

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

LIST E

SCI 2010

IN THE MATTER OF TIMBERCORP SECURITIES LIMITED
(IN LIQUIDATION)

ACN 092 311 469

TIMBERCORP SECURITIES LIMITED (IN LIQUIDATION)
ACN 092 311 469 IN ITS CAPACITY AS RESPONSIBLE ENTITY
OF THE 2005 TIMBERCORP CITRUS PROJECT (ARSN 114 091 299)
AND ORS ACCORDING TO THE SCHEDULE

Plaintiffs

CERTIFICATE IDENTIFYING EXHIBIT

Date of document: 25 January 2010

Filed on behalf of: The Plaintiffs

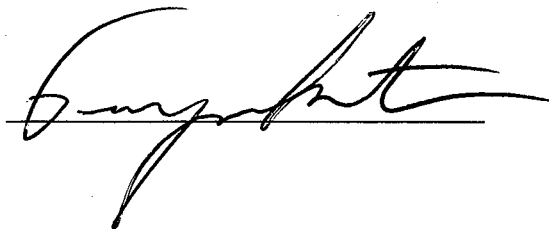
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This is the exhibit marked '**DLM-7**' now produced and shown to DAVID LAURENCE MCEVOY at
the time of swearing this affidavit on 25 January 2010.

Before me



BENJAMIN PETER RECHTER
of 530 Collins Street, Melbourne
Victoria 3000
An Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004

Exhibit 'DLM-7'

**Copy of Information
Memorandum
dated 24/11/09**



TPIF Citrus Orchard

Information Memorandum

24 November 2009

Copy for Allens Arthur Robinson

Strictly Private and Confidential

TPIF Citrus Orchard

Information Memorandum

24 November 2009

Issued to Allens Arthur Robinson

Date Issued 24 November 2009

This Information Memorandum is strictly private and confidential. Any unauthorised recipient should immediately return it to:

Attention: Mike Murphy

PricewaterhouseCoopers Securities Limited
Freshwater Place
2 Southbank Boulevard
Southbank, Victoria 3006
Australia

1 Disclaimer

This Information Memorandum ("Memorandum") has been prepared by David Laurence McEvoy and Paul William Kirk of PricewaterhouseCoopers ("PwC") as joint and several receivers and managers ("Receivers") appointed to OIM #2 Pty Ltd (Receivers and Managers Appointed) ("OIM #2") as trustee for the Timbercorp Orchard Trust #2 ("TOT #2").

This Memorandum is provided on a confidential basis solely for the information of selected interested parties which have expressed an interest ("Interested Parties") in acquiring the assets of TOT #2 (the "Assets") and which have signed both a confidentiality deed in respect of confidential information in connection with the proposed sale and purchase of the Assets ("Confidentiality Deed") and a release deed poll ("Release Deed Poll") in connection with information provided by KordaMentha and/or Timbercorp Limited (in Liquidation) ("Timbercorp"). The Interested Party is bound by the terms of the Confidentiality Deed. The information and opinions contained in this Memorandum are strictly private and confidential and accordingly the contents of this Memorandum, and any other information or opinion subsequently supplied or given in connection with the Assets, may not be dealt with other than in accordance with the terms of the Confidentiality Deed.

This Memorandum is intended as a guide only. Neither the Receivers, nor the Receivers' partners, employees, advisers or agents ("Representatives") take responsibility for any information, statement or representation contained in this Memorandum or any omission from it. The information contained in this Memorandum has not been audited or verified by the Receivers, the Representatives, OIM #2, or any of their related bodies corporate, respective directors, employees, advisers or agents. This Memorandum shall not be deemed to be an indication of the state of affairs of TOT #2 or of the Assets, nor shall it constitute an indication that there has been no change in the business of TOT #2 or the Assets since the date of this Memorandum or since any other date at which any information contained in this Memorandum is expressed to be stated.

Any projections and forecasts contained in this Memorandum represent best estimates only and involve significant elements of subjective judgement and analysis which may or may not be accurate. No representation or warranty is given as to the achievement or reasonableness of any plans, future projections, management targets, prospects or returns and nothing in this Memorandum is or should be relied upon as a promise or representation as to the future. The Receivers and their Representatives disclaim all liability for any loss or damage of whatsoever kind (whether foreseeable or not) which may arise from any person acting on any information or opinions contained in this Memorandum or any information which is made available in connection with any further enquiries, notwithstanding negligence, default or lack of care. No responsibility is accepted to inform an Interested Party of any matter arising or coming to the Receivers' attention, which may affect any information provided to the Interested Party.

In providing this Memorandum, no obligation is undertaken to provide the Interested Party with access to any additional information. The Interested Party should not rely on any material contained in this Memorandum as a statement or representation of fact, but should satisfy itself as to the accuracy of the material by such independent investigation as it, or its advisers, think fit. The Interested Party should rely on its own enquiries and should also seek appropriate professional, including legal, advice before making any offer to acquire the Assets. No Interested Party should expect the Receivers or their Representatives to owe it any duties or responsibilities in connection with any transaction.

To the maximum extent permitted by law, the Receivers and the Representatives expressly disclaim any and all liability (including without limitation for negligence) for representations or warranties or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this Memorandum or any other written or oral communications transmitted or made available including, without limitation, any historical financial information, any estimates or projections and any other financial information derived therefrom.

The provision of this Memorandum is not and should not be considered as a recommendation to purchase the Assets. Nothing in this Memorandum constitutes an offer by the Receivers to sell all or any part of the Assets. Further, nothing in this Memorandum constitutes a warranty, representation or undertaking by or on behalf of the Receivers or their Representatives or a contract or any obligation to sell or to proceed with negotiations for the sale of all or part of the Assets.

This Memorandum, including any update or supplement, does not and will not form any part of any asset purchase agreement that may result from the review, investigation or analysis by the Interested Party and its advisers. The Receivers have the right to negotiate with other Interested Parties at any time, and enter into binding agreements with any party(ies) in relation to the sale of the Assets, without prior notice to an Interested Party or any other recipients of this Memorandum.

To the extent permitted by law, none of the Receivers or their Representatives shall be liable to compensate or reimburse any Interested Party for any liabilities, costs or expenses incurred in reviewing, investigating or analysing any information relating to the Assets or otherwise, whether or not such information is contained in this Memorandum.

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2 Introduction

2.1 Purpose of Memorandum

On Wednesday 16 September 2009, David Laurence McEvoy and Paul William Kirk of PwC were appointed joint and several Receivers of OIM #2 Pty Ltd.

The Receivers are seeking offers for the purchase of the Assets, namely Solara South, a high-yielding, premium quality citrus orchard in the Riverland region of South Australia and its associated permanent water rights ("PWR"). The Receivers will consider all offers and offer structures on their individual merits. Final offers for the Assets need to be submitted by 5:00pm AEST on Monday 7 December 2009.

The purpose of this Memorandum is to provide an overview of the Assets to Interested Parties. This Memorandum constitutes the initial information for the purpose of Interested Parties submitting a final offer to acquire the Assets. Further information is available via an on-line data room.

This Memorandum has been prepared on the basis of information available or estimated as at the date of this Memorandum, unless otherwise stated. The provision of this Memorandum is not a recommendation or offer in relation to the purchase of the Assets. The Memorandum does not necessarily provide all the information which Interested Parties will require in order to evaluate the Assets for the purposes of a possible acquisition.

2.2 Confidentiality and Additional Information

This Memorandum contains commercially sensitive information and has been provided on the terms set out in the Confidentiality Deed and the Release Deed Poll. Any additional information in relation to the Assets is provided to Interested Parties on the same confidential basis. For the avoidance of doubt, the Receivers are not obliged to provide any further information to any Interested Parties.

If an Interested Party proceeds to make a final offer to acquire the Assets, it shall make and rely solely upon its own investigations and enquiries, including due diligence in respect of the Assets, and not on the information contained, and statements made, in this Memorandum and in the online data room.

No representations or warranties are given to the information contained in this Memorandum and in the online data room.

A condition of our process is that all enquiries, discussions and communication regarding the sale of the Assets must be made through the Receivers. Therefore all correspondence and any request for information should be directed to the PwC representatives in Section 9.4. No communications should occur with management of OIM #2 or of TOT #2, their financiers or any other stakeholder or interested party without our prior consent.

2.3 The Receivers' Discretion

This Memorandum is issued by the Receivers. The issuing of this Memorandum does not in any way commit the Receivers to discuss or negotiate with any person or organisation in connection with the sale of the Assets. The Receivers are not obliged to accept any offer and may terminate discussions at any time. The Receivers also reserve the right to:

- undertake any type of transaction for the sale of the Assets or none at all
- evaluate the terms and conditions of a proposal and to pursue or reject it without providing specific reasons
- modify procedures (including the timetable and any deadlines) relating to the sale of the Assets
- invite further parties to submit proposals
- restrict access to data, information or management to a party or all Interested Parties
- require a party to withdraw from the process at any time without explanation
- enter into discussion or a definitive agreement for the sale of the Assets with any Interested Party, without prior notice and without providing specific reasons, all at the sole discretion of the Receivers.

3 Attractive Investment Opportunity

3.1 Key Investment Highlights

✓ Substantial Freehold	Freehold land of 580 Ha. Plantable land of 454 Ha (with 418 Ha currently planted).
✓ Owned Water Rights	Owned Permanent Water Rights of 4,510 ML (equivalent to 9.9 ML per Ha at full population).
✓ Diversity in Produce	Solara South produces a variety of citrus fruits including oranges, mandarins, lemons, limes, and grapefruits.
✓ Historical Harvest Success	The Orchard was established in 1960. Harvest volumes have grown to c. 11,900 tonnes in 2008.
✓ Premier Location	Located in a region which is considered an ideal climate for citrus growing, together with excellent transport and water infrastructure. Australian citrus production benefits from proximity to Asia, with over 40% of Australian citrus exports destined for Asian markets.
✓ Highly Skilled Orchard Manager	Existing relationship in place with AgriExchange, a subsidiary of Costa Exchange Limited.
✓ Strong Domestic Demand	The recognition of the health benefits of citrus fruit has driven strong domestic demand for both fresh fruit and juice products.
✓ Strong Global Demand	Global demand for citrus fruits is strong, in particular for fresh counter-seasonal fruits grown in the southern hemisphere being exported to the northern hemisphere.
✓ Additional Planting Capacity	Opportunity to make additional plantings in remaining non-planted land of 36 Ha.

3.2 Overview of Opportunity

The Receivers are seeking offers from Interested Parties for the Assets, which comprise the following individual assets:-

- 580 hectares of freehold land in Loxton, South Australia (located in the 'Riverland' region)
- 418 hectares of planted citrus orchards (approximately 222,000 citrus trees with an average maturity of approximately 14 years)
- 4,510 megalitres of PWR per annum
- all other owned infrastructure used at the Orchard

The Receivers are also in discussions with the liquidators of Timbercorp regarding the sale of the Packing Shed and the land on which it is located, which are both owned by Timbercorp (or an entity within the Timbercorp Group) (see section 5.3.3 and the property map in Appendix B for further information). As at the date of this Memorandum, the liquidators of Timbercorp have indicated their interest in selling the Packing Shed (and associated land) in conjunction with the Receivers' sale of the Assets. The Receivers and the liquidators of Timbercorp are currently considering how the sale of the Packing Shed (and associated land) and the sale of the Assets will be structured from a legal viewpoint. Interested Parties will be informed as soon as a decision is reached in that regard.

3.3 Background

OIM #2 as trustee for TOT #2, is the registered owner of the citrus orchard at Solara South.

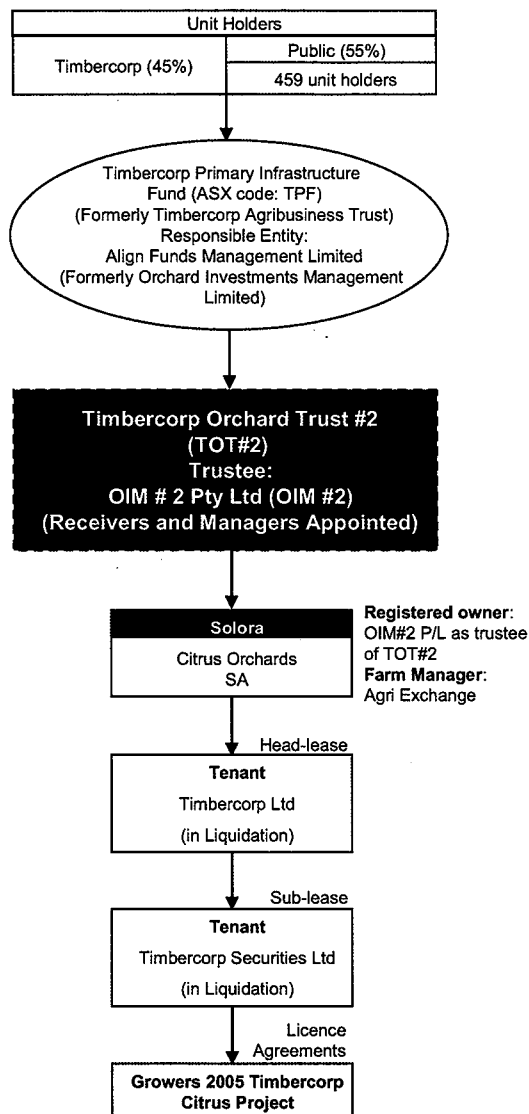
As illustrated in Figure 3.1 overleaf, OIM #2 is wholly owned by Align Funds Management Limited ("Align"). Align is the responsible entity of Timbercorp Primary Infrastructure Fund ("TPF"). Units in TPF are quoted on the Australian Securities Exchange under the code 'TPF' (although trading is currently suspended). TOT #2 is a wholly owned sub-trust of TPF.

The major unitholder of TPF is Timbercorp. On 23 April 2009, Mark Korda and Leanne Chesser of KordaMentha were appointed voluntary administrators of Timbercorp. On 29 June 2009, creditors voted to place Timbercorp into liquidation and the voluntary administrators were appointed liquidators of Timbercorp.

3.4 TPF Entities

The TPF company structure and the ownership structure of the Assets are outlined in Figure 3.1 below:

Figure 3.1 Ownership structure of TOT #2



TPF – was established in September 2005 to acquire agricultural properties, including associated infrastructure and PWR, for use in agribusiness projects operated by the Timbercorp Group.

Align – formerly Orchard Investments Management Limited, is approximately 45% owned by Timbercorp and acts as the Responsible Entity of TPF.

OIM #2 – trustee of TOT #2 and registered owner of Solara South.

AgriExchange – a subsidiary of Costa Exchange Limited, an Australian marketer, distributor and grower of fruit and vegetables listed on the ASX under the code 'CHQ'. It provides management services at the Orchard under the terms of a Citrus Orchard Management Agreement.

Timbercorp – Timbercorp leases Solora South from TOT #2.

Timbercorp Securities Limited – a wholly owned subsidiary of Timbercorp that leases Solora South from Timbercorp. Also acts as the Responsible Entity of the registered MIS in which Growers participate.

Growers – the investors who participate in the Managed Investment Scheme ("MIS") operated by the Timbercorp Group at the Orchard, namely the 2005 Timbercorp Citrus Project (ARSN 114 091 299).

3.5 The Assets for Sale and the Basis of Sale

The Assets available for purchase have been outlined in section 3.2 above. The Solora South property is described in more detail in section 5 of this Memorandum. As indicated in Figure 3.1, the Solora South property is currently encumbered by a head-lease and a number of sub-leases, entered into by certain companies in the Timbercorp Group and Growers in connection with the MIS. Licences to use the Solora South property have also been granted to the Growers in the MIS.

The Solora South orchard is divided into two separate parts:

- **"Solora 305"** (being the MIS orchard) – comprising five individual blocks
- **"Solora 150"** – relatively new plantings established in 2006

As at the date of this Memorandum, the Receivers understand that the MIS conducted by the Timbercorp Group on the Solora South property (namely the 2005 Timbercorp Citrus Project which is conducted on that part of the Orchard referred to as Solora 305), is unlikely to continue as a going concern due largely to the insolvency of the Timbercorp Group, including the Responsible Entity of the registered MIS, Timbercorp Securities Limited (in Liquidation) ("TSL"). As a result, the Receivers understand that the liquidators of TSL intend to terminate, surrender or extinguish all of the Growers' rights in connection with the Solora South property in order to permit a sale of the property on an unencumbered basis.

Before exercising such a power, the liquidators will be required to issue a court application to seek directions that they are justified in extinguishing the Growers' rights in connection with the sale of the Solora South property. Similar orders have previously been obtained by the liquidators of the Timbercorp Group in connection with the sale of certain almond and olive properties.

As at the date of this Memorandum, the Receivers understand that the Solora South orchard also comprises 150 hectares which have been developed by Timbercorp Asset Management Pty Limited ("Solora 150") and which do not form part of the MIS. The Receivers presently understand however that Solora 150 may be the subject of the head-lease and sub-lease referred to above. The Receivers will be looking to the liquidators of Timbercorp to terminate the head-lease and sub-lease at settlement of the sale of the Assets.

In the context of these observations, the Receivers are prepared to consider all offers and offer structures by Interested Parties, including offers to purchase the Assets as currently encumbered by the leases and licences used in connection with the MIS, and offers to purchase the Assets on an unencumbered basis.

4 Industry Overview

4.1 The Global Market for Citrus Fruit

4.1.1 *Citrus Fruit Supply*

Citrus fruits are grown in over 140 countries around the world, with 70% of production occurring in the northern hemisphere. World production of citrus fruits has experienced substantial growth over the last 30 years, driven by improved cultivation techniques and changing consumer preferences to healthier food choices (source: United Nations Conference on Trade and Development).

Brazil contributes around 18% of the world's citrus supply, followed by China with approx 17% and the United States with 9%. Australia contributes around 0.5-1% of global production (source: Citrus Fruit Market in Australia Business Report, 2009).

4.1.2 *Citrus Fruit Demand*

Global consumption of citrus fruits has steadily increased over the last three decades, buoyed by demand for fresh fruit and orange juice products in developed countries, underpinned by steady demand for fresh fruits in emerging countries such as India, Brazil and China (source: United Nations Conference on Trade and Development). The industry is expected to enjoy a 2.7% increase in domestic demand during 2009 (source: IBISWorld Industry Report, 2009).

Consumer demand for fresh fruits in developed countries has been significantly influenced by the universal recognition of the nutritional benefits of fresh citrus fruit as part of a balanced diet. This demand for fresh citrus fruits has resulted in increased demand for counter-seasonal fruits grown in the southern hemisphere being exported to the northern hemisphere for year round availability of fresh fruit.

4.2 The Australian Citrus Fruit Industry

The Australian citrus fruit industry is an established mature industry driven by increasing domestic consumption demands. Fruit growers have experienced an annualised growth rate of c.5.7% in the five years to June 2009 compared to GDP growth of 3.0% (source: IBISWorld Industry Report 2009, A0119). Australia is the fourth largest Citrus producer in the southern hemisphere, with a total of 30,000 hectares of citrus orchards, producing around 615,000 tonnes of fruit each year.

Australian production includes oranges (60% of production); mandarins (30%) and lemons/limes (10%). The majority of Australia's production is for domestic consumption, with approximately 50% of production being used in the manufacture of fruit juice products, and a further 25% being sold to wholesalers. Approximately 25% of production is exported, with most fruit destined for Asia or the United States.

4.2.1 *Geographic Advantages*

Due to the physical requirements of growing citrus fruits, the Australian citrus fruit industry has a number of advantages, including:

- an ideal climate and water supply
- a harvest period that is counter-seasonal to that of major northern hemisphere competitors

- relatively few pests and diseases destructive of citrus trees and citrus fruits
- proximity to Asia, which accounts for around 40% of citrus exports, with further growth expected in the region (source: Citrus Fruit Market in Australia Business Report, 2009).

4.2.2 *Citrus Fruit Growing Regions*

Citrus fruits are grown in all states of Australia. The major Australian citrus fruit growing regions are:

- Riverina (New South Wales)
- Riverland (South Australia)
- Murray Valley (New South Wales/Victoria)
- Central Burnett Region (Queensland)

Factors which influence the locations where citrus fruit is grown include:

- precipitation levels and/or access to water supply
- proximity to markets

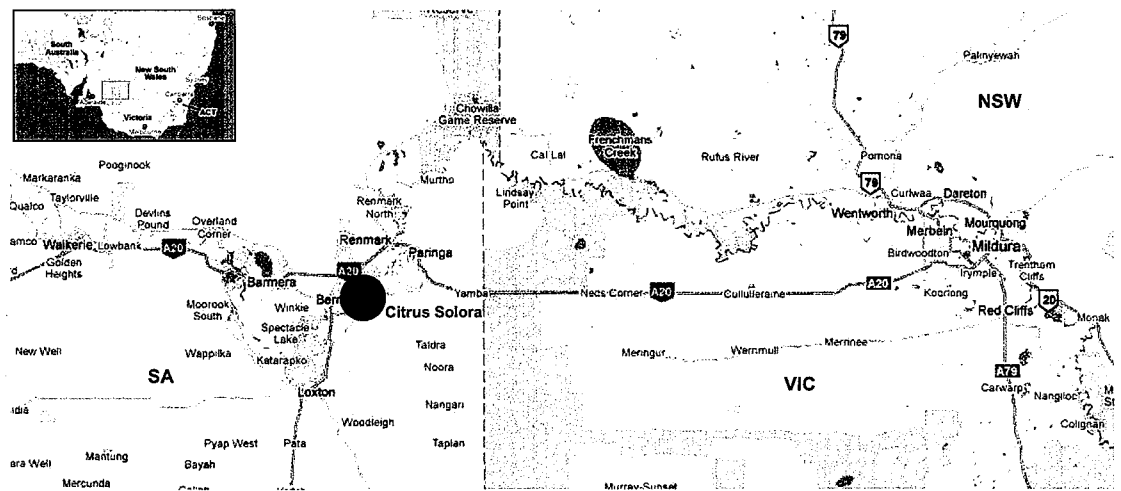
5 The Orchard

5.1 Property Overview

5.1.1 Location

Per Figure 5.1, the Orchard is located near Loxton in the 'Riverland' region of South Australia.

Figure 5.1 Location of the Orchard



5.1.2 Large Scale Infrastructure

Substantial amounts of capital have been invested in land preparation, irrigation systems, fencing and other infrastructure at the Orchard. Table 5.1 below summarises the property, plant and equipment as at 30 June 2008, while Table 5.2 outlines forecast capital expenditure for the year ending 30 June 2010:

Table 5.1 Property, plant and equipment as at 30 June 2008

A\$	Total
Internal Irrigation	3,190,242
Mainline upgrades	239,976
Citrus Trees	6,565,977
Land	1,470,831
Water	6,034,345
Water Conservation & Conveyancing Equipment	1,758,522
Infrastructure Wind Breaks	46,605
Infrastructure Roading & Tracks	71,500
Total	19,377,998

Source: TOT # 2 balance sheet as at 30 June 2008

Table 5.2 Forecast Capex

\$	FY10
Irrigation	100,214
Buildings	50,707
Plant & Equipment	22,853
Tree Planting	160,960
Total	334,734

Source: Timbercorp

5.2 Financial Information

The financial information in this Memorandum comprises historical results sourced from Timbercorp and Align.

Section 5.3 below contains detailed information pertaining to the Orchard (refer Appendix B for property maps):

5.3 Solora South Citrus Orchard

Location:	Loxton, South Australia ('Riverland' region)
Established:	1960
Land Owner:	QIM #2 Pty Ltd (Receivers and Managers appointed) in its capacity as trustee for the Timbercorp Orchard Trust #2
Title:	580 ha
Total planted area:	413 ha
Total 'plantable' area:	454 ha
Number of trees:	Approximately 222,000
Varietal Selection:	Approximately 44% Navel, 31% Valencia, 14% Valencia, 8% Lemon and 3% Grapefruit
Orchard Manager:	AgriExchange, a subsidiary of Cbus Exchange Limited
PWR:	4,510 m ³ per annum
Water Source:	Murray River
Dams:	None

As illustrated in Table 5.3 overleaf, the Solora South orchard is divided into two separate parts:

- **"Solora 305"** (being the MIS orchard) – comprising five individual blocks
- **"Solora 150"** – relatively new plantings established in 2006

Table 5.3 Solora South Citrus Orchard Land Use Distribution

Block	Planted (ha)	Unplanted (ha)	Total (ha)
Home	91.2	0.0	91.2
726	52.3	0.0	52.3
Old Patch	15.0	0.0	15.0
Quarry	76.0	0.0	76.0
Dam	71.1	0.0	71.1
Solora 305	305.6	0.0	305.6
Solora 150	112.3	36.7	149.0
Total	417.9	36.7	454.6

Source: Timbercorp

5.3.1 Historic Crop Returns

Table 5.4 Historic Crop Returns

Crop Year (\$'000)	2007	2008F
Total Tonnes	7,298	11,931
Net Sales Proceeds	1,976	5,449
Less:		
Orchard Operating Costs	3,369	3,413
Tree Management Costs	635	857
Equipment Lease Costs	210	209
Total Operating Expenditure	4,213	4,479
Net Crop Return	(2,237)	971

Source: Timbercorp

Note i) 2008 figures are shown as forecast pending completion of final reconciliations for the 2008 crop year
ii) financials above exclude temporary water costs

5.3.2 Forecast Crop Yields

Table 5.5 below outlines the forecast long-term average yields for the Solara 305 Orchard.

Please note, the forecast crop yields in Table 5.5 below are for the Solara 305 Orchard only – i.e. they do not include forecast yields for the Solara 150 Orchard, given its relative immaturity.

Table 5.5 Forecast Crop Yields (tonnes)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Mandarin	5,250	4,890	4,916	5,092	5,039	5,175	5,114	5,208	5,114	5,208
Navel	4,228	4,825	4,715	4,922	4,971	5,006	5,019	5,020	5,020	5,020
Valencia	2,412	2,316	2,539	2,612	2,690	2,768	2,833	2,866	2,879	2,879
Lemons	1,045	1,401	1,282	1,282	1,308	1,392	1,467	1,518	1,541	1,541
Grapefruit	292	362	387	412	438	480	530	575	575	575
Limes	32	54	64	75	75	75	75	75	75	75
Total	13,258	13,848	13,904	14,395	14,521	14,896	15,038	15,263	15,205	15,299

Source: Timbercorp

5.3.3 Packing Shed

It is the Receivers' understanding that:

- (i) the Packing Shed and the land on which it is located at the Orchard is owned by Timbercorp (or an entity within the Timbercorp Group); and
- (ii) the Packing Shed is occupied by TOT #2 on a rental basis from Timbercorp (via AgriExchange).

As at the date of this Memorandum, the Receivers are considering how the sale of the Packing Shed (and associated land) and the sale of the Assets will be structured from a legal viewpoint. The liquidators of Timbercorp have indicated their interest in selling the Packing Shed (and associated land) in conjunction with the Receivers' sale of the Assets.

In making an offer, Interested Parties:

- (i) should include as a separate component an amount for the acquisition of the Packing Shed (and associated land) for consideration by the Receivers and liquidators of Timbercorp; and
- (ii) stipulate whether the purchase of the Packing Shed (and associated land) is conditional upon the purchase of the Assets and vice versa.

6 South Australian Permanent Water Entitlements

The National Water Initiative (**NWI**) requires that States/Territories grant water access entitlements which are legally recognised, secure shares of water to be taken from a water system. The NWI aims to promote the efficient management of Australia's water resources by making water rights proprietary in nature, so that they can be traded, leased or mortgaged.

In 2004 South Australia introduced a system of water licences for prescribed waterways. A water licence was a single approval that enabled a water user to take water, construct/operate any works necessary to divert that water and to use water on a particular area of land. Although water licences were not necessarily linked to a particular piece of land they could contain a condition that limited the use of the water to a particular area of land, which limited the ability to trade water licences.

To make trade of water rights easier and faster, South Australia is currently replacing water licences with four separate approvals. These approvals "unbundle" the different rights and permissions that were contained in a water licence. Unbundling began on 1 July 2009 when water rights associated with the River Murray were unbundled. Water rights related to other waterways will gradually be unbundled from 2010 to 2014.

The four approvals which now replace the single water licence are:

- Water Access Entitlement (a Water Licence) – this is a permanent right to a specified share of a water resource. Water access entitlements can be traded permanently or temporarily.
- Water Allocation – this represents the actual amount of water that holder of a water access entitlement is able to take in a water use year. The amount of water allocation will vary from time to time depending on how much water is available, and water allocation is stored in a "Water Account". Water allocation can be traded.
- Water Resource Works Approval – this is a permission to construct and operate works to take/divert water from a particular waterway in a particular way (e.g. through a pump or a bore). This permission is linked to a specific location and cannot be transferred to works at another location.
- Site Use Approval – this is the right to use water in a particular way (e.g. for irrigation) at a particular location. This approval is linked to particular land and cannot be transferred to other land.

Water licences, approvals and permits can be searched through the NRM Register. Each water licence, permit or other approval is given an identifying number which can then be used to search the register.

7 Management and Employees

There are no members of management or employees included as part of the acquisition of the Assets.

8 Management of Citrus Orchard

8.1 Costa Exchange

Costa Exchange is an Australian marketer, distributor and grower of fruit and vegetables listed on the ASX. It is one of the largest fresh produce growing, packing, marketing, distribution and exporting companies in the southern hemisphere.

Managing properties producing in excess of 40,000 tonnes of citrus, one of Costa Exchange's six divisions, AgriExchange, is a leader in citrus, avocado and wine grape production. All AgriExchange's fruit is marketed through Vitor Marketing Ltd, mainly under the Vitor and Kangara brands. AgriExchange exports citrus to destinations including the U.S, Europe, Asia & the Middle East.

Timbercorp appointed Costa Exchange to manage its citrus interests (including the Solara South orchard) and provide orchard, processing and marketing services, which it has continued to do following the appointment of Receivers. These arrangements will remain in place until at least 30 November 2009. As at the date of this Memorandum, the Receivers are in discussions with Costa Exchange regarding continuation of these arrangements after 30 November 2009.

9 Sale Process and Timing

9.1 Outline of the Sale Process

It is envisaged that the sale process will be conducted in two stages:

- Stage 1: Due diligence
- Stage 2: Final offer and completion

9.1.1 *Stage 1: Due Diligence*

The due diligence process will comprise, inter alia, access to an electronic data room and site visits to the Orchard. The data room will contain selected information and documents for review by Interested Parties.

Requests for additional information will be considered by PwC. A Sale Agreement will be provided to the Interested Parties during the due diligence phase.

9.1.2 *Stage 2: Final Offer and Completion*

Following the completion of due diligence, Interested Parties will be invited to submit:

- a final offer for the Assets; and
- the draft Sale Agreement marked up with any proposed amendments.

The final offer must include the following details:

Details of the Interested Party

Name and brief profile of the proposed acquiring entity, including details of ultimate shareholders.

Final Offer Price

The final offer price which the Interested Party is prepared to offer for the acquisition of the Assets. The final offer price should be based on upfront cash consideration, specified in Australian dollars.

The final offer price should be based on the value of the Assets owned by TOT #2, on a debt free and cash free basis – refer section 9.5 for the final offer template. The Interested Party should also provide a description of the material assumptions adopted in determining its final offer price.

Funding

Evidence of the financial capacity of the Interested Party, and the proposed means of financing the proposed acquisition of the Assets.

Key Terms, Conditions and Approvals

Any material terms and conditions which attach to the final offer. Any regulatory or third party approvals which may be required should also be specified.

Strategic Intentions

The future intentions of the Interested Party with regard to the operations of the Orchard.

Commitment to Timetable

The ability of the Interested Party to meet the sale timetable and deadlines stipulated in this Memorandum.

Other Information

Any other matter which the Interested Party considers relevant to assist the Receivers in their assessment of the final offer.

Note, prior to the submission of a final offer, an Interested Party may request answers to high-level questions. Questions must be submitted via the Question and Answer facility in the online data room.

On the basis of this final offer, the proposed amendments to the draft Sale Agreement and other factors identified, "Preferred Purchaser" status will be granted to one Interested Party, being the party with which the Receivers wish to transact.

9.2 Other Sale Conditions and Requirements

The Receivers, at their sole and absolute discretion, reserve the right at any stage and in any way, without stating a reason, to:

- alter the sale process or timetable
- terminate or cease the sale process
- invite other Interested Parties to submit offers
- accept any offer, or reject, or not accept any offer
- restrict access to confidential information
- provide additional information
- negotiate with one or more Interested Parties
- terminate discussions with any or all Interested Parties
- enter into agreements for the Assets, without prior notice to any party or other Interested Parties
- make no representation, warranty or assurance as to the state of negotiations with any other Interested Party during the sale process

In all circumstances, the Interested Party will bear its own costs and expenses, whether or not it is successful in entering into any agreement with the Receivers for the purchase of the Assets.

9.3 Sale Timetable

The sale process is anticipated to be conducted in accordance with the following timetable in Table 9.1.

Table 9.1 Sale Timetable

Event	Date
Deadline for final offer and marked-up sale documentation	Mon 7 December 2009
Selection of Preferred Purchaser	Fri 11 December 2009
Execution of Sale Agreement	Fri 18 December 2009
Completion	January/February 2010

9.4 Enquiries and Contact Particulars

Contact in relation to the sale process should be directed to:

Stewart McCallum	Mike Murphy
Director PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank, Victoria 3006 Tel: +61 3 8603 6868 Fax: +61 3 8613 4023 Email: stewart.a.mccallum@au.pwc.com	Associate Director PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank, Victoria 3006 Tel: +61 3 8603 2691 Fax: +61 3 8613 5454 Email: mike.a.murphy@au.pwc.com

9.5 Structure of Offer

Interested Parties are required to structure final offers to purchase the Assets as follows:

Table 9.2 Structure of Offer to Purchase

Citrus Orchard	Final Offer (\$)
Solara	
Orchard	15
PWR	15
Parking Shed and associated land	15
Total	45

Appendix A Glossary of Terms

Term	Meaning
\$	Australian dollars, unless otherwise stated
Align	Align Funds Management Limited (ACN 105 684 231)
Assets	The assets of TOT #2, namely the Orchard and PWR
ASX	Australian Securities Exchange
Capex	Capital expenditure
Confidentiality Deed	The confidentiality deed in respect of confidential information in connection with the sale and purchase of Assets signed by an Interested Party
Costa Exchange	Costa Exchange Limited
Growers	The investors who participate in the MIS operated by the Timbercorp Group at the Orchard
ha	Hectares
Interested Parties	Parties which have expressed an interest in acquiring the Assets and which have executed a Confidentiality Deed and the Release Deed Poll
Km	Kilometres
Memorandum	This Information Memorandum
MIS	Managed Investment Scheme. The MIS operated by the Timbercorp Group at the Orchard is the 2005 Timbercorp Citrus Project (ARSN 114 091 299)
NRM	Natural Resources Management
NWI	National Water Initiative
OIM #2	OIM #2 Pty Ltd (Receivers and Managers Appointed) (ACN 112 691 997) as trustee for TOT #2
Orchard	Gofora South, incorporating title to the freehold interests in the property, the citrus orchard and all owned infrastructure used at the Orchard
Packing Shed	The packing shed located on that part of the Orchard with certificate of title volume 5955 folio 918
Preferred Purchaser	The Interested Party with which the Receivers wish to transact
PwC	PricewaterhouseCoopers
PWR	Permanent Water Rights
Receivers	David McEvoy and Paul Kirk of PwC in their capacity as joint and several receivers and managers of the Assets
Representatives	Partners, employees, advisers or agents of the Receivers
Timbercorp	Timbercorp Limited (In Liquidation) (ACN 055 185 067)
Timbercorp Group	The Timbercorp group of companies
TOT #2	Timbercorp Orchard Trust #2
TPF	Timbercorp Primary Infrastructure Fund (ARSN 116 024 830)
TSL	Timbercorp Securities Limited (In Liquidation) (ACN 092 311 469)

Appendix B Property Maps

Solara South Citrus Orchard

