

**IN THE FEDERAL COURT OF AUSTRALIA
VICTORIA DISTRICT REGISTRY**

No. of 2009

**IN THE MATTER OF TIMBERCORP SECURITIES LIMITED
(IN LIQUIDATION)
ACN 092 311 469**

AND

**IN THE MATTER OF TIMBERCORP LIMITED
(IN LIQUIDATION)
ACN 055 185 067**

**TIMBERCORP SECURITIES LIMITED (IN LIQUIDATION)
(ACN 092 311 469)
Applicant**

**PLANTATION LAND LIMITED
(ACN 090 443 333)
Respondent**

CERTIFICATE IDENTIFYING EXHIBIT

This is the exhibit marked **"MAK-3"** now produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit on 3 July 2009.

Before me:



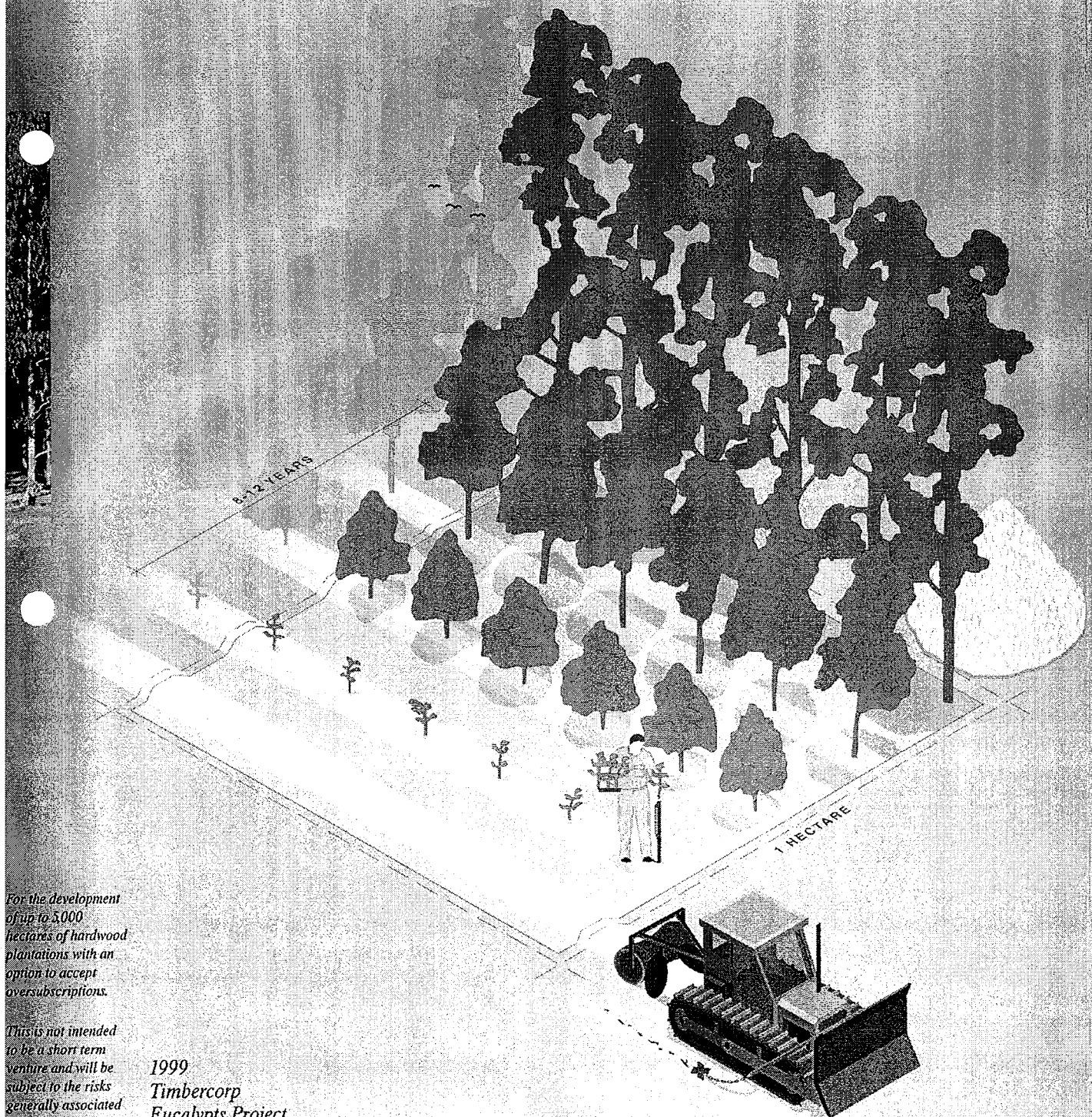
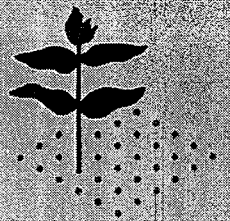
CATHERINE HELEN MACRAE
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Act 2004

Filed on behalf of the Plaintiffs

ARNOLD BLOCH LEIBLER
Lawyers and Advisers
Level 21
333 Collins Street
Melbourne 3000

DX 38455 Melbourne
Tel: 9229 9999
Fax: 9229 9900
Ref: LZ:JCS:011499489
(Jane Sheridan)

1999 TIMBERCORP EUCALYPTS PROJECT PROSPECTUS



For the development of up to 5,000 hectares of hardwood plantations 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 commercial plantation forestry.

1999
Timbercorp
Eucalypts Project
ARSN 085 827 872

Project Manager and Responsible Entity

Timbercorp Eucalypts Limited
ACN 055 185 067

Head Office

5th Floor
95 Queen Street
Melbourne Victoria 3000
Telephone 03 9670 4060
Facsimile 03 9670 4271

Perth Office

Level 4
50 Colin Street
West Perth W.A. 6005
Telephone 08 9481 0581
Facsimile 08 9481 0582

Brisbane Office

Milton Business Centre
Suite 4, Level 3
349 Coronation Drive QLD 4064
Telephone 07 3842 3142
Facsimile 07 3371 7300

Sydney Office

Level 9
17 Bridge Street
Sydney NSW 2000
Telephone 02 9241 3633
Facsimile 02 9231 3866

Directors

David W.A. Muir (Chairman)
Robert J. Hance
John M. Vaughan
Gary W. Liddell

Custodian

Permanent Trustee Company Limited
294-296 Collins Street
Melbourne Victoria 3000

Auditor

Deloitte Touche Tohmatsu
Chartered Accountants
505 Bourke Street
Melbourne Victoria 3000

Lawyers

Cornwall Stodart
Lawyers
114 William Street
Melbourne Victoria 3000

Taxation Adviser

Wilson & Atkinson
Barristers & Solicitors
250 St George's Terrace
Perth W.A. 6000

Accountant

PricewaterhouseCoopers
Securities Limited
333 Collins Street
Melbourne Victoria 3000

Independent Forester

Roger Underwood
Forestry Technical
Services Pty Ltd
Level 3, Hyatt Centre
20 Terrace Road, East Perth
Western Australia 6004

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 prospectus guarantees, warrants or underwrites the performance of this Project or any particular return. The Custodian has not authorised or caused the issue of this prospectus. The Custodian has had no role in the preparation of this prospectus.

Each subscriber will become a Grower responsible commercially for carrying on the business of tree farming. This venture is not intended to be a short term investment and will be subject to the risks generally associated with commercial plantation forestry. Timbercorp Eucalypts Limited does not guarantee that any Grower will be protected against all liability to other parties since each Grower is severally liable under the various agreements entered into on its behalf.

All legislative material herein is reproduced by permission but does not purport to be the official or authorised version. It is subject to Commonwealth of Australia copyright. The Copyright Act 1968 permits certain reproduction and publication of Commonwealth legislation. In particular, s.182A of the Act enables a complete copy to be made by or on behalf of a particular person. For reproduction or publication beyond that permitted by the Act, permission should be sought in writing from Ausinfo. Requests in the first instance should be addressed to the Manager, Legislative Services, Ausinfo, GPO Box 1920, Canberra ACT 2601.

Effect of the Managed Investments Legislation

On 1 July 1998, the Corporations Law was amended to incorporate the provisions of the Managed Investments Act 1998 and the Company Law Review Act 1998.

Under the new regime, the Project constitutes a managed investment scheme, which must be registered by the ASIC and operated by a single responsible entity holding a dealer's licence issued by the ASIC. Prior to the introduction of the Managed Investments Act Timbercorp projects were regulated by the prescribed interests provisions of the Corporations Law. The single responsible entity will now assume the responsibilities of both the Project Manager and the Representative from the prescribed interest environment.

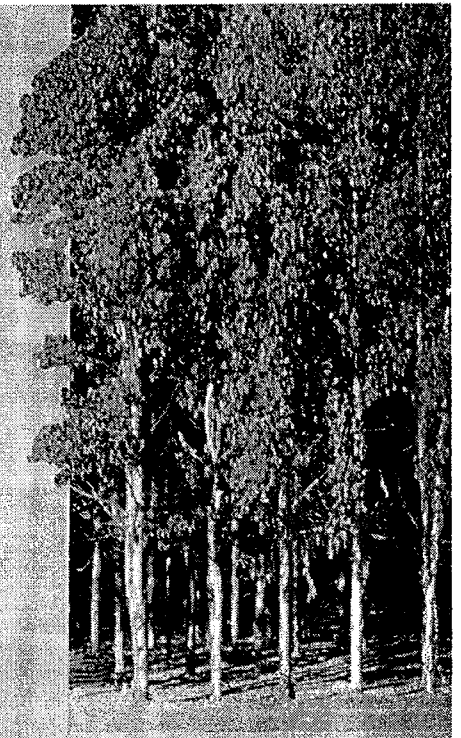


The 1999 Timbercorp Eucalypts Project gives you the opportunity to acquire a sound, environmentally friendly and commercial investment with proven taxation savings. This prospectus provides full details on how you can become a grower with Timbercorp, Australia's leading plantation investment manager.



This prospectus is dated 26 February 1999 and was lodged with the Australian Securities and Investments Commission on 26 February 1999. The Australian Securities and Investments Commission takes no responsibility as to its contents. No Woodlots will be allotted or issued on the basis of this prospectus later than twelve months after the date of issue of this prospectus.

OVERVIEW OF THE 1999 PROJECT



What are we offering?

Timbercorp Eucalypts Limited, are offering the opportunity to participate in the 1999 Timbercorp Eucalypts Project.

As a Grower you will engage us to establish and maintain your own plantation of *Eucalyptus globulus* (Tasmanian Bluegum or *E. globulus*) trees in south west Western Australia, and/or the Green Triangle region of western Victoria and eastern South Australia. You will receive:

Woodlot statement together with maps to enable you to identify your Woodlots;

Annual forester's reports describing the progress of the Plantations comprising your Woodlots; and

Proceeds following Harvest of your Trees approximately 8 to 12 years after planting, in the First Harvest, and if you participate in a Second Rotation of the Trees, Proceeds in the Second Harvest.

Naturally, you will be free to visit your Woodlots and monitor their performance.

How does the Project work?

You become a Grower by completing the application and power of attorney form at the back of this prospectus and by paying the relevant Subscription Moneys.

By doing so, you:

- lease a minimum of three identifiable allotments of land of approximately one hectare each (net plantable area), called Woodlots;
- engage us to establish and maintain a *E. globulus* plantation on your Woodlots; and
- engage us to market your Wood for the maximum price we can obtain.

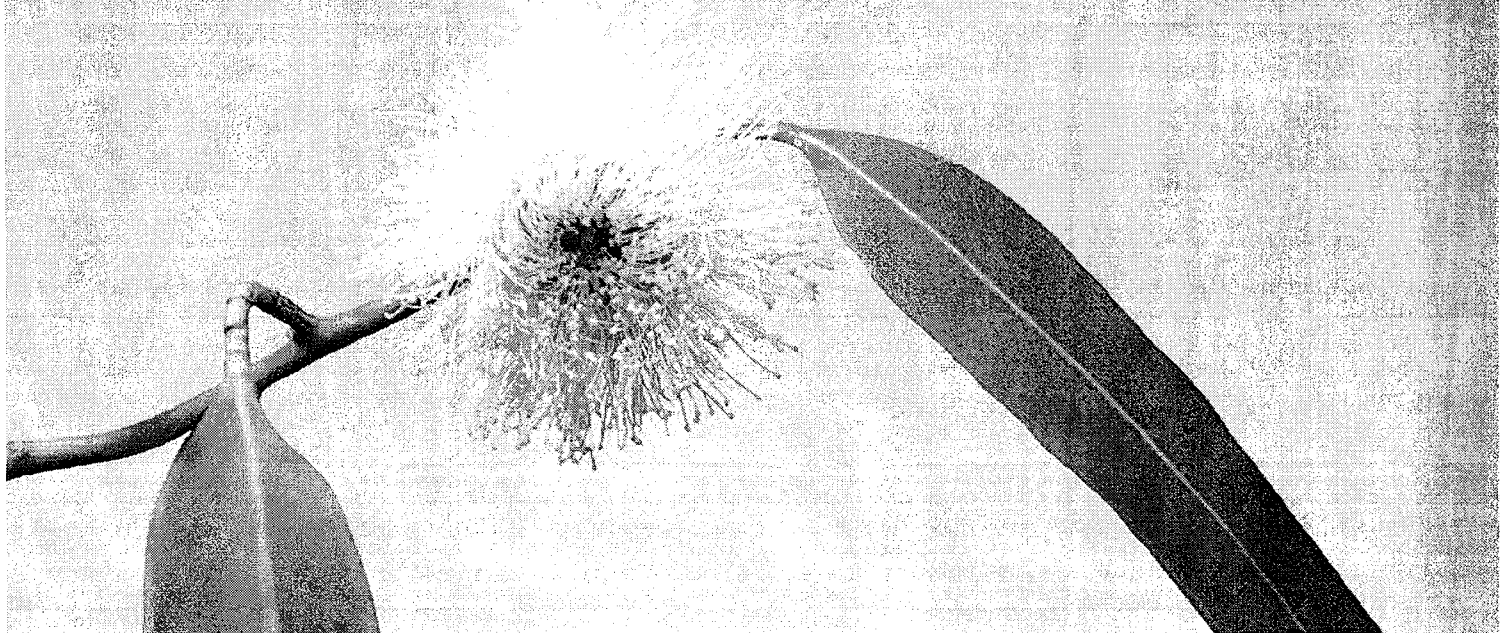
Woodlots sold by 30 June 1999 (up to 5,000 Woodlots) will be planted in winter 1999.

Any further Woodlots subscribed for (including oversubscriptions) will be planted by July 2000.

Your Trees will be harvested approximately 8 to 12 years after planting.

Second Rotation Opportunity

Prior to the First Harvest you will be given an opportunity to participate in a Second Rotation of the Trees.





How much will it cost?

The initial cost is \$3,750 per one hectare Woodlot, payable upon application. This amount is made up of:

\$3,510 per Woodlot for plantation preparation and establishment; and

\$240 per Woodlot for the first year's rent (ie. until 30 June 2000).

Then, on 31 May each year (commencing 31 May 2000, irrespective of when you become a Grower) you will be required to pay us an annual forest maintenance fee of \$75 per Woodlot (payable in arrears) and annual rent of \$240 per Woodlot (payable in advance), both Indexed from 30 June 1999. Your other ongoing costs will be insurance, if you choose to insure, and interest, if you choose to borrow.

Following First Harvest you will have an opportunity to participate in a Second Rotation of the Trees. The costs of participating in the Second Rotation are set out on page 45.

You should be entitled to an immediate tax deduction of \$3,750 per Woodlot for plantation establishment and the first year's rent. You should then be entitled to further deductions for rent, maintenance and other costs when they are incurred. Product Ruling PR 1998/5 issued by the Australian Taxation Office supports these deductions. Further details are set out in the taxation adviser's report together with the full text of the ruling.

You should note the consequences of failing to pay your annual costs. These are set out on pages 38, 41 and 45.

What are the returns?

The Trees will be Harvested progressively and sold to the highest bidder. Following Harvest and sale, the Trees are expected to be processed into woodchips for manufacture into premium quality paper.

The Plantations are expected to yield an average of 300 cubic metres of Wood per Woodlot. Assuming all of the Wood is sold for woodchipping this volume of Wood is projected to be worth \$13,262 from the First Harvest. Some Wood, however, may be value added by being processed into woodchips prior to sale, or alternatively, may be sold for higher value uses such as structural or decorative purposes.

Following sale, you will receive your proportionate share of wood proceeds after deducting the costs of sale. Full details of the returns and the assumptions on which those returns are based are set out in the Projected Proceeds and Returns section of this prospectus.

Subscription and allocation details

There is no minimum subscription that must be reached before we allocate Woodlots under this prospectus. This means that the Project will proceed irrespective of how many applications we receive.

We are offering 5,000 Woodlots for subscription and we have the option to accept oversubscriptions. All Woodlots will be planted by July 2000. The first 5,000 Woodlots sold by 30 June 1999 will be planted in winter 1999. All further Woodlots will be planted under our standard program by July 2000.

Unless agreed otherwise with any particular Grower, Woodlots will be allocated on a first come first served basis (ie. in order of receipt of completed applications). We will allocate the first 5,000 Woodlots to be planted in 1999 and then we will allocate the balance of Woodlots (without reverting to applicants) to be planted by July 2000. Woodlots will be allocated randomly across Western Australia and the Green Triangle region of western Victoria and eastern South Australia.

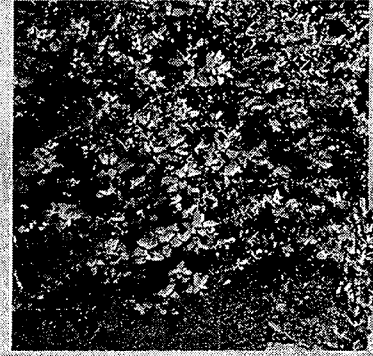
You should note that since all leases commence on 30 June 1999, the initial costs for all Woodlots are the same, irrespective of whether they are planted in 1999 or 2000. Accordingly, the ongoing annual payments of rent and maintenance for all Growers (including oversubscriptions) will commence on 31 May 2000.

For further details see paragraph 2 of the Additional Information section.

This section contains an overview only of the Project. Before deciding whether to participate in the Project you should read the whole of this prospectus.

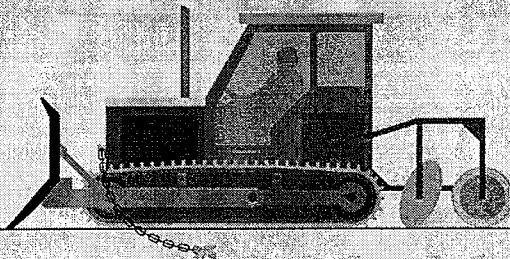


Land prepared for planting.



Plantations are maintained over the life of the Project.

Each treefarm is divided into Woodlots of approximately one hectare each.

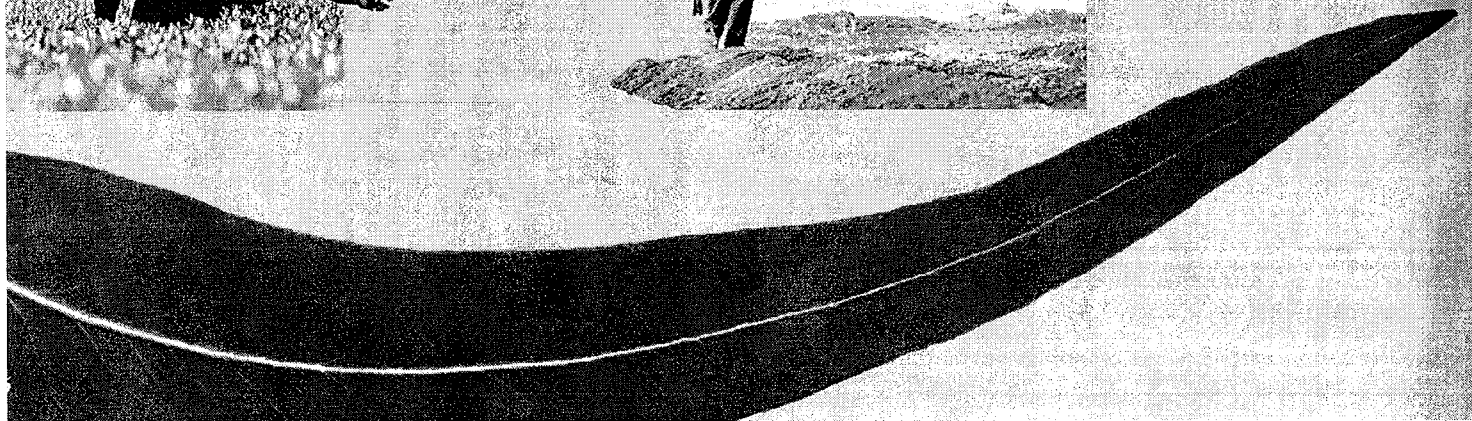


8-12 YEARS

Fast growing Eucalyptus globulus seedlings are selected for planting.

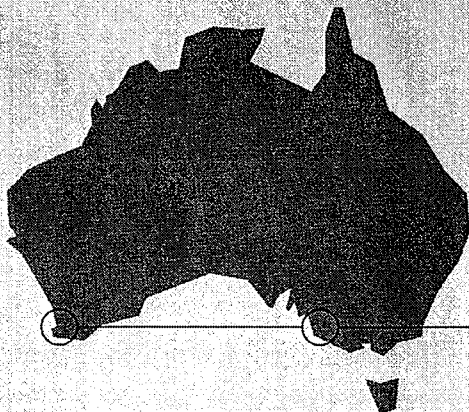


Following land preparation, seedlings are hand planted in winter.

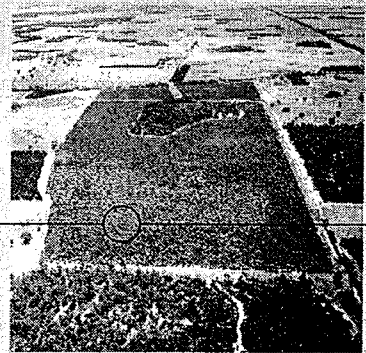




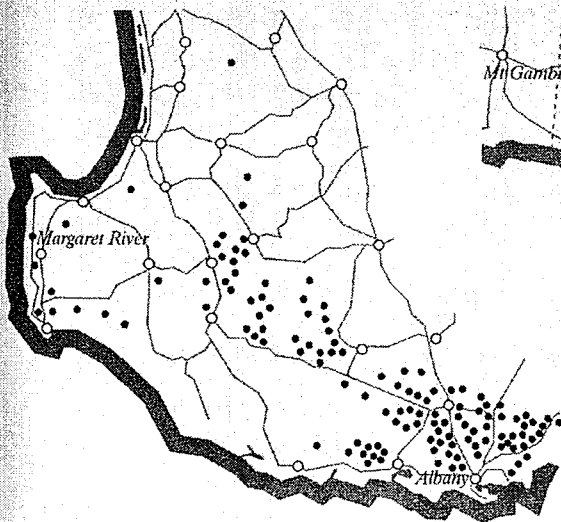
Plantation land is chosen in the Albany region of Western Australia and the Green Triangle region of western Victoria and eastern South Australia.



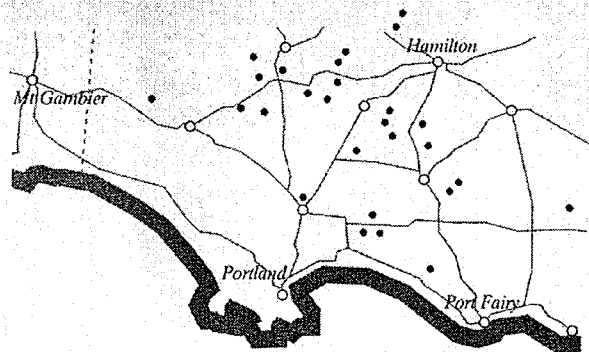
The establishment of a treefarm begins.



Albany region of Western Australia



Green Triangle region



- Timbercorp's existing treefarms
- Town
- Road

FEATURES

Benefit from increasing worldwide demand for wood and paper products. *See page 8*

Benefit from an historically steady rise in the price of hardwood woodchips. *See page 11*

Significant tax deductions are available to Growers - supported by ATO Product Ruling PR 1998/5: 1999 Timbercorp Eucalypts Project. *See page 14*

Substantial after tax returns for Growers on high marginal tax rates. *See page 12*

Your Trees will be planted on premium forestry land only. *See page 16*

Your Trees will be planted and maintained by experienced forest contractors.
See page 22

Your Trees will be Harvested and sold to the highest bidder. *See page 17*

Genetically improved seed orchard seed will be used with expected volume gains of between 10% and 25%. *See page 10*

You have an opportunity to participate in a Second Rotation of the Trees at a pre-determined re-establishment cost and annual rent. *See page 16*

Financial hardship provisions are available. *See page 44*

Your Trees will be fast growing eucalypt hardwoods - expected to be Harvested in approximately 10 years for One Rotation and a further approximately 8 years if you participate in a Second Rotation. *See page 17*

You may assign or transfer your Woodlots. *See page 37*

The Project contains safeguards to protect your investment. *See page 23*

Timbercorp Eucalypts Limited is a listed public company with a market capitalisation currently in excess of \$100 million. *See page 18*

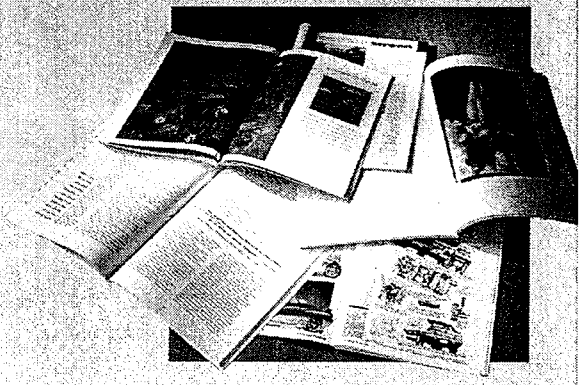
Permanent Trustee Company Limited has been appointed as Custodian to receive and hold Subscription Moneys and apply them in accordance with the Project Agreements. *See page 15*

You may insure your Woodlots. *See page 25*

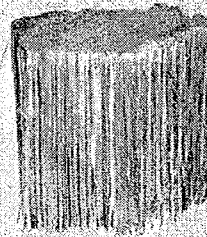
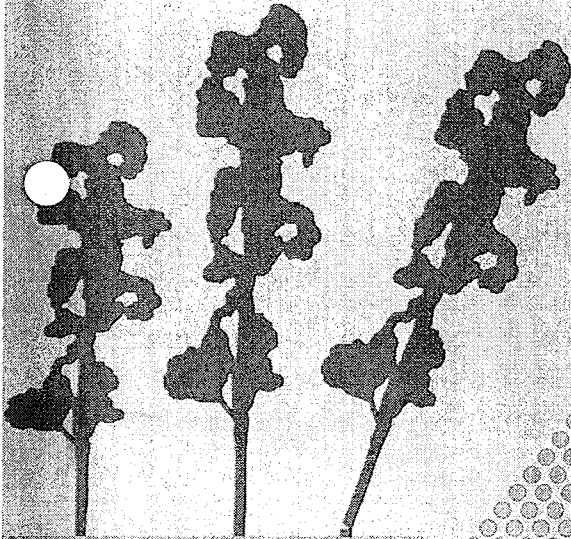
Security of land tenure is enhanced by the registration of Head Leases and Head Sub-leases or lodgement of caveats on title. *See page 24*



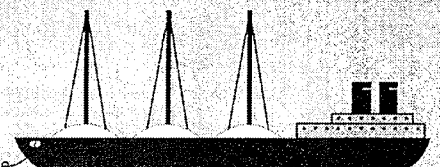
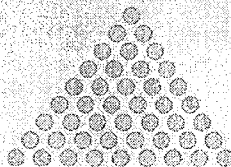
Trees are Harvested and logs are sold.



Eucalyptus globulus is favoured for premium paper products.



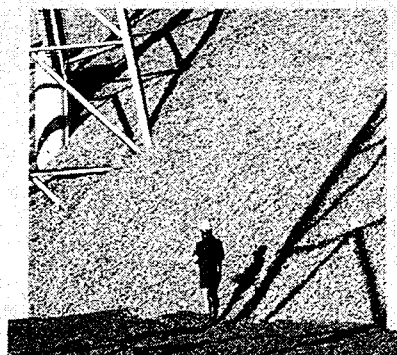
Eucalyptus globulus woodchip at actual size.



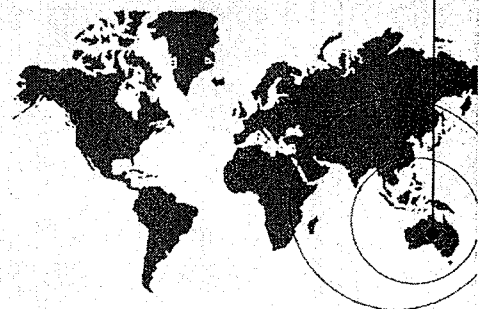
Plantations are ready for Harvest in approximately 10 years.



Light coloured chip reduces the need for chemical bleaching.



Woodchips and logs are ready for export.



These photos are not necessarily sourced from Timbercorp projects.

Growers' participation ceases after logs are sold.

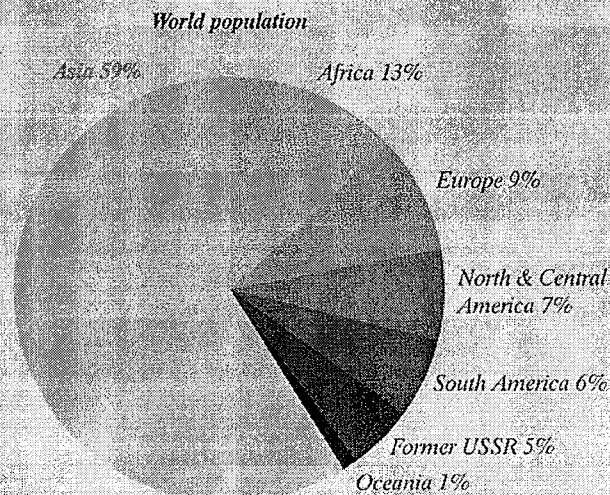
WHY INVEST IN EUCALYPT FORESTRY?

Demand for hardwoods

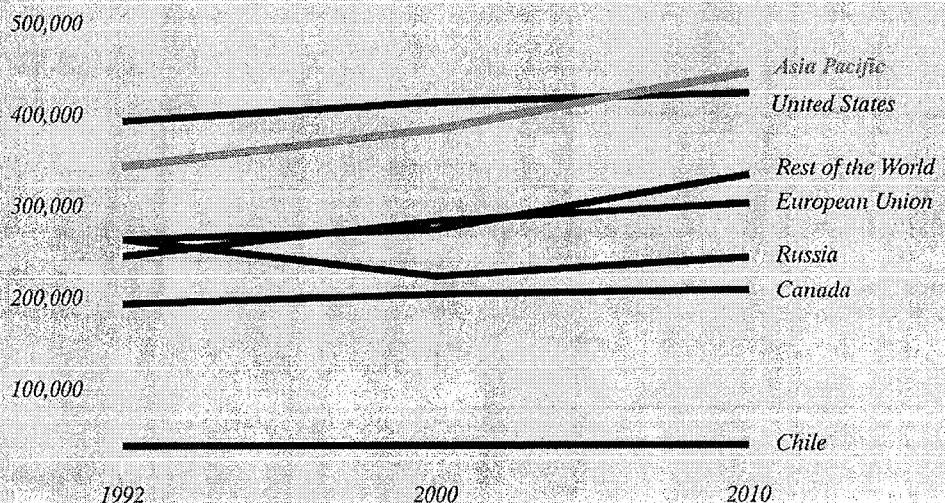
World demand for hardwoods is expected to increase over the life of this Project and beyond as the consumption of paper and paperboard continues to grow. Demand for hardwood from tree plantations is predicted to intensify as worldwide commercial and political pressures continue to restrict the traditional logging of native forests. Therefore, there is an urgent need to plant large areas of trees in Australia.

It is expected that wood from this Project will be exported to the Asia-Pacific region. This region comprises more than half of the world's population. Its total consumption of industrial roundwood (including woodchips) nearly doubled between 1962 and 1992 to 20% of the world's total consumption.

Over the next two decades, consumption of industrial roundwood in the Asia Pacific region is expected to increase by 2.3% per annum to the year 2000 and 1.6% per annum for the 2000-2010 period. This will bring its share of the world's total to 23% in 2010, reflecting a faster growth in consumption than the world average in the next two decades.

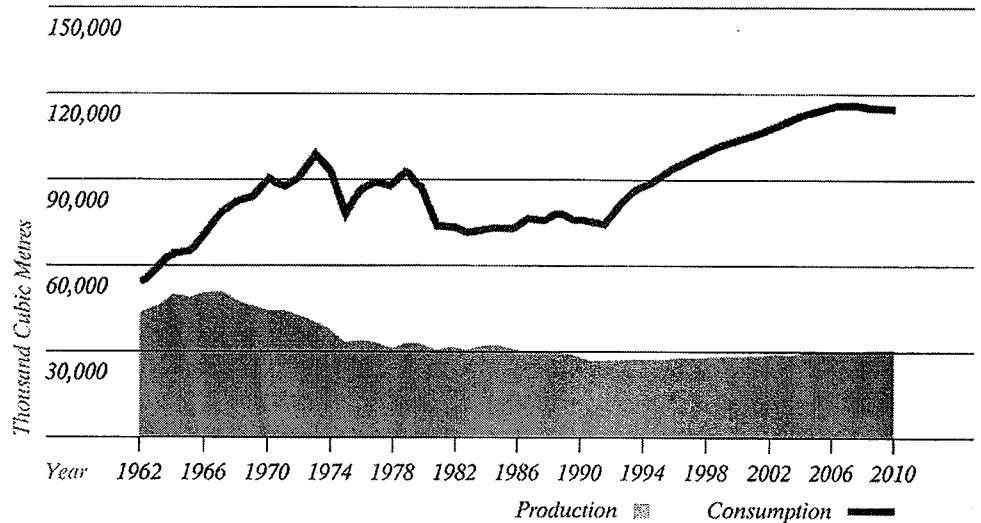


Consumption of industrial roundwood



Japan, Singapore and the Republic of Korea will be the top importers of industrial roundwood in the Asia Pacific region over the next two decades. Japan is the second largest producer and consumer of paper and paperboard in the world. Despite increasing domestic production, its imports of industrial roundwood are expected to almost double from 1992 to 2010. Together with Japan, China and Indonesia will remain the top three consumers of industrial roundwood in the Asia Pacific region. Between 1992 and 2010 they will experience faster growth in consumption in the paper and paperboard sectors than the world average as they increase their consumption by 2010. Malaysia and India will also become important consumers of industrial roundwood.

Japanese production and consumption in industrial roundwood



Australia, with its close proximity to these countries, is in an advantageous position to supply those markets. Further, having regard to the term of the Project, the current economic instability being experienced in the Asian region is not expected to affect returns to Growers.

Australia's own consumption of wood products was 20.34 million cubic metres in 1997/98. Although Australia exported \$1.25 billion in forest products during that year it imported \$2.71 billion, leaving a deficit of some \$1.46 billion for that year, of which \$1.03 billion or some 70.5% was due to a net deficit in paper products.



Why Eucalyptus Globulus?

Your Woodlots will be planted with *E. globulus*, a fast growing species of native Australian eucalypt. *E. globulus* is considered one of the best species for high quality paper providing bulk and opacity to printing and writing papers while its short fibres fit closely together to provide the smooth writing surface needed for printing and writing papers.

This type of wood is particularly suitable for pulping when compared with other competing wood fibres because of its high pulp yield, strength and low chemical requirement for bleaching. *E. globulus* wood grown on Western Australian plantations has been variously measured as having a pulp yield of between 16% and 19% higher than wood from Tasmanian native forests. As a result, the *Eucalyptus globulus* woodchips are estimated to be worth almost 20% more than the mixed-age, mixed-species woodchips currently being exported from Tasmania.

Other common and potential uses of *E. globulus* include appearance grade veneer, poles for roundwood, pallets, laminated floorboards and construction and sawn timber.

E. globulus may be harvested as a tree crop in a relatively short time - after eight to twelve years. A second crop (coppice) can be grown on the same stump in seven to eight years provided that the coppice growth is thinned. Genetic improvement could justify replanting with a superior strain after First Harvest, although yield gains would have to be substantial to outweigh the costs of re-establishment.

Eucalypt species, including *E. globulus*, are now being commercially grown in such diverse locations as Brazil, Chile, Portugal, Spain, South Africa and South East Asia because of their ease of management, wood quality and market acceptance.

Genetically Improved Seed

Through Silvagene Pty Ltd, we have preferred access to seed orchard seeds, known as Silvaseedlings™. We have access to a sufficient quantity for us to use only this seed on all plantings for the Project.

Whilst a co-ordinated effort for the genetic improvement of eucalypts is relatively recent technology in Australia, it has successfully been applied here to other species such as radiata pine and to eucalypts in other countries, notably South Africa and Brazil.

The available seed orchards cross various unrelated superior trees creating a hybrid vigour effect, which has been scientifically validated by a number of studies. The Independent Forester notes in his report that, all other factors being equal, the use of Silvaseedlings™ will increase the growth rates and productivity of plantations on which they are used by between 10% and 25%.

We remain committed to the further development of seed genetics through our research and development and technical forestry facility at Bundoora, Victoria where we conduct extensive experiments and research trials. Through our association with Silvagene Pty Ltd, we also have access to leading research around the world through its collaborative links to the Victorian State Government owned Centre for Forest Tree Technology and the Southern Tree Breeding Association.

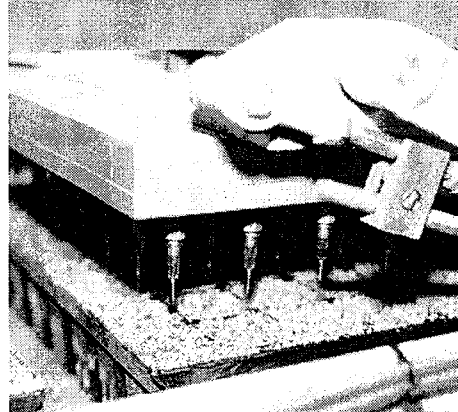
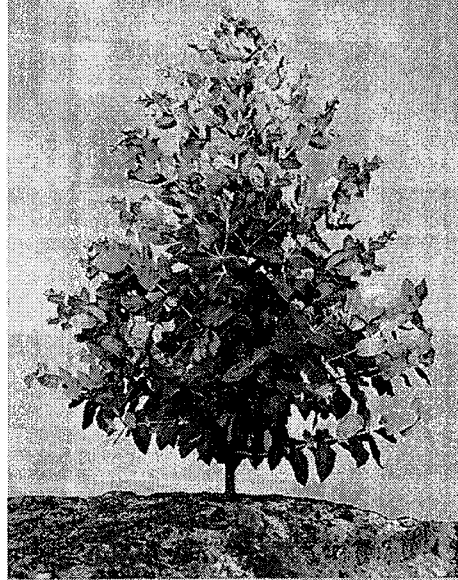
Growing Eucalypt Hardwoods in Western Australia and the Green Triangle region of western Victoria and eastern South Australia

E. globulus is favoured for use in plantations in southwest Western Australia and the Green Triangle region because of its ease of establishment, rapid growth rate, relative freedom from disease and its excellent fibre yield and pulping qualities. The wood has considerable value as sawn timber, provided it is carefully sawn and dried. Genetic improvement of the species is well advanced and expected to generate even higher productivity and pulpwood production.

Research by the Department of State Development W.A. has shown that the soils and climate in the south west of Western Australia are among the best in the world for growing *E. globulus* and it has already demonstrated its ability to grow vigorously in a range of soil types, particularly on land that has previously been cleared and utilised for grazing or cropping.

The Green Triangle region of western Victoria and eastern South Australia has a well established forestry industry based on native eucalypt forestry, softwood plantations and more recently hardwood plantations. Like Western Australia, this region's availability of land, infrastructure and skills have created competitive advantages in the growing and processing of timbers. These factors provide an excellent basis for new investment in private plantations and farm forestry to help meet growing world demand for wood products.

Public and private holdings of hardwood plantations now exceed 100,000 hectares in Western Australia and some 25,000 hectares in the Green Triangle region.



Environmental and social benefits

On commercial grounds, the establishment of large scale *E. globulus* plantations to meet the projected demand for pulpwood into the medium term is very timely. Further, eucalypt plantations make a positive contribution to improving the natural environment by helping to restore the hydrological balance, reversing the effects of salination and utilising the greenhouse gas, carbon dioxide.

At a regional level many landowners, predominantly local farmers, are enjoying the financial benefits of leasing part of their properties for timber production, while at the same time retaining their traditional lifestyle.

Government policy

Australia's forest industries, both native and plantation based, are undergoing significant change. Most recent analyses of the market opportunities for the plantation sector have concluded that the outlook is bright and there are major opportunities for investors in hardwoods. Australia has the land, climate and technical know-how necessary to significantly expand its commercial wood resource base.

The National Forest Policy Statement (NFPS) was issued in 1992 and agreed to by all Commonwealth, State and Territory Governments. The NFPS encourages greater development of plantations and farm forestry. The NFPS has bipartisan support and the current Government is committed to expediting its implementation.

The Wood and Paper Industry Strategy (Strategy) followed the NFPS in December 1995. It was aimed at encouraging investment in the timber industry, value adding and jobs growth.

The Strategy seeks to provide a stable policy environment to enable the industry to plan and invest with minimum risk and maximum confidence. It further seeks to minimise impediments to investment in plantation forestry by:

- removal of export controls on unprocessed plantation timber; and
- removal of tax disincentives and unnecessary regulation affecting the plantation forest sector.

The NFPS and the Strategy led to the release in October 1997 of the 2020 Vision for Plantations in Australia. This initiative details the nation's capacity to generate an additional \$3 billion in private investment in plantation expansion between October 1997 and the year 2020. The 2020 Vision is a "practical charter" endorsed by the Ministerial Council on Forestry, Fisheries and Aquaculture that represents the Commonwealth, State and Territory Governments and the plantation growing and processing industries. The 2020 Vision identifies trees as the "earth's future" and "by harnessing the huge potential of its forest industries Australia can

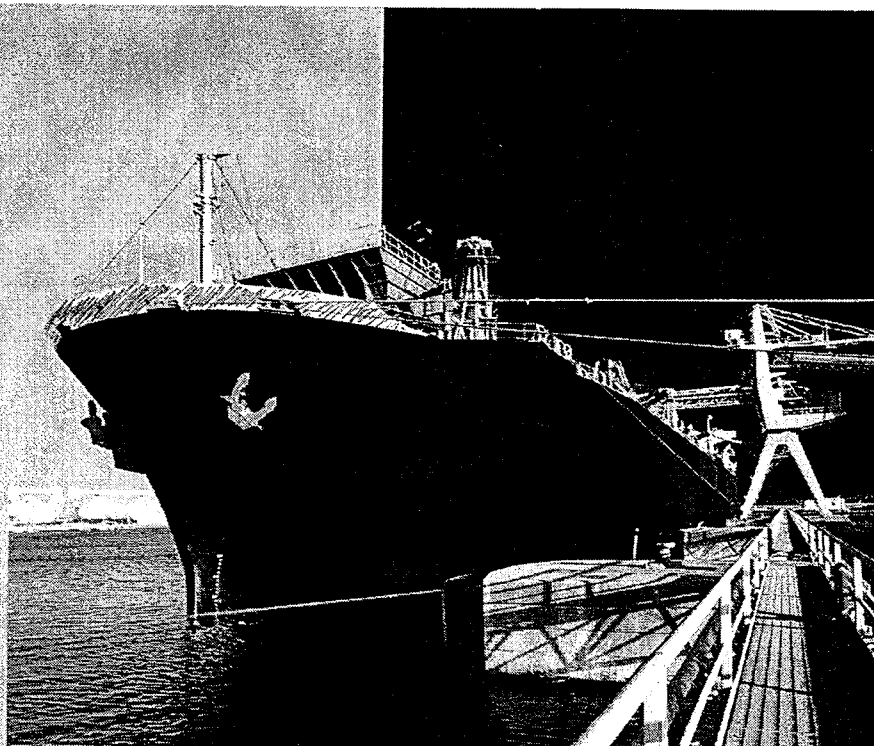
attract sufficient investment from the global capital market and domestic investors to treble the nation's plantation estate by the year 2020."

Over the past 7 years we have raised over \$140 million for commercial farm forestry and we are a market leader in private forest investment in Australia. The 1999 Timbercorp Eucalypts Project gives you an opportunity to become involved in this profitable, expanding and successful growth industry that has wide ranging support from community, industry and government groups.

Stability of woodchip prices

Australian export woodchip prices have historically remained steady against inflation. Given the continuation of this trend, Growers should enjoy a financial return largely protected from any adverse impact of inflation. This results from the majority of costs being incurred early in the life of the Project with Harvest income being received in future dollar values.

In recent years there has been greater recognition of an impending international hardwood shortage. This shortage should underpin an expectation of higher log prices to Growers.



What all this means to you, the Grower

There is an increasing gap between world supply and demand for wood fibre. Despite the significant component of recycled material in much of today's paper products, there remains a huge recurrent demand for new fibre each year. This is because an excessive proportion of recycled material can result in unacceptable compromises in product quality, appearance and strength. Further, substitution by other products such as steel, aluminium, plastic and non-wood fibres is likely to be constrained by environmental and cost considerations. This leaves increased prices as the logical way to address the shortfall in supply.

Wood from *E. globulus* is one of the best species for high quality paper such as printing and writing papers. It is particularly suited to pulping when compared with other competing wood fibres because of its high pulp yield, strength and low chemical requirement for bleaching. As discussed above, its high pulp yield indicates that woodchip purchasers may be prepared to pay a premium for *E. globulus* woodchips.

The environmental and social benefits of plantation forestry, as well as government policies in favour of plantation forestry, further support the objective of the 1999 Timbercorp Eucalypts Project.

PROJECTED PROCEEDS AND RETURNS

Return to Growers per one hectare
Woodlot for 1999 plantings.

Net sales proceeds \$13,262

Less:

Establishment costs \$ 3,510

Land rental \$ 2,751

Forest maintenance \$ 886

*Except for the initial rent paid on application, rent and
maintenance are payable annually commencing May 2000*

Total costs \$ 7,147

Net profit to Grower \$ 6,115

Net profit to Grower - 2000 plantings only* \$6,087

Rates of Return

	With Borrowings	No Borrowings
After tax compound return p.a. 1999 Plantings	10.1%	8.2%
Equivalent pre tax return p.a. 1999 Plantings	19.7%	15.9%
After tax compound return p.a. 2000 plantings*	8.4%	7.2%
Equivalent pre tax return p.a. 2000 plantings*	16.3%	14%

* Details of Net profit for 2000 plantings, including Net sales proceeds,
are set out in the Additional Information section of this prospectus.

Notes and Assumptions used in Financial Projections

Net sales proceeds

Yield of 300 cubic metres of timber from Harvest.

Stumpage price of \$34 per cubic metre being Mill door price of \$55 per cubic metre
less Harvest and Delivery costs of \$21 per cubic metre.

Wood prices to increase at assumed inflation rate of 3.0% p.a. from June 1999.

Harvest supervision fee equal to 3.25% of stumpage price.

First Harvest undertaken 10 years after planting.

Does not include any net proceeds from any sale of, or dealing in, Carbon Credits.

Plantation preparation and establishment costs

\$3,510 per Woodlot. 1999 planting takes place in July 1999. 2000 planting takes
place in June 2000.

3 Land rental

\$240 per Woodlot p.a. (indexed at assumed inflation rate of 3.0% p.a. from June 1999)
for 10 years (11 years in the case of 2000 plantings) payable annually in advance.

4 Forest maintenance

\$75 per Woodlot p.a. (indexed at an assumed inflation rate of 3.0% p.a. from June
1999) for 10 years (11 years in the case of 2000 plantings) payable annually in arrears.
Insurance is optional and has not been included in these tables.

5 Gearing

Assumes a deposit of \$900 and a loan of \$2,850 per Woodlot with interest at 10%
p.a. repayable by 60 equal monthly instalments

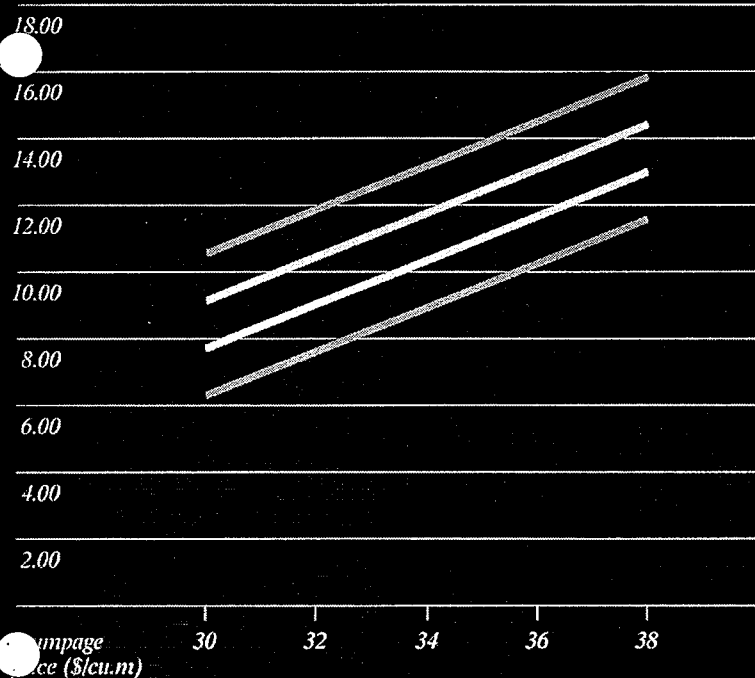
6 Taxation rate

Taxation rate of 48.5% including levies.

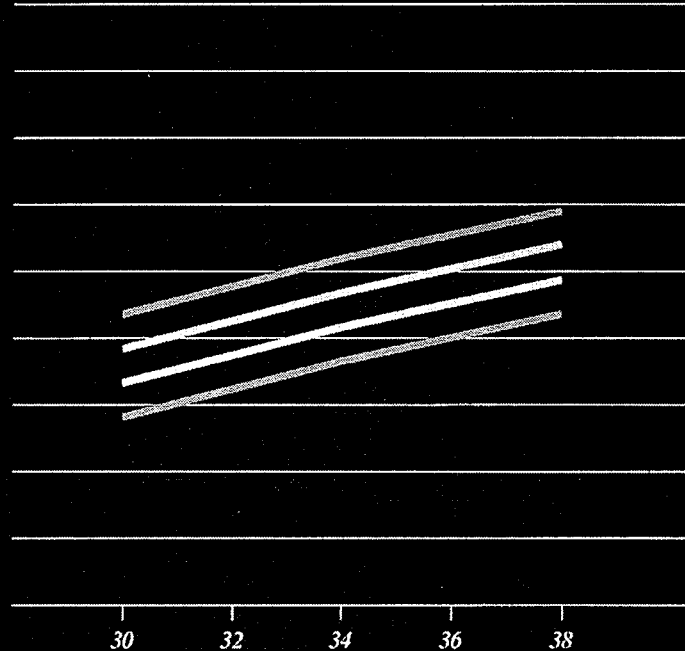
SENSITIVITY ANALYSIS

The following graphs comprise a sensitivity analysis that show how the projected returns may change at varying rates of inflation and stumpage prices for the Wood.

Rates of return (%p.a.) after tax 1999 Plantings



With Borrowings



No Borrowings

Inflation Rate
 5.0% 3.0%
 4.0% 2.0%



TAXATION BENEFITS

Deductions available

You should be entitled to an immediate taxation deduction for the whole of your initial cost of \$3,750 per Woodlot. In addition, you should be entitled to deductions for your ongoing costs including maintenance, annual rent and insurance as well as interest on any funds that you borrow to finance your forestry activities. These costs should all be deductible in the years in which they are incurred.

Product Ruling

The Australian Taxation Office has issued Product Ruling PR 1998/5: 1999 Timbercorp Eucalypts Project. This ruling confirms the deductibility of the above costs. A copy of the ruling is attached to the taxation adviser's report on pages 28 to 30.

A product ruling is a binding public ruling under the Taxation Administration Act 1953, in relation to the income tax and fringe benefits tax law. It protects Growers provided the Project is carried out in accordance with details we provided to the Australian Taxation Office and described in the product ruling.

Wood proceeds

Upon Harvest, any Proceeds derived by you from the sale of Wood will be assessable for taxation purposes.

Taxation Opinion

The taxation adviser's report sets out in full the taxation implications of participating in the Project.

Before deciding whether to participate you should refer to the taxation adviser's report and to Product Ruling PR 1998/5. You should also obtain your own independent professional advice on this important matter.

HOW THE PROJECT WORKS



Becoming a Grower

You may become a Grower by completing the application and power of attorney form at the back of this prospectus and paying the relevant Subscription Moneys.

Upon acceptance of your application you will become a treefarmer in your own right on land that we sub-lease to you.

What you receive

Upon becoming a Grower we will send you:

- a Woodlot statement setting out details of your interest in the Project including details of your Woodlots and amounts and dates of payment;
- plantation maps showing the location of your Woodlots; and
- a formal advice of Subscription Moneys paid to assist in the preparation of your income tax return.

During the Project we will send you:

- annual forester reports on the progress of the Plantations on which your Woodlots are located; and
- periodic invoices for any rent, maintenance and insurance (if you choose to insure through us) that you may owe.

As the owner of the Trees on your Woodlots you will be entitled to visit your Woodlots and to monitor the progress of your Trees.

Your rights and obligations under the Project will be governed by the Constitution and the Project Agreements. An explanation of these documents follows.

Constitution

The Constitution is a deed that establishes the 1999 Timbercorp Eucalypts Project as a managed investment scheme. It sets out the terms under which we are appointed Responsible Entity for the duration of the Project. It also sets out:

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

A summary of the Constitution is set out in the Material Documents section of this prospectus.

Custody Agreement

We have engaged Permanent Trustee Company Limited as Custodian under the 1999 Timbercorp Eucalypts Project. Its principal role is to:

- receive and hold Subscription Moneys and Proceeds until they are disbursed;
- upon a direction from us, and if duly appointed, execute the Sub-lease and Management Agreement as attorney for and on behalf of the Growers; and
- retain in safe custody the executed Project Agreements.

We will pay all of the Custodian's fees and expenses out of our own funds. None of these fees are required to be met by Growers.

A summary of the Custody Agreement is set out in the Material Documents section of this prospectus.



