r43.06

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

S CI 2011

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 2004 TIMBERCORP CITRUS PROJECT (ARSN 108 887 538) AND THE 2005 TIMBERCORP CITRUS PROJECT (ARSN 114 091 299) AND ORS ACCORDING TO THE SCHEDULE
Plaintiffs

CERTIFICATE IDENTIFYING EXHIBIT

Date of document: 28 February 2011
Filed on behalf of: the Plaintiffs

Prepared by:
ARNOLD BLOCH LEIBLER
Lawyers and Advisers
Level 21
333 Collins Street
MELBOURNE 3000

Solicitor's Code: 54
DX 38455 Melbourne
Tel: 9229 9999
Fax: 9229 9900
Ref: 011572335
(Leon Zwier - lzwier@abl.com.au)

This is the exhibit marked "MAK-14" now produced and shown to **MARK ANTHONY KORDA** at the time of swearing his affidavit on 28 February 2011.

MEAGAN LOUISE GROSE
Arnold Bloch Leibler
Level 21, 333 Collins Street
Melbourne 3000
An Australian Legal Practitioner within the meaning of the Legal Profession Act 2004

Before me: MLGrose

Exhibit "MAK-14"

Bundle of emails from Kerree Bezencon to KordaMentha dated 16 December 2010, 22 December 2010 and 16 January 2011

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: 011572335
(Leon Zwier)

MAK-14

Meagan Grose

From:	Kerree Bezencon [kerree@siger.com.au]
Sent:	Thursday, 16 December 2010 3:03 PM
To:	Antony Munro
Cc:	'Rex Booker'
Subject:	RE: Kangara
Attachments:	2010 CDA generic doc (3).rtf; KM Summary page of total (51) pages including assumptions etc .xls

Hi Antony, Mark

Please find attached the confidential summary page of the citrus project on Kangara. – this was prepared by Fabal and myself with various inputs from the documents from PWC data room, IM, plus other available documents we had, PDS, etc and then further refined by a number (not just one) of industry and qualified agriculturalists, water experts, marketers and packing specialist firms so that we obtained a conservative and realistic range. This is just the front summary page – there are some 50 odd pages behind this, which we can go through with you in detail. The main point is to satisfy you that these projects are viable, certainly once you remove the Timbercorp overlay – Fabal were not interested in becoming RE if it were not.

If the crop sale agreement is in place til June 30, you can see that the projects are definitely cash-flow positive thereafter, even allowing for vagaries.

I will send further info asap. Would you be kind enough to please sign the CDA, -no reflection on you, but so I can meet my obligations to the other parties involved.

Regards

Kerree

Kerree A Bezencon, Director
B.Ec (Accounting & Finance),
ASIA (Gr Dip Applied Finance & Investment),
CPA (Certified Practising Accountant) PFP (Specialist in Financial Planning),
CFP (Certified Financial Planner),
SSA (Specialist SMSF Advisor)

SIGER

Siger Super ServicesPty Ltd, ABN 18 105 441 521
PO Box 1147, Healesville VIC 3777
Tf 03 5962 6097, Fax 03 5962 6086

8 Hygieta Street, Noosaville QLD 4566
Tf 07 5473 0790, Fax 07 5473 0796

Mobile 0419 10 15 20
Email – mail@siger.com.au

From: Antony Munro [mailto:amunro@kordamentha.com]
Sent: Thursday, 16 December 2010 9:11 AM
To: Kerree Bezencon
Subject: Kangara

Hi Kerree

I just wanted to make sure that the Kangara model hasn't got lost somewhere in the internet ether - I haven't received anything since we talked yesterday afternoon.

Thanks

Antony Munro | Director
KordaMentha | Level 24, 333 Collins Street, Melbourne VIC 3000
t +61 3 8623 3404 | m +61 406 533 361
e amunro@kordamentha.com | w www.kordamentha.com

CONFIDENTIALITY AGREEMENT

Date:

Parties: **The**

of P O Box 1147, Healesville, Victoria 3777,

And **...(the confidant)**

Recitals:

A and the confidant each have information that they wish to disclose to each other for the Approved Purpose and will create confidential information in respect of the Project that TGG CITRUS will wish the confidant to keep confidential.

B The Disclosing Party agrees to disclose (or cause to be disclosed) the Confidential Information to the Recipient for the Approved Purpose on the terms and conditions of this agreement.

C The Recipient agrees to use the Confidential Information only for the Approved Purpose.

D The Recipient agrees not to disclose the Confidential Information except as permitted by this agreement.

E The confidant. agrees not to disclose the Project Related Confidential Information except as permitted by this agreement.

Operative provisions:

1. INTERPRETATION

1.1 The following words have these meanings in this agreement unless the contrary intention appears.

(a) **Approved Purpose** means the purpose of enabling the and .... to disclose and assess the Confidential Information for the purpose of working with each other in relation to the Project.

(b) **Authorised Officer** means a person appointed by a party to act as an Authorised Officer for the purposes of this agreement.

(c) **Confidential Information** means all Information relating to the assets, business or other affairs of the Disclosing Party and its Related Entities including (without limitation):

(i) confidential documents of the Disclosing Party;

(ii) contracts to which the Disclosing Party or any of its Related Entities are a party;

(iii) reports, memoranda, opinions or oth er documents

which has been or will be provided to the Recipient, but excludes the Excluded Information.

(d) **Disclosing Party** means a party making a disclosure under this agreement.

(e) **Excluded Information** means Confidential Information which is in or becomes part of the public domain otherwise than through breach of this agreement or an obligation of confidence owed under this agreement.

(f) **Government Agency** means any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

(g) **Information** includes ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, tracings, diagrams, models, functions and capabilities, systems and designs, pricing information, customers, sales and marketing information, financial or accounting information, including copies, abstracts, reports, notes and summaries of that Information.

(h) **Project** means assessing the feasibility of a transaction in respect of the Citrus assets of Timbercorp Limited (In Liquidation) and/or The Timbercorp Orchard Trust (TOT).

(i) **Project Related Confidential Information** means Information of a confidential nature which relates to the Project and which Committee creates, or is created on their behalf, or which the confidant otherwise becomes aware of through involvement with the Project including:

(i) commercial and financial information regarding the Project; and

(ii) technical information including specifications and drawings regarding the Project,

but excludes the Excluded Information;

(j) **Recipient** means a party to whom the Disclosing Party has made a disclosure under this agreement,

(k) **Related Entity** of an entity means another entity that is related to the first within the meaning of section 50 of the Corporations Act or is any economic entity (as defined in any approved accounting standard) that contains the first.

(l) **Representative** of a party includes an employee, agent, officer, director, adviser, partner, joint venturer, and potential source of financing or sub-contractor of that person or of a Related Entity of that person.

1.2 In this agreement unless the contrary intention appears:

(a) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(b) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any two or more of them collectively and to each of them individually;

(c) the word "person" includes a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Government Agency;

(d) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

(e) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;

(f) the singular includes the plural and vice versa;

(g) a reference to this agreement or another instrument includes any variations or replacement of either of them; and

(h) the verb "include" (in all its parts, tenses and variants) is not used as, nor is it to be interpreted as, a word of limitation.

1.3 Headings are inserted for convenience and do not affect the interpretation of this agreement.

2 DISCLOSURE

2.1 The Recipient gives the undertakings and warranties in this agreement in consideration of the Disclosing Party disclosing the Confidential Information.

2.2 Nothing in this agreement obliges the Disclosing Party to disclose any particular information to the Recipient or its Representatives. The Disclosing Party has an absolute discretion as to the information that it chooses to disclose.

2.3 The Recipient acknowledges that:

(a) it will make its own assessment and enquiries in respect of the accuracy and completeness of any Confidential Information;

(b) the Confidential Information constitutes valuable and proprietary information of the Disclosing Party; and

(c) this agreement does not grant to the Recipient any licence or other right in relation to the Confidential Information except as expressly provided in this agreement.

3 OBLIGATION OF CONFIDENCE

3.1 The Recipient agrees that it will:

(a) take all action necessary to maintain the confidential nature of the Confidential Information;

(b) not, without the prior written consent of the Disclosing Party, disclose any of the Confidential Information to any person other than those Representatives who need the information for the Approved Purpose;

(c) not use or reproduce any of the Confidential Information for any purpose other than the Approved Purpose;

(d) establish and maintain effective security measures to safeguard the Confidential Information from unauthorised access, use, copying or disclosure and to use the same degree of care as it uses to protect its own confidential information or which a prudent person would use to protect their highly confidential information (whichever standard is the higher);

(e) not directly or indirectly, without the prior written consent of the Disclosing Party, make any enquiries of or discuss with any officer or employee of the Disclosing Party or any of its Related Entities, any matters concerning the Confidential Information;

(f) immediately notify the Disclosing Party of any potential, suspected or actual unauthorised use, copying or disclosure of the Confidential Information;

(g) procure the entering into of confidentiality agreements by Related Entities on the same terms as this agreement prior to disclosing Confidential Information to Related Entities;

(h) procure that all Representatives to whom the Confidential Information will be disclosed who are not already bound by a confidentiality obligation to the Recipient have entered into a confidentiality agreement on the same terms as this agreement.

3.2 the Confidant agrees that it will:

(a) take all action necessary to maintain the confidential nature of the Project Related Confidential Information;

(b) not, without the prior written consent of TGG CITRUS, disclose any of the Project Related Confidential Information to any person except to its Representatives and Related Entitles who are bound by a confidentiality obligation to the Confidant, and then only to the extent that the Representatives and Related Entities need the information for the Approved Purpose;

(c) not use or reproduce any of the Project Related Confidential Information for any purpose other than the Approved Purpose;

(d) establish and maintain effective security measures to safeguard the Project Related Confidential Information from unauthorised access, use, copying or disclosure and to use the same degree of care as it uses to protect its own confidential information or which a prudent person would use to protect their highly confidential information (whichever standard is the higher); and

(e) immediately notify of any potential, suspected or actual unauthorised use, copying or disclosure of the Project Related Confidential Information.

3.3 The obligations of non-disclosure under this agreement include keeping the Confidential Information and Project Related Confidential Information out of any computer, database, or other electronic means of data or information storage except for a computer, database, or other electronic means of data or electronic storage exclusively controlled by the parties, Related Entities or Representatives to the extent required for the Approved Purpose.

3.4 The Parties' obligations of non-disclosure under this agreement include an obligation not to disclose to any person the subject matter or terms of this agreement.

3.5 . The Confidant must not contact, or enter into any direct negotiations, agreements or transactions in respect of the Project with, any person involved in or associated with the Project, except to the extent provide its prior written consent.

3.6 must not issue a media release or announcement to the public that specifically names the confidant without the prior written consent of the confidant.

3.7 . The confidant.must not issue a media release or announcement to the public that names or is otherwise in relation to the Project without the prior written consent of TGG CITRUS.

4 INJUNCTIVE RELIEF

4.1 The parties acknowledge that damages are not a sufficient remedy for any breach of this agreement and the parties are each entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by an other party in addition to any other remedies available at law or in equity and without the necessity of proof of actual damage suffered.

5 INDEMNITY

5.1 The parties each separately (the 'breaching party') indemnify the other party against all liability or loss arising directly from, and reasonable costs, charges and expenses incurred in connection with:

(a) any wilful breach by the breaching party of this agreement; or

(b) any wilful act or omission by any of the Representatives or Related Entities of the breaching party which, if done or omitted to be done by the breaching party, would be a breach of the breaching party's obligations under this Agreement.

6 SUPERVENING OBLIGATION

6.1 Subject to compliance with clause 6.2, this agreement does not apply to the disclosure of any Confidential Information or Project Related Confidential Information to the extent which it is required to be disclosed under any law or any order of any court, tribunal, authority or regulatory body or under any listing rule of a stock exchange.

6.2 Before a party discloses any Confidential Information or Project Related Confidential Information under any law or order of the kind referred to in clause 6.1, the party must provide the other party with:

(a) as much prior notice of any disclosure as is reasonably practicable to enable it to seek a protective order or other remedy; and

(b) reasonable co-operation in protecting the relevant Confidential Information or Project Related Confidential Information .

7 RETURN OF CONFIDENTIAL INFORMATION

7.1 The Recipient agrees (at its own expense) to:

(a) deliver to the Disclosing Party or at the option and direction of the Disclosing Party destroy all documents and other materials in any medium in the possession, power or control of the Recipient which contain any Confidential Information (whether or not those documents and other materials were created by the Disclosing Party or its Representatives); and

(b) delete any Confidential Information that has been entered into a computer, database or other electronic means of data or information storage by the Recipient;

on the earlier of:

(c) within 7 days of receipt of a written demand by the Disclosing Party; and

(d) within 30 days of the time the documents and other material are no longer required for the Approved Purpose.

7.2 The return, destruction or deletion of the documents and other materials referred to in clause 7.1 does not release the Recipient from its obligations under this agreement.

8 DISCLAIMER

8.1 The Recipient agrees that it must make its own assessment of all information disclosed by the Disclosing Party or any of its Representatives and satisfy itself as to, and not rely on, the accuracy, content, legality and completeness of the Confidential Information.

8.2 Subject to any law to the contrary, and to the maximum extent permitted by law, the Disclosing Party and Its Representatives disclaim all liability for any loss or damage (whether foreseeable or not) suffered by any person using, disclosing or acting on any information disclosed by the Disclosing Party or any of its Representatives or Related Entities.

8.3 For the purposes of clause 8.2, the Disclosing Party is to be deemed to be contracting on behalf of itself as well as acting as agent for all persons who are its Representatives and Related Entities.

9 TERM OF OBLIGATIONS

9.1 The obligations of the parties under this agreement survive for 2 years from the date of this agreement.

10 NOTICES

10.1 A notice, approval, consent or other communication in connection with this agreement:

(a) may be given by an Authorised Officer;

(b) must be marked for the attention of the person identified in paragraph (c); and

(c) must be left at the address of the addressee, or sent by prepaid ordinary post (airmail if posted to a place outside the country in which it is posted) to the address of the addressee or sent by facsimile to the facsimile number of the addressee which is specified in this clause or if the addressee notifies another address or facsimile number then to that address or facsimile number.

The address and facsimile number of each party is::

Attention: Mrs Kerree Bezencon
Inc,
Address: PO Box 1147, Healesville,37777
Email: kerree@siger .com.au ....:

Attention:

Address:
Email:

10.2 Unless a later time is specified in it, a notice, approval, consent or other communication takes effect from the time it is received.

10.3 A letter or email is taken to be received:

(a) in the case of a posted letter, on the third (seventh, if posted to a place outside the country in which it is posted) day after posting; and

(b) in the case of an email, on production of a transmission report by the machine from which the email was sent which indicates that the email was sent in its entirety to the email address of the recipient notified for the purpose of this clause.

11 MISCELLANEOUS

11.1 Remedies cumulative

(a) The rights, powers and remedies provided in this agreement are cumulative with and not exclusive of the rights, powers or remedies provided by law independently of this agreement.

11.2 Exercise of rights

(a) A party may exercise a right, power or remedy at its discretion, and separately or concurrently with another right, power or remedy. A single or partial exercise of a right, power or remedy by a party does not prevent a further exercise of that right, power or remedy or an exercise of any other right, power or remedy. Failure by a party to exercise or delay in exercising a right, power or remedy does not prevent its exercise. A party is not liable for any loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising the right, power or remedy.

11.3 Waiver and variation

(a) A provision of or a right created under this agreement may not be waived or varied except in writing signed by the party or parties to be bound.

11.4 Approvals and consents

(a) The Disclosing Party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion unless this agreement expressly provides otherwise. By giving any approval or consent, a party does not, and is not to be taken to, make or give any warranty or representation as to any circumstance relating to or the subject matter of the consent or approval.

11.5 **Survival of indemnities**

(a) Each indemnity in this agreement is a continuing obligation, separate and independent from the other obligations of the Recipient and survives termination of this agreement.

11.6 **Enforcement of indemnities**

(a) It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this agreement.

11.7 **Governing Law**

(a) This agreement is governed by the law in force in Victoria, Australia and each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of Victoria, Australia and courts of appeal from them.

Execution Page

EXECUTED as an agreement

SIGNED by ______________________________)
as authorised representative for)
in the) ________________
presence of:)
)

Signature of witness

Name of witness (block letters):

SIGNED by ______________________________)
as authorised representative for)
The Confidant .... in the) ________________
presence of:)

Signature of witness

Name of witness (block letters))
)
)

FINANCIAL RETURNS										
TOTAL OF BOTH PROJECT	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Project	6	7	8	9	10	11	12	13	14	15
REVENUE										
inegrapes Net of Profit		134,735	146,519	139,767	147,868	157,034	165,759	174,987	184,712	193,963
Firsts		8,402,805	15,464,680	16,874,783	19,549,879	23,342,487	25,821,000	27,063,430	28,225,091	28,793,274
Seconds		5,191,020	9,398,880	10,213,774	11,768,960	14,073,094	15,564,570	16,345,560	17,082,177	17,428,612
Juicing		297,462	533,726	578,921	665,173	796,426	881,266	926,466	969,065	988,708
Dump		-	-	-	-	-	-	-	-	-
Wholesale Sales		**14,026,022**	**25,543,805**	**27,807,245**	**32,131,881**	**38,369,040**	**42,432,595**	**44,510,443**	**46,461,045**	**47,404,557**
Commissions, Fees & Promotions		(1,771,139)	(3,238,154)	(3,527,603)	(4,077,962)	(4,872,031)	(5,389,022)	(5,652,771)	(5,900,233)	(6,019,351)
Ripening		-	-	-	-	-	-	-	-	-
Plant Breeders Rights										
Commonwealth Levy		-	-	-	-	-	-	-	-	-
Handling		-	-	-	-	-	-	-	-	-
		(1,771,139)	**(3,238,154)**	**(3,527,603)**	**(4,077,962)**	**(4,872,031)**	**(5,389,022)**	**(5,652,771)**	**(5,900,233)**	**(6,019,351)**
		12.6%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.7%
Gross Proceeds		**12,254,883**	**22,305,651**	**24,279,641**	**28,053,919**	**33,497,010**	**37,043,574**	**38,857,672**	**40,560,813**	**41,385,207**
Packing Costs		(4,208,327)	(7,725,777)	(8,327,856)	(9,665,759)	(11,470,581)	(12,795,567)	(13,328,185)	(14,043,538)	(14,069,373)
Freight to pack shed then market		(904,111)	(1,713,123)	(1,892,747)	(2,221,618)	(2,677,489)	(2,989,833)	(3,160,609)	(3,325,149)	(3,392,353)
		-	-	-	-	-	-	-	-	-
Freight & Packing Costs		**(5,112,438)**	**(9,438,900)**	**(10,220,604)**	**(11,887,377)**	**(14,148,070)**	**(15,785,400)**	**(16,488,794)**	**(17,368,687)**	**(17,461,726)**
		36.4%	37.0%	36.8%	37.0%	36.9%	37.2%	37.0%	37.4%	36.8%
Net Proceeds (to Grower)		**7,142,445**	**12,866,750**	**14,059,037**	**16,166,542**	**19,348,939**	**21,258,174**	**22,368,878**	**23,192,126**	**23,923,480**
OPERATING COSTS										
Fixed Management Fee		473,180	473,180	473,180	482,535	492,185	502,029	512,069	522,312	532,758
Harvesting/Picking Costs		1,189,850	2,134,902	2,349,893	2,739,828	3,329,156	3,719,946	3,949,411	4,171,631	4,256,240
Licence Fee - Land										
Licence Fee - General		3,665	3,665	3,665	3,738	3,813	3,889	3,967	4,046	4,127
Licence Fee - P&E Lease		-	-	-	-	-	-	-	-	-
Licence Fee - Plant Breeders Rights		-	-	-	-	-	-	-	-	-
Labour Costs		1,209,450	1,209,450	1,209,450	1,233,639	1,258,312	1,283,478	1,309,148	1,335,331	1,362,037
Farm management		2,678,700	2,678,700	2,678,700	2,732,274	2,786,919	2,842,658	2,899,511	2,957,501	3,016,651
Total Operating Costs		**5,554,845**	**6,499,897**	**6,714,888**	**7,192,014**	**7,870,385**	**8,352,000**	**8,674,106**	**8,990,821**	**9,171,814**

ADMINISTRATION COSTS									
Admin & Property Cost	489,000	489,000	489,000	489,000	489,000	489,000	489,000	489,000	489,000
Project Costs RE/Co	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Administration Costs	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**
Grower invoice $*739ha*4									
Grower result	**998,601**	**5,777,853**	**6,755,149**	**8,385,528**	**10,889,554**	**12,317,174**	**13,105,773**	**13,612,305**	**14,162,666**
Rent									

NET PRE: PRE TAX & INTEREST CASHFLOW

Notional Sales Proceeds										
After Tax Invested by Growers (Notional Ca		(21,000,000)								
Cash inflow from Operations		7,142,445	12,866,750	14,059,037	16,166,542	19,348,939	21,258,174	22,368,878	23,192,126	23,923,480
Cash outflow from Operations		(6,143,845)	(7,088,897)	(7,303,888)	(7,781,014)	(8,459,385)	(8,941,000)	(9,263,106)	(9,579,821)	(9,760,814)
Grower Capital Increase from 25.9 M to 48.7		0								
NET CASHFLOW	Residual	(20,001,399)	5,777,853	6,755,149	8,385,528	10,889,554	12,317,174	13,105,773	13,612,305	14,162,666
	No Residu	(20,001,399)	5,777,853	6,755,149	8,385,528	10,889,554	12,317,174	13,105,773	13,612,305	14,162,666

Discount Rates	0.00%	5.00%	10.00%	15.00%	20.00%	25.00%	30.00%
10 Years	$ 79,484,173	$ 53,195,346	$ 35,773,375	$ 23,933,400	$ 15,705,725	$ 9,875,076	$ 5,671,776
15 Years	$ 159,175,572	$ 95,434,780	$ 58,935,534	$ 37,030,937	$ 23,321,681	$ 14,417,726	$ 8,445,085
20 Years	$ 201,471,501	$ 114,103,987	$ 67,505,577	$ 41,107,806	$ 25,325,292	$ 15,432,257	$ 8,973,100

INTERNA PRE TAX & INTEREST CASHFLOW

	With Residual Value for Orchard	Without Residual Value for Orchard
10 Years		
15 Years		
20 Years		

	FINANCIAL RETURNS										
2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
16	17	18	19	20	21	22	23	24	25	26	27
203,685	213,863	224,486	235,545	246,064	256,995	-	-	-	-	-	
29,367,851	29,952,572	30,546,751	31,154,823	31,776,790	32,412,651	33,057,968	33,717,180	14,798,127	-	-	-
17,781,122	18,131,112	18,492,217	18,860,887	19,240,673	19,620,460	20,011,361	20,409,828	8,777,411	-	-	-
1,008,490	1,028,560	1,049,030	1,069,935	1,091,241	1,112,983	1,135,161	1,157,776	492,557	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
48,361,148	**49,326,107**	**50,312,483**	**51,321,191**	**52,354,768**	**53,403,088**	**54,204,491**	**55,284,784**	**24,068,095**			
(6,140,077)	(6,261,811)	(6,386,220)	(6,513,420)	(6,643,860)	(6,776,127)	(6,911,073)	(7,048,810)	(3,068,682)	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
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-	-	-	-	-	-	-	-	-	-	-	-
(6,140,077)	**(6,261,811)**	**(6,386,220)**	**(6,513,420)**	**(6,643,860)**	**(6,776,127)**	**(6,911,073)**	**(7,048,810)**	**(3,068,682)**			
12.7%	12.7%	12.7%	12.7%	12.7%	12.7%	12.8%	12.8%	12.8%	#DIV/0!	#DIV/0!	#DIV/0!
42,221,072	**43,064,296**	**43,926,263**	**44,807,771**	**45,710,908**	**46,626,961**	**47,293,418**	**48,235,974**	**20,999,412**			
(14,336,949)	(14,357,697)	(14,623,577)	(14,644,325)	(14,918,192)	(14,938,940)	(15,212,807)	(15,235,151)	(6,518,461)	-	-	-
(3,460,263)	(3,529,213)	(3,599,543)	(3,671,279)	(3,744,450)	(3,819,085)	(3,895,212)	(3,972,861)	(1,764,790)	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
(17,797,211)	**(17,886,910)**	**(18,223,120)**	**(18,315,604)**	**(18,662,642)**	**(18,758,024)**	**(19,108,019)**	**(19,208,012)**	**(8,283,251)**			
36.8%	36.3%	36.2%	35.7%	35.6%	35.1%	35.3%	34.7%	34.4%	#DIV/0!	#DIV/0!	#DIV/0!
24,423,861	**25,177,386**	**25,703,144**	**26,492,167**	**27,048,266**	**27,868,937**	**28,185,400**	**29,027,962**	**12,716,161**			
543,415	554,283	565,370	576,677	588,211	599,977	611,979	624,217	270,425			
4,341,404	4,427,936	4,516,286	4,606,090	4,697,712	4,791,152	4,886,773	4,984,212	2,121,050			
4,210	4,294	4,380	4,468	4,557	4,648	4,741	4,836	1,904			
-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-			
1,389,278	1,417,063	1,445,405	1,474,313	1,503,799	1,533,875	1,564,553	1,595,844	628,453			
3,076,984	3,138,524	3,201,294	3,265,320	3,330,627	3,397,239	3,465,184	3,534,488	1,485,435			
9,355,291	**9,542,101**	**9,732,735**	**9,926,868**	**10,124,905**	**10,326,891**	**10,533,229**	**10,743,596**	**4,507,268**	-	-	-

489,000	489,000	489,000	489,000	489,000	489,000	489,000	489,000	489,000			
100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	182,500			
589,000	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**589,000**	**671,500**	-	-	-
14,479,569	**15,046,285**	**15,381,408**	**15,976,299**	**16,334,361**	**16,953,046**	**17,063,170**	**17,695,366**	**7,537,393**			
24,423,861	25,177,386	25,703,144	26,492,167	27,048,266	27,868,937	28,185,400	29,027,962	12,716,161	0	0	0
(9,944,291)	(10,131,101)	(10,321,735)	(10,515,868)	(10,713,905)	(10,915,891)	(11,122,229)	(11,332,596)	(5,178,768)	0	0	0
14,479,569	15,046,285	15,381,408	15,976,299	16,334,361	16,953,046	17,063,170	17,695,366	7,537,393	0	0	0
14,479,569	15,046,285	15,381,408	15,976,299	16,334,361	16,953,046	17,063,170	17,695,366	7,537,393	0	0	0

Meagan Grose

From: Kerree Bezencon [kerree@siger.com.au]
Sent: Wednesday, 22 December 2010 9:01 PM
To: Antony Munro; Mark Korda
Cc: 'Rex Booker'; 'Michael Pointer'
Subject: viable proposal
Attachments: 27072010 Backup ok ignore other Business plan Info M AUSTRALIAN SUNRISE CITRUS.doc; 21122010 Alternative proposal for TOT including grower, debthlders, annuityTIMBERCORP ORCHARD TRUST.doc

Hi Antony, Mark,

After speaking with Antony, he reassures me that you have an open mind and will look at our comments and proposal, but he wanted to ensure that we understood that we need to provide a better alternative to the part-sale PWC currently have on the table. Obviously PWC has the debenture holders interest as their focus, whilst you have the growers interest (in this case, there are no banks creating possible conflicts of interest for you at all, so all focus by you is on the growers interest).

We are concerned that there was not a robust sale process in this case as it was only at the very last moment/days that the assets were effectively split between 2 properties and water, to get only a part-sale. This was never widely advertised to obtain as high a price as possible for both growers and debenture holders. As there is an alternative that would benefit growers and debenture holders alike and seemingly at a higher price than had been offered, we wondered why this wasn't pursued – and hence, our talking to you now regarding PWC and the sale outcome.

I have given you figures which was our beginning point – to see if this was even worth pursuing. The large leap in production yields (from 11,000 to 21,000 tonnes) next year certainly changes the cash-flow aspect compared to other projects. Potential further plantings also enhance this aspect

We then developed a business plan, which I have included to outline our initial thinking. Initially, a partnership with Costa was the most obvious way forward, given his first right of refusal. It seemed that it suited Costa also, as he expressed very early on that he was not interested in becoming a real estate company – they wanted the marketing first and foremost and any other benefits/clips of the ticket in the three key areas – operations, packing and marketing. Category captain status was their aim. A stumbling block was the underwriting of growers and the time lag in issuing a PDS and waiting on their response – we have parties since who had advised us they can cover this aspect, providing Costa was involved.

In the case where this might not eventuate, we also pursued other alternative options – which are the second plan/outline, involving another substantial marketer. The plan was to organize an equity swap for want of a better word. The attached plan would include all parties - growers, debenture holders AND annuity holders –the plan would be beneficial to all.

Obviously this has perhaps the greatest appeal and has finance ready, without any time lag.

We appreciate very much that a better proposal to the part sale needs to be available – this last proposal would be an all-in-one package, incorporating the sale of water, which is still problematic due to the uncertainty around water pricing due to Government changes recently. Since it would be a single contract/package at a higher price, it should appeal to PWC, as the debenture holders get two options and a higher price – likewise for growers.

We would appreciate your input into considering and putting such a proposition to PWC. To this end, we have given you the general gist/plan - we can provide the finer details at a round table discussion at your earliest convenience.

We can assure you that we have done a huge amount of work on the figures side, so that we are not just tossing around unrealizable prospects and we have gone to numerous agricultural, marketing and packing industry people to check our assumptions. Obviously, yield, packing and marketing costs can influence greatly the outcome, but within the conservative ranges we adopted, we believe our conclusions are reasonable.

Recently Finkelstein in another similar case noted that " *I accept that the duty* (the duty to act in the best interests of the growers) *could come into play if the receiver has available to him/her alternative courses of action; one that would advantage and the other that would disadvantage investors. In that event the receiver would be required to take the course that would avoid harm to investors.* Given, that we might have such an alternative course/solution here, we would sincerely implore you to investigate this thoroughly and we would be happy to provide all the information to ensure you have all the facts. We can provide expert opinions from people in the field to help your analysis. There is even a legal opinion by Clayton/Utz questioning PWC's position in this process.

We have provided you with this initial figure work and proposal outlines with the view to organise the next step which we see as a face to face discussion to address any remaining issues and questions you might have around the proposition, before taking this to PWC. We have successfully co-ordinated a united alignment of interests with debenture holders and annuity holders who have representatives available to add weight to the proposal in any such round-table discussion.

There is a positive solution here that is achievable and can benefit all parties – please help us achieve it.

Regards

Kerree
For TGG citrus Committee

p.s.We also understand from Antony that you will first look at the proposed plan, keeping this information confidential, and will then get back to us as soon as possible with any further queries and ideas.

Kerree A Bezencon, Director
B.Ec (Accounting & Finance),
ASIA (Gr Dip Applied Finance & Investment),
CPA (Certified Practising Accountant) PFP (Specialist in Financial Planning),
CFP (Certified Financial Planner),
SSA (Specialist SMSF Advisor)

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Email – mail@siger.com.au

From: Antony Munro [mailto:amunro@kordamentha.com]
Sent: Monday, 20 December 2010 3:17 PM
To: Kerree Bezencon
Cc: Mark Korda
Subject: FW: Kangara

Hi Kerree

As discussed, our plan in the first instance is to review the material you provide to gain a better understanding of your proposal. Following this review we can decide whether there is scope to reopen discussions with the various stakeholders about continuing grower involvement in the Kangara orchard. As you're aware, this won't be straightforward as it would require the land owner, secured creditor and purchaser to move away from settling the contract that was signed on 3 December. In addition, there would have to be sufficient certainty around the finance terms (amongst a number of potential issues) for a proposal to be workable.

In the event the contracting parties wish to settle the contract as planned in March 2011 it is likely the liquidators would seek court approval to enter into a grower surrender deed on similar terms (i.e. proceeds held on trust until apportionment determined) to the other horticultural schemes.

In these circumstances, we are prepared to review the material you have provided but are unable to enter into the proposed CDA. If you're prepared to proceed on this basis then I will start reviewing the material.

Kind regards

Antony Munro | Director
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e amunro@kordamentha.com | w www.kordamentha.com

From: Kerree Bezencon [mailto:kerree@siger.com.au]
Sent: Thursday, 16 December 2010 3:03 PM
To: Antony Munro
Cc: 'Rex Booker'
Subject: RE: Kangara

Hi Antony, Mark

Please find attached the confidential summary page of the citrus project on Kangara. – this was prepared by Fabal and myself with various inputs from the documents from PWC data room, IM, plus other available documents we had, PDS, etc and then further refined by a number (not just one) of industry and qualified agriculturalists, water experts, marketers and packing specialist firms so that we obtained a conservative and realistic range. This is just the front summary page – there are some 50 odd pages behind this, which we can go through with you in detail. The main point is to satisfy you that these projects are viable, certainly once you remove the Timbercorp overlay – Fabal were not interested in becoming RE if it were not.

If the crop sale agreement is in place til June 30, you can see that the projects are definitely cash-flow positive thereafter, even allowing for vagaries.

I will send further info asap. Would you be kind enough to please sign the CDA, -no reflection on you, but so I can meet my obligations to the other parties involved.

Regards

Kerree

Kerree A Bezencon, Director
B.Ec (Accounting & Finance),
ASIA (Gr Dip Applied Finance & Investment),
CPA (Certified Practising Accountant) PFP (Specialist in Financial Planning),
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Email – mail@siger.com.au

From: Antony Munro [mailto:amunro@kordamentha.com]
Sent: Thursday, 16 December 2010 9:11 AM
To: Kerree Bezencon
Subject: Kangara

Hi Kerree

I just wanted to make sure that the Kangara model hasn't got lost somewhere in the internet ether - I haven't received anything since we talked yesterday afternoon.

Thanks

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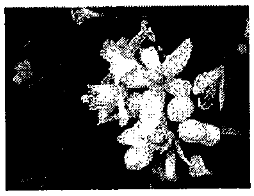
e amunro@kordamentha.com | w www.kordamentha.com

AUSTRALIAN SUNRISE CITRUS LTD.

BUSINESS PLAN – 2010

FIRST STAGE- KANGARA



MAY 2010

CONTENTS

This is the first stage of the business plan, outlined in the following sections

EXECUTIVE SUMMARY

Background

Background & Long-term Vision

As a result of the Timbercorp Group of companies going into liquidation, opportunities have arisen to purchase assets heavily discounted from their actual value. (Below 40% of book value- see addendum).

The Timbercorp Citrus Growers Committee Inc (Committee) in association with marketing equity participants are seeking further equity partners and financial support to acquire the Citrus assets of the Timbercorp group and form a specialist food and agricultural company of sufficient size to be a leader in the Australian domestic Citrus market and of a size to be recognizable in the Global market place.

It is proposed to develop the business in three stages, firstly by the acquisition of the Kangara property [739 citrus planted ha], its possible merger with a second property and after the consolidation of these two production sites, say in 18 months, the acquisition or inclusion of a possible land purchase in Qld to facilitate year round market supply. It is proposed that at this time the project would be offered to the market by listing on the stock exchange.

This plan allows for the potential to make this one of world's largest Citrus orchards

Benefits

This would have,

- The advantage of economies of scale, plus
- The ability to establish and service year-round fruit contracts to the major domestic supermarkets and overseas markets, plus provide
- The advantages of a seamless and co-coordinated structure whereby markets and production can be matched and supplied through state of the art packing and distribution networks. It will successfully bring together - 1) the farm management operations, 2) packing and 3) marketing.

The company will budget to return in excess of 20% on capital invested in the Kangara assets

The Parties

The Timbercorp Citrus Growers Inc - is an organization of previous Timbercorp grower investors and Debenture holders seeking to also participate in the purchase of these assets

Marketing Company Equity Participants – A number of Australia's largest domestic fruit, vegetable and produce wholesalers, retailer distributors and export companies are keen to commit. Access to marketing contracts ensures keen interest from such parties. One particular company, have had direct experience of these farm operations under the Timbercorp structure whilst others had dealings with prior owners. They certainly wish to participate in purchasing the assets and thereby acquire a meaningful equity position in this venture.

Other Equity parties - will include any party genuinely interested in long-term annuity–type income streams derived from the constant and ever-increasing demand on food.

Investment Benefits

The investment into an established and developing business built on the acquisition of the Timbercorp agricultural Citrus assets will offer these advantages :

- Not linked to other asset classes (negatively correlated) and thus greatly benefits portfolio diversification.
- Participation in the countercyclical returns associated with agriculture underwritten by both domestic and export markets
- Providing substantial above normal returns over time, despite the volatility associated with agriculture
- Declining volatility due to future demand curves outstripping supply.
- Allowing for flexibility by planning to publicly list in 18 months thereby providing an exit strategy
- The possibility of an early return on venture capital at the time of listing.

Marketing Opportunities

Citrus fruit is undergoing a change in consumption patterns as more people, especially in the growing economies of Asia, eat more fresh fruit – and demand a higher quality, "clean unpolluted" product. There is a changing demand for easy peel and specialist fruit such as Mandarins, this is especially so in our own domestic market. TheTimbercorp plantings are well placed to meet these changing demands.

Australian agriculture and horticulture has been dominated by small owner operator farmers and co-operative marketing bodies. In the Citrus industry a grower typically has less than 10 Ha of trees planted.

The emergence of large scale specialist farming ventures brings economies of scale and marketing excellence which has proven to give greater efficiency and returns over traditional models. This is especially so in the horticulture industry where fresh and perishable produce is the principal sale commodity domestically and for export.

The citrus industry is a mature industry and has developed to the point that it serves a variety of market demands from this basic commodity level to ultra quality products commanding a premium price.

Emerging technologies and new varieties are combining to meet and even drive market expectation and price – and obviously large scale operations are at a distinct advantage to derive benefit from this.

The Asset/Properties

The two properties that were part of the Timbercorp Citrus projects are Solora and Kangara, both of which are located in the citrus belt of South Australia, near Loxton.

The first stage - Kangara acquisition

It is estimated that the selling price including costs will be in the vicinity of

$21 Mil.

The Kangara property comprises 1448 Ha.

- 739Ha of citrus : navels, tangelo, mandarins, lemons Valencia,
- 440 Ha of wine grapes with a number of varieties of both red and white.
- 269 Ha unplanted of which 119 is not suitable for irrigation applications
- 8861 Ml of permanent water rights

The total citrus tonnage for the Kangara property is expected to be 11,300 tonnes in the 2010-2011 harvest year increasing to 21,000 by 2014 when the orchard is fully mature.

Special Note
Viticulture

There are 440 ha of wine grapes planted on the Kangara property and there is sufficient water to irrigate them. The vineyard area is well laid out and the varieties appropriate for the area.

It is anticipated that the vineyard operations will be leased in the short term and be cost neutral to the project and so avoid distraction from the core business of Citrus production.

It is anticipated that a decision as to the future of the vine planted area will be made prior to the proposed listing.

The Second Stage is a proposed merger with a second property

The following information relates to the first stage, Kangara acquisition

1. BACKGROUND

Australian Sunrise Citrus (ASC) was incorporated on 23/03/2010 as the vehicle to bid for the business assets of Timbercorp Orchard Trust (TOT).

The Board of ASC Ltd will consist of an independent non-executive chairman and at least 50% of the Board will consist of non-executive Directors.

The company plans to raise equity via the previous Timbercorp growers and Debenture holders and other equity partner/s including Costa Exchange Ltd,in a fully subscribed model.

In the event that the proposal is not fully subscribed both water and land assets may be used as security to facilitate the company's development. However it is hoped that a high level of subscription will be achieved.

ASC Ltd will then enter into contractual arrangements for both the farm management and marketing operations with highly recognized companies on a commercial, arms-length basis based on meeting performance terms measured against equally competent available competitors.

2. PROOF OF SALES & PROFIT

The Loxton area is 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 Asia.

It is anticipated that ASC Ltd will achieve the sales targets set out in this plan because:-

1. The company is purchasing a going concern with proven production capabilities.
2. The assets to be purchased are coming into their peak production years over the next 3-4 years – full maturity of trees will be achieved at this point.
3. Australia enjoys a strong domestic market and strong export markets as a consequence of being able to supply "out of season" citrus products to the Northern Hemisphere markets particularly Asia and USA.
4. There are a number of competent and excellent marketing companies who have proven experience and leadership in Citrus, production, marketing, and logistics and can draw on an established infrastructure to assure performance.
5. Furthermore, the Marketing side will drive the farm operations and work "hand in glove" with the Farm Management Operators to ensure that the appropriate synergy is maintained between sales and production.

3. UNIQUE FEATURES

A site visit has ascertained that the assets to be purchased by ASC Ltd's have been maintained in excellent condition, and considered as at the higher end of quality orchards in Australia . The major asset being purchased is a guaranteed and secure water supply that underpins the property. Other benefits are :

✓ Substantial Freehold	Freehold land of 1,448 Ha, including 1,179 planted Ha - citrus planted land of 739 Ha and - vineyard planted land of 440 ha
✓ Owned Water Rights	Owned permanent water entitlements of 8,861 ML
✓ Two dams	65 ML and 325 ML
✓ Diversity in Produce	Kangara produces a variety of citrus fruits including oranges, mandarins, lemons and tangelos as well as a variety of grapes
✓ Historical Harvest Success	Orchard and vineyard established in 1985 and 1997 respectively, with strong historical harvest volumes to date.
✓ Premier Location	Located in the Riverland region of South Australia 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 &Vineyard Manager	Existing relationship in place with AgriExchange (part of Costa Exchange Ltd), currently under short term renegotiation. Alternative managers are available.
✓ Strong Domestic Demand Citrus	The recognition of the health benefits of citrus fruit has driven strong domestic demand for both fresh fruit and juice products.
✓ Strong Global Demand for Citrus	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 246 Ha.
✓ Vineyard Potential	Opportunity to either replant existing vineyard with citrus to interested parties, or sell, or reinstall the evergreen contract with it being cash neutral until the wine industry regains strength and cash flows improve - the wine grapes industry is in a downturn at present
Varieties include -	Sauvignon, Shiraz, Colombard, Pinot Noir, Merlot and Chardonnay.
Climate	The region is also considered an ideal climate for grape growing. Australian wine grape production benefits from the increasing popularity of Australian wines in international markets, and also from the proximity to the emerging Asian markets.

4. TARGET MARKETS

The three major segments that ASC Ltd will target their product toward are:

- ✓ Northern Hemisphere Export markets, particularly Asia.
- ✓ Domestic Supermarkets
- ✓ Domestic Juice market

5. COMPETITORS

Generally, whilst volume is important, the focus will be on attaining and increasing the percentage of total citrus fruit that meet the criteria to be classified as "firsts", in order to maximize returns. Cost of production to effectively increase the yield and percentage of first quality fruit will be a key issue.

The company will face different competition in each segment.

Export Markets	Australia cannot compete with the frozen concentrate orange juice (FJOC) countries of Brazil & USA but does compete on fresh fruit and fresh juice, especially in Asia (Hong Kong, Singapore, Malaysia) and USA. The bulk of Navels have traditionally been targeted for export. The US Valencia sets the floor price across most markets, but Australian Navels are far superior to competitors from China and California- even against South African navels , which have the same "counter seasonal" advantage in northern hemisphere markets can impact on price. A proven track record to sell in these markets and proven marketing contacts is essential – a number of companies have this expertise and are keen to negotiate. Managing foreign exchange is required Distribution channels are already established

Domestic Supermarkets	**Whilst navels are targeted at the export market, the high Australian dollar has resulted in moves to sell domestically. Domestic demand is likely to be the major market for mandarins. Only a very small percentage of exports compete domestically across the industry and this is due mainly to the inability of domestic producers to supply the domestic market at certain time with certain varieties** **Domestic competition will be addressed by maintaining "captain category" manager priority status. This requires a leading marketing company with existing contracts to be engaged –Holmans or Costa Exchange Ltd or MFC are all such companies, are available should one be unable to perform.** **Valencia oranges normally used for juicing, do compete as fresh fruit with imported Californian oranges in the summertime, but only represent a small part of the produce.**
Domestic Juice Market	**Citrus that fails to make the fresh fruit grade as well as much of the Valencia crop will be juiced. As the returns have dropped with competition from Brazil, this is the least sought after market. The company will enter into contracts with the major domestic juice producers under established existing contractual relationships.**

6. STRATEGY HIGHLIGHTS AND ADVANTAGES

Marketing strategy highlights/advantages:

Producing the best quality fruit is irrelevant without sound marketing. "Marketing" covers not just the ability and experience of marketing the benefits of quality fruit but includes having existing distribution contracts with the major supermarket chains domestically and overseas. Importantly, the marketing operations will be the principle driver of operations.

There are a number of excellent companies who are leaders in this regard, having:

- ✓ Existing contracts with domestic supermarket chains and overseas sales
- ✓ "Category king" status on a number of products
- ✓ Extensive years of experience in marketing over the last 30 years
- ✓ Leading Export status
- ✓ Proven track record

Their experience will help to effectively position and target products to existing and potential growth markets over the coming years.

The best company will be contracted on a performance basis – if it does not perform, alternative and equally competent contractors are available in the area.

Production strategy highlights/advantages:

Sound experience in managing production costs is essential in this competitive industry. We propose to align all interests rather than have competing manager interests, by having the same farm and marketing manager where possible. Costa Exchange Ltd is available to continue as the current farm manager of the assets subject to performance terms.

Again, if Costa does not perform, we have the expertise of an agreed experienced agricultural farm manager, ready to take on this role immediately to avoid any issue of "wastage". They are

- ✓ located in the area and
- ✓ have the experience in citrus and grapes as well as
- ✓ having the local staff and other operational capacity to take on this management
- ✓ and can do so at very short notice.

The availability of such competitive and strong operational and farm management expertise provides a comparison/benchmark to enables us to get the most efficient and positive cash flows out of the farm.

Organization and Board strategy highlights/advantages:

ASC Ltd will appoint a Board consisting of five (5) Directors.

- ✓ The Chairman and
- ✓ A minimum of two members will be independent and non-executive.
- ✓ Marketing equity participants may have one executive representative on the board.
- ✓ The remaining board member can be independent or executive

The company will employ a full time Chief Executive Officer/ Managing Director and staff (number to be determined) to handle administrative matters.. The company will concentrate on developing overall policies and procedures to be implemented by the management and marketing contractors who will operate and report to the board regularly on these areas of the company's business.

Financial strategy highlights/advantages:

The company will aim to increase gross margins by concentrating on reducing operating costs, increasing yields and the quality of fruit and plans to generate profits equivalent to 20% of funds invested.

One of two business models will be used to raise the capital required to fund the purchase of the Kangara assets .

1. A fully subscribed model where capital will be provided as follows:-

    > Growers and Debenture holders 50%
    > Marketing Consultants/Farm Management 25%
    > Institutional investor/ s 25%

2. A partially subscribed model where capital will be provided in the same proportions but with capital raised from the sale to an Australian-based agricultural water investor with a view to a sale and leaseback arrangement being in place.

Timeframe

In either case, all parties will acquire shares in ASC Ltd.

> Capital partners or raisings would be completed within 2 months.

> Timbercorp Growers and Debenture holders capital raising would be completed within 3 months, in order to allow time for a prospectus fundraising. This will be open to all growers across various projects to attract maximum take-up.

Due to keen grower interest, following a survey t that resulted in an overwhelming positive response, it is anticipated that growers/ debenture holders will fully subscribe to this offer.

7. EQUITY PARTICIPANT'S ADVANTAGES

ASC was incorporated in 2010 in Victoria for the purpose of acquiring the Kangara/TOT assets.

We are confident that our proposal, is appealing and advantageous to various parties which will ensure substantial take-up of the offer. It includes the interests of a number of groups who have a keen and vested interest due to their involvement already in the previous projects under Timbercorp - ie ex-growers, debenture holders, and Costa Exchange Ltd (as the farm and marketing manager).

- Growers had invested monies for the establishment of the trees and infrastructure of the orchard and have maintained a vibrant interest. They will get the opportunity to retain this investment by using liquidation sale proceeds they receive to re-invest back into the project They essentially will be no worse off and arguably, better off with the new transparent structure given the absence of "creaming off" of the profit to previous management entities. Importantly, there is evidence that these purchasers, are more loyal and less demanding than the usual shareholder, due to a keen interest in the underlying assets

- Likewise Debenture holders can utilize liquidation sale proceeds to repurchase the assets but with the added benefit of receiving multiple facets of the profit centre to improve their bottom line– including the profit from the harvest proceeds and packing. This will compare favourably to just receiving a rental return. It will also have the advantage of aligning all interests.

- This proposal above avoids the issues of potential legal actions. The growers are less unlikely to vigorously litigate where they feel fairly treated and have a grower group initiated and supported proposal.

- Growers and Debenture holders are likely to agree as they have sale proceeds/funds available for participation in the offer where they can benefit from any discounted price.

- Growers have evidenced and expressed their ongoing interest by
    - Forming a consolidated group to promote such a proposal. (TGG Citrus Committee Inc
    - Sending written expressions of interest for such a proposal. (over 75% responding with written responses)
    - Establishing an extensive database to communicate such an offer.
    - Extending this group to include not just citrus growers. Other project growers have requested that they are included and given the opportunity to purchase hugely reduced assets – seeing this as offering some degree of compensation to those growers not given an opportunity to participate in their project asset purchases (such as almonds, etc)

- A number of interested marketers have established domestic and overseas contracts that benefit from these harvests proceeds being under their control. They would stand to lose/gain market share and priority status if they lose/gain control of these harvests– hence they are keen to participate. However, they would prefer not to commit to 100% equity - they do not want to limit their cash flow flexibility through hefty interest finance commitments that would also diminish their ability to invest in other opportunities that might arise. If they can gain the contracts without a great cash outflow or liability on their balance sheet, they would welcome this. Various marketing companies contacted have expressed keen interest on these lines.

- Potential new equity partners can equally benefit from purchasing assets at greatly reduced prices with a potential exit strategy in 18 months factored into the model

- Strong credentials from experienced companies in water management with a proven track record in these areas solidify our proposal and success potential should this option be chosen.

8. LOCATION AND DISTRIBUTION LOGISTICS

Advantages

- The farm manager and marketing contractors are situated advantageously to the orchard assets enabling efficient access to packing equipment and logistics.

- The top marketing companies have been known and awarded for their innovative approach to logistics and have cold storage capacity and trucking capability to move produce to the markets efficiently and quickly, to avoid spoilage .

- A leased packing shed is situated on the property with potential for further upgrading and further improving the quality of fruit to the market. Alternatively there is the potential and available land to build our own packing shed

9. METHOD OF TRADING ADVANTAGE

Advantages

- ASC Ltd will trade as an incorporated company to facilitate transparency and understanding of the legal structure for all parties .
- All operational, packing and marketing activities will be contracted with performance criteria to ensure the best practice and will be conducted by respected experienced industry contractors.
- This will effectively manage the value chain from <u>the orchard to the supermarket shelf</u> and to export markets.

10. PRODUCT DESCRIPTION

What Business are we in?

ASC Ltd views itself as being in the business of farming and packing citrus within the fresh food sector, (initially with marketing outsourced) .

As a result of this clear view of its positioning, the company will look to capitalize on the land that has not yet been planted to fruit and will investigate whether a more productive use for the land currently producing table grapes should be instigated.

The major citrus and wine grape varieties that ASC Ltd will produce include:-

Citrus Varieties

Oranges	Valencia Navel Lane Late Summer Gold Washington Leng Autumn Gold Barnfield Chislet	The major markets for first and seconds of these products are retail sales; otherwise, manufacturing into juice.
Mandarin	Murcott Imperial Mineola Tangello Daisy Clementine Nules	The major markets for first and seconds of these products are retail sales; otherwise, manufacturing into juice.
Lemons	Eureka Lisbon Fino	The major markets for first and seconds of these products are retail sales; otherwise, manufacturing into juice.

Wine Grape Varieties

Cabernet Sauvignon	The major markets for these products are contract sales to winemakers. Keen parties have expressed interest. An evergreen contract would be most desirable.
Shiraz	
Colombard	

Merlot	
Pinot Noir	
Chardonnay	
Viognier White	
White Frontignac	

AGRICULTURAL RISKS

The main agricultural risks are:

- **Climate** — **Rainfall, water supply, frosts, wind, fire (fire can be insured against, water supply is covered by permanent Water licenses topped up by temporary water)**
- **Pest** — **Fruit flu etc (the area is fruit fly free zone complimented with pest management via naturally occurring predator use)**
- **Disease** — **Canker etc (the area is warm and dry diminishing this risk alongside management risk prevention)**
- **Poor agricultural Practices** — **Top quality farm management assessment criteria are used to assess farm performance and production**

11. SWOT ANALYSIS

This is a summary of the business's most important strengths, weaknesses, opportunities and threats.

Strengths	Which means that
• Existing going concern	• Cash flow commences immediately.
• Orchards have excellent reputation.	
• Excellent quality product.	
• Existing marketing contracts.	
• Growing export industry	• The company can benefit from domestic and export demand.
• Counter seasonal supplies	
• One of the largest citrus orchards in Australia	• Benefit from economy of scale
• Plantings of newer citrus varieties.	• Can meet latest demand
• Production irrigation techniques incorporate "state of the art" technology	• Production costs can be controlled
• Wide range of citrus varieties in production	• Potential to meet latest demand
• Australian Valencia oranges superior to export competitors	• Advantages in export markets
• Proximity to markets.	• Freight advantages
• Australia's "clean/ green" reputation.	• Marketing opportunity.
• Free trade agreements	• Creating new opportunities

Weaknesses	Which means that
• Insufficient capital.	• Need to ensure support of bankers.
• Agricultural risk	• Integrated pest &disease management • Need to anticipate and take preventive measures against climatical, disease and pest effects - all manageable and known treatments
• Infrastructure owned by potential farm managers.	• Need to ensure management contracts include access to packing sheds etc.
• Grower investors not yet committed.	• It needs to be "sold" to growers
• Export returns subject to exchange rate fluctuations.	• Ensure robust risk management.
• Some older plantings coming up to their "use by date"	• Manage through to replace with newest varieties
• Lack evergreen wine grape contract	• Redevelop grape lots
• Market is subject to changing demand for various varieties	• Ensure robust marketing analysis and risk management
• Free trade agreements	• Ensure robust political risk management

Opportunities	Which means that
• 150 ha available for new planting	• Production can be expanded
• 440 ha wine grapes available for exploitation or alternatively replanting into citrus.	
• Increasing export demand from Japan, Korea, Indonesia and Taiwan	• Markets can be expanded.
• High quality production producing higher yielding fruit.	• Less reliance on low yielding juice market
• Growing consumer preference for convenience foods creates sales opportunities for new varieties.	• Benefit from emerging consumer demand
• Niche markets opening in Europe	• Emerging market
• Increased Mandarin supply to USA.	• Marketing opportunity
• Free trade agreements	• Monitor political developments

Threats	Which means that
• Undercapitalisation.	• Resulting in reduced profitability.
• Grower apathy with time	• Need to focus on “selling” project to growers.
• Increased cost of water.	• Risk management policy.
• Increasing cost of fertilizer.	• Risk management policy.
• Variable exchange rate.	• Risk management policy
• Supermarket oligopoly	• Marketing to prioritise second tier supermarkets
• Pests and diseases	• Risk management policy
• Salinity in the Murray darling basin.	• Risk management policy
• Legislative risk to water licenses	• Government relations policy
• Climatic events	• Risk management policy
• Global economic conditions	• Risk management policy
• Free trade agreements	• Monitor political developments
• Consumer trends	• Market research

Addendum/ Other Information

The Global Market for Citrus Fruit

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).

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: IBIS World 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.

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 annualized growth rate of c.5.7% in the five years to June 2009 compared to GDP growth of 3.0% (source: IBIS World 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.

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).

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

Wine Grape Industry Overview

The Global Market for Wine Grapes

Wine Grape Supply

In 2008, the top five wine producers globally were Italy, France, Spain, the United States and Argentina, accounting for 62% of the 27 billion litres of wine produced in the world. Australia was the sixth largest wine producer accounting for 5% of total world production. Australia does however, export a higher volume of wine than both the United States and Argentina (Australian Wine and Brandy Corporation Market Insight Report, Global Wine Supply Monitor, 2009).

The Australian Wine Grape Industry

The Australian wine grape industry is highly dependant on activity in the wine manufacturing industry and the majority of wine grapes produced in Australia are sold domestically. The Australian wine industry is highly dependant on export markets, which contribute an estimated 55.2% of manufacturing revenue. (IBISWorld Industry Report, July 2009, A0114)

Australia exports wine to over 100 countries and is the fourth largest wine exporting nation after France, Italy and Spain (The Australian Wine and Brandy Corporation, 2009).

The US is Australia's largest export market, followed by the UK and Canada. Emerging markets include Japan, Europe and Asia (The Australian Wine and Brandy Corporation, 2009).

The Australian wine grape industry has suffered from fluctuating production levels in recent years, largely due to the drought and erratic weather conditions.

Australian wine grape production is expected to increase in the short to medium term due to increasing availability of water for irrigation and the maturing of recently planted vines (Australian Bureau of Agricultural and Resource Economics, Australian Wine Grape Production Projections to 2010-2011).

Geographic Advantages

The Australian wine industry has a number of geographical advantages, including:

- a temperate climate ideal for wine grape growing
- land areas and soil composition suitable for vineyard development
- adequate water supply
- relatively few pests and diseases destructive of vines and grapes
- a harvest period that is counter-seasonal to that of major competitors.

Wine Grape Growing Regions

The major Australian wine grape growing regions are:

- **South Australia: Lower Murray, Limestone Coast, the Fleurieu Peninsula, and the Barossa Valley**
- **Victoria: Sunraysia, Kerang-Swan Hill and the Murray Darling**
- **New South Wales: Murrumbidgee Irrigation Area, Hunter Valley, Sunraysia**

Newer grape growing areas have also developed in Tasmania, around the Margaret River region in Western Australia and in the cool climates of southern Victoria.

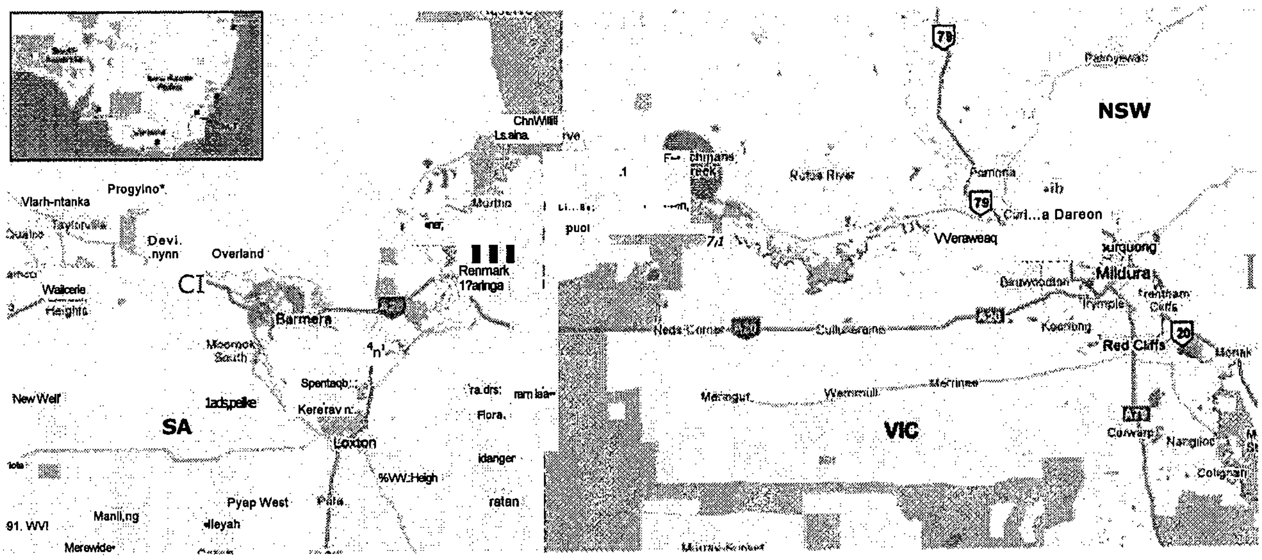
The Property

Property Overview

Location

Per Figure, Kangara is located near Murtho in the 'Riverland' region of South Australia.

Figure Location of the Orchard



Large Scale Infrastructure

Substantial amounts of capital have been invested in irrigation systems, trees, vines and other infrastructure at Kangara. Table below summarizes the book value of property, plant and equipment as at 30 June 2009.

Table Property, plant and equipment as at 30 June 2009

A$	
Irrigation	12,223,156
Trees	10,652,865
Land	2,385,021
Water	12,938,884
Trellises	2,482,719
Vines	8,527,423
Land & Site Preparation	668,788
Other	581,981
Total	**50,460,837**

Source: Timbercorp

South Australia Water Entitlements

The National Water Initiative *(NW!)* requires that States/Territories grant water access entitlements which are legally recognized, 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 licenses for prescribed waterways. A water license 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 licenses 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 licenses.

To make trade of water rights easier and faster, South Australia is currently replacing water licenses with four separate approvals. These approvals "unbundle" the different rights and permissions that were contained in a water license. 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 license are:

- Water Access Entitlement (a Water License) — 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 the 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 licenses, approvals and permits can be searched through the NRM Register. Each water license, permit or other approval is given an identifying number which can then be used to search the register.

Management and Employees

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

Potential Management of Kangara

Costa Exchange, Holmans, Mildura Fruit Company

The major marketing companies are the main Australian marketers, and distributors of fruit and vegetables listed on the ASX. They control over 80% of the market, forming the largest fresh produce growing, packing, marketing, distribution and exporting companies in the southern hemisphere.

Two of the companies produce in excess of 80,000 tonnes of citrus, and are leaders not just in citrus, but avocado, tomato, wine grape and other horticultural production. They exports citrus to destinations including the U.S, Europe, Asia & the Middle East.

All are competent to control the marketing aspect in conjunction with separate farm operations management if required.

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This Memorandum is provided on a confidential basis solely for the information of selected interested parties which have expressed an interest in participating in an equity raising and which have signed a confidentiality deed in respect of confidential information in connection with the proposal based on information provided by TGG Citrus Committee (which in turn is based on some prior information provided by Price Waterhouse Coopers and Korda Mentha and/or Timbercorp Limited (in Liquidation) ("Timbercorp"). The interested entity 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.

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TIMBERCORP ORCHARD TRUST ("TOT"), FRESH PRODUCE GROUP ("FPG") AND KANGARA PROPERTY

Executive Summary

FPG is a leading supplier and marketer of fresh produce in Australia, and is seeking to expand its operations and vertically integrate into horticultural production in key produce areas, such as citrus.

Following PwC's appointment as Receivers and Managers over the Timbercorp Orchard Trust in October 2009, it is our understanding that a formal sales process was run in respect of the Kangara property which did not result in a satisfactory offer. FPG are firmly of the view that the right of last refusal over the land, in favour of CostaExchange presents a material impediment to an effective sales process, and detracts from the ability of the Receivers and Managers to obtain a satisfactory outcome for creditors of TOT. Prospective bidders are unlikely to commit the financial and human resources necessary to submit a firm bid where there exists a material risk that CostaExchange will simply exercise its last right at the conclusion of the sales process.

We believe that this impediment can be overcome by completing the transaction through a restructure of the Trust.

Bid Structure

FPG propose a bid structure which it believes will provide the Receivers with a better outcome in terms of sales process and results to TOT stakeholders, by mitigating the negative impact of the right of last refusal on procuring bona-fide third party offers. The bid terms are set out below:

1. Bid Structure

(a) Restructure Proposal ("TOT Restructure")

FPG intends to seek the approval of stakeholders in TOT (comprising holders of debentures, annuity bonds and ordinary unit), growers (in 2004 and 2005 Timbercorp Citrus Projects) and the liquidators of the Timbercorp Group (collectively "**Stakeholders**"), to restructure TOT on the following basis:

- convert TOT from a unit trust into a limited liability company, to be renamed Australian Sunrise Citrus (ASC) or Fresh Produce Group Farming Co ("**FPG Farming Co**") or similar;
- either:
    - (i) convert Stakeholders' interests into a direct equity interest in the Co, based on a fixed conversion ratio applied to each class of Stakeholder, based on a valuation of Kangara of $22 million ("**Equity Conversion**"); or
    - (ii) accept a cash alternative in lieu of an equity interest, based on the conversion ratio in (i) above, but at a lower valuation of $20 million[1] ("**Cash Alternative**");

- the fixed conversion ratio will be determined after further due diligence and financial analysis and discussion with the Stakeholders, however we have set out an indicative economic analysis in section 4 below;
- FPG and associates to subscribe for $6 million of equity in the new Co, to fund transaction costs and working capital;
- Cash Alternative to be funded by a debt facility from major bank(s), within the new Co and additional underwritten equity commitments from FPG and associates, sufficient to meet a 100% acceptance.

The TOT Restructure is subject to:

- FPG ensuring that TOT can withdraw or cancel from any management or other contractual arrangements with CostaExchange or other third parties (this may be at the end of the crop sale agreement), and that any economic cost of such withdrawal is taken into account when determining the implied valuations in (i) and (ii) above;
- determination of the application of any proceeds held in trust from the sale of the Bella Vista and Costa's Crest properties by TOT;
- agreement to deal with other assets or liabilities of TOT, either by way of separation from TOT, or by operation of the scheme of arrangement;
- agreement as to the source of funds to pay PwC's fees and expenses as Receiver and Manager, which may be met out of a combination of either the Bella Vista sales proceeds, the restructured TOT, or a combination of both.[2]
- completion of any outstanding satisfactory due diligence (including but not limited to the Crop Sale Agreement with CostaExchange and material contracts, documentation evidencing permanent water rights, tax and legal review etc);
- agreement from the Receivers to contribute to FPG's costs, as set out in 3. below (see note also);

We anticipate that the TOT Restructure will be effected by a Scheme of Arrangement, and accompanying offers to the relevant stakeholders.

2. *Analysis of FPG's Proposal*

Set out below is a summary of the economics of FPG's proposal, comparing the TOT Restructure against an assumed status quo alternative (reflecting either a split sale of Kangara or outright sale at a level which we believe would be the case in the absence of our proposal). The following analysis necessarily makes a number of assumptions where we are not in possession of the relevant information, although this does not detract from the illustrative nature of the analysis.

The following analysis clearly demonstrates(based on FPG's view of the status quo sale outcome and various assumptions), that it would be in the debenture holders and grower's interests to pursue the TOT Restructure as proposed by FPG in this letter.

Comparison of Net Proceeds	**Status Quo**	**Fresh Produce Group Proposal**	
	Receiver Sale	Restructure (Equity)	Restructure (Cash)
Gross Sale Proceeds / Value			
• Kangara	$15.00m	$22.00m	$20.00m
• Other (Bella Vista / Costa's Crest)	$5.00m	$5.00m	$5.00m
Less: PwC Fees / Expenses to date	$(3.00)m	$(3.00)m	$(3.00)m
Less: PwC Fees / Expenses to complete	$(1.50)m	$(1.50)m	$(1.50)m
Less: Crop Sale / Contractual Separation	$(2.00)m	$(2.00)m	$(2.00)m
Net Value to Allocate	**$13.50m**	**$20.50m**	**$18.50m**
Improvement over Status Quo		+51.9%	+37.0%

Assumptions:

1. Sales Proceeds for Bella Vista - $5.0 m
2. Aggregate Sales Proceeds for Kangara under Receivers Sale (i.e. no FPG participation) - $15.0 m
3. PwC Fees & Expenses to date - $3.0m
4. PwC Fees & Expenses to complete - $1.5m
5. Crop Sale / Contractual Separation - $2.0m

The allocation of sales proceeds under the "receiver sale" scenario (status quo) is uncertain and subject to a potentially lengthy court determination process, which will further diminish the available proceeds through additional costs. The TOT Restructure proposed by FPG seeks to pre-empt that allocation process by setting (after discussion with the Stakeholders) a fixed conversion ratio that would enable a much shorter timeframe for effective allocation of value.

We have completed additional analysis of the proposed restructure and steps therein, to determine (based on the assumptions outlined above and excluding the impact of sale of Bella Vista) the impact on the Stakeholders of the restructure alternatives (i.e. equity or cash). A summary of the key results for Stakeholders against their assumed original investment balance is set out in the following table.

Implied Return *against Original Investment**	Original Investment (Assumed and to be revised)	Cents on Dollar Return (¢)	
		Receiver Sale	Equity Alternative
Growers	$15.00m	18.00	21.67
Debenture Holders	$61.00m	17.70	21.31
Annuity Bond Holders	$8.00m	0.00	2.06
Ordinary Unit Holders	24.00m	0.00	0.34

* Based on TOT restructure excluding Bella Vista

Based on our assumed conversion ratio, the TOT restructure and associated capital raising would deliver the following equity ownership outcome and implied offer terms (before taking into account any cash alternatives).

Implied Indicative Scheme Offer Terms *(before Cash Alternative)*

Stakeholder	% Equity Interest	Implied Scheme / Offer Terms
Growers / Timbercorp	16.1%	Various (subject to no. of lots etc)
Debenture Holders	64.5%	23.25 FPG Farming Co shares for every debenture held
Annuity Bond Holders	0.8%	1 FPG Farming Co share for every 44 annuity bonds held[1]
Ordinary Unit Holders	0.4%	1 FPG Farming Co share for every 267 ordinary units held[2]
Existing Stakeholders	72.7%	
FPG & Associates	27.3%	Equity Issued at $22m valuation, less allocation of costs to Kangara
Total	100.0%	

1. Assuming Annuity Bonds have face value of $1.00
2. Assuming Units were issued for $1.00 per unit

3. Contribution to Bid Costs

The existence of the right of last refusal is a major deterrent for prospective bidders undertaking sufficient preparatory work (thus incurring significant cost), so as to be in a position to offer a firm bid for the total assets of Kangara. We estimate such bid costs are likely in the range of $500,000-$1 million.

This is exacerbated by the fact that CostaExchange are both the incumbent manager of the Kangara property, and the counterparty under the Crop Sale Agreement – and are thus already in possession of most, if not all of the relevant information required to complete due diligence and seek necessary financial support for either an outright bid, or to exercise their last right.

We have considered this issue in detail, and believe that the Receivers would be justified in levelling the bidding playing field by undertaking to meet the costs of a bidder.

The payment of those costs incurred, would become a condition of the sale process (or restructure arrangements). In the event that CostaExchange exercise their right of last refusal, they would also have to pay consideration which included such a reimbursement – so that the Receivers would not be out of pocket in the event of a successful sale.

This approach is analogous to preparation of vendor due diligence in a private treaty auction, which defrays a bidder's out of pocket costs, increases the likelihood of receiving a greater number of bids (and thus creating price tension). We are of the view that it does not infringe on the rights of CostaExchange under the right of last refusal, and is a legitimate approach to ensuring an effective sales process.

The alternative approach is for the receivers to undertake to meet the out-of-pocket costs of a bidder if they are not successful in purchasing the property, perhaps capped at an agreed amount, with any contribution to an unsuccessful bidder's costs being on a deferred basis – i.e. only paid out of the ultimate sales proceeds to the extent that the bidder was unsuccessful.

If the Receivers are not able to support a contribution to costs or other arrangement as set out above, FPG will make no bid for TOT / Kangara in part or whole.

(Note by Kerree – There is some capacity and access to available monies which can be provided by participants such as debentureholders, growers, annuity holders if this were to be a sticking point with PWC)

4. Timetable and Next Steps

We believe that FPG would be in a position to work through with respective shareholders a final proposal by mid February 2011 with a view to completion in April 2011.

Our timetable and next steps - we envisage the following steps:

Step	Responsibility	Timing
Document agreement between FPG & Receivers	FPG, Receivers	10 January
Prepare due diligence requirements (linked to expert reports)	FPG	31 January
Identify independent advisors / experts to provide reports	FPG or PwC	End January
Prepare stakeholder proposal		By January
Meet with all interested parties[3]	FPG	Mid January
Obtain final credit approval from funding bank	FPG	Mid January
Prepare detailed financial model for TOT Restructure	FPG	Mid January
Report responses to PwC (or RE)	PwC / RE	End January
Finalise Explanatory Memorandum for Scheme of Arrangement (with assistance from the responsible entity and/or PWC as required) and Information Memorandum for equity underwriters (including offer to existing TOT stakeholders)	FPG (plus Re / Receivers)	End January
FPG undertake due diligence, manage the parallel processes, and establish the appropriate legal structures	FPG	Whole Period
Call meetings of interested parties	RE	By End February
Completion of Restructure	RE	By Mid April

6. *Confirmation of FPG's Ability and Willingness to Complete*

FPG has, as part of the development of its group strategy, committed a significant amount of its capital to the acquisition, development and operation of strategic farming and horticulture assets. FPG commenced business in 1991 and is a significant enterprise with an annual turnover of $200m pa and 200 employees. Last year FPG acquired Produce One from the CostaExchange group, and more recently have taken control of the Treviso property near Mildura. More detail on FPG is available at www.freshproducegroup.com

FPG has committed substantial time and resources to the development of this proposal thus far, and has engaged financial advisers to work through the details of the proposals with the various stakeholders. FPG and its advisers will work with the receivers and the other TOT stakeholders and their respective advisers to confirm the proposal contained herein, and if successful consummate the transaction at the earliest practical opportunity thereafter.

Sturt Capital are working on several capital raising projects for rural land and have identified the resources necessary to undertake this project. The team has significant experience in the agribusiness sector, and includes Jim Hope Murray and Justin Lewis from Sturt Capital and Bob Morrison from Broadlands Financial Group. Jim was engaged by Timbercorp to establish the Timbercorp Securitisation Trust, which securitised grower loan obligations for loans originated by them in 2000 and 2001. In 2005 Jim and Bob Morrison also established Momentum Finance, which specialised in white label financing for investors in a variety of tax effective MIS schemes, including Timbercorp, Great Southern Plantations, Rewards Group and others. Prior to joining Sturt Capital Justin headed up the equity capital markets division at Allco Capital Markets, and prior to that developed skills in capital raising at NM Rothschild & Sons in Sydney.

Other Expertise behind the Proposal

We have, at hand, a team of experts and experienced and qualified agriculturists as well as corporate and accounting/financial planning advisors- to co-coordinate this proposal. Once finalized, authority will pass to the board.

FABAL Ltd

- Fabal Limited, as RE provides the strong support of a proven and experienced manager/RE to manage all the grower/shareholders various interests, which will then allow for streamlining administration and operational conversations down to this one entity. Fabal Limited, in turn, have been very successful in their job of coupling grower support and communicating and ensuring the highest invoice take up, as well as prospectus preparation.

- Faber Ltd, also provides MIS transition expertise, and enhanced grower participation, which would help rather than hinder, the corporatisation process and they can provide innovative solutions utilising the existing MIS and company structure

- The extent of agricultural interests of the proposed manager, Fabal Ltd, also provides access to other untapped markets and contacts. They have experience in this aspect in regard and the advantage of meeting supply contracts, maintaining category captain status, as well as substantially adding to the bottom line of the marketers. Having such an ally onside would be invaluable and appeal to marketers.

TGG Citrus Committee, representing growers and also debentureholders

- We provide the benefit of a large potential shareholder base (over 13,000 growers) via our large database from which to raise future capital. We have the growers support not just those in citrus, but including the other projects and are well known to these people as opposed to any other entity putting up a "cold" proposal. We can rally them directly and through our extensive adviser support database

- Importantly, we can help mitigate the potential of litigation by providing a positive solution to both growers and debenture holders (especially in relation to the concern around the cancellation of the "evergreen" wine grape contract worth between 5-8

Million - especially given that assignment was possible to acceptable parties, and that water,fertiliser and maintenance had been done right up to the contract cancellation, so that effectively there would have minimal ongoing costs and which could have been covered under a crop sale agreement). Both groups are far less likely to take legal action if there is a viable solution, involving them. The growers are certainly a united group, with funds available for litigation. The debenture holders have a substantial fighting fund for the same purpose. We have a combined database for both these groups. The citrus committee, on behalf of the growers are engaged with the debenture holders, in respect of finding a common solution that does not extinguish their rights without providing some alternative proposal. Substantial media contacts have been established. Ignoring these groups, could result in media and litigation coverage.

- We would far prefer to have positive media coverage over a favorable proposal , which included growers and debenture

Timbercorp Growers Committee, its Consultants

- Kerree Bezencon, tax strategy accountant, financial planner, and SMSF specialist, has been involved at the outset in galvanizing the growers and advisers and establishing the network of contacts at the agricultural and corporate level for this proposal.
- Rex Booker has a wealth of experience in the water market and has advised the group in regards to water options under a sale and leaseback arrangement as well as other available alternatives. He has extensive ground contacts. He also has cash-flow preparation and analytical experience and has been working as a consultant for a successful almond producing company since 2003. He was involved in the capital raising and establishment of this company.
- Michael Pointer, who has extensive corporate experience and board involvement with numerous large scale agricultural projects, notably the establishment and sale of the certified McDonalds Angus burger.
- Malcolm Cleland, our consulting agriculturalist, with also extensive board and corporate experience, has covered farm aspects and structures for the proposal. He visited the Kangara property along with potential farm managers and found the orchard to be in very sound condition.
- Max Tolson, a citrus farm consultant, who has over 30 years of experience, has been able to consult with us on all aspects of our operations and has knowledge of the setting up and establishment of the orchards, having worked with Timbercorp on site. He lives in the area and has both extensive industry and an on-going local network of contacts.

Debentureholders Stakeholder

Giles Craig, CEO and Fred Woollard representing Debentureholders are behind Cameron Stockbrokers Limited, a subsidiary of Cameron Capital Limited, was established in 1994 and is an independent Australian private client stockbroker.

They provide our clients with the personalised services in transaction based broking, portfolio management, cash management and margin lending.

The firm has a proven track record of providing responsible and professional advice to private investors and the wholesale market throughout Australia.

Camerons is a participating organisation of both the Australian Securities Exchange and the National Stock Exchange of Australia. Through international markets desk we can arrange for the purchase or sale of securities listed in the United Kingdom, the United States of America and other major international markets. Camerons is also a specialist broker of listed hybrid securities.

Meagan Grose

From: Kerree Bezencon [kerree@siger.com.au]
Sent: Sunday, 16 January 2011 5:42 PM
To: Antony Munro
Cc: 'Rex Booker'
Attachments: KM further sheets 17062010 Adjustment on packing,etc.xls

Dear Antony,

Further spreadsheets behind the summary page, which gives you the background to our numbers (I haven't included the grapes spreadsheets as this is minor). I'm having problem with the protection password and will get back to you.

We started the modeling based on PDS and other info to finally ascertain the most important data covered off in the assumptions spreadsheet. I am happy to walk you through this and the background details. You will see that it obviously has positive outcomes from this year on.

Regards

Kerree

Kerree A Bezencon, Director
B.Ec (Accounting & Finance),
ASIA (Gr Dip Applied Finance & Investment),
CPA (Certified Practising Accountant) PFP (Specialist in Financial Planning),
CFP (Certified Financial Planner),
SSA (Specialist SMSF Advisor)

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Yield 10000

Navels			**Valencia**			**Mandarin**			**Other**		
1sts	50%		1sts	50%		1sts	50%		1sts	50%	
Box in Kgs	15		Box in Kgs	15		Box in Kgs	9		Box in Kgs	15	
Boxes per Tonne	66.7		Boxes per Tonne	66.7		Boxes per Tonne	111.1		Boxes per Tonne	66.7	
Price	$22		Price	$20		Price	$16		Price	$25	
1sts Sales		$7,333,333.33	1sts Sales		$6,666,666.67	1sts Sales		$8,888,888.89	1sts Sales		$8,333,333.33
2nds	40%		2nds	40%		2nds	40%		2nds	40%	
Box in Kgs	15		Box in Kgs	15		Box in Kgs	9		Box in Kgs	15	
Boxes per Tonne	66.7		Boxes per Tonne	66.7		Boxes per Tonne	111.1		Boxes per Tonne	66.7	
Price	$17		Price	$17		Price	$11		Price	$21	
1sts Sales		$4,533,333.33	1sts Sales		$4,533,333.33	1sts Sales		$4,888,888.89	1sts Sales		$5,600,000.00
Juicing	10%		Juicing	10%		Juicing	10%		Juicing	10%	
Price per Tonne	$250		Price per Tonne	$250		Price per Tonne	$250		Price per Tonne	$250	
1sts Sales		$250,000.00	1sts Sales		$250,000.00	1sts Sales		$250,000.00	1sts Sales		$250,000.00
Tota Sales		$12,116,666.67	Tota Sales		$11,450,000.00	Tota Sales		$14,027,777.78	Tota Sales		$14,183,333.33
Average per Tonne		$1,211.67	Average per Tonne		$1,145.00			$1,402.78			$1,418.33