Responsible Entity, unless the Grower transfers, assigns or disposes of the Almondlots individually to the one legal person including joint owners (unless the Responsible Entity otherwise agrees in its absolute discretion) who agrees to become a party to the Constitution and the Agreements. Otherwise, Growers may assign their Almondlots subject to a deed of assignment (set out in the Constitution) being delivered to the Responsible Entity [20.1, 21.1].

4 Provisions Relating to the Receipt of Applications and the Flow of Money

(a) Application Moneys and Interest on those Moneys

The Responsible Entity holds all Application Money and any income earned on it as bare trustee for Applicants until Minimum Subscription (if any) is reached or waived by the Responsible Entity. There is no Minimum Subscription. The moneys are held in a special Trust Account kept solely for the purpose and may be pooled with moneys of other Applicants. [4.1, 4.2, 4.3]

On an Applicant becoming a Grower, any interest earned from money in the special Trust Account will be retained by the Responsible Entity as part of its fees. [4.4]

On any refusal by the Responsible Entity of any Application, the Responsible Entity must repay to the Applicant the moneys paid by the Applicant to the extent refused with interest, if any, after deducting bank fees and government charges and any other expenses that the Responsible Entity is permitted by law to deduct. [7.3]

If Minimum Subscription is not reached or waived by the date specified in the PDS, the Responsible Entity must within 7 days repay to each Applicant the moneys paid by the Applicant with any interest earned in relation to them after deducting bank fees and government charges and any other expenses that the Responsible Entity is permitted by law to deduct. [8.2] It should be noted again that there is no Minimum Subscription specified in this PDS.

Where the Responsible Entity does not issue an Almondlot to an Applicant within the time required by the Corporations Act, it must refund to the Applicant the Application Money paid, with any interest earned, on a pro rata basis. [9.3(b)]

(b) Application Procedure

Every Applicant must deliver to the Responsible Entity an Application and Power of Attorney Form signed by the Applicant appointing the Responsible Entity to be the Applicant's attorney to enter into the Agreements and, subject to the following paragraph, a cheque as required by the PDS in payment of the Application Money. [6.3]

If an amount is shown in an Application against the words "LESS amount subject to finance" (if those words appear in the Application), the Application will only be accepted by the Responsible Entity on condition that a person (which person may include the Responsible Entity) agrees to lend that amount to the Applicant. The Responsible Entity does not warrant, undertake, covenant or agree that such finance will be provided or procured. [6.5]

The Responsible Entity may in its absolute discretion notify an Applicant that its Application has been refused, wholly or partly without giving reasons for the refusal. On repayment of the Application Moneys, the Applicant will cease to be an Applicant under the Constitution. [7.1, 7.2, 7.4]

On an Application being accepted in whole or in part, and Minimum Subscription if any being reached or waived by the Responsible Entity, the Applicant will become a Grower. [8.1] An Application received and not refused is deemed to be accepted immediately on receipt, subject to the Application Money being paid and Minimum Subscription being reached or waived. [8.4]

Following acceptance of an Application, the Responsible Entity will prepare the Sub-lease and Almondlot Management Agreement in accordance with the details on the Application which will commence from such date as is determined by the Responsible Entity. [9.1]

(c) Allotment of Almondlots and Entry into Agreements

At the times specified in the PDS, the Responsible Entity must:

- immediately allocate and allot Almondlots to the Grower and within 21 days thereafter enter the Grower's details in the Register; and
- enter into the Sub-lease and Almondlot Management Agreement and any other ancillary or related documents. [8.7(a)]

The Responsible Entity may at any time after the above agreements are entered into, allocate an Almondlot or Almondlots to a Grower on the Land in substitution for an Almondlot or Almondlots currently allocated to a Grower. The allocation of an Almondlot or Almondlots in substitution for another Almondlot or Almondlots does not affect, or detract from, any rights, interests, powers, privileges, obligations and liabilities held by the Grower under the Constitution and under the Sub-lease and Almondlot Management Agreement, other than that the Grower will cultivate and harvest Almonds on the replacement Almondlot or Almondlots on and from the date of substitution. [8.7(b)]

(d) Release of Application Money

Before release of the Application Money, the Responsible Entity must be reasonably satisfied that:

- the Sub-lease and Almondlot Management Agreement are in the form required by the Constitution and have been duly entered into by all parties;
- all necessary consents to the grant of the Sub-lease and entry into the Agreements have been obtained or will be obtained;
- the property the subject of the Sub-lease is not subject to any encumbrance or restriction which detrimentally affects the interests of the Applicant;
- any other matter required to be attended to, which is necessary for the creation of the Sub-lease and the effective vesting in the Grower of its Agreements, whether by reason of the Constitution or otherwise, has been attended to; and
- there are no outstanding material breaches of any of the provisions of the Constitution which are detrimental to the interests of the Growers whose Application Money is to be allocated. [9.2]

Within 2 Business Days of the Responsible Entity being satisfied of the above matters, it must release the Application Money and apply it in payment of the fees payable under the Agreements. [9.3(a)]

(e) Contribution of Further Moneys

Each Grower is required to contribute further moneys to the Responsible Entity on the dates, in the amounts and in the manner set out in the Constitution, the Sub-lease and Almondlot Management Agreement. The Responsible Entity will give to each Grower at least one month's prior written notice as to the amount due. [17.1]

(f) Payment of Expenses

Subject to the rights of the Responsible Entity and the Growers under the Almondlot Management Agreement, the Responsible Entity will be responsible for payment of all expenses relating to the operation and administration of the Project up to the harvest stage. [14.3]

(g) Agency Account

The Responsible Entity must keep one or more Agency Accounts for the purpose of depositing the Proceeds and other moneys held for a Grower, other than Application Money and interest thereon. [12.1] The Agency Account may be interest bearing and any such interest will be treated as Proceeds. [12.3] Moneys held for any of the Growers may be pooled in one or more bank accounts with moneys held for other Growers. [12.4] The Responsible Entity must as the agent for each of the Growers pay moneys pursuant to any obligations on the part of the Grower under the Constitution or under the provisions of the Agreements. [15.1] Expenditure will be shared between all of the Growers such that each Grower pays the Participating Interest (ie. its pro rata share) of the aggregate expenditure. [15.2]

(h) Authorised Investments

The Responsible Entity may apply moneys standing in any Agency Account to acquire Authorised Investments. [16.1] Any interest or other income earned from Authorised Investments will be treated as Proceeds. [16.3] Authorised Investments are defined as money, interest bearing deposits at call or for a

term not exceeding three months with or without security with any Financial Institution or Bank, negotiable certificates of deposit issued by or bills of exchange drawn, accepted or endorsed by any Bank and deposits in the short term money market. [1.1 Definition of "Authorised Investments"]

(i) Payment into Agency Account

The Responsible Entity must pay into the Agency Account proceeds from the sale of Product or Crop attributable to the Growers' Almondlots, proceeds of any insurance policy to which the Growers are entitled to benefit and any other amount properly related to the proceeds from the Growers' Almondlots. [13.6]

(j) Grower's Entitlement

A Grower is entitled to the money in the Agency Account which represents its Participating Interest in the gross income from the sale of the Product or the Crop, as applicable, for a particular Production Period less

- any fees payable under the Grower's Sub-lease plus interest;
- any fees payable under the Grower's Almondlot Management Agreement plus interest; and
- any other amounts payable by the Grower under the Constitution and the Agreements plus interest.

If, in any Financial Year in which there is a Production Period, there is insufficient money to make all the required payments, then the above deductions must be made in the priority in which they are listed. [13.7]

The surplus available to each Grower, after all deductions are made by the Responsible Entity, must be paid by the Responsible Entity to the relevant Grower. The payment must be made within five (5) months after 30 June each year in which there is a Production Period provided that the Responsible Entity is under no obligation to make distributions unless and until the amount of Proceeds payable is at least \$200 per Almondlot and unless the Proceeds have been held in the Agency Account for no less than 30 days before the distribution is required to be made. [13.7]

Subject to paragraph 18.4(e) and clause 18.5, a Grower is not entitled to its Participating Interest in each Financial Year where the Grower is a Defaulting Grower, in which case that Grower's Participating Interest in the Almonds, Crop and Product will be used to satisfy the Grower's obligations in the manner set out in clause 13.7. [13.2]

5 Meetings

Under the Constitution, the Responsible Entity may at any time convene a meeting of Growers and must do so when required to do so by the Corporations Act. [22.1]

Meetings may be convened by Growers in accordance with Part 2G.4 of the Corporations Act.

Meetings of Growers must be called and convened in accordance with the Corporations Act, except that:

- (a) in relation to section 252R of the Corporations Act, no business will be transacted at any meetings of Growers unless a quorum is present when the meeting proceeds to business. The quorum necessary for a meeting at which an Ordinary Resolution is to be proposed is five persons holding or representing by proxy at least ten per cent of the aggregate number of Almondlots issued to the Growers concerned, and for a meeting at which a Special Resolution is to be proposed, is five persons holding or representing by proxy at least twenty-five per cent of the aggregate number of Almondlots issued to the Growers concerned;
- (b) in relation to section 252R(3) of the Corporations Act, if an individual is attending a meeting both as a Grower and as a proxy or body corporate representative, the Responsible Entity may, in determining whether a quorum is present, count the individual more than once;
- (c) in relation to section 252R(3) of the Corporations Act, a proxy is entitled to speak and vote for a Grower (to the extent allowed by the appointment) even if the Grower is present at the meeting (but only so long as the Grower does not speak or vote, as the case may be);

- (d) in relation to section 252Z(5) of the Corporations Act, the Responsible Entity may determine, in relation to a particular meeting or generally, that proxy documents may be received up to any shorter period before the meeting;
- (e) in relation to section 253K(2) of the Corporations Act, a poll cannot be demanded on any resolution concerning the election of the chair of a meeting or the adjournment of a meeting;
- (f) in relation to section 253L(2) of the Corporations Act, at a meeting of Growers, a poll may be demanded by at least one Grower concerned holding or representing by proxy at least ten per cent of the aggregate number of Almondlots for the time being on issue to the Growers concerned and entitling the holders to vote on the resolution or the chair. [22.3]

6 Liabilities and Indemnities

(a) Liability of the Responsible Entity

To the extent permitted by the Corporations Act, the Responsible Entity is not liable for any loss or damage to any person (including any Grower) arising out of any matter unless, in respect of that matter, it acted both otherwise than in accordance with the Constitution and its duties, and without a belief held in good faith that it was acting in accordance with the Constitution and its duties. [23.1(a)]

In particular, the Responsible Entity is not liable for any loss or damage to any person arising out of any matter where, in respect of that matter, to the extent permitted by the Corporations Act, it relied in good faith on the services of, or information or advice from, or purporting to be from, any person appointed by the Responsible Entity, it acted as required by Law, it relied in good faith upon any signature, marking or document, or it followed a direction given to it by a resolution passed at a duly convened meeting of Growers. [23.1(b)]

The Responsible Entity may decide how and when to exercise its powers in its absolute discretion. [23.1(c)]

(b) Indemnity of Responsible Entity

In addition to any indemnity under any Law, the Responsible Entity has a right of indemnity out of the Agency Account on a full indemnity basis in respect of a matter unless, in respect of that matter, the Responsible Entity has acted negligently, fraudulently or in breach of its duties.

Such right of indemnity in respect of a matter ("Indemnified Matter") will not be lost or impaired by reason of a separate matter (whether before or after the Indemnified Matter) in breach of the Constitution.

The right of indemnity continues to be available after the Responsible Entity retires or is removed as responsible entity. The Responsible Entity may pay out of the Agency Account any amount for which it is entitled to be indemnified. [23.2]

(c) Liability and Indemnity of Growers (refer also paragraph 2(a))

The Responsible Entity indemnifies each Grower against all debts and liabilities which may be incurred by the Grower at any time in relation to the Project or otherwise in any way as a result of or arising out of any act, default or omission of the Responsible Entity. [24.2]

Despite any other provision of the Constitution or provisions deemed to be included in the Constitution, no Grower will, by reason of the Constitution or by reason of the relationship created under the Constitution with the Responsible Entity be under any obligation personally to indemnify the Responsible Entity in the event of there being any deficiency in relation to the Project except, in respect of the Almondlots, out of any Application Money of the Grower or other moneys held in the Agency Account in relation to the Grower or the payments required under the Constitution, the Sub-lease and the Almondlot Management Agreement. [24.3]

7 Default and Termination

If any Agreement is terminated for whatever reason, the parties acknowledge that the Responsible Entity has rights in respect of all Almondlots including rights of access to control pests, weeds, undergrowth or similar alien material, rights to continue to fertilise and irrigate the Almondlots and rights to enter the Almondlots to inspect their condition and the condition of the plant life growing on the Almondlots. [18.3]

If a Grower is in breach of any of the Agreements or the Constitution and has failed to rectify such breach after receiving written notice from Timbercorp Securities, or ceases to participate in the Project due to a breach of any of the Agreements or the Constitution, including where any of the Agreements in respect of an Almondlot of a Grower are terminated, the Responsible Entity may exercise any of the following rights:

- (i) sue the Defaulting Grower for any amount or amounts due; [18.4(b)]
- (ii) assign the Defaulting Grower's Almondlots to the Land Owner or any other person nominated by the Responsible Entity, at the market value of the relevant Almondlots determined by an independent valuer, and apply the proceeds in the following order of priority: in payment of fees owing to the valuer, in payment of the Responsible Entity's and the Landowner's reasonable costs in connection with the Grower's default plus interest, in payment of any amounts payable by the Defaulting Grower under the Sub-lease and then the Almondlot Management Agreement, each plus interest, in payment of any amounts owing by the Defaulting Grower under the Constitution plus interest and then treat any residue as Proceeds for the benefit of the Defaulting Grower; [18.4(d)]
- (iii) pay out of its own funds such fees, expenses, rent, costs or other amounts as may be due by the Grower, and be reimbursed out of the Agency Account in the amount of such fees plus the rate of interest fixed under section 2 of the Penalty Interest Rates Act 1983 (Victoria) from the time of such payment until the date of reimbursement. [18.5]

After a Grower has ceased to participate in the Project in respect of a relevant Almondlot due to the termination of any of the Agreements in respect of the Almondlot:

- (a) The Responsible Entity may continue to manage the Almondlot in accordance with the Constitution and the Almondlot Management Agreement, in which case the Responsible Entity will be entitled to all amounts that it would have received under the Agreements had it not been terminated in respect of the Almondlot;
- (b) the Participating Interest in the gross income from the sale of the Product or Crop for a particular production period or any other Proceeds attributable to the Almondlot of the Grower will be applied in payment of any amounts to which the Land Owner and the Responsible Entity are entitled to under the Agreements and the Constitution plus interest with any residue being treated as Proceeds for the benefit of the Land Owner. [18.4(e)]

A Grower must pay the reasonable costs and expenses incurred by the Responsible Entity and the Land Owner in connection with any default of the Grower under the Agreements or the Constitution within 1 month of receiving written notice to pay such amounts. [18.4(g)]

Joint Venturers

A default on the part of one Joint Venturer will constitute a default of the Participant Grower which comprises the Participating Grower in respect of the Joint Venture Almondlots. However, the Responsible Entity acknowledges that a Joint Venturer is not liable for any amount or liability exceeding the Joint Venturer's respective Prescribed Proportion by reason of any joint liability incurred or joint loss sustained in connection with any contract or arrangement entered into by the Joint Venturer. [18.4(i)]

8 Accounts and Audit

The Responsible Entity will keep such accounting records as correctly record and explain the transactions and financial position of the Project in such a way as will enable true and fair financial statements to be prepared and conveniently and properly audited. The financial statements will be lodged in accordance with the requirements of the Corporations Act.

The Responsible Entity has appointed Deloitte Touche Tohmatsu to be the Auditor of the Project to audit its financial statements. The Responsible Entity, with the consent of ASIC, may remove the Auditor. The Auditor's fees are payable by Responsible Entity.

9 Complaints Procedure

The Responsible Entity is a member of Financial Industries Complaints Services Limited and Insurance Brokers Disputes Limited. The Responsible Entity must appoint an internal complaints officer with authority to review any complaints from Growers in relation to the Project or to the Responsible Entity. His roles and responsibilities include receiving and processing complaints from Growers, reviewing and considering complaints in a timely manner and communicating directly with Growers in relation to complaints. He must also:

- (a) make readily available to Growers information on how, when, where and to whom to make complaints and any documented policies and procedures for the resolution of complaints;
- (b) periodically develop and review the Responsible Entity's policies and procedures for the resolution of complaints, in accordance with Australian Standard AS 4269:1995, Complaints Handling; and
- (c) provide information relating to the Responsible Entity's complaints handling procedures to employees of the Responsible Entity. [25.2]

The Constitution sets out detailed procedures that apply to the receipt and processing of complaints. [25.3] If a complaint is not resolved within 45 days following the Lodgement Date, the Complaints Officer must inform the complainant of the reasons for the delay. No later than 90 days following the Lodgement Date, the Complaints Officer must notify the complainant of the decision of the Responsible Entity, the reasons for the decision, available remedies and further avenues available. [25.4]

If the complainant is dissatisfied with the decision of the Responsible Entity in relation to the complaint, the complainant may refer the complaint to the external complaints resolution scheme for determination. Subject to any right of appeal, the complainant and the Responsible Entity agree to accept the determination of the external complaints resolution scheme as final and binding. If the Responsible Entity is not a member of an external complaints resolution scheme approved by the Commission, the complainant may take any appropriate lawful action. [25.5, 25.6(b)]

10 Termination of the Project

The Project terminates on the completion by the parties of their obligations under the Constitution and the Agreements. [26.1] The Project may also be wound up at the direction of Growers under section 601NB of the Corporations Act; if the court directs Timbercorp Securities to wind up the Project under section 601ND of the Corporations Act; if Timbercorp Securities considers that the purpose of the Project has been accomplished or cannot be accomplished and in any other circumstances provided for under the Corporations Act.

On the termination of the Project, the Responsible Entity must realise all assets for the time being in relation to the Project after paying all proper outgoings and allowing for contingencies. The Responsible Entity must prepare final accounts of the Project and cause the Auditor to audit and report on those accounts. The balance obtained after the sale of all assets must be distributed by the Responsible Entity, as if the balance represented

Proceeds payable under the Project Documents, but if the aggregate amount to be distributed is less than \$1,000, Indexed from 30 June 2005, then at the discretion of the Responsible Entity, the amount will be either distributed to Growers or donated to the Salvation Army of Victoria. [26.5]

On so distributing, the Responsible Entity must forward to the Grower a final statement setting out the details of the sale, calling in and conversion of the assets and the balance obtained in relation to the Project and the distribution and all payments otherwise made or allowed for, at which time the Responsible Entity will be released from all further duties and obligations incurred under the Constitution in relation to the Grower without prejudice to any liability of the Responsible Entity previously incurred under the Constitution to the Grower for any breach of its duties imposed by Law or otherwise. [26.6]

Each of the Growers will be released from all further duties and obligations incurred under the Constitution in relation to the Project, without prejudice to any liability of the Growers incurred under the Constitution to any party to the Constitution for any breach of its duties imposed by Law or otherwise. [26.7]

11 Participant Grower Joint Venture

(a) Background

The Joint Venturers propose to establish an unincorporated joint venture amongst themselves for the purpose of engaging in a primary production business of developing and cultivating an almond orchard and producing and processing Almonds for commercial gain under this Project.

(b) Terms of the Joint Venture

- (i) The joint venture commences on the date of the Almondlot Management Agreement and the Sub-lease and terminates on the earlier of the completion of the sale of the Joint Venture Assets and the date a Joint Venturer sells its interest in the Joint Venture to the other Joint Venturer. The interests of the Joint Venturers in the Joint Venture and the Joint Venture Assets and any losses realised from the Joint Venture will be as tenants in common in their Prescribed Proportions. The interest of the joint venturers in each Almondlot are stapled so that the interest of one Joint Venturer must not be dealt with without the interest of the other Joint Venturer in the Almondlots and vice versa;
- (ii) the First Joint Venturer and the Second Joint Venturer are each entitled to 50 % (the 'Prescribed Proportion') of the Joint Venture Assets, which include the Joint Venture Almonds, the Crop and the Product, and the Joint Venture Proceeds;
- (iii) the First Joint Venturer is solely responsible for paying:

management fees:

- all of the management fees payable in the financial year in which the application is accepted;
- 50% of all annual management fees (other than deferred management fees) from and including the 2010 financial year.

rent:

- if the Joint Venturers are Post 30 June Growers, the rent payable in the year of application (the 2006 financial year); and
 - 50% of all annual rent during the Term from and including the 2010 financial year.
- (iv) the Second Joint Venturer is responsible for:

management fees:

- all management fees payable in the financial years prior to the 2010 financial year, other than those payable for the financial year in which the application is made.

- 50% of all annual management fees (other than deferred management fees) from and including the 2010 financial year; and
- all of the deferred management fees.

rent:

- if the Joint Venturers are Early Growers, the rent payable in respect of the 2006 financial year [Note: there is no rent for the 2005 financial year];
 - the rent payable in respect of the 2007-2009 financial years; and
 - 50% of all annual rent during the Term from and including the 2010 financial year.
- (v) the Joint Venturers are responsible for paying their Prescribed Proportion of any incentive fees due under the Almondlot Management Agreement;
- (vi) subject to other provisions of the Constitution, each Joint Venturer indemnifies the other against any losses or liability exceeding its respective Prescribed Proportion by reason of any joint liability incurred or joint loss sustained in connection with any contract or arrangement entered into by the Joint Venture. [29]

11 Modification of the Constitution

The Corporations Act provides for the Constitution to be modified either by a special resolution of Growers or by the Responsible Entity if it reasonably considers that the proposed change to the Constitution does not adversely affect the interests of Growers.

SUMMARY OF THE CUSTODY AGREEMENT

We have elected to appoint Trust Company of Australia Limited ("**Trust Company**") as custodian in relation to the Project under the terms of the Custody Agreement summarised below.

Important features of the Custody Agreement follow.

1 Appointment as Custodian

Timbercorp Securities appoints Trust Company as custodian to:

- (a) receive and hold the Scheme Assets and all income accruing in respect of them and any document of title to them in safe custody; and
- (b) retain in safe custody executed copies of the Agreements.

"Scheme Assets" is defined as Application Moneys, until they are expended, and Proceeds, until they are distributed, in accordance with the Constitution.

2 Powers of the Custodian

The Custodian's powers include the following powers:

- (a) to establish bank accounts in Timbercorp Securities' name designating the Scheme Assets and to operate on the account in accordance with instructions from Timbercorp Securities;
- (b) to execute or make on behalf of Timbercorp Securities any certificates, declarations or affidavits which are required to receive into or transfer out of its custody any Scheme Assets;
- (c) to appoint or engage, at Timbercorp Securities' expense, professional advisers; or
- (d) to comply with any obligations imposed on it by law or do any other things which it considers necessary, desirable, incidental to or in furtherance of the above matters.

Subject to the Custody Agreement, the Custodian has absolute discretion as to the exercise of all powers, authorities and discretions vested in it under the Custody Agreement.

3 Duties of the Custodian

Timbercorp Securities is responsible for making all decisions in relation to the Scheme Assets and properly communicating to the Custodian instructions in relation to the Scheme Assets. Subject to the Custody Agreement, Trust Company must act on Timbercorp Securities' instructions in relation to any Scheme Asset. If Trust Company does not have any instructions, it is required, subject to the Custody Agreement, not to make any payment or take any other action in relation to any matter concerning any Scheme Assets.

To the extent required by the Corporations Act, as modified by any relief granted by ASIC, the Custodian must ensure that the Scheme Assets are clearly identified as property of the Project and held separately from the Custodian's own assets, the assets of any other scheme or any other assets held by the Custodian in any other capacity whatsoever. The Custodian must notify Timbercorp Securities in writing immediately if the Custodian becomes aware that it no longer satisfies the requirements of ASIC Policy Statement 133.

4 Acting on Instructions

The Custodian is authorised to act, or to cause any other person to act, on any instructions given to it in accordance with the Custody Agreement by any of Timbercorp Securities' Authorised Persons. This includes instructions provided by electronic means or procedures agreed between Timbercorp Securities and the Custodian. The Custodian is not liable for acting on any instructions which appear to it to have been properly and regularly signed, transmitted electronically or given, nor is it liable for acting on any instructions which contain any error or ambiguity.

5 Books and Records

The Custodian must properly maintain adequate books and records relating to the Scheme Assets in accordance with generally accepted accounting principles. It must provide Timbercorp Securities and its auditor with certain information as required by the Custody Agreement.

6 Fees and Expenses

Timbercorp Securities agrees to pay the Custodian an initial fee of \$20,000 for processing up to 1,500 Growers' applications and a further amount of \$1,000 for each additional 100 Growers' applications, an ongoing annual fee of \$3,000, (Indexed) and a termination fee of \$40,000, Indexed (together with any GST payable by the Custodian in respect of those amounts). The Custodian is also entitled to recover from Timbercorp Securities the amount of all Taxes and bank charges, and all other liabilities, costs, charges and expenses which it suffers or incurs in connection with the performance of its duties and the exercise of its powers under the Custody Agreement including, without limitation, settlement, delivery, registration and transactions charges and foreign currency costs and charges.

7 Termination

The Custody Agreement continues for the term of the Project. A party may terminate the Custody Agreement by notice to the other party if:

- (a) a receiver or a receiver and manager is appointed to the undertaking of the other party either in relation to the capacity in which it acts under the agreement or where such receiver or receiver and manager is reasonably likely to affect materially such other party's performance under the Custody Agreement;
- (b) the other party goes into liquidation, is subject to a scheme of compromise or arrangement with its creditors or has an administrator appointed to its affairs;
- (c) the other party ceases to carry on business in relation to the Project in the case of Timbercorp Securities and in relation to custodial services in the case of the Custodian;

- (d) the other party materially breaches any provision of the Custody Agreement or fails to observe or perform any representation, warranty, indemnity or undertaking pursuant to the Custody Agreement in a material respect, subject to a 14 day period to remedy the default; or
- (e) the other party sells or transfers or makes any agreement for the sale or transfer of its principal business and undertaking.

The Custodian may terminate the Custody Agreement if ASIC or a Court having jurisdiction makes a written order vesting any property of Timbercorp Securities in relation to the Project in ASIC or some body other than Timbercorp Securities.

SUMMARY OF THE SUB-LEASE

1 Parties

The Sub-lease will be between Almond Land Pty Ltd, as the Landowner, Timbercorp Securities Limited and each several Grower (referred to as a Participant Grower in the Sub-lease).

2 Grant of Sub-lease

Under the Sub-lease, Timbercorp Securities grants to the Grower a sub-lease to use and occupy the relevant Almondlots for the purpose of conducting Almondlot Operations. [3]

3 Establishment of Orchard

The Land Owner agrees with the Grower that it must, at its own cost, establish, or procure the establishment of, Almondlots on the Land in accordance with Best Horticultural Practice and construct necessary infrastructure and carry out capital works. For this purpose, the Landowner must:

- (a) identify the relevant parts of the Land which are suitable for growing almonds based on soil types, soil depths and contours;
- (b) organise various soil surveys, including reconnaissance surveys, detailed soil surveys and contour plans;
- (c) organise block layout in relation to the Almondlots and the pegging of those blocks;
- (d) acquire rights to, construct and install, as the case requires, the Internal Irrigation Equipment and the Irrigation Infrastructure;
- (e) carry out drainage work and work to help prevent soil erosion on all Land;
- (f) clear any vegetation or trees from the Orchard, perform broadacre weed spraying, disc ploughing and ripping and mounding of tree rows; and
- (g) plant the almond trees on your Almondlots within the agreed time; and
- (h) provide or undertake, as the case requires, such other capital works, services or things which, in the reasonable opinion of the Land Owner, are incidental or ancillary to the effective establishment and provision of the works referred to above [2.1(a)]

The Landowner will undertake the Capital Works required to establish the Almondlots, using its best endeavours to complete the 'Pre-plant Capital Works' by 15 May 2005, or such later date as may be agreed between the Landowner and the Grower. The Landowner will not be liable for any loss (including consequential loss) or damage (including all costs, expenses and other disbursements) incurred by the Grower arising from any delay in so doing caused for any reason other than the negligence of the Land Owner, its officers, employees or agents. [2.1(b)]

The Grower acknowledges that the Almond Trees and Capital Works on, and the Water Licences attaching to, the Grower' Almondlots, are and will at all times remain the property of the Land Owner. [2.2(a)]

The Grower agrees and acknowledges that Timbercorp Securities will not be liable for any loss or damage incurred by the Grower arising out of or in connection with any act or omission of the Land Owner or its officers, directors, employees, agents or agents, whether or not constituting negligence, misconduct, dishonesty or fraud. [2.2(b)]

4 Water Licences

The Landowner must do all things necessary to ensure that its rights under the Water Licences are fully exploited to maximise the use and enjoyment of them by all the Growers in the Project. It must also take all steps to avoid interfering with the supply of water to the relevant Almondlots and to avoid any actions that would prejudice the Grower's rights under the Sub-lease. [3.2(a)]

Furthermore, the Land Owner must purchase and maintain the Water Licences during the term of the Project. [3.2(a)]

The Grower acknowledges that:

- (a) the Land Owner may purchase water licences and provide water to Timbercorp Securities to meet its obligations under the Almondlot Management Agreement; and
- (b) such additional water licences do not attach to the Almondlots of any of the Growers, are not attributable to the Project and will at all times remain the property of the Land Owner. [3.2(b)]

5 Term

Unless terminated earlier by the Grower or the Land Owner (see below), the term of the Sub-lease will be from the Commencement Date until the earlier of:

- (a) 30 June 2025;
- (b) the date which is one day before the expiry or termination of the Head Lease
- (c) the termination of the Grower's Participating Interest in the Project; and
- (d) the termination of the Project. [4.1]

At the end of the Sub-lease, the Grower must return the relevant Almondlots to the Land Owner in good condition, but the Grower is not required to remove Almond Trees or restore the relevant Almondlots to their original condition. Any structures or plant and equipment of any description which belong to the Grower must be removed from the relevant Almondlots within 30 days after the end of the Sub-lease and if the Grower does not comply with this requirement, all structures and plant and equipment remaining on the relevant Almondlots at the time will become the absolute property of the Land Owner. The Land Owner and Timbercorp Securities have no obligation to pay the Grower any compensation, including for any structures and plant and equipment remaining on the relevant Almondlots that become the absolute property of the Land Owner after the end of the Sub-lease. [4.2]

The Grower may terminate the Agreement:

- (a) immediately, if Timbercorp Securities goes into liquidation or a Controller or Administrator is appointed in relation to the undertaking of the Land Owner or Timbercorp Securities or any part of its undertaking; [10.1(a)]
- (b) immediately, if Timbercorp Securities ceases to carry on business; [10.1(b)]
- (c) immediately, if either the Land Owner or Timbercorp Securities fails or neglects to pay any moneys due to any Grower, or is in default of any material obligation under the Sub-lease and such default continues for a period of 3 months after receipt by the Land Owner or Timbercorp Securities, as appropriate, of written notice from the Grower specifying the default and requesting that the default be remedied; [10.1(c)]
- (d) by giving four months' written notice to Timbercorp Securities, if the whole or a substantial part of the relevant Almondlots are damaged or destroyed whether by fire or any other cause whatsoever, or if an independent horticultural consultant commissioned jointly by the Grower and us reasonably determines that the whole or a substantial part of the

relevant Almondlots are no longer commercially viable. Termination in these cases takes effect on and from the 30 June next following the expiration of the notice period; [10.3]

- (e) in relation to only part of the relevant Almondlots, by giving four months' written notice to Timbercorp Securities, if that part of the relevant Almondlots are damaged or destroyed whether by fire or any other cause whatsoever, or if an independent horticultural consultant commissioned jointly by the Grower and us reasonably determines that part of the relevant Almondlots are no longer commercially viable. Termination in these circumstances takes effect on and from the 30 June next following the expiration of the notice period. [10.4]

Timbercorp Securities may terminate the Sub-lease in respect of all the Almondlots of the Grower, with immediate effect, if the Grower fails to make a payment within the time required under the Sub-lease in relation to any Almondlot of the Grower or the Constitution, or commits a material breach of the Sub-lease in relation to any Almondlot of the Grower or the Constitution, and fails to remedy the breach or make reasonable compensation in money within 30 days after Timbercorp Securities has served a written notice on the Grower requiring the Grower to remedy the breach. [10.2]

If Timbercorp Securities terminates the Sub-lease in this manner in relation to all Almondlots of the Grower, the Grower will lose all its rights and interest as a participant in the Project and the procedures for consequences of default and termination as set out in the Constitution and, if applicable, clause 12 of the Sub-lease, may be followed. [10.5(c)]

Termination of the Sub-lease by the Grower or Timbercorp Securities terminates the rights and obligations of the parties, but is without prejudice to any rights and obligations which may have accrued prior to the date of termination, and does not affect the rights or obligations of the parties in respect of any other Almondlots or part of any Almondlot. [10.5(a), (b) and (d)]

6 Timbercorp Securities' Obligations and Rights

Timbercorp Securities must:

- (a) maintain for the term of the Project all local, State and Commonwealth government approvals, licences or permits required for the establishment and ownership of all the Almondlots;
- (b) allow the Grower to peaceably and quietly hold and enjoy the Almondlots without any interruption by Timbercorp Securities or any person claiming through or under Timbercorp Securities;
- (c) not store or use any chemical, inflammable, noxious or dangerous substances in a manner which is likely to result in damage to vegetation, crops or water reserves on the Almondlots;
- (d) comply with the provisions of the Head Lease;
- (e) not create any encumbrances over the Land or the Almondlots or any part of the Land or the Almondlots ranking in priority to the interests of the Growers under the Sub-lease other than the Almondlot Management Agreement and Head Lease;
- (f) take all necessary measures to ensure that any fires which may occur or be lit on any neighbouring land owned or occupied by Timbercorp Securities are properly controlled and supervised; and
- (g) comply with all laws and regulations relating to the use and occupancy of any neighbouring land occupied by Timbercorp Securities. [5.1]

Timbercorp Securities:

- (a) is entitled to full and free access for the purposes of carrying out its obligations and exercising its rights under the Sub-lease and the Almondlot Management Agreements with or without vehicles to the Almondlots along any road or track or any neighbouring land owned or occupied by Timbercorp Securities, the Land Owner or other Growers which gives access to the Almondlots;

- (b) is entitled to full and free access with or without vehicles to the relevant Almondlots for the purpose of accessing neighbouring land owned or occupied by the Land Owner or other Growers;
- (c) may at its own expense erect and maintain a sign on the Almondlots detailing such matters as Timbercorp Securities reasonably considers appropriate. [5.2]

7 Conditions Precedent

The Sub-lease is subject to and conditional on the Grower entering into the Almondlot Management Agreement with Timbercorp Securities, and Timbercorp Securities entering into the Head Lease with the Land Owner, on or before the Commencement Date in respect of the relevant Almondlots.

Each of Timbercorp Securities, the Land Owner and the Grower will use all reasonable endeavours to ensure that the conditions are satisfied as soon as is reasonably practicable, and where required will keep each other fully informed as to progress towards satisfaction of the conditions. [6]

8 Rent and other amounts

Early Growers must pay the following rent, net of GST, per Almondlot:

- (i) for the period from the Commencement Date until 30 June 2005, nil;
- (ii) for each of the financial years ending 30 June 2006 to 30 June 2010, \$454.55 payable on 31 October of each year, commencing on 31 October 2005;
- (iii) for the Financial Year ending 30 June 2011, an amount of \$1,272.73, payable on 31 October 2010; and
- (iv) for the Financial Year ending 30 June 2012, and each subsequent Financial Year of the Term, an amount equal to the rent payable on the immediately preceding 31 October, Indexed, to be paid on 31 October of each year.

A Participant Grower who is a **Post 30 June Grower** must pay to Timbercorp Securities the following rent (net of GST), per Almondlot:

- (i) For the period from the Commencement Date until 30 June 2006, \$454.55 payable on or before the Commencement Date;
- (ii) for the Financial Year ending 30 June 2007, and each subsequent Financial Year of the Term, an amount equal to the rent payable on the immediately preceding 31 October, Indexed, to be paid on 31 October of each year.

When the Rent, or another amount, is to required to be Indexed it will be increased in accordance with movements in the Consumer Price Index. A formula is included in the Sub-lease detailing how this process is to be undertaken.

The Sub-lease provides that the rent payable to Timbercorp Securities is to be increased to cover the GST payable by the Land Owner. [14]

If the Grower fails or neglects to pay the rent, any amount due by the Grower under the Almondlot Management Agreement or any amount due and payable by the Grower under the Constitution in respect of the Almondlots, by the due date, Timbercorp Securities may after giving the Grower 30 days' prior written notice:

- (a) terminate the Sub-lease under clause 10.2;
- (b) pay on behalf of the Grower, from its own funds, any such expense owing by the Grower and Timbercorp Securities will be entitled to be reimbursed out of any Proceeds to which the Grower is entitled, the amount of such payment together with interest at a rate of interest for the time being fixed under section 2 of the Penalty Interest Rates Act 1983 (Victoria), calculated from the date that the payment fell due until the Responsible Entity has been reimbursed in full; or

- (c) deal with the Grower's interest in accordance with the Constitution. [12]

9 The Grower's Obligations

The Grower must only use the Almondlots solely for the purpose of the Almondlot Operations. [8.1]

The Grower agrees at the Grower's expense to:

- (a) undertake the Almondlot Operations on the relevant Almondlots;
- (b) use the relevant Almondlots solely for the purpose of the Almondlot Operations;
- (c) comply with Best Horticultural Practice;
- (d) comply with all laws and regulations relating to the use and occupancy of the relevant Almondlots;
- (e) take all reasonable steps to avoid interfering with the activities carried out on any neighbouring land by the owner or occupier of that land;
- (f) maintain the relevant Almondlots in accordance with Best Horticultural Practice including, without limitation, using soil management technique methods to reduce erosion and maintain soil quality;
- (g) permit Timbercorp Securities and its employees, agents or contractors to enter upon the relevant Almondlots from time to time with or without equipment for the purposes of observing the state of the relevant Almondlots;
- (h) permit Timbercorp Securities and its employees, agents or contractors to enter on the relevant Almondlots for the purposes of performing its obligations under the Almondlot Management Agreement and the Sub-lease;
- (i) permit the Land Owner and its employees, agents or contractors to enter on the relevant Almondlots for the purposes of performing its obligations under the Sub-lease;
- (j) comply or procure compliance with the provisions of the Almondlot Management Agreement; and
- (k) give such rights to occupiers of other Almondlots adjoining the relevant Almondlots and their agents and contractors, as are necessary for their proper use and enjoyment of their Almondlots, but such rights are limited to the unimpeded use of any existing access roads, pathways or fire-breaks on or about the relevant Almondlots. [8.2]

10 The Land Owner's Obligations and Rights

The Land Owner must:

- (a) duly and punctually pay or cause to be paid all rates, taxes and other charges levied by any government or competent authority in respect of all Almondlots; and
- (b) comply with all laws and regulations relating to the use and occupancy of any neighbouring land occupied by the Land Owner. [9.1]

The Land Owner:

- (a) is entitled to full and free access for the purposes of carrying out its obligations and exercising its rights under the Sub-lease with or without vehicles to the Almondlots along any road or track or any neighbouring land owned or occupied by Timbercorp Securities, the Land Owner, other Participant Growers or any other person which gives access to the Almondlots;
- (b) is entitled to full and free access with or without vehicles to the relevant Almondlots for the purpose of accessing neighbouring land owned or occupied by Timbercorp Securities, the Land Owner, other Participant Growers or any other person. [9.2]

11 Excuses for Non-Performance

Timbercorp Securities and the Land Owner will not have any obligation to observe or comply with the terms of the Sub-lease to the extent that the observance of, or compliance with, those terms is prevented by Force Majeure. [11.1]

Force Majeure means any event or circumstance not reasonably within the control of Timbercorp Securities or the Land Owner or which Timbercorp Securities or the Land Owner, as the case requires, is not reasonably able to prevent and includes:

- (a) pestilence, vermin, disease, fire, acts of God, landslide, earthquake, flood, washout, lightning, storm, drought, seasonal and climatic conditions and the elements;
- (b) strikes, lock-outs, bans, work limitations, boycotts and industrial disturbances or action;
- (c) act of the enemies, wars, blockades, insurrection, riots and civil disturbances;
- (d) orders of any court or the order, act or omission or failure to act of any government or governmental authority or instrumentality (including any failure to grant or any withdrawal of any licences, consent or authority);
- (e) epidemic or quarantine;
- (f) shortage or unavailability of equipment, materials or labour or any restriction on equipment, materials or labour or on the use of equipment, materials or labour;
- (g) delays in transportation or communication; and
- (h) breakage or breakdown of, or damage to, equipment or machinery or the necessity to repair equipment or machinery to prevent its breakdown. [11.4]

Performance or fulfilment of an obligation is not to be taken to be prevented by Force Majeure if it is prevented by lack of funds or by an inability to use available funds resulting from Force Majeure. [11.2]

The failure of Timbercorp Securities or the Land Owner to observe or comply with the terms of the Sub-lease will not give rise to any liability to the party for any direct or indirect, consequential or special loss of any kind to the extent that the failure to comply with those terms is attributed to Force Majeure. [11.3]

12 Assignment

The Land Owner or Timbercorp Securities may assign its rights and interests under the Sub-lease provided that the Land Owner or Timbercorp Securities enters into a deed with the assignee containing a covenant in favour of the Grower to observe and perform all of the covenants contained or implied in the Sub-lease and the Almondlot Management Agreement and required to be observed or performed by the Land Owner or Timbercorp Securities. This requirement also applies where the Land Owner sells the Land. [13.1]

The Grower may only assign its rights under the Agreement if the Grower:

- (a) first obtains a deed of covenant signed by the proposed assignee in favour of the Land Owner and Timbercorp Securities stating that the assignee will at all times during the remainder of the term of the Sub-lease observe and perform all of the terms and conditions of the Agreement and of the Almondlot Management Agreement applying to the Grower's Almondlots being assigned; and
- (b) is not in default of any of its obligations under the Sub-lease, the Constitution and the Almondlot Management Agreement applying to the relevant Almondlots or any other agreement to which the Participant Grower is a party in respect of the Project. [134(a)]

The proposed assignee is deemed to have entered into a Almondlot Management Agreement and Sub-lease, with the same terms and conditions as those applying to the Almondlots being assigned to it by the Grower immediately before the date of the assignment, on and from the date of the assignment. [13.3(b)]

Once the Grower has assigned its interest under the Sub-lease, it ceases to remain liable under the Sub-lease in respect of any act done or omitted to be done after the assignment is effected in respect of the Almondlots assigned. [13.5]

13 Limitation of Liability of Grower

Subject to the terms of the Sub-lease, the Grower is not obliged to incur any liability under the Sub-lease in excess of the annual rent, the fees and expenses payable by the Grower under the Almondlot Management Agreement in relation to the relevant Almondlots and its Participating Interest in the Proceeds. [15]

14 Proper Law

The Sub-lease is governed by the laws of Victoria. The rights and obligations of the parties under the Sub-lease are subject to the terms and conditions of the Constitution. [17, 20]

15 Amendments

The Sub-lease may be amended by:

- (a) another document in writing and duly signed by the parties to the Sub-lease;
- (b) the Land Owner and Timbercorp Securities, to such extent as may be required to:
 - (i) satisfy the requirements of any statute, ordinance, rule, regulation or by-law which may be passed and which affects the Project;
 - (ii) comply with the effect of any judicial decision; or
 - (iii) enable the provisions of the Sub-lease, or the Project, to be more conveniently, advantageously, profitably or economically administered or managed.

Before the Land Owner and Timbercorp Securities amend the Sub-lease, Timbercorp Securities must be reasonably satisfied that the amendment does not adversely affect the rights of all the Growers.

Timbercorp Securities may make the amendments on behalf of itself, and then on behalf of the Grower. To give effect to the amendment clause, the Grower appoints Timbercorp Securities as its attorney to make amendments to the Sub-lease.

If Timbercorp Securities cannot be satisfied that it can consent to the amendments in accordance with paragraph (b), then amendments may only be made in accordance with paragraph (a). [18]

16 Disputes

If a dispute arises under the Sub-lease between any parties it must be referred for resolution under the dispute resolution provisions. [19]

17 Constitution

The rights and obligations of the parties under the Sub-lease are subject to the terms and conditions of the Constitution. [20]

18 Statutes

To the extent permitted by law, all provisions implied by the Transfer of Land Act 1958 are expressly excluded from the Sub-lease and the sub-lease granted under the Sub-lease. [21]

The provisions of section 144(1) of the Property Law Act 1958 do not apply to the Sub-lease and the sub-lease granted under the Sub-lease. [22]

19 Caveat

The Grower may at its own expense lodge a caveat at the Land Titles Office in respect of its interest under the Sub-lease. Timbercorp Securities will provide to the Grower all plans and other details reasonably necessary to enable the Grower to lodge a caveat.

Upon the expiration or earlier termination of the Sub-lease, the Grower must promptly withdraw at its own expense any caveat. Upon the allocation to a Grower of Almondlots in substitution for its current Almondlots, the Grower must promptly withdraw at its own expense any caveat in respect of the Almondlots being substituted.

The Grower irrevocably appoints Timbercorp Securities its attorney to execute a withdrawal of any caveat required to be withdrawn by the Grower in the event of the Grower failing promptly to do so, and the Grower agrees to ratify anything done by the attorney. [23]

20 Insurance

Each party agrees that it will not do or permit or suffer to be done any act, manner or thing which may prejudice or render void or voidable any insurances in respect of the Almondlots or the Almond Trees or result in the premiums for such insurances being increased.

SUMMARY OF THE ALMONDLOT MANAGEMENT AGREEMENT

1 Parties

The Almondlot Management Agreement will be between each several Grower and Timbercorp Securities Limited.

2 Appointment of Project Manager

The Grower engages Timbercorp Securities, as an independent contractor, generally to manage and administer the Project, manage, direct and conduct the Project Operations on behalf of the Grower and perform the Orchard Services.

Timbercorp Securities must use reasonable endeavours to perform all its functions, exercise its powers under the Agreement and conduct the Project Operations:

- (a) in a commercially reasonable manner;
- (b) honestly;
- (c) generally in accordance with Best Horticultural Practice; and
- (d) in the best interests of all the Growers and not in the interests of Timbercorp Securities if those interests are not the same as those of the Growers. [4]

3 Orchard Management

Timbercorp Securities must cultivate and manage the Orchard in accordance with the Management Plan and Best Horticultural Practice.

Timbercorp Securities must commence to carry out the Orchard Services on behalf of the Grower on the Commencement Date of the Agreement.

The Orchard Services to be provided by the Timbercorp Securities include:

- (a) pruning the Almond Trees by mechanical or other methods;
- (b) as permitted by law, eradicating vermin which has caused or may cause damage to the Almond Trees or the Grower's Almondlots and putting in place measures to control such vermin;
- (c) operate the irrigation system at various times in order to irrigate the relevant Almondlots;
- (d) at the Timbercorp Securities' discretion, conducting tests to ascertain the availability of nutrients in the soil on the Grower's Almondlots and, based on the results, taking whatever action is required to maintain the growth rate and productivity of the Almond Trees;
- (e) fertilising the Grower's Almondlots as required, in accordance with Best Horticultural Practice, to maintain satisfactory rates of growth and productivity of the Almond Trees;
- (f) in Timbercorp Securities' absolute discretion and without need for the Grower's consent, destroying any of the Almond Trees or Almonds which have contracted an exotic, noxious or incurable disease;
- (g) keeping the improvements on the Grower's Almondlots in good and substantial repair;
- (h) maintaining fire breaks in accordance with regulatory and insurance requirements and Best Horticultural Practice;
- (i) maintaining the Grower's Almondlots in accordance with Best Horticultural Practice including using soil management technique methods to reduce erosion and maintain soil quality;
- (j) as far as reasonably possible, keeping the Grower's Almondlots free from competitive weeds or other vegetation which may affect the growth or yield of the Almond Trees;
- (k) protecting the Almond Trees from insect infestation, disease and competition from competing growth using Best Horticultural Practice, including applying herbicides or pesticides to the Grower's Almondlots and spraying under the Almond Trees as permitted by law;
- (l) keeping proper and accurate records of all fertilisers, nutrients and other chemicals applied to the Grower's Almondlots or Almond Trees;
- (m) regularly inspecting and repairing all stakes, fences and irrigation equipment on the Grower's Almondlots;
- (n) inspecting and, where appropriate, re-tying the Almond Trees to stakes and attaching Almond Trees to trellising in accordance with Best Horticultural Practice;
- (o) replanting any of the Almond Trees in need of replacement in accordance with the terms of any agreement made with suppliers of the Almond Trees;
- (p) complying with the Grower's obligations under the Sub-lease (except for those relating to payment of fees);
- (q) not discriminating between Growers in the supply of water under the Water Licences;
- (r) if additional water in excess of 3.125 megalitres per Almondlot is required from time to time in order to irrigate the Orchard and such water can be reasonably procured by way of temporary water rights, procuring such additional water and supplying it to Growers, at a cost to Growers under the Agreement, calculated and to be taken into account as Timbercorp Securities' reasonable costs of procuring the additional water in operating the Almondlots;
- (s) for each Financial Year commencing with the Financial Year ending 30 June 2005, preparing, or arranging for the preparation of, the Management Plan for the Project, including a horticultural plan for the

Orchard, horticultural program, operational plan and financial and operational budgets in relation to those horticultural matters, reviewing the Management Plan and, if necessary, making amendments to it;

- (t) providing any other service or thing which, in the reasonable opinion of Timbercorp Securities, is incidental or ancillary to the ongoing management of the Grower's Almondlots; and
- (u) complying with all laws and regulations relating to the use and occupancy of the Grower's Almondlots.

Timbercorp Securities must give the Land Owner a copy of any notice (other than rates notices) which it receives from any Government Agency with respect to the Grower's Almondlots or the Orchard within seven days after receipt of the notice. [5]

Services for Early Growers

For those Growers whose Management Agreements commence before 30 June 2005 ('Early Growers'), the Timbercorp Securities will provide Infrastructure Management Services, Almond Tree Management Services and Administrative and Management Services prior to 30 June 2005.

4 Harvesting

Each year during the Term, Timbercorp Securities will, in accordance with Best Horticultural Practice, test the maturity of the Almonds to determine whether the Almond Trees are ready for harvesting and, having done so, harvest the mature Almond Trees.

Harvesting must be done by Timbercorp Securities in accordance with Best Horticultural Practice by any method (including machine harvesting) deemed appropriate by Timbercorp Securities.

Timbercorp Securities will promptly deliver all harvested Almonds to a delivery point or points to enable the Almonds to be processed and sold. Until the harvested Almonds are delivered, Timbercorp Securities will store them in an appropriate manner to minimise the deterioration of the Almonds' quality. The Almonds may be stored on the Orchard or any other premises whether or not owned or operated by Timbercorp Securities. [6]

5 Processing and Sale

Timbercorp Securities will procure the processing of the Crop into Product and will enter into a Project Document as agent and attorney for the Grower.

Timbercorp Securities will:

- (a) sell the Product, using its reasonable endeavours to seek to maximise returns, on such terms and conditions as Timbercorp Securities determines in its absolute discretion and, for this purpose, is authorised to and will enter into an agreement for sale of the Product as agent and attorney for the Grower; and
- (b) in the event that Timbercorp Securities determines that any part of the Crop should not be processed into Product, put such Crop to commercial use, using its reasonable endeavours to seek to maximise returns, on such terms and conditions as Timbercorp Securities in its absolute discretion determines and, for this purpose, is authorised to and will enter into any agreement as agent and attorney for the Grower.

Before the Crop is sold, Timbercorp Securities may gather in all of the Growers' Almonds or Crop and Timbercorp Securities may store, market and sell the Product or Crop gathered in without having regard to the quantity or quality of the particular Almonds, Product or Crop from the particular Almondlots. The proceeds of sale of the Product or Crop gathered in will be divided pro rata according to the Growers' Participating Interests in the Product or Crop.

The Grower acknowledges and agrees with the Timbercorp Securities that the Timbercorp Securities can call for a first and paramount lien at any time in respect of the Grower's Participating Interest in the Almonds, Crop and Product until such time as any outstanding fees or expenses due and payable to the Timbercorp Securities under the Agreement have been paid. [7]

6 Administrative Services

Timbercorp Securities agrees to provide the following administrative services throughout the term of the Agreement:

- (a) preparing reports to Growers on the allocation and location of Growers' Almondlots;
- (b) preparing reports to Growers detailing the work to be done on each Grower's Almondlot;
- (c) preparing all other reports to Growers required under the Almondlot Management Agreement;
- (d) preparing a statement to the Grower to assist with income tax preparation;
- (e) recording the Grower's transactions and make payments on behalf of the Grower;
- (f) general administrative management of the Project;
- (g) reviewing the sales and marketing plan for the Project; and
- (h) co-ordinating visits of Growers to inspect their Almondlots. [8]

7 Access to Orchard

Timbercorp Securities and its invitees will be entitled to such access to the Grower's Almondlots and Almond Trees as is necessary or desirable to perform Timbercorp Securities' obligations under the Agreement and the Constitution.

Timbercorp Securities may remove from the Grower's Almondlots such plant and equipment, implements, furniture and other items brought onto the Grower's Almondlots within one month after the termination of the Agreement and may enter the Grower's Almondlots for the purpose of removing such items.

Timbercorp Securities is entitled (but has no obligation) to construct and maintain roads and tracks on the Grower's Almondlots primarily and principally to provide access to and from the Orchard from a public road for the cultivation, maintenance and tending of the Almond Trees and the Almonds, harvesting of the Almonds and removal of the Almonds.

Provided the Grower first gives Timbercorp Securities days' prior written notice, Timbercorp Securities must permit the Grower or its duly authorised representatives to have access, at the Grower's expense and risk, at all reasonable times to the Grower's Almondlots and the facilities located on them. [9]

8 Timbercorp Securities' Fees

Timbercorp Securities will be paid the following management fees and charges in respect of all services provided under the agreement in the periods set out below:

For Early Growers, per Almondlot:

- (a) for the period from the Commencement Date until 30 June 2005, \$6,363.63 payable in advance on or before the Commencement Date; and
- (b) for the period from 1 July 2005 to 30 June 2006:
 - (i) \$1,363.63 payable on 31 October 2005; and
 - (ii) 2.25% of the Gross Proceeds in each Financial Year of the Project payable out of and at the time the Proceeds are received by Timbercorp Securities (less any deductions and adjustments permitted under this Agreement, the Constitution, the Sub-lease and the Project Documents);
- (c) for the period 1 July 2006 to 30 June 2007:
 - (i) \$1,363.63 payable on 31 October 2006; and

- (ii) 2.25% of the Gross Proceeds in each Financial Year of the Project payable out of and at the time the Proceeds are received by Timbercorp Securities (less any deductions and adjustments permitted under this Agreement, the Constitution, the Sub-lease and the Project Documents).

For Post 30 June Growers, per Almondlot:

- (a) for the period from the Commencement Date until 30 June 2006 \$7,727.27 payable in advance on or before the Commencement Date; and
- (b) for the period 1 July 2006 to 30 June 2007:
 - (i) \$1,363.63 payable on 31 October 2006; and
 - (ii) 4.5% of the Gross Proceeds in each Financial Year of the Project payable out of and at the time the Proceeds are received by Timbercorp Securities (less any deductions and adjustments permitted under this Agreement, the Constitution, the Sub-lease and the Project Documents).

For all Growers (whether Early Growers or Post 30 June Growers), per Almondlot:

- (a) for the period 1 July 2007 to 30 June 2008 and each subsequent Financial Year, the overhead costs of operating the Almondlot capped at \$50 [Indexed adopting 30 June 2005 as the base date] payable on 31 October each year; and

For all Growers (whether Early Growers or Post 30 June Growers)

Timbercorp Securities will also be entitled to be paid as an incentive fee by the Growers out of, and prior to, any distribution 25% of so much of the annual Net Proceeds received by the Grower in a Financial Year in excess of the annual Net Proceeds specified in the PDS for that Financial Year (the "Incentive Fee Threshold"). But, if in the immediately preceding Financial Year, the Net Proceeds were less than the Incentive Fee Threshold, the amount of deficit must be deducted from the Net Proceeds when calculating the fee payable to Timbercorp Securities in respect of the Financial Year to which reference is first made. [11]

The Agreement provides that fees payable to Timbercorp Securities will be increased to cover the GST payable to Timbercorp Securities.

9 Insurance

Timbercorp Securities will be responsible for obtaining and keeping or procuring some other person to procure and keep policies of insurance, on behalf of the Grower, with a reputable insurer against damage to the Orchard, which is caused by fire or other insurable risks, including public risk and occupier's liability, provided that the cost of any such insurance is economically justified and it does not include crop insurance unless specifically agreed between Timbercorp Securities and the Grower from year to year. [12]

10 Management Plan and Reports

In performing its obligations under the Agreement, Timbercorp Securities must observe and act in accordance with the Management Plan.

Timbercorp Securities must consider any recommendation or direction made by a Grower and where it is satisfied that any such recommendation or direction is in the interests of the Growers and the Project generally, Timbercorp Securities must use its best endeavours to carry out the recommendation or direction in accordance with the terms and conditions set out in the Agreement.

Within four months after the end of each Financial Year, Timbercorp Securities will send an annual report to the Grower that addresses, and contains information concerning, matters such as the results of the harvest of Almonds, the condition of the Orchard, the Almondlots and the Almond Trees, any other matters which Timbercorp Securities considers material and which ought reasonably to be made known to the Grower or any other matter reasonably requested by the Grower.

Once the Almond Trees start producing Crop, Timbercorp Securities will also send to Growers annual statements of income and expenses. [13]

11 Distributions

Subject to the Agreement, Timbercorp Securities must pay to each Grower the amount of Proceeds standing to the credit of the Grower in the Agency Account in accordance with the Constitution. [14]

12 Term and Termination

Unless terminated earlier by the Grower or Timbercorp Securities (see below), the term of the Agreement will be from the Commencement Date and continue until the earlier of:

- (a) termination of the Grower's Participating Interest in the Project;
- (b) 30 June 2025;
- (c) termination of the Sub-lease; and
- (d) termination of the Project.

The Grower may terminate the Agreement by notice in writing to Timbercorp Securities:

- (a) immediately, if Timbercorp Securities:
 - goes into liquidation other than for the purposes of reconstruction or amalgamation or a Controller or Administrator is appointed in relation to its undertaking;
 - ceases to carry on business; or
 - fails or neglects to pay any moneys due to any Grower, or Timbercorp Securities is in default of a material obligation under the Agreement and this default continues for a period of 3 months after receipt by Timbercorp Securities of written notice from the Grower(s) specifying the default and requesting that the default be remedied; or
- (b) 6 months, or such shorter period as the parties may agree, after the Growers by Special Resolution at the meeting of Growers resolve to terminate the engagement of Timbercorp Securities under the Agreement.

Timbercorp Securities may terminate the Agreement if the Grower fails to make a payment within the required time under the Agreement or the Constitution, or commits a material breach of the Agreement and fails to remedy the breach or make reasonable compensation in money within 30 days after Timbercorp Securities has served a written notice on the Grower specifying the breach and requiring the Grower to remedy the breach. If Timbercorp Securities exercises its right to terminate the Agreement, then:

- (a) the Grower loses all rights as a participant in the Project;
- (b) the Grower remains liable for payment of all fees in respect of work done by Timbercorp procedure for the consequence of termination as set out in the Constitution must be followed.

Termination of the Agreement by the Grower or Timbercorp Securities terminates the rights and obligations of the parties, but is without prejudice to any rights and obligations which may have accrued prior to the date of termination.

The Agreement terminates in respect of the Grower immediately if the Sub-lease is terminated in respect of the Grower for any reason. [15]

13 Excuses for Non-Performance

Timbercorp Securities will not have any obligation to observe or comply with the terms of the Agreement to the extent that the observance of, or compliance with, those terms is prevented by Force Majeure.

Force Majeure means any event or circumstance not reasonably within the control of Timbercorp Securities or which the Responsible Entity is not reasonably able to prevent and includes:

- (a) pestilence, vermin, disease, fire, acts of God, landslide, earthquake, flood, washout, lightning, storm, drought, seasonal and climatic conditions and the elements;
- (b) strikes, lock-outs, bans, work limitations, boycotts and industrial disturbances or action;
- (c) act of the enemies, wars, blockades, insurrection, riots and civil disturbances;
- (d) orders of any court or the order, act or omission or failure to act of any government or governmental authority or instrumentality (including any failure to grant or any withdrawal of any licences, consent or authority);
- (e) epidemic or quarantine;
- (f) shortage or unavailability of equipment, materials or labour or any restriction on equipment, materials or labour or on the use of equipment, materials or labour;
- (g) delays in transportation or communication; and
- (h) breakage or breakdown of, or damage to, equipment or machinery or the necessity to repair equipment or machinery to prevent its breakdown.

Performance or fulfilment of an obligation is not to be taken to be prevented by Force Majeure if it is prevented by lack of funds or by an inability to use available funds resulting from Force Majeure.

Timbercorp Securities' failure to observe or comply with the terms of the Agreement will not give rise to any liability to the Grower for any direct or indirect, consequential or special loss of any kind to the extent that the failure to comply with those terms is attributed to Force Majeure. [16]

14 Limitation of Grower's Liability

The Grower is not obliged to contribute any money in respect of the Project Operations beyond the fees and other costs payable under the Sub-lease, the Constitution and the Agreement.

The liability of the Grower is absolutely limited to the fees and costs paid or payable to Timbercorp Securities and the Land Owner under the Constitution, the Sub-lease and the Agreement and to any Proceeds of the Grower. [17]

15 Proper Law

The Agreement is governed by the laws of Victoria. The rights and obligations of the parties under the Agreement are subject to the terms and conditions of the Constitution. [20.9]

OTHER AGREEMENTS

MANAGEMENT AGREEMENT

The Almondlot Management Agreement permits us to delegate any of our obligations under that Agreement to our contractors. Accordingly, under a Management Agreement between us as the Responsible Entity and Almond Management Pty Ltd ("AMPL"), the Responsible Entity will engage AMPL as an independent contractor to carry out the Orchard Services set out in the Almondlot Management Agreement and to market and sell the almonds. This delegation does not release us as the Responsible Entity from liability under the Almondlot Management Agreement.

Under the Management Agreement, AMPL agrees to:

- (a) manage and administer the Project;
- (b) cultivate and manage the Orchard;
- (c) cultivate and harvest the Almond Trees;
- (d) procure the processing of the Crop into Product and sell the Product or Crop, as agent for Growers, for commercial gain; and
- (e) provide certain administrative services.

In performing its obligations under the Management Agreement, AMPL must observe and act in accordance with the Management Plan.

Almond Orchard Management Agreement

The Management Agreement permits AMPL to appoint agents and sub-contractors to perform any of its duties under the Management Agreement, provided that AMPL at all times remains primarily responsible to us as the Responsible Entity for the performance of those duties. AMPL has entered into the Almond Orchard Management Agreement with Select Harvests Limited ("Select Harvests") under which it has engaged Select Harvests, as an independent contractor, to:

- (a) provide Orchard Services, including cultivation, maintenance and management services, and harvesting the Almonds;
- (b) provide Processing Services relating to the Almonds; and
- (c) provide Marketing Services relating to the sale of the Almonds.

In performing its obligations under the Almond Orchard Management Agreement, Select Harvests must observe and act in accordance with the Management Plan.

Under the Almond Orchard Management Agreement, Select Harvests has guaranteed to AMPL that all Almonds produced from the Project and available from any harvest for a particular Season will be sold by Select Harvests by 30 June in the Financial Year after the Financial Year in which the harvest for that particular season commenced.

Following harvest, the Almonds from the Project will be pooled with all other almonds that are proposed to be sold by Select Harvests. Ownership of the Almonds will pass from the Growers to Select Harvests immediately prior to the payment for the pooled Almonds by the purchaser of them. However, Select Harvests will not be required to pay to AMPL the proceeds of sale of the Almonds until 7 days after the end of each month. Ordinarily, Growers would retain title to the Almonds until the proceeds of sale were received on their behalf. Therefore, there will be a short time gap, before receipt of sale proceeds, during which Growers will not have title to their Almonds. However, given the involvement of Select Harvests in the Project, and the nature of the pooling arrangements implemented by Select Harvests, we do not consider this will give rise to any difficulties.

Tree Supply and Capital Works Agreement

The Sub-lease permits the Land Owner to appoint agents and sub-contractors for the purposes of exercising the powers or performing its obligations under that agreement. Accordingly, the Land Owner has engaged Select Harvests under the Tree Supply and Capital Works Agreement to assist it in carrying out its duties under the Sub-lease. Under the agreement:

- Select Harvests agrees to sell the Almond Trees to be planted on the Orchard to the Land Owner;
- the Land Owner engages Select Harvests to oversee the establishment of the Capital Works associated with the establishment of the Orchard, including preparing the establishment plan, identifying those parts of the Land suitable for growing almonds, designing the Orchard, preparing the Land and supervising and installing the irrigation system; and
- the Land Owner engages Select Harvests to plant the Almond Trees on the Orchard.

Select Harvests has agreed to replant, at its cost, any Almond Trees that fail in the first 6 months after planting, where such failure is due to a breach or default by Select Harvests or caused by Select Harvests, but not where the failure is due to an event of force majeure.

ADDITIONAL INFORMATION

Benefits

Other than as set out below or elsewhere in this PDS, no expert or any person named in this PDS as performing any functions nor any firm in which any expert or such person is a partner or employee has, or has had within the two years before the issue of this PDS, any interest in the formation or promotion of the Project, in any property proposed to be acquired in connection with the formation or promotion of the Project, or in the offer of interests in the Project.

Deloitte Touche Tohmatsu has been paid a fee of \$273,150 (plus disbursements) for the audit of Timbercorp's financial statements for the 12 month period ended 30 September 2004 and a fee of \$287,000 (plus disbursements) for the 12 month period ended 30 September 2003.

Consents

Deloitte Touche Tohmatsu has consented and has not before the issue of this PDS withdrawn its written consent to the inclusion of extracts of audited accounts on pages 19 and 20 in the form and context in which they appear and to be named as the auditor of the Project's Compliance Plan.

Disclaimers

Horticultural Development Services Pty Ltd has acted as almond orchard expert and in no other capacity. It has given its written consent to the inclusion of the Independent Almond Orchard Expert's Report in section 11 of this PDS and all statements by it or said to be based on statements made by it in the form and context in which they are included, and has not before the issue of this PDS withdrawn its consent. The statements are on pages 5, 29 and 37. Accordingly, Horticultural Development Services Pty Ltd expressly disclaims and takes no responsibility for any matter referred to in this PDS other than its report and extracts from its report.

Deloitte Touche Tohmatsu have not been involved in any aspect of this PDS. They expressly disclaim and take no responsibility for any part of this PDS.

Commissions & Other Benefits

From our own funds, we may pay commissions or brokerage to Australian Financial Services licensees and other persons who are authorised to receive commissions for procuring applications for Almondlots in this Project. We may pay the following commissions or brokerage per Almondlot: up to 10% of the Application Monies; or up to 5% of the Application Monies followed by an annual trail of 1% of the Application Monies each year over the following nine years; or up to 8% of the Application Monies and then 8% of the fees paid in each of the 2006 and 2007 financial years (for applications made by Early Growers) or the 2007 financial year only (for applications made by Post 30 June Growers). These payments may include amounts payable to Australian Financial Services licensees or other persons who provide administrative or promotional assistance in respect of this Project.

Litigation

There is no litigation of a material nature pending or threatened which may significantly affect the Timbercorp group or the Project.

Formation & Issue Expenses

All expenses of the issue of this PDS, including commissions, legal, accounting, auditing and expert fees, promotion, registration and duties, will be paid by Timbercorp Securities.

Your Personal Information

The Timbercorp group is comprised of several companies which have specific functions in the establishment, promotion, administration, project management and resourcing of eucalypt, olive, almond, table grape, citrus and other agribusiness and related investment projects. It also includes a finance company and entities which have interests in land utilised for these projects.

When submitting your application form, you will be providing entities within the Timbercorp group with your personal information. Your personal information will be treated strictly in accordance with National Privacy Principles in the federal Privacy Act. At any time upon request you may gain access to the information the Timbercorp group holds about you in accordance with the National Privacy Principles.

We have requested this information to enable us to issue Almondlots offered under this document in your name and to keep you updated during the life of the Project as to the progress of your Almondlots by, for example, sending you reports, Almondlot statements, invoices and other correspondence in relation to the Project and other activities of the Timbercorp group. We are required by law to maintain a register of Growers under the Corporations Act and to make the register available for inspection by any person. We may also be required to provide details of Growers to ASIC and other regulatory bodies from time to time.

The Timbercorp group may disclose your personal information to:

- financiers or other such organisations in connection with its corporate activities;
- rating agencies; and
- your financial planner or adviser.

The Timbercorp group may use your personal information for:

- marketing Timbercorp group products and services to you; and
- developing an understanding of the products and services you may be interested in obtaining from the Timbercorp group.

By signing the application form, you consent to the Timbercorp group using and disclosing your personal information as described above.

You can gain access to any information the Timbercorp group holds about you by calling (03) 8615 1200 or going in person to Level 8, 461 Bourke Street, Melbourne, Victoria, 3000.

If you do not provide us with the information requested in the application form, we will be unable to allot Almondlots to you. If you provide us with incomplete or incorrect information, we will be unable to inform you as to the progress of your Almondlots.

GLOSSARY

In this document, the following expressions have the meanings set out below:

Almondlot

means a discrete area of the Orchard of 0.25 plantable hectares that is sub-leased to a Grower under the Sub-lease. The expression "**Almondlots**" means all of the Almondlots to which a Grower is entitled.

Almondlot Management Agreement

means the agreement of that name between us and each several Grower by which the Grower engages us to cultivate and manage the Grower's Almondlots.

Almond Orchard Management Agreement

means the agreement of that name between Almond Management and Select Harvests by which Almond Management engages Select Harvests to undertake the day-to-day management of the Orchard, process the Almonds and sell the Almonds.

Almonds

means the almonds grown on the Orchard.

Almond Land

means Almond Land Pty Ltd (ACN 091 460 392).

Almond Management

means Almond Management Pty Ltd (ACN 094 468 845).

Almond Trees

means the trees planted or to be planted on the Orchard.

Application Form

means an application form included in the application and power of attorney booklet at the back of this PDS.

Application Moneys

means the amount of \$7,000 per Almondlot payable by an Early Grower and the amount of \$9,000 per Almondlot payable by a Post 30 June Grower.

ASIC

means the Australian Securities and Investments Commission.

capital works

means the infrastructure and capital works that the Land Owner has agreed to carry out on the Orchard and any other capital works that the Land Owner may, in future, carry out on the Orchard, if required and includes the Almond Trees.

Carina West

means the property known as "Carina West" which is owned by the Land Owner on which approximately 40 hectares of the Orchard will be established.

Constitution

means the deed that governs the rights and obligations of Growers, and us as Responsible Entity under the Project.

Early Grower

means a person whose application for Almondlots under the Project is made and accepted on or before 15 June 2005.

Grower or You

means an Early Grower or a Post 30 June Grower (or in the case of joint applicants, those persons) who becomes a party to the Sub-lease and the Almondlot Management Agreement as a Grower, as a result of either the allotment of Almondlots in the Project or a transmission, transfer, mortgage, assignment or other disposal of Almondlots.

Grower Agreements

means the Sub-lease and the Almondlot Management Agreement.

GST

means GST as defined in the GST Law.

GST Law

means A New Tax System (Goods and Services Tax) Act 1999 (as amended).

Indexed

the amount adjusted on the date on which a relevant payment is due or the date upon which the relevant calculation is made, as the case requires ('the Adjustment Date') in accordance with the formula: $A_t = A_0 \times CPI_t / CPI_0$ where A_t = the amount on the Adjustment Date; A_0 = the amount being adjusted; CPI_t = the highest CPI for a full calendar quarter published between the date CPI_0 is published and the Adjustment Date, including CPI_0 ; CPI_0 = the CPI for a full calendar quarter most recently published before the date from which the adjustment is being made ('the Base Date'), provided that if no Base Date is specified, 'CPI₀' will be the CPI published for the full calendar quarter that ended 12 months before the full calendar quarter in respect of which the CPI has most recently been published before the Adjustment Date.

Joint Venture

the joint venture between two persons who comprise a Grower in the Project and the expression **Joint Venturers** is a reference to the two persons who comprise the Joint Venture Grower. The expression "**First Joint Venturer**" means the first Joint Venturer described in the Application Form and the expression "**Second Joint Venturer**" means the second Joint Venturer described in the Application Form.

Land

means those parts of the Wangera, Carina West and Nanandie properties on which the Orchard will be established and the Project will be conducted and includes the Water licences and Capital Works.

Land Owner

means Almond Land Pty Ltd (ACN 091 460 392).

Management Agreement

means the agreement of that name between us and the Project Manager by which we appoint the Project Manager to manage the Orchard and procure the processing of the Almonds and marketing of the Almonds.

Nanandie

means the property known as "Nanandie" which has been purchased by the Land Owner on which approximately 800 hectares (3,200 Almondlots) of the Orchard will be established.

Offer Period

for applicants on or before 15 June 2005, means the period commencing on the date of issue of the PDS and expiring on 15 June 2006; and for applicants on or after 1 July 2005, means the period from 1 July 2005 to 15 June 2006.

Orchard

means the almond orchard to be established on that specified and identifiable part of the Land on which the Project will be conducted and on which Growers will each carry on the business of primary production.

Post 30 June Grower

means a person whose application for Almondlots under the Project is made and accepted on or after 1 July 2005 and before the Offer Period closes.

Proceeds

means proceeds from the sale of Almonds; any moneys payable to a Grower under any policy of insurance in relation to the Grower's Almondlots, the Almonds or the Project; interest earned on the proceeds; and any other moneys payable to a Grower from or in relation to the Project. The expression '**Net Proceeds**' means Proceeds to which a Grower is entitled under the Constitution less all annual rent and management fees and costs incurred by a Grower and the expression '**Gross Proceeds**' means proceeds from the sale of Almonds less the costs of processing and marketing and selling the Almonds.

Project

means the 2005 Timbercorp Almond Project.

Project Manager

means Almond Management Pty Ltd (ACN 094 468 845).

Respective Proportion

means the proportionate interest of the First Joint Venturer and Second Joint Venturer respectively in the Joint Venture, being a 50% interest for the First Joint Venturer and a 50% interest for the Second Joint Venturer.

Responsible Entity

means Timbercorp Securities as Responsible Entity under the Project.

Select Harvests

means Select Harvests Limited (ACN 000 721 380).

Sub-lease

means the deed between the Land Owner, us in our personal capacity and each several Grower by which we grant to the Grower a sub-lease in respect of the Almondlots to cultivate and manage the Almond Trees on those Almondlots.

Tax Act

means the Income Tax Assessment Act 1997 (as amended).

Timbercorp

means Timbercorp Limited (ACN 055 185 067) of Level 8, 461 Bourke Street, Melbourne, Victoria and **Timbercorp Group** means Timbercorp and its controlled entities.

Trust Company

means Trust Company of Australia Limited (ACN 004 027 749) of Level 3, 151 Rathdowne Street, Carlton, Victoria.

us, we or Timbercorp Securities

means Timbercorp Securities Limited (ACN 092 311 469) of Level 8, 461 Bourke Street, Melbourne, Victoria.

Wangera site

means the property known as "Wangera", which is owned by the Land Owner on which approximately 460 hectares (1,840 Almondlots) of the Orchard will be established.

Water Licences

means permanent rights to draw water annually from the Murray River owned or acquired by the Land Owner and attributed to the Project as required from time to time, up to a maximum of 3.125 megalitres per Almondlot as reduced by any variation in the maximum licence entitlement from time to time by the relevant water authority.

Timbercorp Securities Limited
ABN 12 092 311 469

Application Forms

Persons intending to use an electronic version of the Application Forms should note the following:

- 1 The Application Forms in this document relate to the 2005 Timbercorp Almond Project ARSN 112 935 092 (**'project'**) pursuant to a PDS dated 2 March 2005 (**"PDS"**).
- 2 The Application Forms are accompanied by an electronic version of the PDS which contains information regarding investing in a financial product referred to in the Application Forms.
- 3 Persons who access the PDS in electronic form should note that interests in the project offered by this PDS are not intended to be a short-term investment and will be subject to the risks generally associated with horticulture orchards. You should carefully consider these risks in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to invest.
- 4 A person who gives another person access to the Application Forms must at the same time and by the same means give the other person access to the PDS and any supplementary document.
- 5 Interests in the project will only be processed and issued on receipt of the Application Forms issued together with the PDS.
- 6 The offer to subscribe for interests referred to in the PDS are available to Australian residents. The PDS does not constitute an offer of securities or financial products in any jurisdiction where, or to any person to whom, it would be unlawful to issue the PDS.
- 7 Whilst the PDS is current, Timbercorp Securities Limited will send copies of the PDS and any supplementary document and the Application Form Booklet, on request and without charge. In this regard, please contact:

Timbercorp Securities Limited

Level 8, 461 Bourke Street,
Melbourne, Victoria, 3000
Telephone: 03 8615 1200
Facsimile: 03 9670 4271
Email: r.coughlan@timbercorp.com.au

APPLICATION AND POWER OF ATTORNEY FORM BOOKLET

How to apply

- 1 Before completing and signing this booklet you should read the whole of this PDS.
- 2 You should carefully read **part 1** and **part 2** of this booklet and complete the relevant parts of the booklet in full.

All applicants must complete part 3.

You must also complete one of the following Application and Power of Attorney Forms:

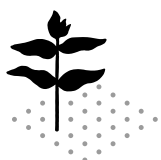
- **If you are applying as an individual, complete part 4.**
- **If you are applying as a company, complete part 5.**
- **If you are applying as trustee of a trust or superannuation fund, complete part 6.**
- **If you are applying as a Joint Venture Grower, complete part 7, which is shaded in yellow.**

- 3 The relevant Application and Power of Attorney Form must be signed and dated.
- 4 Please ensure the Application and Power of Attorney Form Booklet remains together or stapled.

5 Checklist ☒

Lodge your:

- ☐ Part 3 COMPLETED
- ☐ Application and Power of Attorney Form COMPLETED, SIGNED AND WITNESSED
- ☐ Application Monies, (for payment methods, see part 1) with your financial advisor or deliver them to the office of **Timbercorp Securities Limited** (AFSL 235653) in your state or territory. Timbercorp's offices are listed below.



TIMBERCORP
SECURITIES

ACN 092 311 469

Head Office

8th Floor, 461 Bourke Street
Melbourne, Victoria 3000
Telephone 03 8615 1200
Facsimile 03 9670 4271
Email melb@timbercorp.com.au

Perth Office

Level 4, 50 Colin Street
Perth, Western Australia 6005
Telephone 08 9481 0581
Facsimile 08 9481 0582
Email perth@timbercorp.com.au

Brisbane Office

Milton Business Centre
Suite 4, Level 3, 349 Coronation Drive
Milton, Queensland 4064
Telephone 07 3842 3142
Facsimile 07 3371 7300
Email brisbane@timbercorp.com.au

Sydney Office

Level 2, 10 Spring Street
Sydney, New South Wales 2000
Telephone 02 9228 1300
Facsimile 02 9223 1399
Email syd@timbercorp.com.au

Adelaide Office

64 Kensington Road
Rose Park, South Australia 5067
Telephone 08 8431 4665
Facsimile 08 8431 7995
Email adelaide@timbercorp.com.au

Part 1

YOUR DETAILS

- Applicants must be one or more individuals, a company or a trustee.
- Joint applicants will be deemed to be holding their Almondlots as tenants in common unless requested otherwise.
- All communications from us will be sent to the address shown. For joint applicants, only one address is required.
- Please provide your full telephone, fax and e-mail details in case we need to contact you quickly.
- Please also provide your ABN if one has been issued to you.

YOUR ALMONDLOTS AND PAYMENT DETAILS

- Unless otherwise agreed by us, you must apply for a minimum of two Almondlots.
- If you are accepted into the Project as an Early Grower on or before 15 June 2005, your Application Monies per Almondlot are \$7,000 (which includes \$636.36 GST).
- If you are accepted into the Project as a Post-30 June Grower on or before 15 June 2006, your Application Monies per Almondlot are \$9,000 (which includes \$818.18 GST).
- If you fill in the item "Amount subject to finance", your application will only be accepted on receipt of the whole of the Application Monies in relation to the Almondlots. We do not warrant or undertake that finance will be provided or procured.

METHOD OF PAYMENT

- (a) You may pay by cheque made payable to "**Timbercorp – 2005 Almond Project**" and crossed 'Not Negotiable'; or
- (b) alternatively, you may pay by credit card by completing your credit card details in the space provided in part 3.

SIGNATURE AND DECLARATIONS

Each Application Form must be signed by the applicant personally. Joint applicants must each sign the Application Form. An application by a company must be signed in accordance with its constitution. A copy of the constitution need not be provided. The form should also be dated.

JOINT VENTURE GROWERS

Joint Venture Growers should complete part 7. By signing the form, the applicants agree to participate as a Joint Venture Grower and to be bound by the joint venture terms and conditions described in the Constitution. You will need to nominate one applicant as the First Joint Venturer and the other applicant as the Second Joint Venturer. For details of the rights, entitlements and obligations of the Joint Venturers, see section 3 of the PDS.

ELECTRONIC PDS

The Corporations Act prohibits any person from passing on to another person the Application Form which is attached to the electronic copy of the PDS unless the Application Form is attached to a complete and unaltered copy of the electronic PDS.

Timbercorp Securities will send you, at no charge, a paper copy of the electronic PDS if you ask for one during the Offer Period described in this PDS.

If you apply for Almondlots on the basis of the Application Form attached to the electronic PDS, you are deemed to declare to us that you received personally the electronic PDS, or a print out of it, attached to the Application Form before applying for Almondlots.

Part 2

POWER OF ATTORNEY

By completing the Application Form, you agree to appoint TIMBERCORP SECURITIES LIMITED as your attorney on the following terms:

I/we, the person named in the "Your Details" section in the Application and Power of Attorney Form appoint TIMBERCORP SECURITIES LIMITED (ACN 092 311 469) of Level 8, 461 Bourke Street, Melbourne, Victoria ("Attorney") to be my/our attorney and in my/our name and on my/our behalf and as my/our act and deed to:

- enter into and execute on my/our behalf a Sub-lease and Almondlot Management Agreement in respect of the Almondlots for which I/we have applied and which Timbercorp Securities Limited accepts ("the Grower Agreements");
- vary, replace or cancel the Grower Agreements and execute, vary, replace or cancel any other documents which are referred to in or which are ancillary or related to, the Grower Agreements;
- appoint one or more substitute attorneys to exercise the powers granted to the Attorney and to revoke any appointment of any substitute attorney or attorneys made under this document;

and to do all things necessary or expedient to give effect to those documents, including, but not limited to, dating and completing any blanks in the Grower Agreements, making any variations, replacements and cancellations to the documents which the Attorney considers not contrary to the interests of the Applicant, on the terms and conditions and subject to the acknowledgements in part 2 of this booklet.

Return this booklet to the office of Timbercorp Securities Limited (AFSL No 235 653) in your State or Territory
(Please see page 1 of this booklet for details of Timbercorp's offices)

To be completed by the Advisor

Advisor's Stamp	Advisor's Name
	Company Name
	Telephone
	Facsimile
	Email

[illegible][illegible][illegible][illegible]

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[illegible]

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[illegible]

--	--

[illegible][illegible][illegible][illegible][illegible]

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[illegible]

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[illegible]

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[illegible]

Signed

(joint applicant signature) ✕

Witness 

Witness 

Part 6 Trusts or Superannuation Funds to complete

Please read parts 1 and 2 before signing this form.
PLEASE COMPLETE IN BLOCK LETTERS

Advisor's Stamp	Advisor's Name
	Company Name
	Telephone
	Facsimile
	Email

Full Name (individual or company) Dr/Mr/Mrs/Ms/Miss

[illegible]

Full Name (individual or company) Dr/Mr/Mrs/Ms/Miss






[illegible]

Name of trust or superannuation fund

[illegible]

Where trustee is a company, sign below.
Executed in accordance with its constitution by:

Where trustees are individuals, sign below.

<u> / / </u>	<u>Director </u>	<u>Trustee #1 signed </u>
	<u>Print Name</u>	<u>Witness </u>
	<u>Director/Secretary </u>	<u>Trustee #2 signed </u>
	<u>Print Name</u>	<u>Witness </u>

Please read parts 1 and 2 before signing this form.
PLEASE COMPLETE IN BLOCK LETTERS

Part 7B Second Joint Venture Applicants to complete

1 Complete A, B or C

A Individual Applicants

Full Name (individual or company) Dr/Mr/Mrs/Ms/Miss

ABN

Are you registered for GST

Yes

No

Joint Applicant (if applicable) Dr/Mr/Mrs/Ms/Miss

ABN

Are you registered for GST

Yes

No

Signed

(joint applicant signature)

Witness

Witness

B Company Applicants

Full Company Name

ACN

ABN

Are you registered for GST

Yes

No

Executed in accordance with its constitution by:

Director

Director/Secretary

Print Name

Print Name

C Trust or Superannuation Funds

Name of trust or superannuation fund

Is the trust or superannuation fund registered for GST

Yes

No

ABN

Trustee #1 (individual or company)

Trustee #2 (individual or company)

Where trustee is a company, sign below

Where trustees are individuals, sign below

Executed in accordance with its constitution by:

Director

Trustee #1

Print Name

Witness

Director/Secretary

Trustee #2

Print Name

Witness

2 All Applicants to complete

Address

Suburb/Town/City

State

Postcode

Telephone:

Work

Home

Mobile

Fax

Email Address

DATE OF SIGNING

/ /



2005 TIMBERCORP **ALMOND PROJECT**
PRODUCT DISCLOSURE STATEMENT