

28 September 2009



Notice to investors in the 2006 Avocado Project ARSN 119 199 941 (the “Scheme”)

Dear Grower Investor

Current responsible entity

I am one of the Liquidators of Timbercorp Securities Limited (in Liquidation) (“TSL”) and other companies in the Timbercorp group of companies. TSL currently acts as responsible entity of the Scheme. As Liquidators of TSL (the responsible entity of the Scheme), we have a duty to act in the best interests of members of the Scheme (“Growers”).

Background

A meeting of members of the Scheme convened by certain Growers was held on Friday 28 August 2009 and was adjourned to an unspecified date and time without any resolutions being put to the meeting. We have received notice of a new meeting of members, convened by certain Growers to be held on Monday 12 October 2009. The resolutions to be considered at that meeting are to remove TSL as responsible entity of the Scheme and appoint Food and Beverage Australia Limited (ACN 007 996 081) (“FABAL”) as responsible entity of the Scheme.

Proposed replacement of current responsible entity

We are happy to support the replacement of TSL as responsible entity of the Scheme with an alternative entity, provided that we are satisfied that it is in the best interests of Growers to do so. As we have not been provided with any substantive information in relation to:

- the ability of FABAL to perform the role of responsible entity of the Scheme;
- the plans of FABAL in relation to the immediate operational issues facing the Scheme (including pressing funding shortfall and lease termination issues); or
- the longer-term strategy of FABAL in relation to the Scheme,

we are unable to make a recommendation to Growers in relation to the proposed resolutions to replace TSL as responsible entity of the Scheme with FABAL.

Status of the Scheme

Further to our previous notice of 25 August 2009, we draw your attention to the following matters:

1. **(Termination rights)** Growers may have existing rights to terminate project agreements in relation to the Scheme to which they are a party (including their Licence Agreements and Avolot Management Agreement), arising from our appointment as liquidators to TSL. If Growers terminate these agreements they may cease to have any obligations to pay fees in respect of the continuation of the Scheme and may cease to have any rights or interest they have in the Scheme. This right of termination may not continue following the appointment of a new responsible entity.

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2. **(Western Australian orchards)** The Western Australian orchards are located on land owned by Jasper Farms Holdings Pty Ltd ("**Jasper Farms**") which was leased to Timbercorp Limited (In Liquidation) ("**Timbercorp Limited**"). Timbercorp Limited is insolvent and was unable to pay the rent due under the Western Australian leases. Accordingly, the Western Australian leases were disclaimed and terminated on 28 August 2008.

It is not clear whether termination of the Western Australian leases has terminated the underlying Licence Agreements held by the Growers in relation to the Western Australian orchards. If any of the Growers' Licence Agreements are terminated, it appears that all of those Growers' Licence Agreements in relation to the Scheme are automatically terminated. For example, if a Licence Agreement for the Western Australian orchards is terminated, then the Licence Agreements for the Queensland orchards also terminate.

If the Licence Agreements continue, then each Grower may be directly liable to Jasper Farms for amounts payable under the Licence Agreements which are referable to the Western Australian orchards.

We recommend that Growers seek their own legal advice in relation to their rights and obligations, particularly in the context of ongoing liabilities to Jasper Farms.

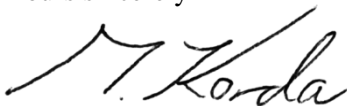
3. **(Queensland Leases)** The owners of the land on which the Queensland orchards are located (and which is leased to Timbercorp Limited) agreed to an arrangement whereby rent would not be payable by Timbercorp Limited under the Queensland leases for the period until 30 September 2009.

On and from 1 October 2009, Timbercorp Limited will incur obligations to pay rent under the Queensland leases. Timbercorp Limited is insolvent and does not have the funds to pay rent.

Accordingly, unless the rental arrangement is extended, or we receive written confirmation by 30 September 2009 that an alternative entity will assume liability for all accrued and ongoing liabilities under the Queensland leases (and has provided security or comfort satisfactory to the Liquidators in respect of those amounts), we will disclaim the Queensland leases by close of business on 30 September 2009. FABAL has given no evidence at this time of such arrangements, or given such security.

4. **(Advice)** We recommend that Growers seek their own legal advice in relation to their rights and obligations, particularly in the context of the termination of the Western Australian leases, the possible termination of the Queensland leases and Grower's ongoing liabilities to landowners.
5. **(Alternative)** We note at this time, in the absence of the Liquidators receiving confirmation that Timbercorp Limited will not continue to accrue liability under the Queensland leases the Liquidators will disclaim those leases and, upon disclaiming them, will likely seek to wind up or terminate the Scheme.

Yours sincerely



MARK KORDA
Liquidator