

Frequently Asked Questions – Bonds, Notes, Shares Updated 10 June 2010

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Purpose of Frequently Asked Questions

The purpose of the Frequently Asked Questions is to provide some general answers to common questions received. They cannot and are not intended to provide detailed answers or advice to you. The Liquidators must act in the best interests of all creditors. Accordingly, we are unable to provide advice to you on your specific circumstances. If you have any queries in relation to your rights and obligations, we recommend that you seek independent advice.

This is not a legal document.

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Timbercorp 2005 ASX Listed Bond (“2005 Bonds”)

What is the security position of the Bond?

The security that is held by the Trustee, Trust Company Fiduciary Services Limited (formerly Permanent Trustee Company Limited) on behalf of the 2005 Bonds is broken-down into:

- Eleven (11) mortgages held by the Trustee over rural land. This land is encumbered by Managed Investment Schemes relating to the mango and avocado and fruits schemes.
- The other security held by the Trustee in relation to these bonds is approximately \$3 - 4m of cash. This cash relates to the proceeds of the sale of the mortgaged properties previously encumbered by the Timbercorp Forestry Projects. This cash is being held in interest-bearing bank accounts.

How is the Trustee disposing of the Mortgage Assets?

The Trustee has appointed an Agent for Mortgagee in Possession to facilitate the sale of the rural land security held by the Trustee.

What is an Agent for Mortgagee in Possession?

An Agent for Mortgagee in Possession is a person appointed by a security holder (in this case, the Trustee) to take possession and control of a mortgaged property upon default of the loan secured by the mortgage. The Agent, on behalf of the security holder takes control of the property and collecting any income produced until it is sold. The Trustee has appointed JP Downey & Co as the Agent for Mortgagee in Possession. JP Downey & Co is an Official Liquidator, a Registered Liquidator and a member of the Insolvency Practitioner’s Association of Australia

What return is expected on the Bond?

The expected return on these Bonds is dependent on the outcome of the sale of the properties. The Agent for Mortgagee in Possession and the Trustee have appointed a real estate agent who will be responsible for selling the properties.

The interest payments by Timbercorp were suspended as of the date of the Administrator’s appointment (23 April 2009). It is expected that no future interest payments will be made by the Liquidators.

What will happen in the future in relation to the Bonds?

The Trustee will continue to maintain communications and oversee the Agent for Mortgagee in Possession. The Trustee will hold all proceeds received in interest-bearing bank accounts until distribution of net proceeds to Bond Holders.

Timbercorp Finance Bond

What is the security position of the Bond?

The security that is held by the Trustee, Trust Company Fiduciary Services Limited (formerly Permanent Trustee Company Limited) on behalf of the Timbercorp Finance Bonds is broken-down into:

- Fixed and Floating charges (rights) held over 145 loans advanced to growers in different Timbercorp Projects. These loans were issued by Timbercorp Finance Pty Ltd (In Liquidation).

What return is expected on the Bond?

The expected return on these Bonds is dependent on the collection rate of the loans outstanding by Timbercorp Finance Pty Ltd (In Liquidation). A class action, which has been initiated by Macpherson + Kelly Lawyers (“M+K”) against Timbercorp Finance Pty Ltd (In Liquidation), has adversely affected the loan book collections. M+K represents approximately 90 (62%) of the borrowers loans secured to the Bonds. The majority of these borrowers have ceased to make payments of their loans and have cancelled direct debit authorisations. The collection process is dependent on the outcome of the M+K class action and it is difficult to determine the future collection rate at this point in time. Any money that is being collected is being put into an interest-bearing bank account.

The Interest payments by Timbercorp Finance Pty Ltd (In Liquidation) have been suspended and the repayment of the Bonds that matured on 31 March 2010 has not occurred. This is due to the loan security supporting the Bonds having longer maturity than the due date for repayment of the Bonds and the deteriorated collections of the loans by Timbercorp Finance Pty Ltd (In Liquidation).

What will happen in the future in relation to the Bond?

The Trustee will continue to maintain communications, liaise with the Liquidator’s team working on Timbercorp Finance Pty Ltd (In Liquidation) and monitor collections. The Liquidators will continue to proactively pursue recovery of the loans, including issuing final demand letters against every borrower in arrears. Whilst legal proceedings are continuing the ultimate returns to the Timbercorp Finance Bond holders are dependent on these outcomes.

Timbercorp Subordinated Unsecured Convertible Note (ASX Listed)

What is the security position of the Notes?

The ASX listed Timbercorp Subordinated Unsecured Convertible Notes are unsecured and thus there is no security position for these Notes.

What return is expected on the Notes?

As the Notes are unsecured, at this stage it is likely that there will not be any return to the Note Holders. Any returns are dependent on the realisation of all of the unencumbered assets as well as the satisfaction of the debts owed to the secured creditors.

What will happen in the future in relation to the Notes?

The Liquidators will endeavour to achieve the best return for all of the creditors.

Timbercorp Limited Shares

What is the security position of the Shares?

The ASX listed Timbercorp Limited shares are an equity holding and thus there is no security position for these shares. These shares ceased trading on the Australian Securities Exchange on 23 April 2009.

Who is maintaining the share registry?

Due to the high costs associated with using the Computershare Registry Services to maintain the share registry, Computershare Registry Services are no longer maintaining the Timbercorp Limited share registry. The Liquidators are continuing to maintain this registry and any queries in relation to shares held should be directed to the KordaMentha Melbourne Office on timbercorp@kordamentha.com.

Can I transfer my shares?

Due to the size and complexity of the Liquidation, the Liquidators are still in the process of realising the assets of Timbercorp Limited (In Liquidation). Whilst this process continues, the Liquidators will not process any share transfers.

What should I do if my address has changed?

As the Liquidators continue to maintain the share registry, any change of details will be recorded in the share registry by the Liquidators. Any queries in relation to shares held or change of details should be directed to the KordaMentha Melbourne Office on timbercorp@kordamentha.com.

What return is expected on the Shares?

It is anticipated that the Liquidators will be in a position to make a determination as to the value of the shares in Timbercorp Limited (In Liquidation) by 30 June 2010.

What will happen in the future in relation to the Shares?

It is anticipated that the Liquidators will be in a position to make a determination as to the value of the shares in Timbercorp Limited (In Liquidation) by 30 June 2010.

Timbercorp Reset Preference Share (ASX: TIMPB)

What is the security position of the Shares?

The ASX listed Timbercorp Reset Preference Shares are an equity holding and thus there is no security position for these shares. These shares ceased trading on the Australian Securities Exchange on 23 April 2009.

What return is expected on the Shares?

It is anticipated that the Liquidators will be in a position to make a determination as to the value of the shares in Timbercorp Limited (In Liquidation) by 30 June 2010.