

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

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**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:
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(Leon Zwier - lzwier@abl.com.au)

This is the exhibit marked "MAK-16" 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: _____

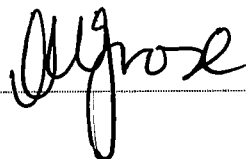


Exhibit "MAK-16"
Email from Kerree Bezencon to Antony Munro
dated 10 February 2011

Filed on behalf of the Plaintiffs
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Meagan Grose

From: Kerree Bezencon [kerree@siger.com.au]
Sent: Thursday, 10 February 2011 5:15 PM
To: Antony Munro
Subject: Points to discuss meeting tomorrow - your thoughts, comments please

Reasons for coming to meeting and reviewing our proposal – OR

WHAT'S IN IT FOR DEBENTUREHOLDERS!!

Firstly, we represent 35-40% debenture holders, (not just growers) plus Cameron's 10% = 45-50%. Secondly we can say that we represent over 86% growers (evidenced by RE vote - unheard of)
 Thirdly, we're concerned about getting the best price and not underselling the asset

- We believe we can obtain a better price, when looking at figures, by delaying the sale and continuing project - as then there will be **actual** figures supporting and showing **the radically** increased yields, which in turn will elicit a far better price for the asset. We have evidence of extensive spreadsheet work based on numerous agri-experts to support the expected returns
- The Debenture holders will only get 30cents in the dollar (assume 15-20 Mill sale on the 60 Mill outlayed); this will drop to even less pending the apportionment case and might be say 15cents in the dollar
- The Debenture holders will still have monies tied up in court for years whilst the growers and debenture holders fight out the apportionment case. Debenture holders monies will further be eradicated on costly court cases
- However, if the project continues, the next five year's yields and consequently profits will increase dramatically (around 45 Mill net profits before rent over 5 years). This will result in debenture holders collecting some 24 Mill rent, plus still have an interest in the land. This equates to getting 73 cents in the dollar - assuming the land is not valued higher than say 20 Mill – highly unlikely.
- Holding onto the land could see 3-4 times the value return on the distressed asset price of 15-20 Mill. You expect a 8-9 % rental yield return, the capital value might reasonably get to 50 Mill in NORMAL commercial property circumstances, although you'd expect the yield to be much lower for agriculture @4%, capital value is around 100 Mill). Given the input from Debenture holders was 60 M, grower's around 70-80M, you would assume a higher value could be achieved.
- If there is a recapitalization, as proposed, the debenture holders will be even better off and get part of harvest profits as well – around a 20-25% return.
- Fabal are ready and available to oversee the projects and the transition into a recapitalization. AHM (another MIS) have successfully done this (and we have established contacts to help), Fabal are attempting to do this with Rewards and this new skill/experience can be utilized to minimize costs.
- Fabal have extensive experience in vineyards particularly to be able to ride out the downturn and turn around the sale value of the vineyard. Agri-expertise on citrus is also available to oversee farm operations

- Fabal also have extensive marketing contacts and experience with dealing with various parties such as marketers to elicit the best deal and be able to hold out potential carrots to marketers – ie they have other marketing items to negotiate and provide incentives to marketers.
- Fabal have grower support and effectively debenture support
- The TGG Citrus committee have substantial contacts to help on aspects of the operations and communicate via an extensive database with growers and debenture holders
- A crop sale agreement is in existence to June to facilitate and gain time to look at this alternative
- Growers and Debentures as a united group can get some competitive tensions (certainly between marketers) that PWC lacked and reverse the fire sale aspect that diminishes the sale value. The drive will not be the marketers but put control back in the hands of the owner parties
- Mitigate the “”last right of refusal” undermining the asset sale value
- Mitigate risk of litigation by debenture holders taking legal action for under-selling assets
- Mitigate risk of growers taking legal action for under-selling assets
- No Banks means growers and debentures can aim for as high a price as possible and Costa’s last right of refusal would have to match the rights issue price – substantially higher than the distressed asset sale price.

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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