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THE
TRUST
COMPANY

25 June 2012

Dear Bond Holder

TIMBERCORP ASX LISTED 2005 BOND – FINAL DISTRIBUTION

The Trust Company (Australia) Limited (formerly Permanent Trustee Company Limited and Trust Company Fiduciary Services Limited), is the Trustee for the holders of Timbercorp ASX Listed 2005 Bonds ("Bond Holders"). Although the Bonds are legally classed as unsecured notes, limited securities comprising a cash deposit and mortgages over various rural properties were held by the Trustee at the time of appointment of external administrators to Timbercorp Limited (in Liquidation) ("Timbercorp") on 23 April 2009.

The Trustee, with the assistance of its agent JP Downey & Co, a registered insolvency firm, successfully disposed of the properties and distributed the relevant proceeds net of the applicable costs and expenses to the Bond Holders in March 2011. Please refer to the Trustee's letter, dated 7 March 2011. As outlined in that letter, the Trustee had hoped to effect a single payment but did not wish to delay distributing the proceeds to the Bond Holders. The Trustee has also been obliged to retain an amount of \$307,742 for contingencies and pending the receipt of any further funds. It is now clear that no further proceeds of any kind will be received and, accordingly, the Trustee has determined to make a final distribution of the previously retained funds, including accrued interest and net of applicable costs and expenses.

The **aggregate** amount of the distribution is **\$225,000**. Please refer to the attached summary of receipts and expenses.

This distribution represents a return of capital only, of \$0.45 per Bond, and as such should not be taxable in the hands of the Bond Holder. However, neither the Trustee nor its agent is able to provide any tax guidance and, accordingly, please seek your own tax advice from a qualified professional.

This final distribution brings the total repayment to the Bond Holders to \$56.45 per \$100.00 Bond.

Although no further distributions will be made **by the Trustee (or its agent)**, it is possible that the liquidation of Timbercorp, conducted by KordaMentha, may in future yield some further return to the Bond Holders in their capacity as unsecured creditors of Timbercorp. Only KordaMentha will be able to effect any such future distribution and ultimately issue a letter to you, to the effect that no further returns will be available, enabling you to realise for tax purposes the loss on your investment in the Timbercorp 2005 Bonds.

Yours faithfully

STEN SILAVECKY
HEAD OF STRUCTURED FINANCE SERVICES
Encl.

TIMBERCORP 2005 BOND (TIMHB)

REALISATION OF TIMBERCORP 2005 BOND SECURITIES: RECEIPTS AND EXPENSES

	\$	\$
Receipts		
Cash Held		
Held at start of Timbercorp administration	1,947,272	
Net proceeds from forestry land (sold by Liquidators)	1,968,111	
Interest to 26.06.12 (net of bank fees)	<u>143,058</u>	
	4,058,441	
Net Proceeds of Sales of Land		
Qld Properties	21,779,816	
NT Properties	<u>2,969,592</u>	
	24,749,407	
GST Refunded (Net)	87,581	
Interest Received	205,655	
Rent (ex Liquidator)	# <u>625,918</u>	29,727,003
less: Payments		
Valuation; Marketing Expenses	# 196,401	
Insurance	# 55,158	
Legal Fees	# 696,423	
Bank Charges	1,403	
Printing & Stationery	# 1,673	
Controller's Fees (including Consultancy)	# 287,567	
Trustee's Fees		
Standard	# 77,424	
Post Enforcement	# 163,955	
Administration Costs - Distribution of Proceeds to Bond Holders - 1st Dist	# 11,000	
Administration Costs - Distribution of Proceeds to Bond Holders - 2nd Dist	<u>11,000</u>	<u>1,502,003</u>
Net Amount Available for Distribution		<u><u>28,225,000</u></u>
Less Funds Distributed as per 1st Distribution on 7 March 2011		(28,000,000)
Funds Available for 2nd and Final Distribution on 26 June 2012		225,000.00
Aggregate Number of Timbercorp 2005 Bonds		500,000
Distribution to Bond Holders - (Dollars per Bond Unit)		0.45

Note: These amounts include GST.