

Timbercorp Securities Limited
ABN 12 092 311 469

Application Form

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 2006 Timbercorp Almond Project ARSN 118 387 974 ('**project**') pursuant to a PDS dated 3 March 2006 as amended by a supplementary PDS made on 24 April 2006 ("**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 commercial almond orchard plantations. 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 is 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, on request and without charge. In this regard, please contact:

Timbercorp Securities Limited

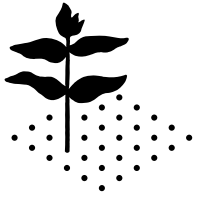
Level 8, 461 Bourke Street,

Melbourne, Victoria, 3000

Telephone: 03 8615 1200

Facsimile: 03 9670 4271

Email: r.coughlan@timbercorp.com.au



2006 TIMBERCORP ALMOND PROJECT

Supplementary Product Disclosure Statement

ARSN 118 387 974. This Supplementary Product Disclosure Statement dated 24 April 2006 supplements, and should be read together with, the Product Disclosure Statement dated 3 March 2006 relating to the subscription for Almondlots in the 2006 Timbercorp Almond Project.

2006 TIMBERCORP ALMOND PROJECT

Important information

This Supplementary Product Disclosure Statement (SPDS) is dated 24 April 2006 and is issued by Timbercorp Securities Limited (ACN 092 311 469) (Timbercorp Securities).

This document is supplemental to the Product Disclosure Statement (PDS) dated 3 March 2006 issued by Timbercorp Securities in relation to an offer of interests in the 2006 Timbercorp Almond Project (ARSN 118 387 974).

This SPDS and the PDS are available in paper form and in electronic format and may be viewed online at www.timbercorp.com.au.

You must read this SPDS in conjunction with the PDS, each in their entirety, to fully understand the Project. Terms and expressions used in this SPDS have the same meanings as in the PDS, as modified by it.

No person, firm or corporation associated with the issue of the PDS or this SPDS 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 the PDS or this SPDS, nor does the Custodian, Trust Company of Australia Limited.

Neither the PDS nor this SPDS takes into account the investment objectives, financial situation, or the particular needs of any potential investor. You should seek your own professional advice.

CONTACT DETAILS

Timbercorp Securities Limited
ACN 092 311 469
Australian Financial Services
Licence No 235653

Head Office
Level 8, 461 Bourke Street
Melbourne Vic 3000
Telephone (03) 8615 1200
Facsimile (03) 9670 4271
www.timbercorp.com.au



THE 2006 TIMBERCORP ALMOND PROJECT

The 2006 Timbercorp Almond Project is an integrated horticultural venture established by one of Australia's leading agribusiness managers to take advantage of opportunities in Australia's almond industry.

We have decided to extend the Project by the addition of further suitable land that will allow additional Almondlots to be issued and improve the viability of the Project. We expect to develop a further approximately 180 hectares of almond orchards on this land.

"Westmore"

The additional land is known as "Westmore". It is situated near Boundary Bend in north-west Victoria approximately 5 kilometres from the Narcooyia property, details of which are set out in the PDS.

"Westmore" consists of the following 4 distinct parcels of land:

- "Chalmers" and "Westmore's Home Block" which is owned by Almond Land Pty Ltd ("Almond Land");
- "Bush Block", which is owned by BB Olives Pty Ltd (a wholly owned subsidiary of Timbercorp Limited) and leased to us until 1 July 2029 pending the registration of a plan of subdivision and sale to Almond Land;
- Lot 2 which is leased by Almond Land until 1 July 2029 and subject to a put and call option under which Almond Land may require the registered proprietor of Lot 2 to sell the land to it, with settlement to occur on 31 July 2006; and
- Lots 1, 3 and 5 which have been leased by Almond Land. The property is also subject to a put and call option for the purchase of the property that is conditional upon the registration of a plan of subdivision.

An inspection of the property has confirmed that it has met our land selection criteria and is suitable for development as a commercial almond orchard. Westmore conforms to the usual topography expected in the area where large areas of almond plantations have already been planted and grown successfully to maturity.

In all material respects, the orchard to be developed on Westmore will have the same characteristics as the properties, "Narcooyia" and "Mitchell" and will be developed utilising the same irrigation system, planting densities, water budgets and varieties.

Consequently, we believe that Westmore is suitable for the development of almond trees.

Project Returns

We have no reason to believe that the yields from the almond trees to be planted on Westmore would not have the same yield profiles as stated in the PDS.

In relation to almond prices, since January 2006, the price for the Nonpareil SSR 23/25 almond variety has traded in the range of A\$7.33 to A\$8.80 per kilogram, (using an average \$A:\$USD of 0.75 cents). As stated in the PDS, it can be reasonably expected that prices will continue to fluctuate in the future, thereby affecting your returns from year to year.

Almondlots

An Almondlot is a separately identifiable part of the Orchard developed on the Project Land, comprising an area of approximately 0.25 hectares.

Following the addition of "Westmore" to the Project Land, each Almondlot will consist of approximately 0.15 hectares located on "Narcooyia" and approximately 0.10 hectares located on either "Mitchell" or "Westmore".

Almondlots will continue to be issued across the Narcooyia and Mitchell until all lots on Mitchell have been fully subscribed and thereafter Almondlots will be issued across Narcooyia and Westmore.

Security of Land Tenure

Almond Land has leased or sub-leased "Westmore" (as well as the other properties comprising the Project Land) to Timbercorp Securities for the term of the Project. The various leases will be registered on the title to the land to provide security against the possibility of adverse or competing claims.

Addenda to Australian Tax Office Product Rulings

The ATO has issued addenda to Product Rulings **PR 2006/1** and **PR 2006/2** in relation to the Project.

PR 2006/1 applies to Early Growers and **PR 2006/2** applies to Post 30 June Growers. Copies of the Product Rulings and the Addendum to each Product Ruling are available free of charge from the ATO (www.ato.gov.au), professional taxation advisers or Timbercorp Limited. You can also download them at our website www.timbercorp.com.au.

Amendments to Material Documents

A Sub-Lease in respect of the portion of an Almondlot located on the Westmore Land ('Westmore Lots') has been added to the Grower Agreements. The Sub-lease contains in all material respects the same terms and conditions as are contained in the Sub-leases of the Narcooyia Lots and Mitchell Lots and which are summarised in Section 13 of the PDS. The Constitution, and the Grower Agreements that you will enter into with us, as well as a number of other contracts relevant to the Project, have been amended, or supplemented, as necessary to facilitate the addition of "Westmore" to the Project Land. A supplemental deed amending the Constitution and the Grower Agreements has been lodged with ASIC prior to the issue of this SPDS.

Fees and Other Costs

There is no change to the fees and other costs you must pay as a result of the addition of "Westmore" to the Project Land. The fees and other costs you must pay to participate in the Project are detailed in Section 4 of the PDS.



2006 TIMBERCORP ALMOND PROJECT

Product Disclosure Statement

ARSN 118 387 974. An offer to cultivate and manage up to 1,000 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

Level 8, 461 Bourke Street
Melbourne Victoria 3000
Telephone (03) 8615 1200
Facsimile (03) 9670 4271

Offices also in:

Perth, Sydney, Brisbane
and Adelaide

Directors

Gary W Liddell (Chairman)
Robert J Hance
John M Vaughan
Sol C Rabinowicz

Project Manager

Almond Management Pty Ltd
ACN 094 468 845
Level 8, 461 Bourke Street
Melbourne Victoria 3000

Land Owner

Almond Land Pty Ltd
ACN 091 460 392
Level 8, 461 Bourke Street
Melbourne Victoria 3000

Orchard Manager

Select Harvests Limited
ACN 000 721 380
360 Settlement Road
Thomastown Victoria 3074

Custodian

Trust Company of Australia Limited
ACN 004 027 749
Level 3, 151 Rathdowne Street
Carlton Victoria 3053

Auditor

Deloitte Touche Tohmatsu
Chartered Accountants
180 Lonsdale Street
Melbourne Victoria 3000

Lawyers

N M Taylor Lawyers
Level 7, 350 Collins Street
Melbourne Victoria 3000

Independent Almond Orchard Expert

Horticultural Development
Services Pty Ltd
ACN 094 895 271
28 Craighburn Drive
Flagstaff Hill South Australia 5159

IMPORTANT INFORMATION

This Product Disclosure Statement (PDS) is dated 3 March 2006. It contains details of an offer by Timbercorp Securities Limited (ACN 092 311 469) (Timbercorp Securities) of interests in the 2006 Timbercorp Almond Project (ARSN 118 387 974). This Project was registered by ASIC as a managed investment scheme on 1 March 2006.

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) owns or has entered into a contract of sale to purchase 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 15.

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



CONTENTS

	Page
Corporate Directory & Important Information	
1 The 2006 Timbercorp Almond Project	2
2 Summary and Key Features of the Project	4
3 Benefits of the Project	7
4 Fees and Other Costs	10
5 The Almond Industry	20
6 The Timbercorp Group	26
7 How the Project Works	31
8 Project Returns	36
9 Project Site and Development	39
10 Taxation	41
11 Risks Analysis	42
12 Independent Almond Orchard Expert's Report	44
13 Summary of Material Documents	48
14 Additional Information	58
15 Glossary	59
Application and Power of Attorney Form Booklet	

1

THE 2006 TIMBERCORP ALMOND PROJECT

The 2006 Timbercorp Almond Project is an integrated horticultural venture established by one of Australia's leading agribusiness managers to take advantage of opportunities in Australia's almond industry.

A well-managed agribusiness venture is a specialised activity outside of the traditional investment classes. Undertaken on a large scale, it can provide attractive returns and form a valuable part of a diversified portfolio.

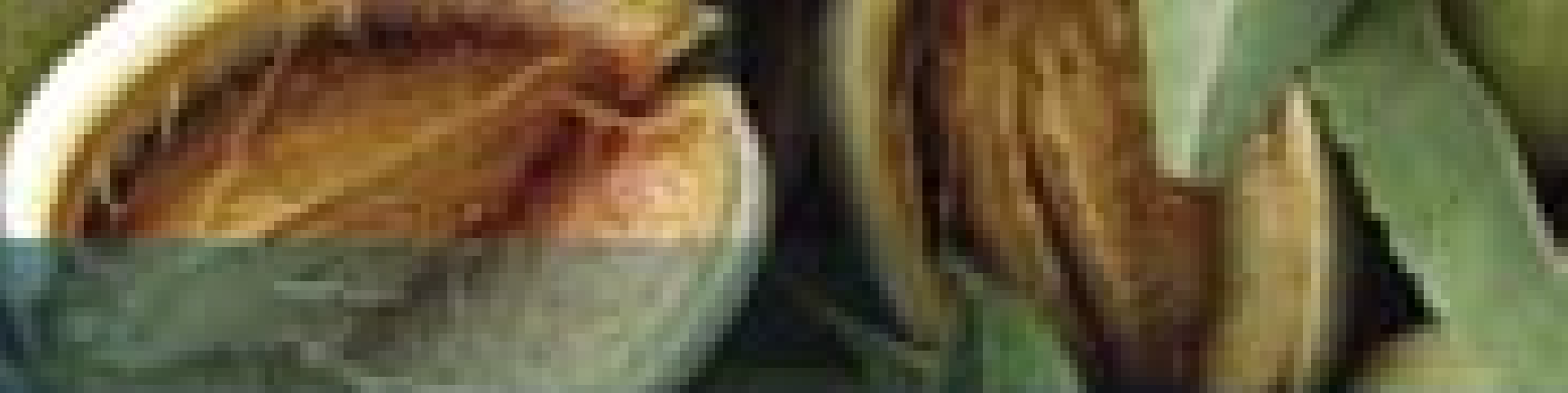
The 2006 Timbercorp Almond Project is an opportunity for you to participate in horticulture and establish a future long-term income stream with immediate tax benefits.

The Project will utilise the services of Select Harvests, Australia's largest integrated almond producer, processor and marketer of almonds, to undertake day-to-day orchard operations and to process and market the crop.

The fees and other costs you incur in participating in the Project are 100% tax deductible in the financial year in which they are incurred.

HOW DOES THE 2006 TIMBERCORP ALMOND PROJECT WORK?

If you participate in the 2006 Timbercorp Almond Project under this offer, you will become an almond grower in a commercial almond orchard that is expected to enter commercial production from early 2009. You will lease from us at least two allotments of land (Almondlots), of approximately 0.25 hectares each, developed with all of the improvements required to grow almonds, including Almond Trees, irrigation infrastructure and an allocation of irrigation water. You will engage us to manage your Almondlots, and harvest and sell your Almonds, on your behalf. You will be entitled to the net proceeds from the sale of your Almonds during the 23-year term of the Project.



2

SUMMARY AND KEY FEATURES OF THE PROJECT

This Section contains the basic terms and key features of the Project. However, to fully understand the Project you must read the whole PDS.

SUMMARY OF THE OFFER

THE OFFER	We are offering you the opportunity to participate in the Project by applying for Almondlots on the terms set out in this PDS.
OFFER OPENS	3 March 2006.
OFFER CLOSES	15 June 2006 for Early Growers and 15 June 2007 for Post 30 June Growers, unless our directors determine to close the Offer Period earlier.
APPLICATION	To make an application you must complete and submit the Application Form attached to or accompanying this PDS and pay the Application Fee.
APPLICATION FEE	Early Growers: \$7,500 (inclusive of \$681.82 GST) per Almondlot. Post 30 June Growers: \$9,500 (inclusive of \$863.64 GST) per Almondlot.
MINIMUM APPLICATION	You must apply for at least 2 Almondlots. However, we have the right, in our absolute discretion, to issue only 1 Almondlot to any applicant.
MINIMUM SUBSCRIPTION AND OVERSUBSCRIPTIONS	There is no minimum number of Applications that must be received as a condition of the Project proceeding. The Project will proceed irrespective of how many applications we receive. We are offering up to 4,000 Almondlots (totalling 1,000 hectares) for subscription. We also have the right to accept oversubscriptions.
ACCEPTANCE OF APPLICATION	We will provide you with details of your Almondlots following acceptance of your application.
ALMONDLOT ALLOCATION	Unless otherwise agreed with an individual Grower or financial intermediary and subject to our absolute discretion to refuse an application, Almondlots will be allocated in order of receipt of completed applications.



KEY FEATURES

THE PROJECT	The Project is a registered agribusiness managed investment scheme aimed at producing almonds for commercial gain.	
PROJECT MANAGEMENT	<p>Timbercorp Securities is the Responsible Entity of the Project and the issuer of this PDS.</p> <p>We will be responsible for all aspects of the Project throughout its term. However, we will engage Almond Management, a subsidiary of our parent company, Timbercorp Limited, as our Project Manager and Almond Management will engage Select Harvests, to perform various tasks in relation to the Project.</p>	Page 31
PROJECT PARTICIPANTS	<p>A person who participates in the Project by applying under this PDS is referred to as a Grower, or a Participant Grower, and will grow almonds on their individual Almondlots.</p> <p>A Grower whose application is accepted before 15 June 2006 is an Early Grower and a person whose application is accepted after 30 June 2006 and before the Offer Period closes is a Post 30 June Grower.</p>	Pages 31 and 34
PROJECT TERM	The term of the Project is approximately 23 years. Subject to the Constitution, the Project will terminate on 30 June 2029, or such later date on which we complete all of our contractual obligations to participants.	Page 53
PROJECT LAND	<p>The Project will be conducted on 2 properties, known as “Mitchell” and “Narcooyia”, located near Boundary Bend in north-west Victoria.</p> <p>The Project Land will be fully developed with all of the improvements required to grow almonds, including Almond Trees, an irrigation system and other capital works.</p>	Page 31
ALMONDLOTS	An Almondlot is a separately identifiable part of the Orchard developed on the Project Land. Each Almondlot is approximately 0.25 hectares, of which approximately 0.15 hectares is located on “Narcooyia” and approximately 0.10 hectares is located on “Mitchell”.	Page 31
ORCHARD	All of the Almondlots established on the Project Land will be managed as a single almond Orchard so as to benefit from economies of scale.	Page 31
FEES AND OTHER COSTS	<p>The fees and other costs you must pay to participate in the Project are detailed in Section 4.</p> <p>In the early stages of the Project different fee rates apply to Early Growers and Post 30 June Growers, but, over the term of the Project, the total amount payable is the same.</p>	Pages 10 and 11

HARVESTING AND PROCESSING OF ALMONDS	<p>The first commercial harvest of the Orchard is expected in February 2009.</p> <p>We will procure your Almondlots to be harvested and the Almonds processed by Select Harvests, using its state of the art equipment and facilities.</p>	Pages 32 and 46
SALE OF ALMONDS	The Almonds will be sold on domestic and international markets utilising distribution networks developed by Select Harvests.	Page 32
PROCEEDS	You will be entitled to a share of the Proceeds from the sale of the Almonds produced by the Orchard on a pro rata basis, i.e. in the proportion that the area of your Almondlots bears to the area of the Orchard managed under the Project. We will remit proceeds to you periodically after deducting the annual fees and other costs and any other amounts which are overdue and which have not been paid.	Page 32
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.	Pages 34 and 35
JOINT VENTURE OPTION	The Project allows you and another person to participate as a Joint Venture Grower.	Page 16
TAXATION	<p>The ATO has issued Product Rulings PR 2006/1 and PR 2006/2 in relation to the Project.</p> <p>PR 2006/1 applies to Early Growers and PR 2006/2 applies to Post 30 June Growers. 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 also download them at our website www.timbercorp.com.au.</p>	Page 41
PROJECT RETURNS	Due to its nature, there are variable factors that may impact upon the performance of the Project, such as weather, which are outside our control. Accordingly, we are unable to predict with certainty the financial returns that participation in the Project will provide. However, we have included information in later sections of this PDS, including information in relation to the almond industry (section 5) and project returns (section 8), to assist you to make your own assessment of the benefits of participating in the Project. You should seek professional advice when considering potential returns.	Page 36
PROJECT RISKS	The Project is a long-term horticultural venture, with all of the risks attendant upon such an undertaking. We have identified risks in later sections of this PDS.	Page 42
ORCHARD MANAGEMENT	Select Harvests will undertake the day-to-day horticultural operations on the Orchard and process and market your Almonds. Select Harvests will also assist with the development of the Project Land.	Page 31
MATERIAL AGREEMENTS	The Constitution and the Grower Agreements that you will enter into with us, as well as a number of other contracts relevant to the Project, are summarised in this PDS for your information.	Page 48

3

BENEFITS OF THE PROJECT

This Section outlines the principal benefits to a Grower of participating in the Project. However, to fully understand the Project you must read the whole PDS.

TAX OFFICE PRODUCT RULING	The ATO has issued Product Rulings PR 2006/1 and PR 2006/2 in relation to the Project. The Product Rulings are binding public rulings in relation to the application of tax laws to the Project and offer you confidence in relation to the proper treatment of the fees and other costs made by a Grower under the Grower Agreements.	Page 41
TAX EFFECTIVE INVESTMENT	<p>The Product Rulings confirm your entitlement to a tax deduction in relation to your fees and other costs, as well as any interest on borrowings. The amount deductible is, of course, reduced by the amount of any GST input tax credit to which you may be entitled.</p> <p>Your Project fees and other costs will be 100% tax deductible in the financial year in which they are incurred (or paid in the case of an STS taxpayer who elects to use the cash method for recognising income and incurring costs).</p> <p>You will 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.</p>	Page 41
LONG-TERM INCOME STREAM	The Orchard is expected to produce commercial quantities of Almonds in February 2009 and, from then on, will be harvested annually. Once this occurs and subject to Project risks, regular distributions of income can be made throughout the remainder of the Project term.	Pages 32 and 46
BUOYANT INTERNATIONAL MARKETS	Almond prices on international markets attained seven-year highs in June to September of 2005, although they have since returned to mid-2004 levels.	Page 21
GROWTH IN GLOBAL DEMAND	The demand for almonds has grown steadily throughout the global economy in recent years due to a number of factors, including successful marketing and the development of a number of new and emerging markets in Eastern Europe and Asia.	Page 20
EXPANDING LOCAL INDUSTRY	The Project is an opportunity to participate in one of Australia's horticultural growth industries.	Page 23
AUSTRALIA'S COMPETITIVE ADVANTAGES	Australia has a highly organised and professionally managed almond industry. This, together with our generally favourable climatic conditions, high yielding crops, relative absence of significant pests and diseases and recognition as a producer of a premium quality product, enables Australian producers to compete successfully on international markets. Australia also benefits from its harvest coming on to the market when the northern hemisphere almond orchards, including those of the huge Californian almond industry, are off-season.	Pages 23 and 24



PREMIER ORCHARD	The Project Land is located in the Sunraysia, Australia's premier horticultural region, and is in close proximity to a number of existing, and highly successful, almond orchards. The soil has been tested and is ideal for almond production. The land will be developed utilising state of the art orchard design and irrigation systems and the Orchard will be managed in accordance with best horticultural practice.	Page 39
SECURITY OF LAND TENURE	Almond Land, a subsidiary of our parent company, Timbercorp Limited, owns or has entered into a contract of sale to purchase the Project Land. We will lease the Project Land from Almond Land and grant to you a sub-lease of your Almondlots. We will register the lease from Almond Land on the title to the land to provide security against the possibility of adverse or competing claims.	Page 31
ECONOMIES OF SCALE	The Project has been designed to achieve significant economies of scale and enhanced returns through a combination of size, the utilisation of mechanisation and sophisticated technology, and the implementation of advanced management techniques.	Pages 31 and 34
PERFORMANCE INCENTIVE	We have included an incentive fee in the Project, among other things, to reward the minimisation of production costs and the maximisation of yield and price, thereby creating an incentive for us to attain the best return for you.	Page 16
DEFERRED FEES	Your fees and other costs include management fees in relation to the management of your Almondlots. However, some of the management fees attributable to services provided in the earlier stages of the project prior to commercial harvest are deferred until later in the Project term so as to ease the demand on your cash flow during the initial period.	Pages 11 - 15
TIMBERCORP'S MANAGEMENT STRENGTH AND EXPERTISE	<p>Timbercorp Securities is the Responsible Entity the Project with overall responsibility for all aspects of the Project. It is a wholly owned subsidiary of Timbercorp Limited, an ASX/S&P200 public listed company with net assets in excess of \$425 million, as at 30 September 2005.</p> <p>The Timbercorp group of companies (which include Timbercorp Securities, Almond Land and Almond Management) is a market leader in agribusiness investment, with a proven track record of establishing and managing successful horticultural and forestry projects. The Timbercorp group has been established for 14 years and in addition to managing almond orchards, it manages thousands of hectares of timber plantations, olive groves, citrus orchards and table grape vineyards. In 2005 Timbercorp added mangoes to its portfolio of managed projects.</p> <p>Timbercorp has extensive expertise in establishing and managing horticultural managed investment schemes and already operates over 5,100 hectares of almond orchards in Victoria.</p>	Page 26
SELECT HARVESTS' PARTICIPATION	Select Harvests, an ASX listed company and the leading integrated producer, processor and marketer of almonds in Australia, has been engaged as Orchard Manager to manage the Orchard on a day-to-day basis	Pages 32 and 33

ACCESS TO ESTABLISHED DISTRIBUTION NETWORKS	<p>In addition to managing the Orchard, Select Harvests will market and distribute the Almonds produced by the Orchard. Significantly, Select Harvests has undertaken to sell each year's crop by 30 June of the following year.</p>	Page 32
POOLING ADVANTAGES	<p>After your Almonds are harvested they will be pooled with those of other Growers in the Project for processing and sale.</p> <p>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.</p>	Page 32
ACCESS TO INDEPENDENT ALMOND ORCHARD EXPERT	<p>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.</p>	Page 47



4

FEES AND OTHER COSTS

This Section details the fees and other costs payable by a Grower. However, to fully understand these matters you should read the whole PDS before deciding whether to participate.

CONSUMER ADVISORY WARNING

By law, prior to setting out the fees and other costs for the Project, we are obliged to provide you with the following Consumer Advisory Warning, which applies generally to managed funds investment products such as equity funds, insurance and superannuation products.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of two percent of your fund balance, rather than one percent, could reduce your financial return by up to 20 percent over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission** (ASIC) website (www.fido.asic.gov.au) has a management investment fee calculator to help you check out different fee options.

INTRODUCTION

To participate as a Grower in the Project you must pay certain fees and other costs in respect of each Almondlot.

Table 1 identifies the types of fees and other costs, whether they are fixed or variable and, where applicable, explains the method of calculation.

Table 2 quantifies the amount payable in each year of the Project term, in dollar terms.

Table 3 apportions the fees and other costs between joint venture Growers.

Table 4 gives an example of how the fees and other costs charged on participation in the Project can affect your investment over a one year period. You should use this table to compare this product with other similar agribusiness managed investment products.

Please note that there are no establishment, withdrawal or termination fees.

TABLE 1 - FEES AND OTHER COSTS (PER ALMONDLOT)

APPLICATION FEE	<p>Early Growers: \$7,500 (inclusive of \$681.82 GST).</p> <p>Post 30 June Growers: \$9,500 (inclusive of \$863.64 GST).</p>
RENT	<ul style="list-style-type: none"> You pay rent for each of your Almondlots in each financial year of the term (except that for Early Growers there is no rent for the 2006 financial year). The total Rent payable by an Early Grower and a Post 30 June Grower over the term of the Project is the same. The amount of the annual rent is set out in Table 2, below.



	<ul style="list-style-type: none"> • The Rent is payable on 31 October each year (except that Post 30 June growers pay the 2007 financial year rent on application). • The annual rent is Indexed each year from and including the 2012 financial year (rent is not Indexed in the 2007-2011 financial years). • When it is Indexed, the rent for a financial year is increased in accordance with the formula set out in the Sub-leases, and reproduced in the footnotes to Table 2, to allow for the effects of inflation.
MANAGEMENT FEES	<ul style="list-style-type: none"> • You pay a management fee for each Almondlot you have in each year of the Project term. • The management fee you pay in respect of the first financial year in which you participate in the Project is included in the Application Fee. • The total management fees payable by an Early Grower and a Post 30 June Grower over the term of the Project are the same. • The amount of the management fees are set out in Table 2, below. • For Early Growers, in respect of services provided in the 2007 and 2008 financial years the management fees have 2 components; a fixed fee and a deferred fee. For Post 30 June Growers, the management fees payable in respect of services provided in the 2008 financial year also have these two components. • The fixed management fee is a specified sum and is payable on 31 October 2006 and 2007 by Early Growers and on 31 October 2007 by Post 30 June Growers. • The deferred management fees are calculated as a percentage of Gross Proceeds. They are payable following the sale of your Almonds, and will be deducted from your annual Gross Proceeds.
OPERATING COSTS	<ul style="list-style-type: none"> • You pay operating costs each financial year in and from the 2009 financial year. • Operating costs are payable 31 October each year, commencing on 31 October 2008 in respect of the 2009 financial year. • Operating costs are the costs incurred by us in managing your Almondlots. They include but are not limited to the cost of fertilisers, pesticides, herbicides, labour and sub-contractor charges in relation to spraying, pruning, irrigating, harvesting and pest control, fuel, oil and lubricants, and maintenance of plant and equipment. Operating costs also include a contribution of \$55 (incl. GST) per Almondlot (Indexed each year, adopting 30 June 2006 as the base date) to our administrative overheads in relation to the Project. • The costs incurred by us in managing your Almondlots may vary from year to year according to the season and other factors affecting the operation of the Orchard. Consequently, it is impossible to provide a definitive statement in advance of the items comprising, or the quantum of, operating costs in a particular financial year. • In those financial years in which you are required to pay operating costs, we will raise an invoice for operating costs at the end of the first quarter of the financial year. Thus the invoice will cover 3 months of operating costs already incurred and 9 months of estimated operating costs. • At the end of each financial year, a reconciliation of the estimated and actual operating costs will be undertaken and any necessary adjustment will be made to the invoice for operating costs applicable to the following financial year.

INCENTIVE FEE

- We are entitled to an Incentive Fee equal to 27.5% (inclusive of 2.5% GST) of any Net Proceeds that exceed the Incentive Fee Thresholds.
- We will deduct the Incentive Fee from your Proceeds following receipt by us.
- The Incentive Fee Thresholds for each financial year are set out in footnote 7 of Table 2, below.
- The Incentive Fee will be calculated on a two year rolling basis to help smooth out the effect of variation in yields from year to year. This means that if, in any year, your Net Proceeds are less than the amount of the Incentive Fee Threshold applicable to that year, not only do you not have to pay any performance incentive fee in that year but, 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.

DEFAULT COSTS

Should you be in default under the Grower Agreements, you may be liable for interest and costs. These are set out in the Constitution, Sub-leases and Almondlot Management Agreement, summarised in Section 13.

TABLE 2 - FEES AND OTHER COSTS (PER ALMONDLOT PER ANNUM)¹

Early Growers	2006	2007 ²	2008 ²	2009 ²	2010 ²	2011 ²	2012 ²	2013 - 2029 ²	2030
Application Monies	\$7,500 (inc. GST \$681.82)								
Rent		\$500 (inc. GST \$45.45)	\$500 (inc. GST \$45.45)	\$770 (inc. GST \$70)	\$770 (inc. GST \$70)	\$770 (inc. GST \$70)	\$1,608 (inc. GST \$146.18)	Previous years rent, Indexed ⁶	
Management fees	(Included in Application Monies)	Fixed \$1,500 (inc. GST \$136.36)	Fixed \$1,500 (inc. GST \$136.36)	deferred 5.5% of Gross Proceeds (incl. GST) ³	deferred 5.5% of Gross Proceeds (incl. GST) ³	deferred 5.5% of Gross Proceeds (incl. GST) ³	deferred 5.5% of Gross Proceeds (incl. GST) ³	deferred 5.5% of Gross Proceeds (incl. GST) ³	deferred 5.5% of Gross Proceeds (incl. GST) ³

Early Growers	2006	2007 ²	2008 ²	2009 ²	2010 ²	2011 ²	2012 ²	2013 - 2029 ²	2030
Operating costs⁵				Estimated operating costs with adjustment for actual costs for this year (includes admin. overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for each of these years (includes admin. overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	
Incentive fee⁷							27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis	27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis	27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis

Post 30 June Growers	2006	2007 ²	2008 ²	2009 ²	2010 ²	2011 ²	2012 ²	2021- 2029 ²	2030
Application moneys:	N/A	\$9,500 (incl. GST \$863.64)							
Rent	N/A	\$500 (incl. GST \$45.45) (included in Application Moneys)	\$500 (incl. GST \$45.45)	\$770 (incl. GST \$70)	\$770 (incl. GST \$70)	\$770 (incl. GST \$70)	\$1,608 (incl. GST \$146.18)	Previous years rent, Indexed ⁶	
Management fees	N/A	\$9,000 (incl. GST \$818.18) (included in Application Moneys)	Fixed \$1,500 (incl. GST \$136.36)	deferred 5.5% of Gross Proceeds (incl. GST) ⁴	deferred 5.5% of Gross Proceeds (incl. GST) ⁴	deferred 5.5% of Gross Proceeds (incl. GST) ⁴	deferred 5.5% of Gross Proceeds (incl. GST) ⁴	deferred 5.5% of Gross Proceeds (incl. GST) ⁴	deferred 5.5% of Gross Proceeds (incl. GST) ⁴

Post 30 June Growers	2006	2007 ²	2008 ²	2009 ²	2010 ²	2011 ²	2012 ²	2021-2029 ²	2030
Operating costs⁵	N/A			Estimated operating costs with adjustment for actual costs for this year (includes admin. Overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. Overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. Overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for this year (includes admin. Overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	Estimated operating costs with adjustment for actual costs for each of these years (includes admin. Overheads of \$55 p.a. (incl. GST) (Indexed from 30 June 2006)	
Incentive fee⁷	N/A						27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis	27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis	27.5% (incl. GST) of net proceeds that exceed threshold on two year rolling basis

ADDITIONAL EXPLANATION OF FEES AND OTHER COSTS

- 1 All amounts in the tables are inclusive of GST.
- 2 All amounts in the table are for the financial year ending 30 June as shown, and commencing in the 2007 financial year all amounts are payable on 31 October of the year shown unless otherwise stated (e.g., \$500 rent in the 2008 column means that the amount is incurred in the financial year ending 30 June 2008 and is payable on 31 October 2007).
- 3 Payable commencing in the 2009 financial year. An Early Grower will pay a deferred management fee calculated at 5.5% of Gross Proceeds (incl. 0.5% GST) earned in the 2009 financial year and each subsequent financial year in which Gross Proceeds are derived. The fees are payable in respect of services provided in each of the 2007 and 2008 financial years. For each of the services provided in those years the deferred fee is 2.75% of Gross Proceeds (incl. 0.25% GST).

For example:

If your Gross Proceeds per Almondlot in a financial year are \$1,000, then you will pay deferred management fees of \$55 (inclusive of \$5 GST) in that financial year.

Note:

The figures in the above example are arbitrary and for illustrative purposes only. They are not indicative of future proceeds or costs. We do not make any forecast or projection about possible Net Proceeds.

- 4 Payable commencing in the 2009 financial year. A Post 30 June Grower will pay a deferred management fee calculated at 5.5 % of Gross Proceeds (incl. 0.5% GST) earned in the 2009 financial year and each subsequent financial year in which Gross Proceeds are derived. The fees are payable in respect of services provided in the 2008 financial year only.

The example in footnote 3 in respect of Early Growers is equally applicable to Post 30 June Growers.

- 5 The operating costs of the Project are payable for the 2009 financial year and each subsequent financial year of the term on 31 October each year, commencing 31 October 2008.

The invoice for operating costs will cover 3 months of costs already incurred and 9 months of costs yet to be incurred. Insofar as the invoice includes costs yet to be incurred, it will be based on our estimate of the likely operating costs that will be incurred.

At the end of each financial year, a reconciliation of the estimated and actual operating costs will be undertaken and any necessary adjustment will be made to the invoice for operating costs applicable to the following financial year.

For example:

The invoice for operating costs for an Almondlot in relation to the 2012 financial year, payable on 31 October 2011, could be for an amount of \$3,254 (\$3,579.40 incl. GST) and cover the following items:

Fertiliser	\$500
Labour	\$450
Fuel and Oil	\$250
Other running Costs	\$800
Sub-contractor charges	\$300
Administrative overhead	\$54 (after Indexation)
Processing and Marketing	\$900
Total	\$3,254 (\$3579.40 incl. GST)

However, if the reconciliation subsequently established that the actual operating costs in relation to the Almondlot was, for instance, \$3,044, a credit of \$210 will be allowed to the Grower in relation to operating costs for the Almondlot in the following financial year.

Note:

The amounts used in the above example are purely hypothetical and are provided for illustrative purposes only. This worked example of the operating costs is not, and should not be taken as being, a representation of what the estimated or actual operating costs for the 2012 financial year will be, nor a definitive list of what the items of expenditure will be.

- 6 When it is Indexed, the rent for a financial year is increased in accordance with the following formula:

$$A_t = A_o \times \text{CPI}_t / \text{CPI}_o$$

where:

A_t = the amount on the Adjustment Date;

A_o = the amount being adjusted;

CPI_t = the highest CPI for a full calendar quarter published between the date CPI_o is published and the Adjustment Date, including CPI_o ;

CPI_o = 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, " CPI_o " 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;

The Adjustment Date is the date on which a relevant payment is due or the date upon which the relevant calculation is made, as the case requires.

For example:

In calculating the rent for the 2013 financial year, the Adjustment Date is 31 October 2012 (being the date on which rent for that period is payable) and the amount to be adjusted, A_o , is \$1,461.82 (being the rent as specified in the Sub-leases for that financial year, excl. GST). [In subsequent years, A_o , is the amount payable in the preceding financial year].

Applying the formula - if the CPI for the calendar quarter ending 30 September 2012 (CPI_o) is 121 and the highest CPI for a full calendar quarter published between 30 September 2012 and 31 October 2013 is 124.025 (being CPI_t) the CPI_o divided by CPI_t results in the fraction, 1.025, which then becomes the multiplier by which A_o is increased. Therefore, after it is Indexed rent for the 2012 financial year will be \$1,498.36 (excl. GST) or \$1,648.20 (inclusive of GST).

Note:

The figures provided for CPI are purely hypothetical and provided for illustrative purposes only. This worked example of the formula should not be taken as being a representation of what the rent for the 2013 financial year will be.

7 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.

Year ending 30 June	Project Year	Net Proceeds To Growers (\$)	Year ending 30 June	Project Year	Net Proceeds To Growers (\$)
2012	6	653	2021	15	2,768
2013	7	2,050	2022	16	2,838
2014	8	2,326	2023	17	2,909
2015	9	2,385	2024	18	2,982
2016	10	2,445	2025	19	3,057
2017	11	2,506	2026	20	3,134
2018	12	2,569	2027	21	3,213
2019	13	2,634	2028	22	3,294
2020	14	2,700	2029	23	3,376
			2030	24	4,652

***Note:** 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.

For example:

If in the 2015 financial year the Net Proceeds is \$3,000 (and assuming there was no shortfall in Net Proceeds in the 2014 financial year, i.e. the Net Proceeds for that year were \$2,326, or more), the Incentive Fee payable by the Grower in respect of the 2015 financial year is 25% of the amount by which the Net Proceeds exceeds the Net Proceeds Threshold for that year. The calculation is made as follows $(\$3000 - \$2,385) \times 25\% = \$153.75$ (\$169.12 incl. GST).

TABLE 3 - JOINT VENTURE GROWERS: APPORTIONMENT OF FEES AND OTHER COSTS (PER ALMONDLOT)

JOINT VENTURE GROWERS

In the case of **Early Growers** who elect to participate as joint venturers:

the First Joint Venturer is responsible for:

management fees:

- 100% of the management fees payable in the financial year ended 30 June 2006 (which fees are included in the Application Money);
- 49% of the deferred management fees;
- 49% of all management fees in respect of management services provided in all financial years commencing on and from the 2011 financial year.

rent:

- 49% of the annual rent from and including the 2011 financial year.



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

management fees:

- 100% of the management fees (other than deferred management fees) payable in respect of the management services provided in the 2007 - 2010 financial years;
- 51% of the deferred management fees; and
- 51% of all the management fees payable in respect of the management services provided in all financial years commencing on and from the 2011 financial year.

rent:

- 100% of the fixed rent payable in respect of leasehold rights granted in each of the 2007-2010 Financial Years;
- 51% of the annual rent from and including the 2011 financial year.

The Joint Venturers who are Early Growers have the following prescribed proportions in the joint venture:

First Joint Venturer – 49%

Second Joint Venturer - 51%

Except as specified above, the Joint Venturers bear the liabilities and participate in the benefits of the Joint Venture in accordance with their respective prescribed proportions.

The Joint Venturers are responsible for any incentive fees payable to us in their respective prescribed 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.

In the case of **Post 30 June Growers** who elect to participate as joint venturers:

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

management fees:

- 100% of the management fees payable in the financial year ended 30 June 2007 (which fees are included in the Application Moneys);
- 52% of all deferred management fees;
- 52% of all management fees from and including the 2012 financial year.

rent:

- 100% of the fixed rent in respect of the 2007 financial year (which amount is included in the Application Moneys);
- 52% of all annual rent from and including the 2012 financial year.

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

management fees:

- 100% of the management fees (other than deferred management fees) payable in the 2008 – 2011 financial years;
- 48% of all deferred management fees;
- 48% of all management fees from and including the 2012 financial year.



rent:

- 100% of the fixed annual rent in respect of the 2008 - 2011 financial years;
- 48% of all annual rent from and including the 2012 financial year.

The Joint Venturers who are Post 30 June Growers have the following prescribed proportions in the joint venture:

First Joint Venturer – 52%

Second Joint Venturer - 48%

Except as specified above, the Joint Venturers bear the liabilities and participate in the benefits of the Joint Venture in accordance with their respective prescribed proportions.

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.

TABLE 4 - PRESCRIBED EXAMPLE OF ANNUAL FEES AND OTHER COSTS (PER ALMONDLOT PER ANNUM)

This table gives an example of how the fees and other costs charged on participation in the Project can affect your investment over a one year period. The table is based on the Project not offering a 'balanced investment option' (as defined in the Corporations Act). You should use this table to compare this product with other similar agribusiness managed investment products.

In accordance with the requirements of the Corporations Act, this table is based on the nearest equivalent to a \$50,000 investment. However you should note that we do not issue fractions of Almondlots and it is not possible to make an application for Almondlots where the application amount totals exactly \$50,000. For an Early Grower, the nearest whole investment amount is \$52,500 (7 Almondlots) and for a Post 30 June Grower the nearest whole investment amount is \$47,500 (5 Almondlots).

Please note that amounts in the table are for illustrative purposes and have been subjected to rounding. All amounts in the table are inclusive of GST.

EARLY GROWER

EXAMPLE — cost of fund in the financial year ending 30 June 2008 for a Grower who holds 6.66 Almondlots (at \$7,500 per Almondlot)

BALANCE OF \$50,000 with no further contributions

Contribution Fees

For every \$50,000 you put in you will be charged \$0 in Contribution Fees.

Management Costs (for 6.66 Lots)

1. **Fixed Rent**
\$500 x 6.66 = \$3,333
2. **Fixed Management Fees**
\$1,500 x 6.66 = \$9,990

For every \$50,000 you have invested in the Project as an Early Grower you will be charged fees in the financial year ending 30 June 2008 of \$13,323 plus you will defer a portion of the management fees payable in later years.*

Note that additional fees will also apply in later years.**

Cost of fund (for 6.66 Almondlots)

If you had an investment of \$50,000 during the financial year ending 30 June 2008, you would be charged fees and costs of—

\$13,323 plus deferred management fees*

What it costs you will depend on the fees you negotiate with us or your financial adviser.



Notes:

* The following deferred fees are incurred:

1. **Deferred Management Fee** will be incurred in respect of services provided in financial year 2008 at the rate of 2.75% of Gross Proceeds per Almondlot (payable in the 2009 financial year and each subsequent financial year). If it is assumed the gross sale proceeds per Almondlot is \$20,000 per year including the 2009 financial year, for every \$50,000 invested, the Deferred Management Fee payable in the 2009 financial year will be \$3,663 ($[\$20,000 \times 2.75\%] = \550×6.66).

NOTE: The figure provided for gross sale proceeds per Almondlot is purely hypothetical and provided for illustrative purposes only. No representation is made as to sale proceeds or future costs.

** **In a future year in which the Project receives income the following may also apply** (refer to Table 2 earlier in this section **for a full breakdown of costs**):

2. **Incentive fees** of 27.5% (incl. 2.5% GST) of Net Proceeds exceeding Incentive Fee Threshold calculated on a rolling two year basis will be deducted from Gross Proceeds commencing in 2012 (refer to Table 2 for a worked example of how this fee might apply).
3. **Operating costs** will become payable each financial year commencing in the 2009 financial year (refer to Table 2 for a worked example of how these costs may apply to an Almondlot).

POST 30 JUNE GROWER		
EXAMPLE — cost of fund in the financial year ending 30 June 2008 for a Grower who holds 5.26 Almondlots (at \$9,500 per Almondlot)		BALANCE OF \$50,000 with no further contributions
Contribution Fees		For every \$50,000 you put in you will be charged \$0 in Contribution Fees.
Management Costs (for 5.26 Lots)	1. Fixed Rent $\$500 \times 5.26 = \$2,631$ 2. Fixed Management Fees $\$1,500 \times 5.26 = \$7,890$	For every \$50,000 you have invested in the Project as a Post 30 June Grower, you will be charged fees in the financial year ending 30 June 2008 of \$10,521 plus you will defer a portion of the management fees payable in later years.* Note that additional fees will also apply in later years.**
Cost of fund (for 5.26 Almondlots)		If you had an investment of \$50,000 during the financial year ending 30 June 2008, you would be charged fees and costs of— \$10,521 plus deferred management fees* What it costs you will depend on the fees you negotiate with us or your financial adviser.

Notes:

* The following deferred fees are incurred:

1. **Deferred Management Fee** will be incurred in respect of services provided in financial year 2008 and payable in 2009 and subsequent years at rate of 5.5% of Gross Proceeds per Almondlot. If it is assumed the Project has gross sale proceeds of \$20,000 per year, for every \$50,000 invested, then the Deferred Management Fee payable in the 2009 financial year will be \$5,786 ($[\$20,000 \times 5.5\%] = \1100×5.26).

NOTE: The figure provided for gross sale proceeds per Almondlot is purely hypothetical and provided for illustrative purposes only. No representation is made as to sale proceeds or future costs.

** **In a future year in which the Project receives income the following may also apply** (refer to Table 2 earlier in this section for a full breakdown of costs):

2. **Incentive fees** of 27.5% (incl. 2.5% GST) of Net Proceeds exceeding Incentive Fee Threshold calculated on a rolling two year basis will be deducted from Gross Proceeds commencing in 2012 and will be payable annually until end of Project Term (refer to Table 2 for a worked example of how this fee might apply).
3. **Operating costs** will become payable each financial year commencing in the 2009 financial year (refer to Table 2 for a worked example of how these costs may apply to an Almondlot).

THE ALMOND INDUSTRY

THE ALMOND

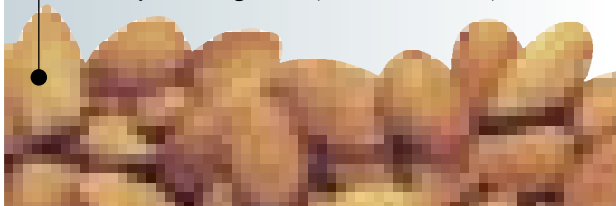
The almond is one of the most popular of all edible nuts. It may be consumed whole or after it is sliced or slivered. It may be eaten raw or after it is roasted, smoked or blanched. It may be used as a snack or as an ingredient in processed foods such as breakfast cereals, confectionery, dairy products and spreads. It can also be crushed to produce oil that, as well as being edible, is used in the manufacture of cosmetics, as a furniture polish, as a massage and body oil and an aid to aromatherapy. The hull, or outside husk, of the nut can also be used as a high-energy stock feed. The nutritional benefits of the almond are widely recognised and it is an important contributor to a balanced diet. In developing countries, the almond is valued as an affordable source of protein. In some countries it holds cultural significance and is associated with many traditional ceremonies and celebrations.

HEALTH BENEFITS

Almonds have recognised health benefits. Almonds are a source of many important vitamins and minerals as well as dietary fibre and antioxidants. 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. Additionally, studies undertaken for the Californian almond industry nutritional research program in relation to the effect of almond consumption on body weight indicate that, due to the structure of the nut's cell walls and its fiber components, almond consumption may inhibit the body's absorption of calories from fat. Consequently, the presence of almonds in a diet may help to reduce weight gain.

One Ounce of Almonds Provides

- 6 Grams Carbohydrates
- 3 Grams Fibre (A good source)
- No Cholesterol
- 8% Daily Value Calcium
- 35% Daily Value Vitamin E (An excellent source)
- 6% Daily Value Iron, Niacin, Potassium and Zinc
- 15% Daily Value Copper, Phosphorous and Riboflavin (A good source of each)
- 6 Grams Protein (A good source)
- 164 Calories
- 14 Grams Total Fat (Of that, 9 Grams Monounsaturated Fat)
- 20% Daily Value Magnesium (An excellent source)



Source: Almond Almanac 2002

THE GLOBAL MARKET FOR ALMONDS

Overview

The global market for almonds is substantial. With around 1.2 billion pounds (540,000 tonnes) of almonds consumed by over 80 countries annually, sales are measured in the billions of dollars.

Major Producers

Almonds are grown in over 40 countries. However, the world's largest producer and exporter of almonds is California, which contributes over 80% of world supply. The next largest producer is Spain, which produces approximately 8% of world supply, followed by Greece, Australia, Italy and Turkey (which each produce around 2% of world supply).

Major Consumers

The United States consumed over 150,000 tonnes of almonds in the 2005 production year. Although its requirement is easily met from its huge Californian crop, consumption levels in the United States can have a bearing on the size and price of the surplus available for export.

The European Union is the largest consumer of almonds outside the United States. However, unlike the U.S., the EU does not produce sufficient almonds to satisfy domestic demand and imports substantial quantities. Indeed, it accounts for over 50% of California's export crop. Within the EU, Spain, Germany, Italy, France and the Netherlands are the largest consumers.

Asia is the next largest market for California's almonds, accounting for over 20% of its export crop. India and Japan are the biggest consumers within Asia, and each is ranked among California's 5 largest foreign customers. India is a particularly promising market because of the importance of almonds in the Indian diet and the strength of its economy. In 2004-2005, India overtook Japan to become the largest consumer in the region and California's third-largest export market. China, too, is regarded by the Almond Board of California as another important emerging market in the region.

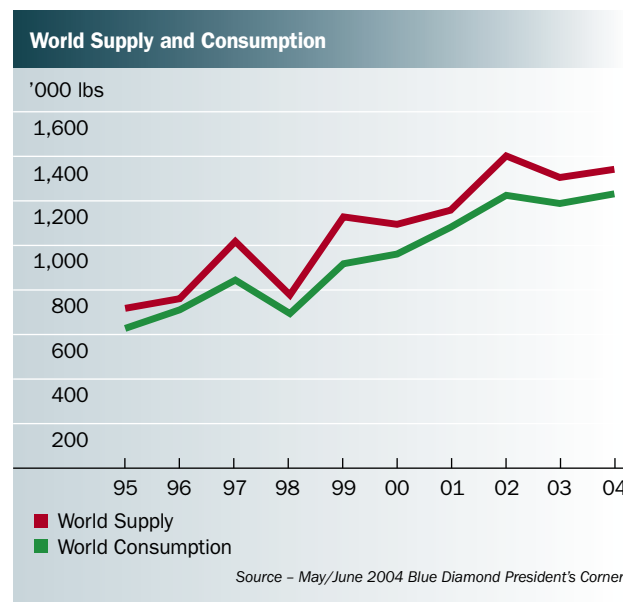


Although still small, Eastern Europe, particularly Russia, is another emerging market for almonds. Export data for the California industry reveals a dramatic increase in shipments to the region in the past five years, rising from a little over 1000 tonnes in 1998/99 to over 12,000 tonnes in 2004/05.

OUTLOOK

Although it has previously experienced some problems of over-supply, in recent years the global market for almonds has been performing strongly and has demonstrated sound fundamentals. Indeed, as illustrated in the graph depicting World Supply and Consumption below, growth in supply now closely tracks growth in demand. As a consequence, almond prices reached seven-year highs in June to September of 2005 and, although they have since returned to mid-2004 levels, there is expectation in some sectors that prices will remain firm for the short term, at least.

On present indications global demand is likely to remain strong. Growth in demand is anticipated in traditional markets, particularly the USA and Western Europe, and in the emerging markets of Japan, India, China and Eastern Europe. It is the expectation of some industry players that consumption will grow at a rate of 4% per annum in the decade between 2006 and 2015.



THE CALIFORNIAN ALMOND INDUSTRY

Overview

California is, by far, the world's largest producer and supplier of almonds, responsible for over 80% of all almonds produced throughout the world. The size and sophistication of its almond industry make it the standard by which all others are measured. Trends in the California industry have global significance.

Production History

Commercial almond production in California dates to the 1850s. In its first 100 years, growth in the industry was steady, but unremarkable. By the 1950s California was producing around 23,000 tonnes per annum (about 20% of the world's supply at the time). In the mid-1970s, however, the Californian industry entered a phase of rapid and sustained growth. Today there are around 620,000 acres (250,000 hectares) of almond trees, including 550,000 bearing acres (220,000 hectares) under cultivation in California, producing hundreds of thousands of tonnes of almonds each year. Remarkably, the astounding growth in the Californian almond industry has not been matched by its traditional competitors, whose production capacities have, generally, plateaued (and in some cases, contracted) over the last 2 decades. Thus, California has emerged as the giant of the world almond industry.

Growth in Demand

The extraordinary growth of the Californian almond industry has only been possible because of an equally extraordinary growth in the demand for almonds, both within the United States and elsewhere. Indeed, according to Blue Diamond Growers, the largest cooperative of almond growers in the US, demand has grown at a compound annual rate of 4.8% per annum for more than 20 years.

Biennial-Yield Characteristic

When viewed over an extended period it is apparent that, despite the vast quantities produced, California's almond industry is characterised by a series of peaks and troughs in yield. Typically, an exceptionally large production year is followed by a period of relatively low crop yields. This phenomenon, which is largely due to the region's highly variable seasonal conditions and frequently abbreviated blossom periods, tends to confer a 'biennial' character to supply.

Carry-over Stocks

In the past, the Californian industry has managed the biennial character of its harvests, and the resulting peaks and troughs in supply, by maintaining carry-over stocks of saleable almonds. However, with the high prices obtainable in recent years, producers have preferred to sell more of their produce and the amount of carry-over stocks has declined, both as a proportion of the total crop and in absolute terms. Thus, by way of comparison, throughout the 1980s the proportion of carry-over stocks to total shipments during the decade was in the range of 30-40%, whereas in the 1990s the proportion was down to around 10-15%. This trend continues and in 2004/2005 the proportion was only 14%. Consequently, California presently has reduced capacity to supply the market from carry-over stocks in the event of a poor season.

Current Production Levels

California has produced its three largest crops in the last 3 production years. Its largest crop on record is 1.084 billion pounds (491,000 tonnes) achieved in 2002/2003. In the following season production fell to 1.011 billion pounds (458,000 tonnes) and in 2004/2005 it fell again to 998 million pounds (452,000 tonnes).

Shipments

California has achieved its 2 largest shipments of all time in the last 2 production years. In 2003/2004 shipments (including carry-in from the bumper crop achieved in the previous season) totaled a massive 1.024 billion pounds (464,478 tonnes). In 2004/2005 total shipments fell by around 4%, but nonetheless were the second highest on record at 984,100,000 pounds (446,000 tonnes).

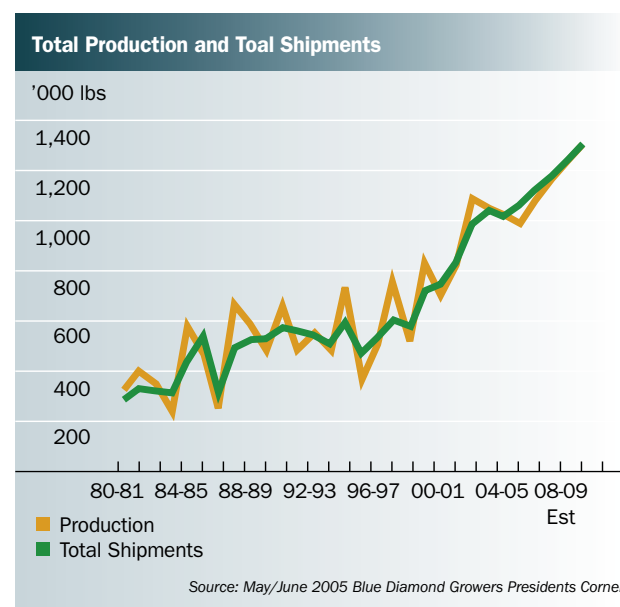
Traditionally, approximately 30% of California's almond crop, excluding carry-over stocks, is shipped within the U.S. to satisfy domestic demand and the remainder is exported. In 2004/2005, however, the domestic-to-export ratio shifted slightly with the domestic share of shipments increasing to 34%.

Export Markets

California exports almonds and almond products to over 90 countries. Its 5 largest export markets are Spain, Germany, India, Japan, and Italy.

Expectations of Short to Medium Term Production Requirements

The graph below illustrates Blue Diamond Growers' expectation of total production and shipment trends 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 because the expected increase in production will be driven by strong market demand as much as rising almond prices and improved grower returns.



Capacity to meet Short to Medium Term Production Requirements

Almond trees are at their most prolific in their first 20 years after reaching bearing age and are generally regarded as having a commercial life of approximately 25 years. Almond trees older than 25 years still produce, but at a declining rate, and are considered due for replacement.

On 30 March 2005 the California Agricultural Statistics Service (CASS) released the 2004 California Almond Acreage Report. Significantly, the report disclosed that more than 25% of California's almond bearing acres are now 20 years or older and around 15% are 25 years and over. Thus, to maintain bearing acres and productivity at 2004 levels, seasonal factors aside, California's growers must replace approximately 75,000 acres (30,000 hectares) of almond trees immediately and a further 55,000 acres (22,000 hectares) within 5 years. The data provided by CASS does not include around 17,000 acres of aged trees (mostly planted in the 1960s and 1970s) that were removed following harvesting in 2004.

However, if California is not merely to sustain 2004 production levels, but to lift production significantly above it, substantial additional plantings would be required. In this regard, it is instructive to note that, according to the estimates of Blue



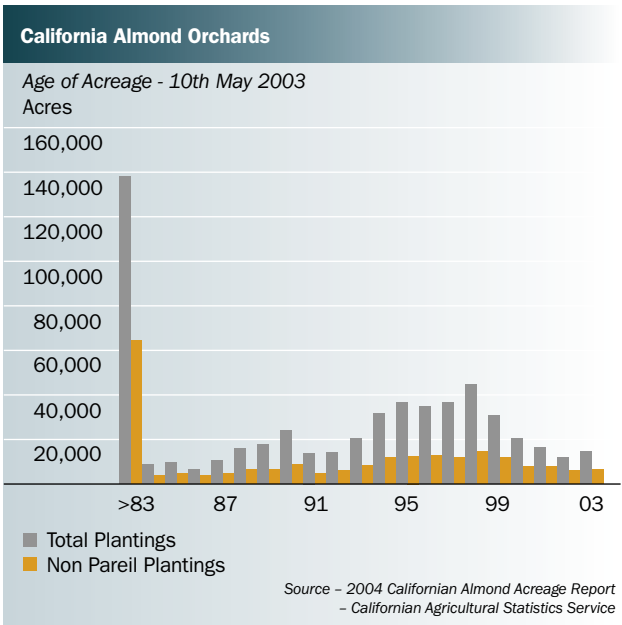
Diamond Growers (refer graph depicting Total Production and Total Shipments, above), in order for production to grow sufficiently to meet anticipated increases in demand between 20,000 and 25,000 new acres will be needed to be planted each year, in addition to those required to replace ageing trees.

After a significant decline in new plantings in the late-1990s, California's growers have responded to the need for orchard regeneration and expansion, and new plantings are proceeding apace. Nonetheless, and assuming no interruption to the rate of new plantings and no significantly adverse production conditions in the meantime, a short term decline in productivity may be anticipated while these new trees reach bearing years.

Decline in Nonpareil Production Capacity

The Nonpareil almond variety is the main cultivar used for the Project and is the preferred table almond throughout the world.

The Nonpareil variety currently represents approximately 32% of California's total almond production. However, according to the CASS '2004 California Almond Acreage Report' the Nonpareil variety also represents 46% of California's ageing trees.



As the above graph illustrates, while there has been an overall upswing in planting activity since the mid 1980s, the number of new acres dedicated to the Nonpareil variety has declined, both as a proportion of the total and in overall terms. Thus, from a peak of 54% of all new plantings in the early 1970s, the Nonpareil variety has declined to around one third of the total California acreage in 2004/2005. 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.

Outlook

Demand for California's almonds is expected to remain firm for the remainder of the decade, at least, and its industry may experience some difficulty in meeting this demand in the short term.

With a significant proportion of existing bearing acres now declining in productivity due to age, and given the lag between planting new and replacement orchards and the trees attaining bearing years, it may be expected that, if demand remains constant, a tightening of supply will occur in the near term. While the consequences of such a tightening would probably be of a relatively brief duration, they would be exacerbated by any slackening, or interruption, in the rate of new plantings, by a poor season or seasons and, indeed, if demand grows in line with that projected by California's largest grower co-operative, Blue Diamond Growers. This is particularly so in the case of Nonpareil almonds, almost half of which are in the ageing category. Moreover, with carry-over stocks at historically low levels, the industry has reduced capacity to cushion the market from the effect of a shortfall in supply.

Given the circumstances outlined above, it is of note that the objective forecast in relation to the size of California almond crop for the 2005/2006 production year, issued by the United States Department of Agriculture (USDA) on 30 June 2005, was 880 million pounds, a reduction of 13% on the size of the 2004/2005 crop. The reduction in the size of the Nonpareil variety crop is expected to be even more dramatic, with production forecast to be down 21% on the previous season's deliveries. Further, according to more recent reports by Blue Diamond Growers, it now appears that the 2005/2006 crop will, in fact, be smaller than the USDA forecast.

THE AUSTRALIAN ALMOND INDUSTRY

Overview

Although only a fraction the size of the world-leading Californian industry, the Australian almond industry is similar in that it:

- has undergone rapid growth in the past 20 years;
- is highly organised and skilfully managed;
- is dominated by a few large players (enabling it to respond quickly to new developments);
- utilises many of the same production techniques (characterised by highly mechanised, irrigated orchards utilising the latest horticultural practices);
- produces many of the same varieties (notably Nonpareil and Carmel);
- achieves equal, or higher, average yields;
- has comparable growing costs; and,
- enjoys a reputation for a high quality product.

Competitive Advantages

Australia has a number of geographic advantages that favour its almond industry, including:

- a climate that, in much of the continent, is ideal for almond growing;
- extensive land areas suitable for orchard development;
- adequate water supply;
- relatively few pests and diseases destructive of almond trees and almonds;
- a harvest period that is counter-seasonal to that of major competitors; and
- proximity to Asian markets.

The Australian almond industry also enjoys a number of technical and structural advantages over many of its competitors, including:

- highly developed infrastructure;
- highly developed trade and marketing arrangements;
- skilled labour;
- highly mechanised and efficient orchards; and
- technologically advanced processing and storage facilities.

These advantages, together with shrewd horticultural and management practices, have enabled Australia's almond producers to build an industry that can compete successfully with any of the world's producers.

Almond Growing Regions

The majority of almond production in Australia is located in the Riverland and Sunraysia regions along the Murray River. This includes the area from Boundary Bend in Victoria (where the Project Land is located) to Renmark and Loxton, South Australia, and beyond to Swan Reach, also in South Australia.

Climatic Conditions

The Riverland and Sunraysia regions provide ideal conditions for the growing of almonds as they are relatively frost-free during the critical flowering period in July and August, and for much of the year enjoy the dry heat that inhibits the development of pests and diseases to which almond trees are susceptible. In contrast to California, with its tendency to peaks and troughs in crop yields, Australia's almond growing regions have a history of stable almond production.

Counter-seasonal harvest

Australia's almond harvest occurs in late February to April and is counter-seasonal to the harvest of California and the other northern hemisphere producers. Consequently, Australia's product comes onto the market when the produce of its major competitors is 'out of season'.

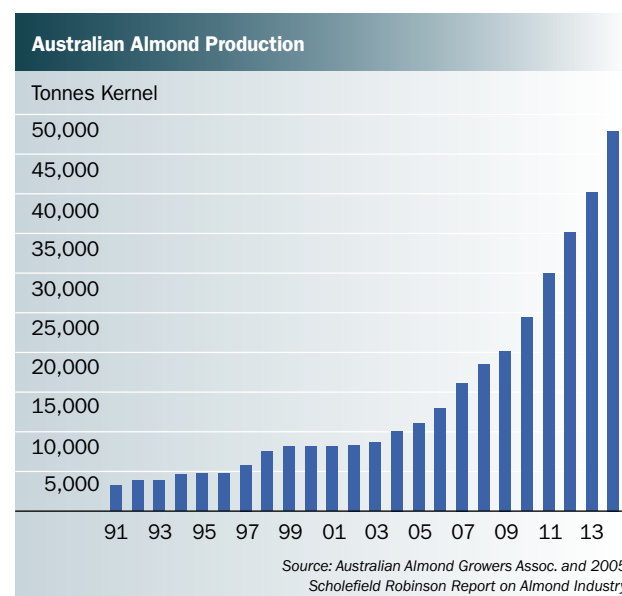
Product Quality

Australia produces high-grade almonds that are appreciated for their larger size, lightness in colour and relative lack of damage. These qualities, and the continuity in supply that Australia's product offers to the market, has enabled Australia to gain access to, and develop, valuable export markets.

Production Capacity

The Australian almond industry is undergoing a period of accelerated growth. There are currently around 32,000 acres (13,000 hectares) of almond trees under cultivation. However, this appears set to increase significantly and, indeed, new plantings (including this Project) scheduled by Select Harvests, alone, will increase the total area under cultivation by almost 20% in 2006. Some industry players predict that by 2015 Australia will have 55,000 bearing acres (22,000 hectares).

The size of Australia's almond crop is also undergoing rapid growth. In 1999 Australia's almond production was 8,500 tonnes. In 2001 it reached 9,000 tonnes and in 2005 it was around 12,500 tonnes. It is expected that, as existing plantings mature, the total domestic crop will increase to 24,000 tonnes by 2010, 36,000 tonnes by 2012 and 48,000 tonnes by 2014.



However, if substantial additional areas are planted to almond orchards in the next 5 years, production will be significantly higher. On some projections, production will be around 90,000 tonnes by 2025.

Domestic Consumption

Australians currently consume over 8,000 tonnes of almonds each year in a variety of forms, and domestic consumption is increasing. In 1995 consumption on a per capita basis was around 350 grams per person, but by 1999 this had increased

to around 490 grams per person. Although reliable information about more recent consumption trends is difficult to obtain, results achieved by Select Harvests over the past three years suggest that domestic consumption continues to increase at a similar rate. However, both Australia and the US (which is also increasing its per capita consumption of almonds) have some way to go to match the high consumption levels of many European countries, where domestic consumption is in the range of 1,500 – 1,800 grams per person.

Australia's growth in domestic consumption of almonds is assisted by its relative affluence and the recognition by consumers that almonds are a healthy food. Its ethnic mix also plays a part, as almonds form part of the traditional diet of many immigrants, including those from the Mediterranean Europe, India, the Middle East and Asia. One of the challenges for the Australian almond industry in the future will be to lift the rate of domestic consumption closer to that of the Europeans, so as to optimise domestic price premiums.

Export Capability

Australia, unlike many European producers, grows sufficient almonds to satisfy domestic demand and supply export markets. At present the split between domestic sales and export sales of almonds grown by Select Harvests is approximately 60:40.

Leading participants in the Australian industry, including Select Harvests, have assiduously developed this capacity since exports began in the mid 1990s. As a consequence, Australia is now the world's third largest producer of almonds, behind the US and Spain. Australia's export markets are a vital part of the growth potential of Australia's almond industry. For more information on Select Harvests, see section 7 of this PDS.

Export Markets

Australia's export markets include India, Japan, China, Thailand, Indonesia, Germany, Spain, United Kingdom, United Arab Emirates, Italy and Holland.

Outlook

The fundamentals of the global market appear favourable in the medium-term. Australia's competitiveness as a grower and marketer of almonds and the scale and industry exposure achieved in recent years will stand the industry in good stead.

Conclusion

Australia is well placed to become the second largest producer and exporter of almonds in the world, after California.



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 5,000 hectares of almond orchards, more than 85,000 hectares of eucalypt plantations, an olive grove of 2,777 hectares (one of the largest in the world on a single site), approximately 1,000 acres of table grape vineyards, 363 hectares of mango orchards and 959 hectares of citrus orchards. Recently, the Group diversified into avocado production 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 5,000 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 2006.

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 in section 8.

FINANCIAL POSITION

Timbercorp is an ASX/S&P 200 publicly listed company with net assets in excess of \$425 million as at 30 September 2005. The Group has built a financially sound business to ensure full support of the Project throughout its Term.

This section contains extracts of audited financial statements for both the Timbercorp group and Timbercorp Securities for the financial years ended 30 September 2005 and 30 September 2004. A full set of Timbercorp's audited financial statements, included notes to the accounts, is available on request.

The financial information disclosed in this PDS in relation to the Timbercorp group and Timbercorp Securities 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 the Australian equivalents to International Financial Reporting Standards ("AIFRS"). Accordingly, the adoption of AIFRS will be first reflected in the Timbercorp group's financial statements for the half-year ending 31 March 2006 and the financial year ending 30 September 2006.

TIMBERCORP GROUP

	Audited 2005 \$'000	Audited 2004 \$'000
Extract of Statement of Financial Performance for the Financial Year Ended 30 September 2005		
Profit From Ordinary Activities Before Income Tax Expense	103,511	63,597
Income tax benefit/(expense) relating to ordinary activities	(30,901)	(18,495)
Net Profit	72,610	45,102
Net result attributable to outside equity interests	(5,461)	(4,013)
Net Profit Attributable to Members of the Parent Entity	67,149	41,089
Increase in asset revaluation reserve arising on revaluation of investments in listed entities	16,000	7,674
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Entity Recognised Directly in Equity	16,000	7,674
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	83,149	48,763

	Audited 2005 \$'000	Audited 2004 \$'000
Extract of Statement of Financial Position as at 30 September 2005		
Current Assets		
Cash	71,781	114,670
Receivables	48,610	32,232
Inventories	3,455	10,492
Financial assets	14,502	11,808
Current tax assets	-	1,089
Other	5,827	5,743
Total Current Assets	144,175	176,034
Non-Current Assets		
Financial assets	215,204	171,984
Investments accounted for using the equity method	26,121	7,040
Property, plant and equipment	353,178	254,249
Self-generating and regenerating assets (SGARAs)	65,442	57,768
Intangibles	692	815
Deferred tax assets	9,273	5,530
Other	11,030	4,051
Total Non-Current Assets	680,940	501,437
Total Assets	825,115	677,471
Current Liabilities		
Payables	45,503	41,591
Interest-bearing liabilities	27,976	28,669
Current tax liabilities	16,056	-
Provisions	753	900
Receipts in advance	24,236	28,456
Total Current Liabilities	114,524	99,616
Non-Current Liabilities		
Interest-bearing liabilities	219,558	146,308
Deferred tax liabilities	20,993	19,228
Provisions	425	355
Receipts in advance	43,933	46,761
Total Non-Current Liabilities	284,909	212,652
Total Liabilities	399,433	312,268
Net Assets	425,682	365,203
Equity		
Contributed equity	192,011	184,920
Asset revaluation reserve	35,072	19,072
Retained profits	184,760	141,405
Parent entity interest	411,843	345,397
Outside equity interests	13,839	19,806
Total Equity	425,682	365,203



TIMBERCORP SECURITIES LTD

Extract of Statement of Financial Performance for the Financial Year Ended 30 September 2005	Audited 2005 \$'000	Audited 2004 \$'000
Revenue from ordinary activities	184,640	148,551
Project establishment, rent and maintenance costs	(124,962)	(104,412)
Marketing costs	(32,245)	(23,230)
Corporate expenses	(5,071)	(3,952)
Profit From Ordinary Activities Before Income Tax Expense	22,362	16,957
Income tax expense relating to ordinary activities	(6,709)	(5,087)
Net Profit	15,653	11,870
Total Changes in Equity Other than those Resulting from Transactions with Owners as Owners	15,653	11,870

Extract of Statement of Financial Position as at 30 September 2005	Audited 2005 \$'000	Audited 2004 \$'000
Current Assets		
Cash	119	233
Receivables	30,795	23,949
Financial assets	71,317	18,974
Other	7,427	6,537
Total Current Assets	109,658	49,693
Non-Current Assets		
Receivables	4,858	3,437
Other assets	455	-
Total Non-Current Assets	5,313	3,437
Total Assets	114,971	53,130
Current Liabilities		
Payables	13,364	10,618
Receipts in advance	24,097	22,692
Total Current Liabilities	37,461	33,310
Non-Current Liabilities		
Receipts in Advance	42,037	-
Total Non-Current Liabilities	42,037	-
Total Liabilities	79,498	33,310
Net Assets	35,473	19,820
Equity		
Contributed equity	50	50
Retained profits	35,423	19,770
Total Equity	35,473	19,820



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' sixth 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

Appointed a director in August 1997 and is chairman of the audit committee and a member of the remuneration committee. Previously chairman of Timbercorp Limited from 29 June 2001 to 14 October 2002, Mr Liddell is an associate of the Institute of Chartered Accountants in Australia and is a partner in chartered accounting firm Liddell Weight & Co. Mr Liddell has been the external accountant to Timbercorp since the commencement of operations. He has a long professional background 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 jointly controls Timwa Pty Ltd, a substantial shareholder of Timbercorp Limited. Mr Hance 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

Appointed a director at Timbercorp's incorporation in February 1992. Mr Vaughan assumed an executive role in July 2000, overseeing Timbercorp's project operations, management systems and human resources functions. He has extensive experience in project development, treasury and corporate management. Previous roles included senior management positions with several Australian and international listed natural resource companies including Mt. Newman Mining Company Pty Limited, Paringa Mining Plc and Nacap Australia Pty Limited, where he served as managing director

Sol C Rabinowicz
Deputy Chief Executive Officer

Appointed Deputy Chief Executive Officer on 11 October 2005. Mr Rabinowicz joined Timbercorp following its ASX listing in May 1996 and has served as company secretary, general manager – corporate, marketing director and executive director – finance. He 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. Mr Rabinowicz is now responsible for the day-to-day management of all areas of Timbercorp's business.

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 BA, 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 other costs out of its own funds. The services of the Custodian are set out in the summary of the Custody Agreement in section 13 and include holding Application Monies and Proceeds until they are disbursed in accordance with Timbercorp Securities' proper instructions.

OTHER PROJECT ENTITIES

The Project Manager

Almond Management Pty Ltd (Almond Management) has been engaged as Project Manager by Timbercorp Securities. The Board of Directors and key personnel of Almond Management have substantial expertise in the management of almond orchards and other horticultural projects. Almond Management is a subsidiary of Timbercorp Limited.

The Land Owner

Almond Land Pty Ltd (Almond Land) is the owner of "Narcooyia" and has entered into a contract of sale to purchase "Mitchell", the properties on which the Orchard is or will be established. It owns all of the infrastructure and other capital works necessary to operate the Orchard, including the irrigation equipment and Water Licences.

Orchard Manager

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 7.

HOW THE PROJECT WORKS

LEGAL STRUCTURE

The Project is a managed investment scheme registered under the Corporations Act, established for the purpose of producing almonds for sale on domestic and export markets. Timbercorp Securities is the responsible entity of the Project.

GROWER AGREEMENTS

If you participate in the Project, you will become an almond grower engaged in the business of almond production. As a grower, you will enter into the following agreements with Timbercorp Securities:

- a scheme Constitution - which regulates how we must administer the scheme for all growers;
- Sub-leases – which grant you the right to use your Almondlots for the Project term; and
- an Almondlot Management Agreement – under which you engage us to cultivate and manage the Almond Trees on your Almondlots and procure the harvesting, processing and marketing your almonds.

These agreements are summarised in Section 13 of this PDS.

ORCHARD ESTABLISHMENT

Project Land

The Project will be conducted on premium horticultural land located near Wemen and Boundary Bend in northwest Victoria. The Project Land consists of 2 properties, one is part of a property, known as “Narcooyia” and the other is known as “Mitchell”.

Almondlots

Those parts of the Project Land that are suitable for planting almond trees are divided into separate identifiable areas of 0.25 hectares, called Almondlots. Each Almondlot will be a stapled

lot and will consist of approximately 0.15 hectares of the Narcooyia Land and approximately 0.10 hectares of the Mitchell Land. After allowing for roads and infrastructure requirements, and excluding frost prone areas, the orchard will comprise at least 4,000 Almondlots (totalling 1,000 hectares). Each Grower is required to sub-lease at least 2 Almondlots from Timbercorp Securities.

Development Work

The Land Owner, with the assistance of Select Harvests, will establish the orchard on the Almondlots completing at least 15% of the planting of your Almondlots by 23 June 2006, and the balance by the end of August 2006. Upon completion of the development work, Almond Land will own all of the capital improvements that comprise the Orchard, including Water Licences and irrigation equipment (see section 9 for further details).

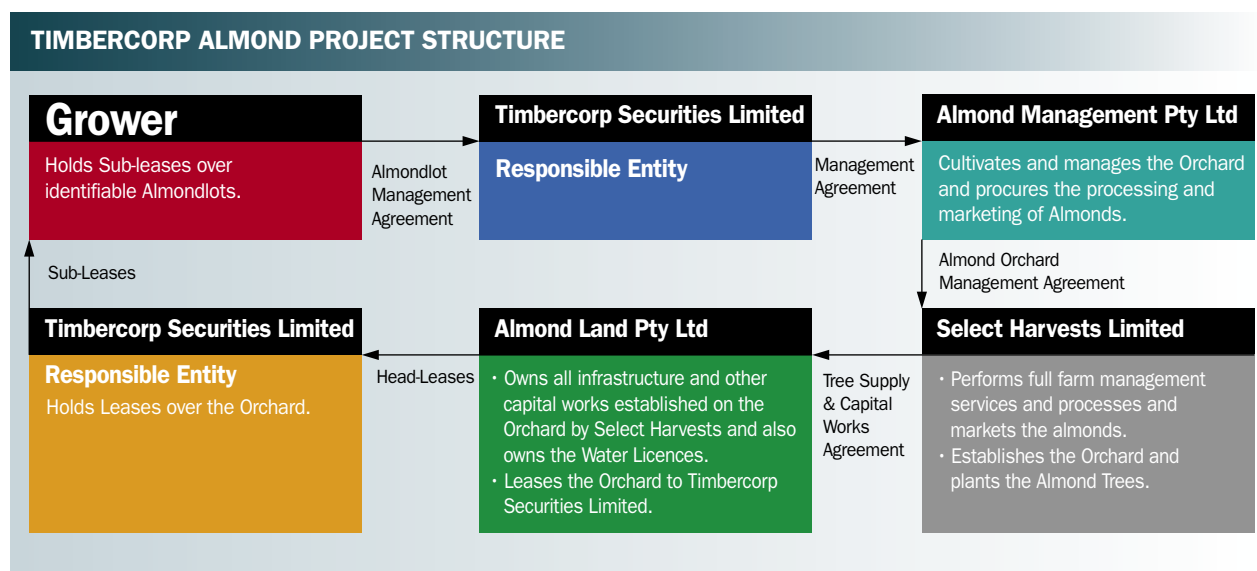
ORCHARD LEASES AND SUB-LEASES

Timbercorp Securities has leased, or will lease, the whole of the Project Land and capital improvements comprising the Orchard from the Land Owner for the duration of the Project term. Timbercorp Securities will register its leases of the Orchard under the land title laws of Victoria and will grant sub-leases to you in respect of your Almondlots.

ORCHARD MANAGEMENT

Management Structure

Timbercorp Securities is the responsible entity and manager of the Project and has overall responsibility for all aspects of the Project. Timbercorp Securities has engaged Almond Management to administer the Project on its behalf, and Almond Management has engaged Select Harvests to manage the orchard on a day-to-day basis and to process and market the almond crop.





HARVESTING, PROCESSING AND SALE OF YOUR ALMONDS

Orchard Production

Almond production commences in the third year after planting, with a yield of approximately 15%, and full production is typically reached in the 7th or 8th year after planting. The trees can continue to produce for up to 28 years, although productivity declines in the latter years.

It is expected that the Orchard will yield its first commercial crop in February – April 2009, and will reach optimum productivity in 2013.

Harvesting

The harvesting program will generally take place in the months of February to April. Harvesting involves the Almonds being 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 they have fallen to the ground, the Almonds are swept into rows, picked-up by machines and transferred to trailers at the hulling and cracking plant at Kyndalyn Park, approximately 2 kilometres from Narcooyia and 40 kilometres from Mitchell.

Processing

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. If necessary, the Almonds are dried to remove excess moisture content. Next, the almonds are transferred to a nearby sorting and packing plant situated close by at Euston.

Grading

At the Euston sorting and packing plant the Almonds will be graded according to variety, size, colour and defects, 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.

Almond Sales

We will sell your Almonds for the best price we can attain to maximise your returns. In doing so, we act as your attorney to enter into any purchase agreement in relation to your Almonds and may appoint our own sub-agents to sell the produce.

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.

Crop Pool and sub-pools

Your Almonds will be pooled with those of the other Growers participating in the Project following harvest. Generally, Select Harvests will combine the Project's pool of Almonds with other almonds handled by it. However, the Project Manager has the right to direct Select Harvests to sell the Project's Almonds outside its usual pooling arrangements if it considers this will achieve a better price.

As different grades of almonds can have significant price differentials, Select Harvests establishes sub-pools of the almonds it sells so as to gain the advantage of these differentials. Where quality variations are significant, these pooling and sub-pooling arrangements enable producers of higher quality almonds to benefit from the higher prices that such nuts attract.

Under the Almond Orchard Management Agreement, Select Harvests is required to pay the net proceeds of pool sales to the Project Manager within 7 days of the end of each month commencing on 31 May of the year in which the first harvest commences. 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.

Pro Rata Entitlements

You will be entitled to a pro rata share of the net proceeds of sale of the Almonds, ie. a share calculated by reference to the proportion that the total number of your Almondlots bears to the total of all issued Almondlots.

Distributions

Consumer demand and price prospects will determine the timing of sales, and we expect to receive the proceeds from the sale of Almonds progressively throughout each year. We will distribute proceeds received from the Project Manager to you periodically. Prior to distributing the proceeds, we will deduct the rent due under the Sub-leases, the management fees and other costs due under the Almondlot Management Agreement and any amount payable under the Grower Agreements which is overdue and has not been paid.

THE IMPORTANT CONTRIBUTION OF SELECT HARVESTS

Select Harvests is an ASX listed company and the largest integrated producer, processor and marketer of almonds in Australia. It is ranked in the top 5 almond growers in the world.

In the 2005 financial year, Select Harvests reported net assets in excess of \$91.5 million and net profit after tax of \$21.7 million (representing the 6th year in succession that it has achieved growth in excess of 20%).



Select Harvests has grown rapidly, along with the Australian almond industry. In 2000 it managed around 3,500 acres of almond orchards. Today it manages approximately 18,000 acres of almond trees - approximately 55% of the total area under cultivation in Australia – and expects to add an additional 7,000 acres in 2006.

As well as significantly increasing the area under its management, Select Harvests has also achieved significant growth in the yield from the area it manages.

In 2005 orchards managed by Select Harvests produced over 6,000 tonnes of almonds, an increase of 70% on the previous year's production. Productivity is expected to quickly increase to more than 20,000 tonnes as new and existing plantings attain commercial maturity.

The activities of Select Harvests are centred in the Murray River irrigation region of northwest Victoria, and many of its orchards, as well as its processing facility, are close to the Project Land.

Select Harvests operates state-of-the-art plant and equipment, including a hulling and shelling facility capable of handling over 10,000 tonnes. These facilities make it an industry leader and enable it to produce a high quality product with minimal losses or deterioration in stocks. Select Harvests maintains its advantage over competitors by regularly upgrading these facilities.

Select Harvests' technological advantage and its implementation of innovative horticultural and management practices combine to make it an efficient almond producer. In 2004/2005, alone, it found ways to reduce costs on its orchards by 6% per kilogram produced.

Select Harvests has an extensive distribution network, with arms in the domestic and international markets. It is Australia's leading supplier of processed nuts to Australian supermarkets, utilising a number of brands including Lucky, Sunsol, Nu-vit, Meriram and Soland, and a significant manufacturer of nut-based ingredients for food manufacturers and distributors. It is also one of Australia's largest exporters of almonds with approximately 40% of its crop sold to foreign markets, including India, Japan, China, Indonesia, Germany, Spain, the United Kingdom, Russia, France, Holland and Belgium. In 2004/2005 these networks helped Select Harvests to generate revenue, from all sources, of \$178 million.

Select Harvests has multiple functions in relation to the Project. It will oversee the establishment of the infrastructure and other capital works on the Land, including the planting of the Almond Trees, to ensure the Orchard is established in accordance with best horticultural practice. It will attend to day to day orchard operations, utilising its horticultural and management expertise to help maximise almond yields at minimum cost. Additionally, it will market and distribute the Almonds produced by the Orchard through its existing distribution networks.

An important feature of the arrangement with Select Harvests for the Project is that Select Harvests guarantees the entire crop harvested in a year will be sold by the end of the following year. Select Harvests does not, however, guarantee the sale price of the Almonds.

The financial strength and significance of Select Harvests within the almond industry, its technological advantages, its proven horticultural and management skills and its extensive marketing and distribution networks all combine to make its involvement in the Project an important benefit to Growers.

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 drip line 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; and
- 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 will take into account with Australian State and Federal legislative requirements and International Labour Organisation treaties, in managing the Project and administering its contracts.

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 EXECUTION OF GROWER 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 2006.

By completing the application and power of attorney form, (whether as an Early Grower or Post 30 June Grower), you agree to be bound by the Constitution and the Grower Agreements and authorise Timbercorp Securities to execute the Grower Agreements on your behalf.

COOLING OFF

Certain types of financial products allow an investor to "cool off" within a limited period after they invest. In such instances, provided they exercise their right within the cooling off period, the investor can return the product and obtain a refund of their investment monies (less taxes, charges and administrative costs). The cooling off period is 14 days commencing on the earlier of the date the investment is confirmed (by letter, fax or email) or the end of the 5th business day after the day on which the product was issued or sold to the client. However, the right to cool-off ceases to apply once the investor exercises a right or power that they have under the product's terms, and does not apply to a managed investment product that at the time of issue is not liquid within the meaning of section 601KA of the Corporations Act.

No Right to Cooling off under this PDS

The Constitution of the Project does not confer a right to withdraw from the Project on Growers, and the Project is not a liquid scheme within the meaning of section 601KA of the Corporations Act. Accordingly, you do not have a right to cool off under this PDS.

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:

- (a) annual reports setting out the results of the harvest of Almonds including the condition of the Orchard, Almond Trees and other relevant details;
- (b) annual invoices for management costs and rent; and
- (c) 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 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 VIC 3000
Telephone 03 8623 2000

Insurance Brokers Disputes Limited (IBD)
Level 13
31 Queen Street
Melbourne Victoria 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 13.

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 23-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 12) 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 10 and the risks and safeguards described in section 11.

FACTORS WHICH IMPACT FINANCIAL PERFORMANCE

The main factors that determine the profitability of a horticultural business are yield, price and production costs.

ALMOND PRICES

Overview

Price is a product of supply and demand. As noted in Section 5, global demand for, and consumption of, almonds has steadily increased over recent years and now closely tracks supply. As a consequence, prices have also risen steadily. In fact, despite world production for the year being one of the highest on record, almond prices reached an all time high in September 2005, although prices have since returned to mid-2004 levels.

Preferred Varieties

The Orchard to be established on the Project Land will be comprised of 3 varieties; Nonpareil (50%), Carmel (33%) and Price (17%).

Historically, Nonpareil has been 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. There is no published price information available for the Carmel and Price varieties. However, these pollinator varieties generally attract slightly lower prices than the premium Nonpareil almond variety.

Premium Grades

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.

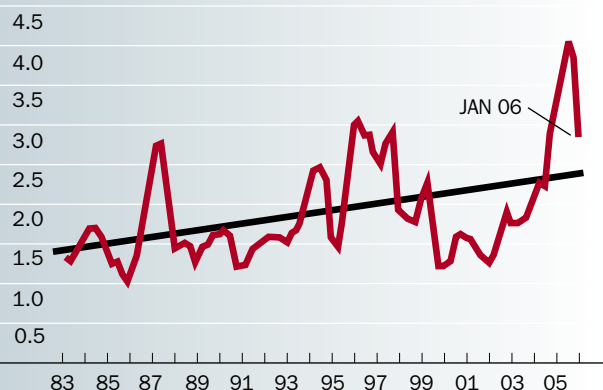
Typically, up to 25% of the Californian crop is comprised of 'std.sr', one standard below the Australian SSR (Select Sheller Run) – generally, the lowest grade of almonds produced by Select Harvests.

However, in the case of the Project, it is expected that SSR will be a considerably lower proportion of the total crop. Of the crops managed by Select Harvests over 2002 to 2004, around 13% to 15% of the Nonpareil and 61% to 68% of the Carmel and Price varieties were graded SSR. 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 2005 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.

As the graph below illustrates, over the past 21 years, the Nonpareil SSR 23/25 almond variety has traded in a range of \$US1 to \$US 4.05 per pound (\$US2.18 to \$US8.91 per kilogram). It can be reasonably expected that prices will continue to fluctuate in the future, thereby affecting your returns from year to year.

Quarterly Non Pareil SSR 23/25 Prices

March 1983 – December 2005
(Nominal US\$/lb)



Source: David Neve & Associates

Recent Experience

The experience of Select Harvests is that:

- between 2001 and 2003, the price in \$US for Australian Nonpareil 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;

- the growth in prices during 2004 was achieved despite the value of the \$A appreciating significantly against the \$US during the year;
- prices attained an historical high in September 2005; and
- although prices have returned to mid-2004 levels, a decline in the size of the Californian crop may have the effect of driving prices higher for a time.

The first almond orchard established by Timbercorp, the 2001 Timbercorp Almond Project, was harvested for the first time in February and March of 2004. The average price for the 2004 crop was \$A6.58 per kilogram, although stocks sold in December 2004 commanded an average of \$A7.50 per kilogram, reflecting the continued bullishness of the market. Since then, the almond price has continued to rise and at times has risen above \$A11.00 per kilogram. In the 13 months from January 2005 to February 2006 the mean average price was approximately \$A10.67 per kilogram (using an average \$A:\$USD of 0.75 cents), with a high of \$A11.64 and a low of \$A7.90.

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 5 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 split

At present the split between domestic sales and export sales achieved by Select Harvests is approximately 60:40.

Select Harvests markets packaged nuts and associated products in which almonds are an ingredient (including snacks, cooking ingredients, mueslis and natural health foods) under the Lucky, Sunsol, Nu-vit, Meriram and Soland brands. In October 2004 Select Harvests also acquired the Chiquita Nibbles business from Chiquita Brands South Pacific which helped it to increase its food production sales in 2004/2005 by almost 50% above its food product sales for the previous financial year. This achievement follows increases in domestic sales of packaged almonds in calendar years 2001 to 2003. These results are pleasing as domestic sales of almonds generally attract premium prices.

Select Harvests' ability 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.

The FTA provides improved market access for agricultural producers in both the US and Australia through the immediate abolition of some tariffs and the phasing out of others. Overall, the FTA is considered to benefit Australian primary producers because of the relatively low level of protection they have received in recent years compared to their US counterparts.

For Australian almond producers, however, the FTA has negligible impact. Although the FTA has meant the abolition of a 5% import tariff on imports of U.S. almonds, the locally produced product is still more competitively priced because of significantly lower processing and transport costs. Consequently the FTA has not led to any significant increase in imports of almond products. Of course, the converse is also true and, despite the abolition of the U.S. import duty on kernels previously applied to Australian almonds, Select Harvests does not currently expect to sell significant volumes of its product to the US, where it would compete directly with almonds produced by the huge Californian industry.

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 2009, 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
2009	93	371
2010	340	1,359
2011	463	1,853
2012	803	3,212
2013 onwards p.a.	865	3,460

The above yields are based on an average planting density of approximately 250 Almond Trees per hectare (i.e. 62.5 Trees per Almondlot) and are verified as reasonable by the Independent Almond Orchard Expert's Report, which is reproduced in section 12.

In 2004, Select Harvests completed the first commercial harvest of Almondlots established by Timbercorp in 2001. The orchard achieved approximately 87% of the forecast yield, primarily due to unseasonal frost events which caused widespread damage around the time of flowering. In the following harvest these Almondlots, and the Almondlots established by Timbercorp in 2002 which came into production for the first time in 2005, all yielded higher than forecast, with the positive variance ranging between 6% and 18%.

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 fees and other costs of participating in the Project are fully set out in section 4. 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 2009 to the end of the Project will be as follows:

Year ended 30 June	Estimated operating costs per Almondlot
2009	1,888
2010	2,280
2011	2,673
2012	3,160
2013	3,503
2014 onwards p.a.	3,625

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 2009 financial year and beyond will be rent Indexed annually with the first indexation occurring in the 2013 financial year, the deferred management fees referable to the 2007 and/or 2008 financial years respectively and the incentive fee calculated as described in section 4.

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 4.

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 10 and Product Rulings PR 2006/1 and PR 2006/2.

PROJECT SITE AND DEVELOPMENT

LOCALITY

The Sunraysia region of northwest Victoria, where the Project land is located, is a prime horticultural area with a history of producing high quality almonds.

THE LAND AND SOILS

The Project Land consists of 2 properties, one known as 'Narcooyia' and the other 'Mitchell', located near Boundary Bend and Wemen respectively in northern Victoria. Both properties are close to the existing almond processing, hulling and packing facilities owned and operated by Select Harvests.

The Project Land comprises approximately 2,250 hectares suitable for almond growing, of which approximately 1,500 hectares is located on Narcooyia and the balance (approximately 750 hectares) is located on Mitchell.

The Land has been soil tested and surveyed to determine the most appropriate orchard layout and to ensure that the irrigation system design is optimised for the land to be planted with almond trees. The tests have shown that the Land is suitable for growing commercial crops of almonds.

Further details regarding the land and soil are included in the Independent Almond Orchard Expert's Report in section 12.

CLIMATE

The Sunraysia region enjoys a semi arid Mediterranean-style climate, with relatively mild winters and long warm to hot dry summers. It is an ideal climate for growing almonds. 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.

The mean annual rainfall is 353.8 millimetres, comparable to that of the southern end of the San Joaquin valley in California, around Bakersfield, which is one of the world's most productive almond-producing regions. Rainfall in the Sunraysia is distributed fairly evenly throughout the year, with an average rainfall of approximately 20 to 35 millimetres each month. As a result, the incidence of crop loss and disease due to high rainfall is low.

WATER REQUIREMENTS

Almond trees need regular watering to supplement annual rainfall. To produce the quality of almonds expected for the Project, the mature orchard will consume, on average, 12.5 megalitres of water per hectare.

WATER SUPPLY

Water for the Project is obtained from the Murray River. The Murray River generates water from rainfall on the slopes, of the Australian Alps. The northern slopes including the Mount Kosciuszko 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 Kosciuszko National Park feeds water to the north of the Murray River.

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.

To secure the Project water requirements, the Land Owner will progressively acquire, at its own cost, sufficient permanent Water Licences on the open market to meet the Orchard's needs, up to a maximum of 12.5 megalitres per planted 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.

IRRIGATION SYSTEM

The water will be pumped from the Murray River and delivered to the Orchard via mainlines. The Land Owner has established water storage facilities which can be utilised by the Orchard.

In order to maximise the quantity, quality and consistency of the Almonds produced and minimise waste of valuable water resources, the irrigation system for the Orchard will utilise sophisticated delivery and monitoring systems and be carefully designed and installed. The Land Owner has commissioned a qualified irrigation expert to prepare a fully integrated irrigation design, water budget and drainage management plan for the Orchard, which will ensure that the irrigation system meets the specifications and requirements particular to almond growing and will operate with maximum efficiency. For further details on the irrigation requirements of the Orchard, refer to the Independent Almond Orchard Expert's Report in section 12.

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 tree rows each day depends on the prevailing climatic conditions, the age of the trees, drainage characteristics and moisture holding capacities of soils and roots at various parts of the Orchard. For this purpose the irrigation blocks on the Orchard have been grouped within uniform soil types.



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 DEVELOPED

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 – August 2006.

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 fertiliser. 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 250 almond 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', which 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.

PRODUCT RULINGS AND DEDUCTIONS

The Australian Taxation Office (ATO) has issued Product Rulings in respect of the Project namely, PR 2006/1 (for Early Growers) and PR 2006/2 (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 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;
- 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 2009;
- 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 may elect to use the cash method for recognising income and incurring costs.

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 11 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 as set out in section 4 of this PDS.

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.

TAXATION ADVICE

Before deciding whether to participate in the Project you should read Product Rulings PR 2006/1 or PR 2006/2. 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

With any long-term commercial undertaking, and particularly one that involves agriculture, there are numerous risk factors that may impact upon profitability. We have considered these risks and in this section we identify some of the principal risks associated with the Project and the strategies we have developed to reduce the incidence, and mitigate the impact of, these risks. You should carefully consider the risks detailed below before making an application to participate in the Project.

PROJECT SPECIFIC RISKS

Almond Trees

There is a risk that the Almond Trees will not be of the quality required for inclusion in the Project. 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 Orchard will incorporate 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 although no guarantee can be given in this regard. 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 8.



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 2006/1 and PR 2006/2 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 2008, 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. As Australia's largest producer, processor and marketer of almonds, Select Harvests is focused on leading the market in technology to retain its competitive advantage.

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-leases, and the ability of the Land Owner to meet its obligations under the Sub-leases, could also constitute a risk to Growers.

Non liquid 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 23 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

The Land Owner, Almond Land, a wholly owned subsidiary of Timbercorp, is the owner of the Orchard, the Almond Trees, irrigation equipment, Water Licences and all of the infrastructure and other capital works necessary to operate the Orchard. The Land Owner has leased, or will lease, the whole of the Orchard to Timbercorp Securities under separate head leases and, to secure your tenure, these leases will be registered under the land title laws of Victoria.

Risk mitigation plans

We are preparing an initial management plan with the assistance of Select Harvests for the financial year ending 30 June 2006. 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 7 of this PDS.

INDEPENDENT ALMOND ORCHARD EXPERT'S REPORT

PREPARED FOR THE 2006 TIMBERCORP ALMOND PROJECT

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

14 February 2006

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 2006 Timbercorp Almond Project Product Disclosure Statement (PDS) for the cultivation and management of almond orchards near the towns of Robinvale 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 Industry Advisory 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 2006 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 'Project' will be conducted on the following properties:

1. 'Narcooyia', which includes an estimated irrigated area of approximately 1,592.2 Ha; and
2. 'Mitchell' which includes an estimated irrigated area of approximately 827.4 Ha estimated irrigated area.

The approximate area to be planted at Narcooyia is 1500 Ha and at Mitchell 750 Ha, or for the Project a total of approximately 2,250 Ha (5,559.75 acres).

Narcooyia is situated south of the Murray Valley Highway approximately 30km south east of Robinvale and 15km west of Boundary Bend in Victoria and is adjacent to existing almond orchards owned by Select Harvests and Timbercorp. The topography of the site typically consists of jumbled highland dune/swale formations predominantly in an east-west direction. Narcooyia has previously been used for dry land cereal and sheep farming and potato production under centre pivots.

'Mitchell' is approximately 1,068 Ha, excluding native vegetation conservation areas, and is situated south of the Murray Valley Highway, and west of the land developed by Timbercorp under its inaugural 2001 Timbercorp Almond Project. Mitchell has previously been used for dry land cereal production. Its topography is characterised by jumbled highland dune-swale formations, predominantly in an east-west direction.

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 close to a state of the art almond hulling and cracking plant owned and operated by Select Harvests Limited (approximately 2 kilometres in the case of Narcooyia and 40 kilometres in the case of Mitchell) and approximately 35km from Select Harvests packing facilities. 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, where it exists, 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. Areas with high levels of free lime near the surface, very shallow topsoil, as well as poor drainage characteristics, have generally been excluded from development in the soil survey as they would be unsuitable for commercial almond production.

From our general knowledge of the soils in the proposed development and a review of the soil survey reports we believe soils identified as suitable for almond production, together with any recommended amelioration recommended, 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 2.98 mega litres per hectare budgeted in years 1 through to 12.54 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. During years of extreme hot weather the annual irrigation according to the soil survey report could be as high as 15.98ML/Ha. Drought conditions may also mean that additional water may have to be leased or purchased to compensate for any annual reductions in licence allocations. Results from industry research and development trials may show in the future that increased water applications than the current water budget used could increase the production and profitability of almond orchards.

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 250 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 4 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.

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 3 to 7 year old trees in 2005 compared with trees the same age in 2004. The consistency of mature yields in older orchards owned by Select Harvests Limited over five years, the early yields being achieved in young orchards and current results from an industry Almond Best Practice Management Trial in Berri South Australia, (refer comments below), 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
2009	93	371
2010	340	1,359
2011	463	1,853
2012	803	3,212
2013 onwards p.a.	865	3,460

Table 1 Yield estimates each year for almond production in the 2006 Timbercorp Almond Project commencing with the first crop in 2009 from trees 2 years and eight months of age.

Timbercorp, in conjunction with their orchard manager Select Harvests Limited has established a 50 hectare almond trial block in 2005 to evaluate a range of operational practices. This trial together with ongoing research efforts could lead to the adoption of technology that increases production and profitability in their orchards in the future. Timbercorp is working with the Almond Board of Australia's Industry Development Manager (IDM) to assist them to manage the trials. The IDM has achieved significantly higher production than 'Project' targets in an industry-based trial being managed by the IDM in Berri South Australia (refer comments below). This we see as a very positive initiative towards achieving the target yields in Table 1.

The production figures presented in the 2006 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 is being 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 2006 Timbercorp Almond Project PDS. This trial is producing very encouraging results to date and achieving mature yields well above those in table 1. 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 and how on a commercial scale the trial results can be successfully applied.

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

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 appointment of a Timbercorp representative to the Industry Advisory Committee 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 land areas to be planted and excluded 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. It is not envisaged that local climatic conditions will have an impact on the viability of the

Project over its term. 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 2006 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 \$15,500 (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 MATERIAL DOCUMENTS

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 2006 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 Product;
- (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-leases. [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-leases 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) Almondlot Statements

Almondlot Statements will be sent to Growers by the Responsible Entity within 2 months after the Almondlots are allotted, 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]

(b) 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 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, such fees being in addition to any other fees it is entitled to under the Constitution. [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 this 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 "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-leases 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-leases and Almondlot Management Agreement and any other ancillary or related documents as attorney for the Grower. [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-leases 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:

- (a) the Sub-leases and Almondlot Management Agreement are in the form required by the Constitution and have been duly entered into by all parties;
- (b) all necessary consents to the grant of the Sub-leases and entry into the Almondlot Management Agreement have been, or will be, obtained;
- (c) the property the subject of the Sub-leases is not subject to any encumbrance or restriction which detrimentally affects the interests of the Applicant;
- (d) any other matter required to be attended to, which is necessary for the creation of the Sub-leases and the effective vesting in the Grower of its Agreements, whether by reason of the Constitution or otherwise, has been attended to; and
- (e) 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 released. [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-leases 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 the provisions of the Agreements. [15.1] Expenditure will be shared between all of the Growers such that each Grower pays its 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-leases 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 18.3(g), 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) 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) 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) 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) 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) a poll cannot be demanded on any resolution concerning the election of the chair of a meeting or the adjournment of a meeting;
- (f) 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

- 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)]

- 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]

- 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-leases and the Almondlot Management Agreement. [24.3]

7 Default and Termination

If a Grower is in breach of any of the Agreements or the Constitution, Timbercorp Securities may exercise any of the following rights::

- (i) sue the Defaulting Grower for any amount or amounts due; [18.3(b)]
- (ii) give notice to the Defaulting Grower specifying the default and requiring the default to be remedied within 30 days, and where the Defaulting Grower fails to remedy the breach within the timeframe specified, it may either:
 - a. procure the termination of the Agreements [18.3(c)]; or
 - b. sell and assign the Defaulting Grower's Almondlots at such time and in such manner as it in its absolute discretion determines, including by public auction, public tender or invitation or private treaty, and apply the proceeds in the following order of priority: in payment of fees owing to a valuer (if any) engaged to determine the market value of the Almondlots, in payment of the Responsible Entity'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-leases 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.

The sale and assignment must be conducted in accordance with clause 18.3 of the Constitution. Nothing in the Constitution prevents Timbercorp Securities from purchasing and taking an assignment of a Defaulting Grower's Almondlots. [18.3(c)-(g)]

If the Agreements are 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. [18.4]

Joint Venturers

A default on the part of one Joint Venturer will constitute a default of both Joint Venturers that comprise the Participant 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. [18.3A]

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 ASIC, 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 outgoing 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 2006, 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-leases 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 a specified percentage (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 Prescribed Proportions of the First Joint Venturer and the Second Joint Venturer and the proportion of fees and other costs for which each Joint Venturer is liable are set out in Table 3 of Section 4 of this PDS.
- (iii) 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]

12 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 appointed 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 receive and hold the Scheme Assets and all income accruing in respect of them and any document of title to them in safe custody. "Scheme Assets" is defined as Application Moneys, until they are expended, and Proceeds, until they are distributed, in accordance with the proper instructions of Timbercorp Securities.

2 Powers of the Custodian

The Custodian's powers include the following powers:

- (a) to establish bank accounts in its name on behalf of Timbercorp Securities 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 completion 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-LEASES

1 Parties

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

2 Grant of Sub-leases

A Grower's Almondlot is a separately identifiable part of the Orchard developed on the Project Land. Each Almondlot is approximately 0.25 hectares, of which approximately 0.15 hectares is located on the property known as "Narcooyia" (Narcooyia Land Lot) and approximately 0.10 hectares is located on the property known as "Mitchell" (Mitchell Land Lot). An Almondlot therefore consists of a sub-lease of a Narcooyia Land Lot (Narcooyia Sub-lease) and a sub-lease of a Mitchell Land Lot (Mitchell Sub-lease). The Narcooyia Sub-lease and the Mitchell Sub-lease in relation to an Almondlot, together referred to as the Sub-leases in this summary, contain the same or substantially similar terms and conditions and are 'stapled' i.e. are, generally, interdependent.

Pursuant to the Sub-leases Timbercorp Securities grants to the Grower the right to use and occupy the Grower's 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, Orchard on the Land in accordance with Best Horticultural Practice and construct necessary infrastructure and carry out capital works. For this purpose, the Land Owner 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 Orchard 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 the Orchard within the specified 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 Land Owner will undertake the Capital Works required to establish the Orchard, using its best endeavours to complete the 'Pre-plant Capital Works' by 15 June 2006, or such later date as may be agreed between the Land Owner and the Grower. The Land Owner 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's 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 Land Owner 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 Grower's Almondlots and to avoid any actions that would prejudice the Grower's rights under the Sub-leases. [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 the Land Owner may purchase water licences and provide water to Timbercorp Securities to meet its obligations under the Almondlot Management Agreement and such additional water licences do not attach to the Grower's Almondlots, 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-leases will be from the Commencement Date until the earlier of:

- (a) 29 June 2029;
- (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-leases, the Grower must return the Grower's Almondlots to the Land Owner in good condition, but the Grower is not required to remove Almond Trees or restore the Grower's Almondlots to their original condition. Any structures or plant and equipment of any description which belong to the Grower must be removed from the Grower's Almondlots within 30 days after the end of the Sub-leases and if the Grower does not comply with this requirement, all structures and plant and equipment remaining on the Grower's 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 Grower's Almondlots that become the absolute property of the Land Owner after the end of the Sub-leases. [4.2]

The Grower may terminate the Sub-leases:

- (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-leases or either of them 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)]

The Grower may terminate the Narcooyia Sub-leases or the Mitchell Sub-leases, as the case may be:

- (a) by giving four months' written notice to Timbercorp Securities, if the whole or a substantial part of the Narcooyia Lots or the Mitchell Lots, as the case may be, 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 Narcooyia Lots or the Mitchell Lots, as the case may be, 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, but does not operate to terminate the Sub-leases in relation to the stapled lots that are not affected by the event [10.3]
- (b) by giving four months' written notice to Timbercorp Securities, if that part of the Narcooyia Lots or the Mitchell Lots, as the case may be, 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 Narcooyia Lots or the Mitchell Lots, as the case may be, 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, but does not operate to terminate the Sub-leases in relation to the stapled lot that is not affected by the event. [10.4]

Timbercorp Securities may terminate the Sub-leases 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 a Sub-lease in relation to any Almondlot of the Grower or the Constitution, or commits a material breach of a 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. Where Timbercorp Securities is the responsible entity at the relevant time, the provisions relating to default and termination as set out in clauses 18.3 to 18.4 of the Constitution are to apply. [10.1 A, 10.2]

Termination of the Sub-leases in respect of an Almondlot 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. [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-leases 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-leases 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, Timbercorp Securities 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-leases are subject to and conditional on the Grower entering into both stapled Sub-leases in relation to an Almondlot and 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

The Rent and other amounts payable by a Grower in respect each of the Grower's Almondlots is set out in Section 4 of this PDS, 'Fees and other costs'.

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

9 The Grower's Obligations

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-leases;
- (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-leases;
- (j) comply or procure compliance with the provisions of the Almondlot Management Agreement; and
- (k) give such rights of way and free access 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-leases 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-leases 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-leases 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-leases 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-leases 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 Sub-leases 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-leases observe and perform all of the terms and conditions of the Sub-leases 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-leases, 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. [13.3(a)]

The proposed assignee is deemed to have entered into a Almondlot Management Agreement and Sub-leases, 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-leases, it ceases to remain liable under the Sub-leases 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-leases, the Grower is not obliged to incur any liability under the Sub-leases 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-leases are governed by the laws of Victoria. [17]

15 Amendments

The Sub-leases may be amended by:

- (a) another document in writing and duly signed by the parties to the Sub-leases;
- (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-leases, or the Project, to be more conveniently, advantageously, profitably or economically administered or managed.

Before the Land Owner and Timbercorp Securities amend the Sub-leases, 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-leases.

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-leases 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-leases 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-leases. [21]

The provisions of section 144(1) of the Property Law Act 1958 do not apply to the Sub-leases. [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-leases. 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-leases, 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. [24]

SUMMARY OF THE ALMONDLOT MANAGEMENT AGREEMENT

1 Parties

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

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.

In the period ending 30 June 2006, Timbercorp Securities will carry out various infrastructure and orchard management services, and administrative services. Commencing on the later of 1 July 2006 and completion of planting, and each subsequent year during the term of the Project, Timbercorp Securities will carry out maintenance, irrigation, fertilisation, marketing and other incidental services. These services are aimed at ensuring that the Almond Trees and Almondlots are maintained and protected in accordance with Best Horticultural Practice during the term of the Project, and are consistent with all applicable laws and regulations and its obligations under the Grower Agreements.

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.

Timbercorp Securities is authorised to 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 will be divided pro rata according to the Growers' Participating Interests in the Product or Crop.

The Grower acknowledges and agrees with 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 the preparation of income tax returns;
- (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 7 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

The fees and other amounts payable by a Grower in respect of each of the Grower's Almondlots is set out in Section 4 of this PDS, 'Fees and other costs'.

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 a 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 2030; and
- (c) 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 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 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; and
- (b) the Grower remains liable for payment of all fees in respect of work done by Timbercorp Securities.

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-leases are 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.

Examples of Force Majeure are set out in item 11 of the Summary of Sub-leases.

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-leases, 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-leases 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. [20.7, 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) 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 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-leases 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-leases. 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 \$420,020 (plus disbursements) for the audit of Timbercorp's financial statements for the 12 month period ended 30 September 2005 and a fee of \$313,500 (plus disbursements) for the 12 month period ended 30 September 2004.

Consents and Disclaimers

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 27 and 28 in the form and context in which they appear and to be named as the auditor of the Project's Compliance Plan. Deloitte Touche Tohmatsu have not been involved in any aspect of this PDS. It expressly disclaims and takes no responsibility for any part of this PDS.

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 12, pages 44 to 47 inclusive, 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 9, 36 and 38. 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.

Trust Company of Australia Limited has been engaged by us to act as the Custodian of scheme property. Trust Company of Australia Limited has not been involved in any aspect of this PDS and takes 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 2007 and 2008 financial years (for applications made by Early Growers) or the 2008 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, mango 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 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-leases. The expression “Almondlots” when used in relation to an individual Grower means all of the Almondlots to which a Grower is entitled. Each Almondlot consists of approximately 0.15 hectares of the Orchard on the Narcooyia property and approximately 0.10 hectares of the Orchard on the Mitchell property.

Almondlot Management Agreement

means the agreement of that name between us in our personal capacity 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 \$7,500 per Almondlot payable by an Early Grower and the amount of \$9,500 per Almondlot payable by a Post 30 June Grower.

ASIC

means the Australian Securities and Investments Commission.

ATO

means the Australian Taxation Office.

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.

Constitution

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

CPI

the “Weighted Average of Eight Capital Cities All Groups Consumer Price Index” as currently maintained and published by the Australian Bureau of Statistics or should it be discontinued or suspended such other index as determined in accordance with clause 7.2 of the Sub-leases;

Early Grower

means a person whose application for Almondlots under the Project is made and accepted on or before 15 June 2006.

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-leases 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-leases 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: $A_t = A_o \times CPI_t / CPI_o$ where A_t = the amount on the Adjustment Date; A_o = the amount being adjusted; CPI_t = the highest CPI for a full calendar quarter published between the date CPI_o is published and the Adjustment Date, including CPI_o ; CPI_o = 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, ‘ CPI_o ’ 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 Narcooyia and Mitchell 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.

Mitchell

means that part of the Land known as “Mitchell”, via Wemen, Victoria

Narcooyia

means that part of the Land known as “Narcooyia” 1633 Murray Valley Highway, Lake Carpul, Victoria

Offer Period

for applicants on or before 15 June 2006, 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 2006, means the period from 1 July 2006 to 15 June 2007.

Orchard

means all of the Almondlots established on the Land.

Orchard Manager

means Select Harvests Limited.

Post 30 June Grower

means a person whose application for Almondlots under the Project is made and accepted on or after 1 July 2006 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, management fees and other 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 2006 Timbercorp Almond Project.

Project Manager

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

Responsible Entity

means Timbercorp Securities as Responsible Entity under the Project.

Select Harvests

means Select Harvests Limited (ACN 000 721 380).

Sub-leases

means the deeds between the Land Owner, us in our personal capacity and each several Grower by which we grant to the Grower sub-leases 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.

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 12.5 megalitres per planted hectare 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 Form

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 2006 Timbercorp Almond Project ARSN 118 387 974 ('**project**') pursuant to a PDS dated 3 March 2006 as amended by a supplementary PDS made on 24 April 2006 ("**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 commercial almond orchard plantations. 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 is 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, 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:

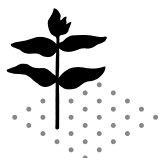
- **If you are applying as an individual, complete Part 4.**
- **If you are applying as a company, complete Part 5.**
- **If you are applying as trustee of a trust or superannuation fund, complete Part 6.**
- **If you are applying as a Joint Venture Grower, complete Part 7, which is shaded in yellow.**

- 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 in original document format
- ☐ 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

Level 3, 303 Coronation Drive
Milton, Queensland 4064
Telephone 07 3510 9888
Facsimile 07 3510 9899
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 2006, your Application Monies per Almondlot are \$7,500 (which includes \$681.82 GST).
- If you are accepted into the Project as a Post-30 June Grower on or before 15 June 2007, your Application Monies per Almondlot are \$9,500 (which includes \$863.64 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 – 2006 Project(s)**" 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 sections 4 and 13 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 Sub-leases and an 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.

By granting the power of attorney to Timbercorp Securities Limited you do so on the following terms and conditions:

1. you will ratify and confirm whatever the Attorney does in the exercise of the power granted by you;
2. you will indemnify and keep indemnified the Attorney against all claims, demands, costs, damages, losses and expenses, however arising, consequent upon the exercise of the power granted by you except in the event of gross neglect, fraud or wilful default by the Attorney;
3. the Attorney may, and where required will, stamp and register this instrument at the cost of the Applicant;
4. any person or corporation dealing with the Attorney in good faith may accept a written statement signed by the Attorney to the effect that this Power of Attorney has not been revoked as conclusive evidence of that fact;
5. this Power of Attorney is irrevocable until the expiration of the Project under the Constitution;
6. the authorisation in writing of any variations, replacements or cancellations referred to above may be by facsimile or any other form of written confirmation;
7. this Power of Attorney will be governed by and construed in accordance with the laws of Victoria; and
8. words and expressions used in this Power of Attorney have the same meanings as in the Constitution unless the contrary requires.

By signing the Application and Power of Attorney Form, you make the following declarations:

- That you have read the PDS for the 2006 Timbercorp Almond Project to which this Application Form relates.
- That you acknowledge that Timbercorp Securities Limited has the right to accept or reject your application.
- That you agree to be bound by the Constitution and irrevocably appoint Timbercorp Securities Limited as your attorney to enter into the Sub-leases and the Almondlot Management Agreement.
- That you understand that by becoming a party to the Constitution and the Almondlot Management Agreement you irrevocably appoint Timbercorp Securities Limited as your attorney to enter into any agreement for the sale of the Almonds.

Part 3 All applicants to complete

[illegible]

Number of Almondlots applied for:	Almondlots
Amount payable: Growers on or before 15 June 2006: @ \$7,500 per Almondlot (inclusive of \$681.82 GST)	\$
Growers on or after 1 July 2006: \$9,500 per Almondlot (inclusive of \$863.64 GST)	
Amount enclosed with this application:	\$
Amount subject to finance:	\$

NB: Further payments of rent and management fees will be due each year

METHOD OF PAYMENT (whether for the deposit or the full Application Monies)

☐ **Cheque enclosed** (all cheques must be made payable to “**Timbercorp – 2006 Project(s)**” and crossed “Not Negotiable”)

or

☐ **Credit Card** Please debit my: Visa Card ☐ Bankcard ☐ Master Card ☐

Card Number															Expiry Date			/		
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--------------------	--	--	---	--	--

Name on credit card

[illegible]

For the amount of: \$

Card holder's signature ✕

Date / /

Note: A limit of \$50,000 applies to credit card payments.

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)

Part 4 Individual applicants to complete

To be completed by the Advisor

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

YOUR DETAILS

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Address		
<input type="text"/>		
Suburb/Town/City		State
<input type="text"/>		<input type="text"/>
Postcode		<input type="text"/>
ABN		Are you registered for GST
<input type="text"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>
Date of Birth	Occupation	
<input type="text"/>	<input type="text"/>	
Tel: Work	Tel: Home	
<input type="text"/>	<input type="text"/>	
Mobile	Fax	
<input type="text"/>	<input type="text"/>	
Email	<input type="text"/>	

Joint Applicant (if applicable)

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Address (If same address as above, do not complete)		
<input type="text"/>		
Suburb/Town/City		State
<input type="text"/>		<input type="text"/>
Postcode		<input type="text"/>
ABN		Are you registered for GST
<input type="text"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>
Date of Birth	Occupation	
<input type="text"/>	<input type="text"/>	
Tel: Work	Tel: Home	
<input type="text"/>	<input type="text"/>	
Mobile	Fax	
<input type="text"/>	<input type="text"/>	
Email	<input type="text"/>	

DATE OF SIGNING / /

Signed ✕

(joint applicant signature) ✕

Witness ✕

Witness ✕

To be completed by the Advisor

PLEASE COMPLETE IN BLOCK LETTERS

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

Full Company Name

[illegible][illegible][illegible]

--	--	--	--	--	--	--	--	--

[illegible]

1

1

--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--

[illegible][illegible][illegible]

--	--	--	--

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

--	--	--	--	--	--	--	--	--

[illegible]

1

[illegible]

--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--

[illegible]

--	--	--	--	--	--	--	--

[illegible]

/ /

Director ✕

Director/Secretary ✕

Print Name

Print Name

Part 6 Trusts or Superannuation Funds to complete

To be completed by the Advisor

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

Trustee #1 DETAILS (Individual or company)

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Company Name (If a company)		
<input type="text"/>		
Address		
<input type="text"/>		
Suburb/Town/City		State Postcode
<input type="text"/>		<input type="text"/>
ACN (if a company)	<input type="text"/>	
Date of Birth	/	Occupation
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tel: Work	<input type="text"/>	Tel: Home
<input type="text"/>	<input type="text"/>	<input type="text"/>
Mobile	<input type="text"/>	Fax
<input type="text"/>	<input type="text"/>	<input type="text"/>
Email	<input type="text"/>	

Trustee #2 DETAILS (If any)

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Company Name (If a company)		
<input type="text"/>		
Address		
<input type="text"/>		
Suburb/Town/City		State Postcode
<input type="text"/>		<input type="text"/>
ACN (if a company)	<input type="text"/>	
Date of Birth	/	Occupation
<input type="text"/>	<input type="text"/>	<input type="text"/>
Tel: Work	<input type="text"/>	Tel: Home
<input type="text"/>	<input type="text"/>	<input type="text"/>
Mobile	<input type="text"/>	Fax
<input type="text"/>	<input type="text"/>	<input type="text"/>
Email	<input type="text"/>	

YOUR DETAILS

Name of trust or superannuation fund		
<input type="text"/>		
Is the trust or superannuation fund registered for GST	Yes <input type="checkbox"/> No <input type="checkbox"/>	ABN <input type="text"/>

DATE OF SIGNING

/ /

Where trustee is a company, sign below.

Executed in accordance with its constitution by:

Director ☐

Print Name

Director/Secretary ☐

Print Name

Where trustees are individuals, sign below.

Trustee #1 signed ☐

Witness ☐

Trustee #2 signed ☐

Witness ☐

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

Part 7 Joint Venture Applicants

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

Part 7A First Joint Venture Applicants to complete *(Second Joint Applicants complete overleaf)*

1 Complete A, B or C

A Individual Applicants (Individual or company)

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Company Name (If a company)		
<input type="text"/>		
ABN	<input type="text"/>	Are you registered for GST Yes <input type="checkbox"/> No <input type="checkbox"/>

Joint Applicant (if applicable)

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
ABN	<input type="text"/>	Are you registered for GST Yes <input type="checkbox"/> No <input type="checkbox"/>
Signed <input type="checkbox"/>	(joint applicant signature) <input type="checkbox"/>	
Witness <input type="checkbox"/>	Witness <input type="checkbox"/>	

B Company Applicants

Full Company Name	
<input type="text"/>	
ACN	ABN
<input type="text"/>	<input type="text"/>
Are you registered for GST Yes <input type="checkbox"/> No <input type="checkbox"/>	
Executed in accordance with its constitution by:	
Director <input type="checkbox"/>	Director/Secretary <input type="checkbox"/>
Print Name	Print Name

C Trust or Superannuation Funds

Name of trust or superannuation fund	
<input type="text"/>	
Is the trust or superannuation fund registered for GST Yes <input type="checkbox"/> No <input type="checkbox"/> ABN <input type="text"/>	
Trustee #1 (individual or company)	
<input type="text"/>	
Trustee #2 (individual or company)	
<input type="text"/>	
Where trustee is a company, sign below	
Executed in accordance with its constitution by:	
Director <input type="checkbox"/>	Trustee #1 <input type="checkbox"/>
Print Name	Witness <input type="checkbox"/>
Director/Secretary <input type="checkbox"/>	Trustee #2 <input type="checkbox"/>
Print Name	Witness <input type="checkbox"/>

2 All Applicants to complete

Address	
<input type="text"/>	
Suburb/Town/City	State Postcode
<input type="text"/>	<input type="text"/>
Date of Birth	Occupation
<input type="text"/>	<input type="text"/>
Tel: Work	Tel: Home
<input type="text"/>	<input type="text"/>
Mobile	Fax
<input type="text"/>	<input type="text"/>
Email	<input type="text"/>

DATE OF SIGNING

/ /

Part 7B **Second Joint Venture Applicants** to complete

1 Complete A, B or C

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>
Company Name (If a company)		
<input type="text"/>		
ABN	Are you registered for GST Yes <input type="checkbox"/> No <input type="checkbox"/>	
<input type="text"/>		

Dr/Mr/Mrs/Ms/Miss	First Name	Surname
<div style="border: 1px solid black; width: 40px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 40px; height: 25px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div>
ABN	<div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div>	Are you registered for GST Yes <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div> No <div style="border: 1px solid black; width: 30px; height: 25px; display: inline-block;"></div>
Signed	(joint applicant signature)	
Witness	Witness	

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														

Name of trust or superannuation fund																															
Is the trust or superannuation fund registered for GST															Yes		<input type="checkbox"/>		No		<input type="checkbox"/>		ABN								
Trustee #1 (individual or company)																															
Trustee #2 (individual or company)																															

Where trustee is a company, sign below

Executed in accordance with its constitution by:

Director

Print Name

Director/Secretary

Print Name

Where trustees are individuals, sign below

Trustee #1

Witness

Trustee #2

Witness

2 All Applicants to complete

[illegible]

/ /



TIMBERCORP
AGRIBUSINESS
INVESTMENT MANAGERS

