



walnutprojectno.3

PRODUCT DISCLOSURE STATEMENT

The life cycle of a Walnut orchard investment



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Important Information

Responsible Entity

Gunns Plantations Limited (ABN 36 091 232 209) (GPL) is the Responsible Entity of the Gunns Plantations Ltd Walnut Project No. 3 (ARSN 136 845 022) (Project), and is the issuer of this Product Disclosure Statement (PDS). GPL has been issued with an Australian Financial Services Licence (AFSL), number 238701.

Gunns Group

Gunns Limited (ABN 29 009 478 148) (Gunns) is the parent company of GPL. Gunns is also the parent company of Gunns Finance Pty Ltd (ABN 58 091 861 700) (Gunns Finance).

Important Information

This PDS is dated 13 May 2009 and has been prepared by GPL. If you have received this PDS electronically we will give you a paper copy free on request. Please phone FREECALL 1800 015 023.

Growers

Those investors who apply and are accepted as investors for the Project on or before 15 June 2009 will, for the purposes of this PDS, be known as Early Growers. The life of an Early Grower's interest in the Project is from Year 0 (2009) to Year 25 (2034). Those investors who apply for acceptance as investors in the Project in the period from 1 July 2009 to 15 June 2010 will be known as Late Growers. The life of a Late Grower's interest in the Project is from Year 0 (2010) to Year 25 (2035).

The Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not

been terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term (refer to Section 4 for more details).

Offering Restrictions

No action has been taken to register or otherwise permit a public offering of the Project outside of Australia. This PDS does not constitute an offer or invitation in any place or to any person to whom it would not be lawful to make such an offer or invitation.

There is no minimum subscription amount under this PDS.

Disclaimers

Your investment in the Project is subject to investment and other risks. Neither GPL, Gunns, any other member of the Gunns Group nor any other entity associated with the issue of this PDS gives any guarantee, warranty or assurance as to the performance of the Project or any particular return.

The information contained in this PDS is not financial product advice. This PDS does not take into account the investment objectives, financial situation and particular needs of any potential investor. Accordingly, before you invest you should read this PDS and any supplementary PDS in full. We also recommend that before making a decision to invest in the Project you consult a financial or other professional adviser.

The option for GPL to extend the Project if the IRR is less than 9.5% does not constitute a guarantee or representation from GPL that the Project will achieve any particular

IRR, return or rate of return during any year of the Project, including any year during any extension to the term of the Project.

Integrity of the PDS

The PDS is available in electronic format, including on the internet at www.gunns.com.au/plantations. While GPL believes it is unlikely that during the period of the offer the electronic version of the PDS will be tampered with or altered in any way, GPL cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the PDS should immediately request a paper copy of the PDS directly from GPL.

Changes

Information that is not materially adverse information is subject to change from time to time and may be updated on the GPL website. A paper copy of any updated information will be provided free of charge upon request.

Additional Information

GPL has a dispute resolution system available for investors. A 14 day cooling-off period exists for all applicants. See Section 15 for details.

The pictures and images used in this PDS depict staff members, contractors, and property of the Gunns Group other than those on pages 36, 38, 39 & 40.

A number of words and terms used in this PDS have defined meanings that appear in the Glossary.

Chairman's Letter

Dear Investor,

I have great pleasure announcing the release of our third walnut project, the Gunns Plantations Ltd Walnut Project No. 3 (Project) and invite you to read this Product Disclosure Statement (PDS) in full.

Gunns, GPL and Webster Limited [Webster] have developed two large walnut orchards in the productive Riverina district of NSW over a four year period. This PDS offers you a unique investment opportunity to become a Grower of walnuts by acquiring an interest in a 0.20 hectare Walnut Lot comprised of land selected from these orchards. Approximately 717.8 hectares will be made available to Growers in the Project.

This PDS offers you a unique investment opportunity to become a Grower of walnuts by acquiring an interest in a 0.20 hectare Walnut Lot comprised of land selected in the productive New South Wales (NSW) Riverina district. Each 0.20 hectare Walnut Lot will comprise 0.19 hectares of orchard that was planted throughout 2006 and 2007 (Existing Orchard) and 0.01 hectares of orchard that will be established by 31 October in Year 1 of the Project (New Orchard). The Riverina is a region of southern NSW that comprises the agricultural and pastoral areas west of the Great Dividing Range, north and south of the Murrumbidgee River. It is one of the premier agricultural regions in the country.

The land is located near Griffith and Leeton, utilising water from the life giving Murrumbidgee Irrigation Scheme, one of Australia's most reliable irrigation schemes. Gunns has employed the services of Webster, Australia's fourth oldest business and Australia's largest walnut orchard manager, to help identify sites suitable to develop world class orchards.

Webster has been sub-contracted to manage the Walnut Lots offered by GPL. Webster is an export-oriented food business involving aquaculture, onions, carrots and walnuts. Webster currently manages 630 hectares of walnut orchards on the East Coast and North West Coast of Tasmania and a further 1,600 hectares at Griffith NSW, as well as Australia's largest commercial walnut nursery at Forth on the North West coast of Tasmania. Webster was also sub-contracted to establish and maintain the walnut orchard under GPL Walnut Project No. 1 and GPL Walnut Project No. 2 and to date has performed its duties to a very high standard. As the only large scale producer of walnuts in Australia, there is an exciting opportunity to work with Webster in developing substantial export and substitute import opportunities.

Walnut Lots for the Project are competitively priced with a total upfront Application Fee of \$6,424 (including GST). The Term of the Project will be 25 years. The Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not been terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term.

The first commercial crop can be expected from the Existing Orchard in Year 1 and the Project is anticipated to reach full production in approximately Year 8.

It is anticipated that all Ongoing Fees will be offset against the Growers' entitlement to Walnut Sale Proceeds.

In the event that your Walnut Sale Proceeds are less than your total liability for Ongoing Fees in any Year, you will be invoiced for and required to pay the difference. It is anticipated that net distributions to Growers will commence in Year 5 and then run for the duration of the Project.

GPL, as agent for the Growers, will agree to market, enter into negotiations for the sale of and sell the walnuts on the open market. Webster has already undertaken to enter into a Walnut Sale Agreement for the purchase of a minimum of 75% of Growers' Walnuts grown under the Project. These Walnuts form a significant part of Webster's future resource supply for their growing walnut business. GPL prides itself on being a leading agribusiness investment manager and the inclusion of the Project builds upon the success of GPL's past walnut, viticultural and forestry projects.

Through investment programs like this Project, GPL and Gunns Limited are advancing confidently towards meeting their respective long term growth plans.

On behalf of the Directors of GPL, I commend you to consider this investment.

Yours sincerely

John E Gay
Executive Chairman



Key Features

Feature	Summary	See Section
Opportunity	To provide you with the chance to become a Grower of walnuts grown in the highly productive Riverina district of NSW.	SECTION 4.
Grower's Interest in the Project	As a Grower, you will acquire an Orchard Right over a Walnut Lot of approximately 0.20 hectares from GPL. Each 0.20 hectare Walnut Lot will comprise 0.19 hectares of Existing Orchard and 0.01 hectares of New Orchard. The Orchard Right entitles you to access your Walnut Lot for the purpose of conducting a Walnut growing business together with the Orchard Infrastructure necessary to operate your business including irrigation and drainage.	SECTION 4.
Term	Approximately 25 years. However, the Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not been terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term.	SECTION 4.
Risks	The Project is a long term investment and accordingly subject to a number of risks.	SECTION 7.
Application Fee	The Application Fee for each Walnut Lot is \$6,424 (including GST).	SECTION 8.
Orchard Right Fee	GPL is entitled to an annual Orchard Right Fee each Year from Year 1. The Orchard Right Fee is equal to \$220 (including GST), Indexed to CPI on 1 June in each Year from 2010. GPL is also entitled to an Orchard Right Fee of \$9.17 (including GST) in Year 0, which is included in the Application Fee. The Orchard Right Fee will be deducted from the Gross Proceeds Entitlement for each Year. If the Gross Proceeds Entitlement is not sufficient to cover the Ongoing Fees from Year 1, you will be invoiced for the difference.	SECTION 8.
Operating Fee	The Manager is entitled to an annual Operating Fee payable on 1 June each Year from Year 1. The Operating Fee includes a Deferred Management Fee and Sales Commission and is payable in return for the provision of the Maintenance Services, the Harvesting and the Processing. The Operating Fee will be equal to \$1,133 (inclusive of GST), Indexed to CPI on 1 June each Year from 2010, plus 23.1% of the Gross Proceeds Entitlement (inclusive of GST). The Operating Fee will be deducted from the Gross Proceeds Entitlement for each Year. If the Gross Proceeds Entitlement is not sufficient to cover the Ongoing Fees from Year 1, you will be invoiced for the difference.	SECTION 8.
Water Fee	The Manager is entitled to an annual Water Fee payable on 1 June each Year from Year 1. The Water Fee is payable in return for the Manager ensuring the availability of sufficient water and for the provision of water to the Walnut Lots. It is therefore calculated in three stages in line with the increasing water requirements of the trees: - for Years 1 to 3 inclusive, \$517 per Walnut Lot (inclusive of GST) in each Year, Indexed to CPI on 1 June each Year from 2010, plus 2% of the fee so varied; - for Years 4 to 6 inclusive, \$737 per Walnut Lot (inclusive of GST) in each Year, Indexed to CPI on 1 June each Year from 2010, plus 2% of the fee so varied; and - from and including Year 7 and for the remainder of the Project, \$957 (inclusive of GST) in each Year, Indexed to CPI on 1 June each Year from 2010, plus 2% of the fee so varied. The Water Fee will be deducted from the Gross Proceeds Entitlement for each Year.	
Fee Facility	You may enter into a loan to pay the Ongoing Fees in Years 1 – 4 of the Project by way of a Fee Facility with Gunns Finance. You will be required to pay a 10% deposit in each of Years 1 – 4 and then principal and interest payments on the drawdown amounts monthly in arrears.	SECTION 18.5.
Distributions	Where a Grower's Gross Proceeds Entitlement exceeds the Ongoing Fees, distributions will be paid to Growers.	SECTION 8.

Tax	<p>It is anticipated that approximately 100% of your Application Fee will be tax deductible in the financial year in which it is paid.</p> <p>It is also anticipated that 100% of the Ongoing Fees you pay will be tax deductible in the financial year in which they are paid. The GST legislation deems the sale of walnuts for human consumption to be a GST free transaction.</p> <p>In addition you may be entitled to a straight line depreciation deduction at 13% p.a. for the capital expenditure incurred in establishing the Project. GPL will advise you of the amount of the deduction (refer to Section 13 for further details).</p> <p>The tax deductibility of this investment will depend on your particular tax circumstances. You should seek professional advice.</p> <p>Product Ruling PR 2009/33 has been issued for the Project in respect of Early Growers. A copy of the Product Ruling can be obtained from our website or the ATO. GPL anticipates that a Product Ruling will be issued in due course which confirms that the taxation treatment for Late Growers is identical to that for Early Growers as set out above. The Responsible entity will not, however, accept applications from Late Growers unless or until such a Product Ruling has been issued.</p>	SECTION 13.
Selling Your Walnuts	GPL has negotiated an off-take agreement with Webster for the purchase of at least 75% of Growers' Walnuts in the form of the Walnut Sale Agreement.	SECTION 5 & SECTION 18.6.
Walnut Markets	<p>Strong opportunities exist for import replacement and exports, particularly to Northern Hemisphere countries to which the Southern Hemisphere has a counter seasonal advantage.</p> <p>Global consumption is growing strongly based on the health benefits of eating nuts, particularly walnuts.</p>	SECTION 12 & SECTION 16.
Finance	<p>A range of competitive finance options are available to approved applicants from Gunns Finance.</p> <p>Alternatively, Growers may enter into a 12 month Interest Free Terms Arrangement with GPL.</p>	SECTION 5, SECTION 21 or contact GPL.
Transferability	You may assign your interest in the Project subject to conditions set out in the Management Agreement and Orchard Right Agreement. However, there is currently no active secondary market for your interest in the Project. You should consider an investment in the Project as long term.	SECTION 18.
Commissions	GPL pays a standard commission rate of 8% of the Application Fee to licensed dealer groups. However, it may pay commissions of up to 10% of the Application Fee and may also pay trailing commissions. These commissions are paid out of GPL's own funds and are not an additional cost to Growers.	SECTION 8.
Location	Walnut Lots will be located across two sites: a 990 hectare property north-west of Griffith and a 915 hectare property near Leeton, both in the NSW Riverina district. These sites were carefully chosen having regard to their suitability for the Project and have been subsequently approved by the Independent Expert.	SECTION 16.
Management	The experience of the management staff of Gunns and Webster will be drawn upon in establishing and maintaining your Walnut Lot and harvesting your Walnuts.	SECTION 11.
Stocking Commitment	GPL will use its best endeavours to achieve and maintain a stocking level as close to 100% of the average initial planting density as practicable for the first three years of the Term of the Project.	SECTION 7.
Water Security	The Murrumbidgee Irrigation Area (MIA) is served by one of Australia's most reliable irrigation schemes. GPL has been able to secure a 5 year rolling options and on-call water agreement with Murrumbidgee Irrigation Ltd (MI) that may be extended for the Tabbita Lane and Leeton properties. In addition GPL has access to high and general security water licences and has large water storages on both properties.	SECTION 6, SECTION 10 & SECTION 16.

The Offer

GPL offers you the opportunity to participate in the Project by acquiring an Orchard Right over approximately a 0.20 hectare Walnut Lot. The Orchard Right includes the right to access and use the trees on your Walnut Lot and the Orchard Infrastructure. Your Walnut Lot will be in the productive and vibrant Riverina district in NSW.

There will be approximately 717.8 hectares of land available for the Project, which will make available approximately 3,589 Walnut Lots, each totalling 0.20 hectares. Each 0.20 hectare Walnut Lot will contain approximately 62 trees. Each 0.20 hectare Walnut Lot will comprise 0.19 hectares of orchard that was planted throughout 2006 and 2007 (Existing Orchard) and 0.01 hectares of orchard that will be established by 31 October in Year 1 of the Project (New Orchard).

The land to be used in the Project has been identified by Webster in their capacity as a contracted horticultural consultant. Refer to Section 16 for further details on land selection.

The duration of the Project is approximately 25 years. However, the Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not been terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term.

There are numerous species of walnut trees, however the English (or Persian) walnut is generally the most popular variety and features a thinner shell that is easily broken and will be the main species grown under the Project.

There are many different varieties of the common English or Persian walnut (*Juglans regia L.*). These "eating" varieties are typically grown on Black Walnut rootstocks (*Juglans hindsii*) or on Paradox rootstocks being hybrids of Black and English walnuts. The varieties chosen for this project have been chosen primarily on the basis of market acceptability/preference. The world market prefers walnuts that produce large, light coloured kernels and nuts that have a high crack-out rate of kernel halves. The estimated percentage of each variety for the Project is shown in the table below.

Total plantings:

Variety	Proportion of orchard area	Harvest Timing
Vina	22.1%	Mid season
Howard	11.5%	Mid to Late season
Chandler	35.2%	Late season
Lara	6.8%	Late season
Serr	14.6%	Early season
Ashley	5.3%	Early season
Tulare	4.5%	Mid to Late season



Walnuts are wind pollinated. The pollen release and stigma receptivity of some varieties of walnuts do not coincide for the full flowering period and for this reason pollinator varieties need to be planted throughout the orchard to assist with pollination. The pollinators to be used for this project are shown in the table below.

Main varieties and their pollinators:

Variety	Pollinator
Vina	Cisco
Howard	Cisco
Chandler	Cisco
Lara	Fernette
Serr	Self fertile
Ashley	Self fertile
Tulare	Self fertile

The first harvest is anticipated to be in Year 1 for the Existing Orchard and by Year 8 of the Project the harvest is expected to approach full production. From Year 8, subject to risks set out in Section 7, the harvest yield is expected to average approximately 1.12 tonnes per Walnut Lot per harvest for the remainder of the Project. Please refer to the Independent Expert's Report and Independent Market Report in Section 16 of this PDS for more information on the anticipated yields.

A highly experienced team of professional horticulturists and orchard managers from Gunns and Webster will manage the Orchard on behalf of GPL. For more information on Orchard management, please refer to Section 11.

It is anticipated that Growers will receive a 100% tax deduction for the upfront Application Fee in the financial year that the Application Fee is paid. A 100% deduction is also expected for the Ongoing Fees paid by Growers. Product Ruling PR 2009/33 has been issued for the Project in respect of Early Growers. A copy of the Product Ruling can be obtained from our website or the ATO. GPL anticipates that a Product Ruling will be issued in due course which confirms that the taxation treatment for Late Growers is identical to that for Early Growers as set out above. The Responsible entity will not, however, accept applications from Late Growers unless or until such a Product Ruling has been issued. The Taxation Adviser's report sets out the general effect of a Product Ruling for investors in the Project in Section 17 of this PDS. Before investing, you should seek independent taxation advice.



Overview of the Project

GPL, Gunns and Webster have developed two large walnut orchards in the Riverina district of NSW, with Webster providing the establishment and maintenance services and GPL administering the managed investment schemes for the orchards.

The Riverina district in NSW is recognised nationally and internationally as a highly fertile agricultural region that yields high quality produce. Webster has existing walnut orchards on the East and North West coasts of Tasmania and at Goolgowi, near Griffith, in New South Wales. These orchards have placed Webster as the only large scale producer of walnuts in Australia – providing exciting export and import substitution opportunities. It is our intention, through this Project, to develop and seize this opportunity to establish Australia as one of the world's premium walnut growing regions.

In this, the third project at the two properties established by Gunns, GPL and Webster, approximately 717.8 ha will be made available to investors in the Project.

Application Process

To participate in the Project you must complete the Application and Power of Attorney Form at the back of this PDS and pay the Application Fee. In completing the Application and Power of Attorney Form you will be required to nominate the number of Walnut Lots you wish to apply for.

Those investors who apply and are accepted as investors for the Project on or before 15 June 2009 will be Early Growers. Those investors who apply for acceptance as investors in the Project in the

period from 1 July 2009 to 15 June 2010 will be Late Growers. The life of a Grower's interest in the Project is from Year 0 to Year 25 (2009 to 2034 for Early Growers or 2010 to 2035 for Late Growers).

The Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not been terminated prior to Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term.

Fee Facility

When you complete your Application and Power of Attorney Form, you may apply to take a loan from Gunns Finance (Fee Facility) to meet the Ongoing Fees for Years 1 – 4 of the project. If you enter into the Fee Facility, you will be required to pay a 10% deposit in each of Years 1 – 4 and then monthly principal and interest payments on the drawdown amounts monthly in arrears. If you do not enter into a Fee Facility you will be required to meet the Ongoing Fees for Years 1-4 annually.

Joint Venture Growers

GPL is also offering investors the opportunity to enter into the project under a joint venture arrangement. The first joint venturer will be responsible for payment of the Initial Services Fee and Orchard

Right Fee in Year 0 (Application Fee), whilst the second joint venturer will be responsible for meeting all Ongoing Fees in Years 1 to 4. From and including Year 5, all liability for fees will be split in equal shares between the two joint venturers. All proceeds of sale will also be split in equal shares for the duration of the project.

If a Joint Venturer is a superannuation fund and is considering borrowing any part of the Application Fee or ongoing costs associated with the Project, the Joint Venturer should obtain independent financial advice on the consequences of that borrowing.

Acquiring your Orchard Right

After your Application has been accepted, GPL as your authorised attorney will enter into an Orchard Right Agreement under which you will acquire an Orchard Right over your 0.20 hectare Walnut Lot (comprised of 0.19 hectares of Existing Orchard and 0.01 hectares of New Orchard), including the right to access and use the trees on your Walnut Lot and access and use all Orchard Infrastructure necessary to grow Walnuts on your Walnut Lot.

You will be provided with a statement setting out details of your Walnut Lots after you are accepted into the Project.

WEBSTER



Preparation of the Orchard

Initial Services

By completing the Application and Power of Attorney Form, paying the Application Fee and upon acceptance into the Project, Early Growers will receive the following Initial Services on each Walnut Lot between 15 June and 30 June in Year 0 (2009) and Late Growers will receive the following Initial Services on each Walnut Lot between 15 June and 30 June in Year 0 (2010):

- maintaining and undertaking any necessary repairs in respect of fences;
- maintaining dams and irrigation channels;
- undertaking road maintenance and fire breaks;
- effectively managing native vegetation;
- undertaking pruning;
- maintaining mid-rows;
- maintaining Walnut Lots in accordance with good horticultural practice;
- effectively manage weeds, pests and vermin on the Walnut Lot, including:
 - spraying with insecticides, fungicides and herbicides as required from time to time; and
 - vermin control;
- undertaking applications of fertigant;
- undertake tests to monitor nutrient analysis (foliar and soil);
- undertaking irrigation;
- destroying diseased trees;
- inspecting and where appropriate re-tying stakes and repositioning vermin guards;
- maintaining windbreaks;
- undertaking any other recurrent maintenance required;
- procuring a written report from the Independent Horticulturist by 30 June in Year 0 confirming that all Initial Services have been performed in accordance with good horticultural practice;
- procuring an independent marketing report by 30 June in Year 0;
- providing a copy of the report prepared by the Independent Horticulturist and a copy of the marketing report to the Grower within 30 days of the Manager receiving the report;
- checking and supervising that the condition of the infrastructure and the Walnut Lot is of an appropriate standard and that all the required services have been provided;
- keeping proper and accurate records;
- conducting regular inspections;
- providing all other services which are ancillary;
- undertaking all administration tasks required to be undertaken in the provision of the Initial Services;
- preparing reports for Growers regarding allocation and locations of Walnut Lots;
- preparing statements to assist Growers in preparing income tax returns;
- preparing all other reports for Growers in accordance with the Management Agreement;
- undertaking general administrative management of the Project;
- reviewing sales and marketing plan for the Project;
- co-ordinating visits of Growers to inspect Walnut Lots; and
- during the month of June in Year 0 preparing, or arranging for the preparation of the Management Plan for the Project and a horticultural plan for the Orchard, horticultural program, operational plan and operational budgets and reviewing the plan and making amendments if needed.



Planting of Trees

Trees were planted at the Existing Orchard (0.19 hectares of each Walnut Lot) prior to 2007 and will be planted at the New Orchard (0.01 hectares of each Walnut Lot) prior to 31 October in Year 1. All Plant Material to be planted as trees on Growers' Walnut Lots will be stored in Webster owned nurseries on the North West coast of Tasmania prior to planting.

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Harvest of your Walnuts

Annual harvest will ordinarily occur during the months of March, April and May. We anticipate that we will conduct commercial harvests from Year 1 of the Project for the Existing Orchard and Year 4 of the Project for the New Orchard. GPL has absolute discretion as to when the harvest will occur. Proceeds from each Year's harvest will be pooled with all other Contributing Growers' interests in the Project.

Sale of your Walnuts

GPL has negotiated an off-take agreement for at least 75% of Growers' Walnuts for the entire term of the Project with Webster in the form of the Walnut Sale Agreement summarised in Section 18.6. However there are circumstances in which Webster may not acquire your Walnuts. For example, if GPL, as your agent, receives a higher offer for your Walnuts from a third party and

Webster does not match that offer, GPL may sell your Walnuts to the third party for the higher offer.

Distribution of Proceeds

All proceeds from the sale of an individual Grower's Walnuts will be pooled with all other Contributing Growers in the Project. Each Contributing Grower will then be entitled to a proportion of the Walnut Sale Proceeds in proportion to their interest in the Project. The Custodian will pay Contributing Growers their Net Proceeds Entitlement after all relevant costs and fees have been deducted (i.e. Net Proceeds Entitlement = Gross Proceeds Entitlement - Ongoing Fees). Annual distributions are anticipated to commence from Year 5.

In certain circumstances, where the Ongoing Fees exceed the Gross Proceeds Entitlement, a distribution will not be paid to Growers.

Instead, Growers will be invoiced for the shortfall. Any invoiced amount must be paid within 14 days of the date on the invoice.

Management of your Walnut Lot

You will appoint GPL as Manager of your Walnut Lot for the Term of the Project by entering into a Management Agreement with GPL for this purpose. Gunns and Webster will be subcontracted to manage your Walnut Lot.

Each Walnut Lot will be managed by a team of experienced and professional horticulturists and orchard managers who operate in accordance with strict health, safety and environmental procedures and who have developed highly professional regimes for site selection, orchard establishment and maintenance.

GPL, as the Manager, and Gunns and Webster, as sub-contractors, will be responsible for certain services including:

- ongoing maintenance of your Walnut Lot including fertilisation, pest, disease and weed control, regular inspections and maintenance of Orchard Infrastructure;
- ensuring that Gunns replace any Orchard Infrastructure in accordance with its obligations under the Lease;
- ensuring that all administration needs and regulatory requirements are satisfied;
- monitoring the water requirements of the Orchard and delivery of water to the Trees;
- pruning the Trees on your Walnut Lot;
- harvesting the Walnuts on your Walnut Lot; and
- processing the harvested Walnuts.



Finance for your Investment

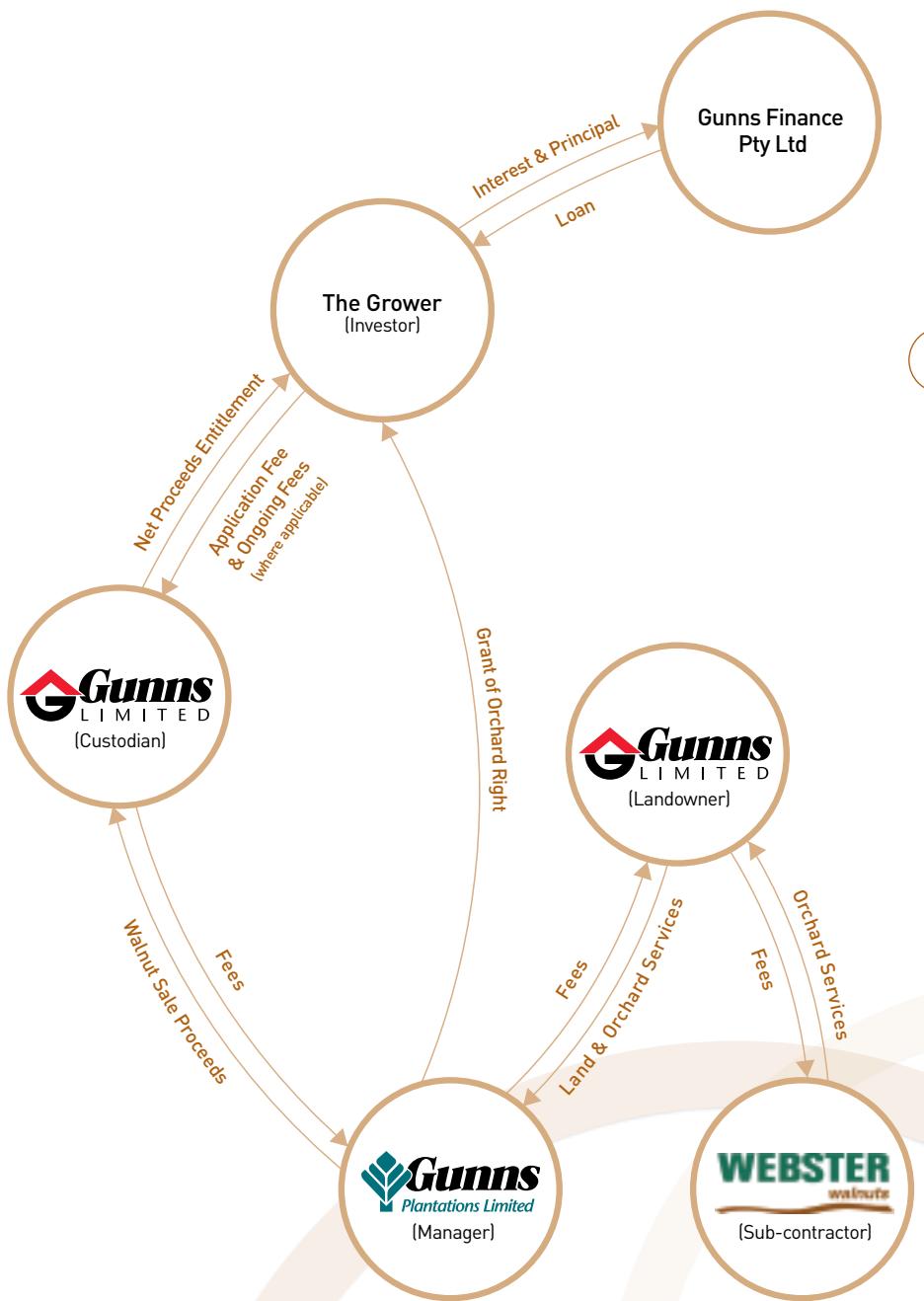
Applicants may apply to Gunns Finance to enter into a loan to fund payment of the Application Fee. Please note that finance will be made available to approved applicants only. If you wish to apply for finance through Gunns Finance, you should contact your financial adviser for further information.

Applicants may also apply to GPL to enter into a 12 month interest free Terms Arrangement. Under the Terms Arrangement, growers would be required to pay a 10% deposit of the Application Fee, followed by equal monthly repayments of the balance of the Application Fee plus an establishment fee.

For more information, please refer to Section 21 or go to the GPL website: www.gunns.com.au/plantations.

Project Structure

The Project has been registered with ASIC as a managed investment scheme. GPL is the Responsible Entity for the Project and has been issued with an Australian Financial Services Licence (AFSL), number 238701, for this purpose. The Project will be managed by GPL in accordance with the terms of the Constitution and the Corporations Act. It is a term of GPL's AFSL that it appoints a custodian to hold the Application Fees and Walnut Sale Proceeds. Gunns has been appointed as Custodian for this purpose.



Benefits of Investing in the Project

The New South Wales Riverina district is one of Australia's most identifiable agricultural regions. With an approximate land area of 44,970 square kilometres, some of its agricultural land is situated in close proximity to the extensive channels of the long established Murrumbidgee Irrigation Scheme and has a temperate climate with a low risk of extreme weather conditions. The region is relatively sheltered from high winds and excessive rainfall.



The Riverina's Natural Advantage

Agricultural production in the Murrumbidgee Catchment is worth \$1 billion per year, more than 16% of Australia's total agricultural production and combined irrigated agricultural production is worth around \$408 million.

The New South Wales Riverina district, and in particular the area centred around Griffith and Leeton, has already achieved recognition as a premium fresh produce exporter, especially of citrus and winegrapes. The Murrumbidgee Irrigation Area (MIA) produces almost 20% of the total Australian winegrape production and 70% of the NSW production. 90% of the NSW citrus crop is produced in the MIA which comprises 35% of the Australian crop. The area is a major producer of corn, potatoes, tomatoes, and carrots and much of the area is well suited to the growing of walnuts.

The Riverina enjoys a climate very similar to that of the Sacramento and San Joaquin valleys, which are the premier walnut growing regions of California, the world's largest exporter of walnuts.

The Murrumbidgee Irrigation

Scheme was officially opened in 1912. The Scheme is now administered by MI, an unlisted public company whose shareholders are the owners of water entitlements in the MIA, and comprises an extensive network of irrigation and drainage channels of approx. 5,000 km in length distributing fresh, clean water from the Murrumbidgee River and the Snowy Mountains to over 3,350 landholdings.

Irrigation supplies are stored at Burrinjuck and Blowering Dams. The former, which has a capacity of 1,026,000 mega litres, is located on the Murrumbidgee River about 60 km southwest of Yass. Blowering Dam, which has a capacity of 1,628,000 mega litres, is situated on the Tumut River about 11 km south of Tumut. It stores water discharged through the Tumut Power Stations of the Snowy Mountains Hydro Electric Scheme.

The combined storage capacity of Burrinjuck and Blowering Dams is 2,654,000 mega litres, which is more than five times the volume of water in Sydney Harbour.



Water Security

The Murrumbidgee Irrigation Area (MIA) is served by one of Australia's most reliable irrigation schemes. GPL has been able to secure a 5 year rolling options and on-call water agreement with MI for the Tabbita Lane and Leeton properties.

This combined with both high and general security water licences that Gunns has been able to secure plus large on farm water storages on both the Leeton property (400 MgL) as well as Tabbita Lane (800 MgL) provides a high level of water security for at least the next 5 years during which time the options agreement may be extended. Gunns is also committed to securing additional water licences (both high and general security) during this time.

Both properties are located beside existing irrigation channels that are part of the Murrumbidgee Irrigation Scheme infrastructure.

Gunns in conjunction with MI has upgraded the channel on the Tabbita Lane Walnut Orchard to take the flow rate from its current level of 10 MgL/day to 99 MgL/day.

Southern Hemisphere Advantage

Any southern hemisphere producer of walnuts has a distinct advantage over northern hemisphere growers in their ability to supply fresh in-shell walnuts for the commencement of the European Christmas period, which is a period of peak consumption. Many of the walnuts that currently supply that market are last season's walnuts from California. As such southern hemisphere growers of walnuts currently enjoy a price premium for the supply of high quality fresh walnuts.

The Health Benefits of Walnuts

A growing body of scientific research is highlighting the health benefits of tree nuts, including walnuts, and hence in this ever increasingly health conscious society, the consumption of nuts is growing substantially.

The Australian Nut Industry with support from Horticulture Australia Limited has embarked upon an education initiative called "Nuts for Life". The Nuts for Life web-site

has extensive information relating to the health benefits of tree nuts including walnuts and can be found at: www.nutsforlife.com.au

Nuts generally are a very good source of essential nutrients and are a good source of healthy fats and fibre which can assist in reducing cholesterol.

Amongst the tree nuts, walnuts stand out as a great source of Omega-3 (more than nine times than any other nut). Omega-3 fatty acids are a subgroup of polyunsaturated fatty acids. They are essential for good health and normal growth of our brain, retina and heart (www.ais.org.au). In addition, walnuts have been rated as one of 14 "Super Foods", which are foods that are filled with nutrients and other agents that contribute to good health. Specifically, walnuts may reduce the risk of developing coronary heart disease, diabetes and cancer (Pratt, S. & Matthews, K., Super Foods RX – 14 Foods that will change your life, 2003).

Risks & Safeguards

7.1 RISKS

Investment in the project is subject to a variety of risks, both anticipated and unanticipated. Risks can potentially have a material affect on returns achieved by Growers in the Project.

General Risks of a Walnut Orchard

Participation in the Project is subject to the general risks associated with orchards including:

- frost;
- excessive rainfall;
- pest and disease (including damage by cockatoos and other birds);
- wind;
- inadequate or excessive heat (especially during the fruit formation and ripening period);
- fire;
- drought or lack of sufficient irrigation water; and
- storm damage (including hail and wind).

A number of the risks involve influences outside of GPL's control including the climatic conditions throughout the life of the Project. However, sites selected for the Project will be managed to minimise the risk especially the more common of pests, diseases and availability of water.

Market Risks

The development of further orchards and increased walnut production could lead to increased competition and a resulting decrease in market price. Similarly, the introduction

of, or increased competitiveness of, alternative suppliers in the world for walnuts, or an over supply of walnuts could have an impact on market demand, and therefore the market price for walnuts. Any shift in market demand of walnuts could potentially have a significant impact on the price obtained by GPL for Growers' Walnuts and therefore the returns achieved by investors in the Project.

A decline in walnut consumption could also adversely affect the demand for Growers' Walnuts. Walnut prices and yields can also fluctuate significantly due to seasonal conditions and are likely to fluctuate over the Term of the Project.

GPL has negotiated an off-take agreement for at least 75% of Growers' Walnuts for the life of the project with Webster in the form of the Walnut Sale Agreement summarised in Section 18. The Walnut quality and market conditions and therefore the market price for your Walnuts may fluctuate substantially from year to year. Neither Gunns nor GPL provide any guarantee as to the proceeds obtainable from the sale of Growers' Walnuts.

For further information in relation to general risks see the Independent Expert's Report and Independent Market Report in Section 16.

Grower Liability

While it is not anticipated that Growers will have any liability flowing from the Project other than for Ongoing Fees, it is not

possible to give an assurance that the liability of Growers is limited. In the event that Ongoing Fees exceed the Growers Gross Proceeds Entitlement in any given Year, Growers will not receive a distribution in that Year and will be invoiced for and required to pay the difference within 14 days of the invoice date.

Assignment of Your Interest

Whilst you will have the right to assign your interest in the Project, your right is subject to compliance with the provisions of the Constitution, the Orchard Right Agreement, the Management Agreement and the Corporations Act. There is currently no active secondary market for interests in the Project.

Taxation

(i) Deductibility

GPL does not guarantee the amount or timing of any tax deduction and there remains the risk that the ATO may disallow any such claim. If GPL does not operate the Project in accordance with the Product Ruling then deductions may be denied. A copy of the Product Ruling can be obtained from our website or the ATO.

(ii) GST

There is always a risk of changes to the GST regime including but not limited to a change to the current rate of GST of 10%. If the rate of GST does increase then any unpaid and future fees will be adjusted to reflect the changed rate.



7.2 SAFEGUARDS

Site Selection

Considerable care has been taken in land selection to minimise the agricultural risks faced by the Orchard. For example, the properties selected are unlikely to be commercially affected by frost and are well serviced by channelled irrigation water from the Murrumbidgee Irrigation Scheme. Similarly, windbreaks will be provided to minimise the risk of wind damage and the latest technology will be utilised to protect Walnut crops from birds. For further information on site selection, please refer to the Independent Expert's Report and Independent Market Report at Section 16.

Custodian

GPL has appointed Gunns as Custodian to hold Application Fees and Walnut Sale Proceeds.

Assignment by GPL

Under the terms of the Management Agreement, GPL is not able to assign its rights and obligations without first obtaining a deed of covenant in the name of the assignee assuming all of its rights and obligations.

Gunns' Involvement

Gunns owns the land, the trees and the Orchard Infrastructure and will sub-contract Webster to undertake the Establishment Works including planting. However, Growers are responsible for the Initial Services and ongoing maintenance and repairs of the Orchard and Orchard

Infrastructure so as to maintain satisfactory tree growth, yield and quality. Maintenance and repair expenses for the Orchard Infrastructure are included in the Operating Fee.

Independent Horticulturist's Inspection

GPL will obtain a Report from the Independent Horticulturist by 30 June in Year 0 confirming that all the Initial Services have been performed in accordance with good horticultural practice and that they have been provided on behalf of investors prior to 30 June in Year 0.

The Independent Horticulturist will also inspect the Walnut Lots annually for Years 2 to 4 of the Project and prepare a written report in relation to the progress of growth and condition of the Trees by 31 December of each year. The first report will be issued on or before 31 December in Year 2. From Year 4, GPL will engage the Independent Horticulturist to prepare a written report every second year, unless there is a materially adverse change that may affect a Grower's interest, in which case a report will be produced for that year. You will be provided with a copy of the Independent Horticulturist's Report within 30 days of it being produced.

Pooling and Proceeds

All proceeds from harvesting will be pooled for the mutual benefit of Contributing Growers in the Project. In this way, the risk of material losses and damage resulting from diseases, pests and the impact of weather and climatic

events to individual Walnut Lots will be reduced.

Insurance

GPL will arrange for insurance in its name and the names of the Growers against public liability arising out of the use of the Project land up to an amount of \$20,000,000. GPL will pay for the cost of public liability insurance.

In addition, Growers are free to insure the income from their Walnut Lots against loss due to fire, hail and other horticultural risks if they wish to do so. If requested in writing, GPL will use its best endeavours to arrange for any insurance requested by Growers. The Grower will be invoiced for the cost of insurance plus a 10% service charge, plus GST. Any trees destroyed for any reason during the first three years of the Term will be replanted to as close to 100% of the initial planting density as practicable at no additional cost to the Grower.

In the event that a Grower takes out additional insurance and makes a successful claim, that Grower will not be entitled to a distribution in respect of the relevant Walnut Lot from the pooled Walnut Sale Proceeds. In this event the Grower must pay the Manager a fee equal to the Ongoing Fees for that Walnut Lot and all other amounts owing or to be reimbursed by the Grower in accordance with the Management Agreement and the Orchard Right Agreement and any other outstanding fees identified by GPL.

Gunns will insure the walnut Orchard Infrastructure for the life of the Project.

Fees & Charges

8.1 Investment Summary

Gunns will be contracted to plant walnuts on Growers' Walnut Lots and maintain the Growers' Walnut Lots for a period of approximately 25 Years commencing from Growers' acceptance into the Project. Gunns has sub-contracted Webster to meet these obligations.

The up-front Application Fee will cover the Initial Services Fee and Orchard Right Fee for Year 0. The Custodian or Manager will deduct Ongoing Fees from Growers' Gross Proceeds Entitlements every Year from the first harvest (anticipated to be in Year 1 for the Existing Orchard) onwards in accordance with the Constitution and pay them to GPL.

Where Ongoing Fees exceed your Gross Proceeds Entitlement, you will not receive a distribution and you will be invoiced for and required to pay the difference within 14 days of the date on the invoice. It is anticipated that such a contribution from Growers will be required for the maintenance and harvesting costs in Years 1 to 4.

8.2 Application Fee

Payment of the Application Fee constitutes full payment for the Initial Services Fee and Orchard Right Fee for Year 0. In paying the Application Fee, Growers do not acquire the Orchard Infrastructure. This is paid for and owned by Gunns and is leased to GPL, who in turn execute Orchard Right Agreements in favour of Growers. As a result of this you will not have an interest in the Orchard Infrastructure at the end of the Term.

8.3 Ongoing Fees

Ongoing Fees are generally paid from the Growers' Gross Proceeds Entitlements every Year from the first harvest. As the first harvest is anticipated to commence in Year 1 for the Existing Orchard, the Ongoing Fees will be deducted by the Custodian on behalf of the Manager from the Gross Proceeds Entitlement and paid to the Manager in accordance with the Constitution. Where a Grower's obligation to pay the Ongoing Fees exceeds the Gross Proceeds Entitlement, an invoice will be sent to the Grower for the shortfall. This is anticipated to occur in Years 1 to 4. The Gross Proceeds Entitlements are expected to exceed the Ongoing Fees from Year 5.

The Ongoing Fees consist of the Orchard Right Fee, the Operating Fee and the Water Fee.

Orchard Right Fee

The Orchard Right Fee for Early Growers is equal to \$220 (inclusive of GST) in Year 1 and Indexed to CPI on 1 June in each subsequent Year. For Late Growers, the Orchard Right Fee is equal to \$220, Indexed to CPI on 1 June in Year 1 and Indexed to CPI on 1 June in each subsequent Year.

GPL is also entitled to an Orchard Right Fee of \$9.17 (inclusive of GST) in Year 0, which is included in the Application Fee.

Operating Fee

The Manager is entitled to an annual Operating Fee payable on 1 June each Year from Year 1.

The Operating Fee comprises:

- the Deferred Management Fee;
- the Sales Commission;
- the Orchard Maintenance Fee; and
- the Harvest and Processing Services Fee.

The Operating Fee is payable in return for the provision of the Maintenance Services, the Harvesting and the Processing and procuring the sale of the Walnuts.

The Operating Fee is payable in each Year from Year 1. For Early Growers, the Operating Fee is a fixed fee of \$1,133 (including GST) in Year 1 Indexed to CPI on 1 June in each year from Year 1 (2010), plus a variable component of

23.1% (including GST) of the Gross Proceeds Entitlement in each Year. For Late Growers, the Operating Fee is equal to \$1,133 (including GST), Indexed to CPI on 1 June in each Year from Year 0 (2010), plus a variable component of 23.1% (including GST) of the Gross Proceeds Entitlement in each Year.

Water Fee

The Water Fee is payable to the Manager for ensuring the availability of sufficient water and for the provision of water to the Walnut Lots. It is therefore calculated in three stages in line with the increasing water requirements of the trees.

The first stage of the Water Fee is payable in Years 1 to 3 of the Project. For Early Growers, the first stage of the Water Fee is a fixed fee of \$517 (including GST) in Year 1, Indexed to CPI on 1 June in each year from Year 1 (2010), plus 2% of the fee so varied. For Late Growers, the first stage of the Water Fee in Years 1 to 3 is equal to \$517 (including GST), Indexed to CPI on 1 June in each Year from Year 0 (2010), plus 2% of the fee so varied.

The second stage of the Water Fee is in Years 4 to 6. The second stage of the Water Fee for Early Growers is a fixed fee of \$737 (including GST) in each Year, Indexed to CPI on 1 June in each Year from Year 1 (2010), plus 2% of the fee so varied.

The second stage of the Water Fee for Late Growers is a fixed fee of \$737 (including GST) in each Year, Indexed to CPI on 1 June in each Year from Year 0 (2010), plus 2% of the fee so varied.

The third stage of the Water Fee is from Year 7 to the end of the Project. The third stage of the Water Fee for Early Growers is a fixed fee of \$957 (including GST) in each Year, Indexed to CPI on 1 June in each Year from Year 1 (2010), plus 2% of the fee so varied. The second stage of the Water Fee for Late Growers is a fixed fee of \$957 (including GST) in each Year, Indexed to CPI on 1 June in each Year from Year 0 (2010), plus 2% of the fee so varied.

TABLE 1: Breakdown of Ongoing Fees

Fee	Amount	How & When Paid
Orchard Right Fee (Note 1, 2 & 3)	GPL is entitled to an Orchard Right Fee of \$9.17 for Year 0 and \$220 per Walnut Lot per Year from Year 1.	The Orchard Right Fee for Year 0 is included in the Application Fee. From Year 1, the Orchard Right Fee will be offset against your Gross Proceeds Entitlement prior to any distribution being made.
Operating Fee (Note 1, 2, 3 & 4)	GPL is entitled to an Operating Fee of \$1,133 + 23.1% of the Gross Proceeds Entitlement per Walnut Lot per Year from Year 1.	From Year 1, the Operating Fee will be offset against your Gross Proceeds Entitlement prior to any distribution being made.
Water Fee (Note 2, 3 and 5)	GPL is entitled to a Water Fee equal to: - for Years 1 to 3 inclusive, \$517 (inclusive of GST) per Walnut Lot in each Year; - for Years 4 to 6 inclusive, \$737 (inclusive of GST) per Walnut Lot in each Year; and - from and including Year 7 and for the remainder of the Project, \$957 (inclusive of GST) per Walnut Lot in each Year.	From Year 1, the Water Fee will be offset against your Gross Proceeds Entitlement prior to any distribution being made.

Note 1: These Orchard Right Fee and Operating Fee are Indexed to CPI from 1 June 2010.

Note 2: If the Gross Proceeds Entitlement is not sufficient to cover the Ongoing Fees from Year 1, you will be invoiced for the difference.

Note 3: All fees are inclusive of GST.

Note 4: Operating Fee includes:

- Sales Commission;
- the Deferred Management Fee;
- the Orchard Maintenance Fee; and
- the Harvest and Processing Services Fee.

Note 5: The Water Fee is Indexed to CPI from 1 June 2010, plus 2% of the fee so varied.

8.4 Fee Facility Payments

In Years 1 – 4, Growers may not receive sufficient Walnut Sales Proceeds to fully off-set the Ongoing Fees. Gunns Finance will offer to loan Growers an amount equal to the actual Ongoing Fees for Years 1 – 4, less a deposit of 10%, as and when these fees are incurred.

The Ongoing Fees are charged on the 1st of June in the year in which they are incurred. If a Grower elects to enter the Fee Facility, in each year from Years 1 to 4 they then drawdown the amount of each Year's fees (less a deposit of 10%) against the Fee Facility. Monthly principal and interest payments are then payable on the adjusted outstanding balance for each year, commencing on the last business day of the month following the first drawdown. The amounts of the monthly repayments are recalculated after each drawdown. Repayments are paid monthly for a total term of ten years from the first drawdown, such that the entire Fee Facility is fully repaid by the end of Year 11.

8.5 Joint Venture Growers

Investors may also apply to enter into the project under a Joint Venture arrangement.

The First Joint Venturer will be solely responsible for paying the following fees and other amounts:

- in Year 0, the Initial Services Fee and Orchard Right Fee (Application Fee);
- from and including Year 5, 50% of the Ongoing Fees for the duration of the Project; and

- the First Joint Venturer will bear all other liabilities and participate in all other benefits of the Joint Venture equally with the Second Joint Venturer.

- Year 3 – 20 to 25%
- Year 4 – 30 to 40%
- Year 5 – 60 to 70%
- Years 6 and 7 – 90 to 100%

The Second Joint Venturer will be solely responsible for paying the following fees and other amounts:

- for Years 1 to 4, the Ongoing Fees in each of those Years; and
- from and including Year 5, 50% of the Ongoing Fees for the duration of the Project; and
- the Second Joint Venturer will bear all other liabilities and participate in all other benefits of the Joint Venture equally with the First Joint Venturer.

If a Joint Venturer is a superannuation fund and is considering borrowing any part of the Application Fee or Ongoing Fees, the Joint Venturer should obtain independent financial advice on the consequences of that borrowing.

By Year 5 the Walnut Lots are expected to have sufficiently matured such that commercial returns on your investment can be anticipated to commence.

However, where the Gross Proceeds Entitlement from a particular harvest does not exceed the Ongoing Fees, you will be invoiced for and required to pay the difference in that Year. This calculation will be performed annually and you will either be invoiced or receive a distribution of income in each Year.

Returns to Growers

It is difficult to project with certainty the returns to Growers from investing in the Project having regard to the Term of the Project. Factors that will affect Walnut Sale Proceeds are yield, quality of the Walnuts, development of Walnut Lots and the timing of Harvest. These factors are discussed in the Independent Expert's Report and Independent Market Report in Section 16.

Adviser Remuneration

Commissions paid to advisers or persons involved in distribution or promotion of interests in this Project will be paid by GPL from its own funds and do not represent an extra amount to be paid by you or from your investment in the Project. GPL's standard commission rate is 8% of the total Application Fee. However, in certain circumstances GPL may pay commissions up to a maximum of 10% of the Application Fee to a licensed adviser and may also pay trailing commissions.

8.6 Important additional disclosure items

Income

It is anticipated that Growers will receive their first income from the Year 1 harvest and their first net income from the Year 5 harvest. The Grower's net income will be:

Gross Proceeds Entitlement minus Ongoing Fees

As a broad rule of thumb, Growers can expect the following crop levels for their Walnut Lots relative to full production by Year 8:

- Year 1 – 0 to 5%
- Year 2 – 10 to 15%

TABLE 2: A worked example of anticipated costs for Early Growers for one Walnut Lot will be as follows:

Financial Years	Year End	Cash Flow Item	Amount
0	Early Growers - June 2009	Application Fee, including completion of the Initial Services and the Orchard Right Fee for Year 0.	\$6,424
First Harvest			
1 to 3	Early Growers - June 2010 to June 2012	Ongoing Fees, including:	
		• Orchard Right Fee;	\$220 per Year
		• Operating Fee; and	\$1,133 + 23.1% of Gross Proceeds Entitlement per Year
		• Water Fee.	\$517 per Year
		Total:	\$1,870 + 23.1% of the Gross Proceeds per Year
			Off-set against Gross Proceeds Entitlement in each Year.
Net Income First Received (anticipated to be in Year 5)			
4 to 6	Early Growers – June 2013 to June 2015	Ongoing Fees, including:	
		• Orchard Right Fee;	\$220 per Year
		• Operating Fee; and	\$1,133 + 23.1% of Gross Proceeds Entitlement per Year
		• Water Fee.	\$737 per Year
		Total:	\$2,090 + 23.1% of the Gross Proceeds per Year
			Off-set against Gross Proceeds Entitlement in each Year.
7 to 25	Early Growers – June 2016 to June 2034	Ongoing Fees, including:	
		• Orchard Right Fee;	\$220 per Year
		• Operating Fee; and	\$1,133 + 23.1% of Gross Proceeds Entitlement per Year
		• Water Fee.	\$957 per Year
		Total:	\$2,310 + 23.1% of the Gross Proceeds per Year
			Off-set against Gross Proceeds Entitlement in each Year.
26 to 27	Early Growers – June 2035 to June 2036	If the IRR at the end of Year 25 is less than 9.5% and GPL exercises its discretion to extend the term of the project, then Ongoing Fees are payable, including the:	Total Ongoing Fees in Years 26 and 27 will be off-set against Gross Proceeds Entitlement each Year.
		• Orchard Right Fee;	
		• Operating Fee; and	
		• Water Fee.	

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Note 1: The Orchard Right Fee and Operating Fee are indexed annually to CPI from 1 June 2010.

Note 2: All fees are inclusive of GST.

Note 3: From Year 1, Ongoing Fees will be offset against the Gross Proceeds Entitlement. Where the Gross Proceeds Entitlement is not sufficient to cover the payments, you will be invoiced for the difference.

Note 4: Actual costs may vary.

Note 5: The Water Fee is Indexed to CPI on 1 June each Year from 2010, plus 2% of the fee so varied.

8.7 Enhanced Fee Disclosure Requirements

The following section is included in this PDS solely to comply with the new enhanced fees and costs disclosure regulations pursuant to the Corporations Act that came into force on 1 July 2006.

- The information required to be provided by the new regulations is shown in green. Although GPL is obliged by law to provide the following information, GPL is of the view that some of the prescribed information requirements are not relevant for agricultural managed investments schemes such as the Project.
- Those parts which are not relevant, as they do not apply to the Project, are shown in orange.
- The other information refers to the nature of the Project as it relates to the new regulations.

Fees and other costs

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period
(for example, reduce it from \$100 000 to \$80 000)

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a [superannuation or managed investment fee] calculator to help you check out different fee options.

Note: GPL is obliged to provide you with the above Consumer Advisory Warning. Please note that some of the information contained in it is not relevant to the Project. The warning refers to "your fund balance" but there is no concept of "your fund balance" in the Project. The duration of the Project is not for a 30 year period. There are no fees or costs in the Project that are able to be negotiated. The ASIC website referred to does not allow for a comparison of fees for agricultural managed investment schemes like the Project.

This document shows fees and other costs that you may be charged.
These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

Taxes and insurance costs are set out in another part of this document.

You have 2 different fee payment options:

- (a) to pay contribution fees upfront, at the time when you make each investment into the fund; or
- (b) to pay contribution fees later (for example, on the termination of your investment or by way of other increased fees).

Note: You may pay more in total fees if you choose to pay contribution fees later.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Note: The above comments are not relevant to the Project as there are no different prepayment options. In this PDS, we refer to "your money" as the Application Fee.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID	
	Option to pay contribution fees upfront	Option to pay contribution fees later	
Fees when your money moves in or out of the fund			
Establishment fee The fee to open your investment	Not applicable	Not applicable	Not applicable
Contribution fee¹ The fee on each amount contributed to your investment – either you or your employer	Not applicable	Not applicable	Not applicable
Withdrawal fee¹ The fee on each amount you take out of your investment	Not applicable	Not applicable	Not applicable
Termination fee¹ The fee to close your investment	Not applicable	Not applicable	Not applicable
Management Costs			
The fees and costs for managing your investment ¹	Refer to Table 4	Refer to Table 4	Refer to Table 4
The amount you pay for specific investment options is shown at page [insert page number]. Not inserted as there are no options available for this Project	Not applicable	Not applicable	Not applicable
Service fees²			
Investment switching fee The fee for changing investment options	Not applicable	Not applicable	Not applicable

¹ [Where relevant] This fee includes an amount payable to an adviser. (See 'adviser remuneration' under the heading 'Additional Explanation of Fees and Costs'.)

² [If there are other service fees, such as advisor service fees or special request fees, include a cross reference to the 'Additional Explanation of Fees and Costs'.]

TABLE 4

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
	Option to pay contribution fees upfront	Option to pay contribution fees later
Fees when your money moves in or out of the fund		
Application fee The upfront fee payable in respect of each Walnut Lot applied for under this PDS	\$6,424.00 (inc. GST) - no options available.	On application.
Management Costs - The fees and costs for managing your investment		
Orchard Right Fee (Notes 1 & 2)	\$220.00 (inc. GST) per Walnut Lot per annum – no options available.	The Application Fee will include payment for the Orchard Right Fee for Year 0. From Year 1 and for the remainder of the Project, the Orchard Right Fee will be offset against your Gross Proceeds Entitlement prior to any distribution being made (Note 4).
Operating Fee (Notes 2 & 3)	GPL is entitled to an Operating Fee of \$1,133 (inc. GST) + 23.1% (inc. GST) of the Gross Proceeds Entitlement per Walnut Lot per Year from Year 1. There are no options available.	The Operating Fees will be offset against your Gross Proceeds Entitlements prior to any distribution being made (Note 4).
Water Fee (Notes 2 & 6)	GPL is entitled to a Water Fee each Year throughout the Project. The Water Fee is charged in 3 stages: - In Years 1 to 3: \$517 (inc. GST) per Walnut Lot in each Year; - In Years 4 to 6: \$737 (inc. GST) per Walnut Lot in each Year; - In Year 7 and for the remainder of the Project, \$957 (inc. GST) per Walnut Lot in each Year; There are no options available.	The Water Fee will be offset against your Gross Proceeds Entitlements prior to any distribution being made (Note 4).

Note 1: The Orchard Right Fee is Indexed to CPI annually from 1 June 2010.

Note 2: If the Gross Proceeds Entitlement is not sufficient to cover the Ongoing Fees, you will be invoiced for the difference.

Note 3: The fixed component of the Operating Fee is Indexed to CPI annually from 1 June 2010.

Note 4: It is anticipated that walnuts will be harvested in Years 1 to 4, however the harvests are expected to produce nominal yields as the Trees will not have reached maturity.

Note 5: All fees are inclusive of GST.

Note 6: The Water Fee is Indexed to CPI on 1 June each Year from 2010, plus 2% of the fee so varied.

Additional Explanation of Fees and Costs

Taxation

For information about taxation costs and deductions, including the treatment of GST, you should read Section 17 of this PDS.

1. Worked Example of Fees and Costs

Example of annual fees and costs for managed investment products.

This table gives an example of how the fees and costs in the balanced investment option for this product can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – the Balanced Investment Option		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	0-4%	For every additional \$5,000 you put in, you will be charged between \$0 and \$200.
PLUS Management Costs	1.3%	And, for every \$50,000 you have in the fund you will be charged \$650 each year.
EQUALS Cost of fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of from: \$650 to \$850* What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.

* Additional fees may apply:

Establishment fee - \$50

And, if you leave the fund early, you may also be charged withdrawal fees of between 0 and 5% of your total fund balance (between \$0 and \$2,500 for every \$50,000 you withdraw)

Note: GPL is obliged by law to insert a table giving an example of how the fees and costs for this product can affect your investment over a one year period.

GPL believes that it is not appropriate to provide worked examples of the Orchard Right Fee, Operating Fee and Water Fee because it is not possible to make a reasonable estimate of the variable component of the Operating Fee. This is because the variable component is based on a percentage of the Gross Proceeds Entitlement. It is not possible to make a reasonable estimate of these sale proceeds as they will be received many years into the future and as a number of variables will affect the Gross Proceeds Entitlement.

GPL also believes that it is not appropriate to provide worked examples of the costs of sale, because it is not possible to make a reasonable estimate of these costs given that they relate to costs which will be paid many years into the future.

Furthermore, the Corporations Act prohibits prospective financial information being provided where it can not be given on reasonable grounds.

There is a cash flow calculator available on the GPL website which can be used to assess the likely impact of an investment on a potential investor's cash flow and taxation position.

2. Example of Annual Fees and Costs on a balance of \$50,000

Note: GPL is required by law to give an example of how the fees and the Project can affect your investment over a one year period based on a fund balance of \$50,000 with a contribution of \$5,000 during the year so that you can compare this product with other managed investment products.

While such an example is relevant for other products, there is no concept of fund balance or additional contributions for the Project, nor is there a Contribution Fee.

The Project does have ongoing Orchard Right Fees, Operating Fees and Water Fees. However, GPL believes that it is not possible to give the prescribed \$50,000 balance example in relation to the Orchard Right Fees, Operating Fees and Water Fees because it is not possible to make a reasonable estimate of the variable component of the Operating Fee. This is because the variable component is based on a percentage of the Gross Proceeds Entitlement. It is not possible to make a reasonable estimate of these sale proceeds as they will be received many years into the future and as a number of variables will affect the Gross Proceeds Entitlement.

There is a cash flow calculator available on the GPL website which can be used to assess the likely impact of an investment on a potential investor's cash flow and taxation position.

Gunns Group



24



Gunns Limited

Gunns Limited (Gunns) was established in 1875 and has a 134 year history. Gunns is a publicly listed company and forms part of the S&P ASX200. Gunns had a market capitalisation of approximately AUD 700 million (April 2009) and is the parent company of Gunns Plantations Limited (GPL), which is one of Australia's premier agribusiness investment managers.

Gunns has contracted the services of Webster for the development and ongoing maintenance of the Walnut Orchards. Webster has experience in developing walnut orchards with projects currently underway on the East coast of Tasmania and at Griffith, New South Wales, including the GPL Walnut Project No. 1 and GPL Walnut Project No. 2. All trees for this Project are sourced from Webster's expansive nurseries at Forth on the North West coast of Tasmania and at Griffith, NSW. The nurseries employ a highly skilled team of horticulturists and nursery staff and utilises the latest technologies for tree propagation.



Relationship with GPL & Webster

GPL is a wholly owned subsidiary of Gunns, established for the specific purpose of building a resource business for third party investors. GPL was established in November 1999 and since that time has established a number of managed investment schemes and has over AUD 575 million of funds under management.

Webster has been establishing walnut orchards for over 10 years and owns or manages 630 hectares of walnut orchards in Tasmania and 1,600 hectares in the Riverina, NSW, which makes up a total of more than 724,000 trees. These orchards are a combination of joint venture, investor funded, private ownership and company owned orchards and when mature these orchards will produce about 10,000 tonnes of in-shell walnuts. Webster has built a Walnut Processing plant at the Tabbita property. It is estimated that when the orchard is at mature yield status this plant will process about 5,000 tonnes of in-shell walnuts per year. Webster will provide the establishment and maintenance services for Walnut Project No. 3 and GPL will administer the managed investment scheme for the Project.

Webster is Australia's fourth oldest company, dating back to 1831. Webster is a company with diversified interests in agribusiness and aquaculture. They are a major shareholder in Tassal Group Limited (25.9 percent, April 2009), the Tasmanian based salmon producer, and also specialise in the production and marketing of fresh food including carrots, onions and walnuts to domestic customers as well as export customers throughout Europe and Asia.

All Orchard management obligations under the Management Agreement will be subcontracted to Gunns and Webster. Webster will also be contracted to prepare all of the Trees required for the Project at their nursery at Forth, Tasmania. Webster will be paid for the provision of the Maintenance Services, the Harvesting and the Processing in accordance with an agreement signed in September 2005. This arrangement will ensure that Growers have the benefit of Webster's expertise and experience in orchard management.

It should be noted however, that Webster is a subcontractor and not the issuer of the Project and does not in any way guarantee the income or performance of the Project.

As the parent company of GPL, Gunns has a vested interest in the outcome of the Project. However, Gunns is not the issuer and does not in any way guarantee the income or the performance of the Project. The Walnuts to be grown under the Project are seen by Webster as an important source of high quality walnuts and an important part of its growth plans. Webster has committed to entering into an off-take agreement with GPL for the purchase of at least 75% of the Growers' Walnuts over the life of the project (see Section 18.6 for further details).

Commonly Asked Questions

Set out below are some commonly asked questions in relation to an investment by a Grower under this PDS.



Why invest with GPL?

GPL is a wholly owned subsidiary of Gunns, Australia's oldest and largest fully integrated hardwood forest products company with a market capitalisation of approximately AUD 700 million (April 2009). Gunns has a 134 year history in the timber industry including experience growing successful plantations since the early 1920's and is one of Australia's largest plantation owners and managers of plantations. It also has extensive interests in viticulture in Tasmania.

GPL was first established in November 1999 to offer investment to the Australian public in timber plantations with off-take agreements for the resultant wood with its parent company, Gunns. GPL's forestry projects have been rated by independent research houses amongst the highest ranked agribusiness projects in the marketplace. GPL offered its first viticultural investment project in 2004, which featured an off-take agreement with Tamar Ridge Estates, Gunns Ltd's viticulture division.

GPL, Gunns and Webster signed an agreement in September 2005 to jointly establish walnut orchards in the Riverina district over a four year period, with Webster providing the establishment and maintenance

services and GPL administering the managed investment schemes for the properties.

GPL is the first Australian company to offer a managed investment scheme based on walnuts.

What am I investing in?

As a Grower you will be growing walnuts. You will have an interest in the Walnuts and the Orchard Infrastructure through an Orchard Right Agreement. It is GPL's intention to sell the Walnuts for human consumption in both the domestic Australian and burgeoning international market.

Webster has committed to enter into an off-take agreement to purchase at least 75% of the resultant Walnuts at market prices for the life of the project.

Who owns the land my Walnuts are grown on?

The land will be owned by Gunns. An Orchard Right over your Walnut Lot will be granted to you. GPL will ensure that the lease over the land from Gunns to GPL is registered in the name of GPL as trustee for the Growers prior to or immediately after issuing Walnut Lots.



Who owns the irrigation and drainage systems used to grow my Walnuts?

Gunns pays for and owns the Orchard Infrastructure used to grow the Walnuts. At the end of the Term of the Project all rights to the Orchard Infrastructure will revert back to Gunns.

What is an Orchard Right?

An Orchard Right is a bundle of rights over a Walnut Lot granted to a Grower through the Orchard Right Agreement. The Orchard Right includes a right to access the Walnut Lot, use the Orchard Infrastructure and an exclusive right to benefit from the Walnuts produced on the Trees for the purpose of operating a Walnut growing business.

Can I sell my Walnut Lot?

You have the right to assign your interest in the Project subject to conditions set out in the Management Agreement and Orchard Right Agreement. However, there is no active secondary market for interests in the Project.

How are my Walnuts sold?

GPL has negotiated an off-take agreement with Webster for the sale of at least 75% of Growers' Walnuts for the life of the project which is the Walnut Sale Agreement summarised in Section 18.6.

What is the Fee Facility?

If you enter into a Fee Facility with Gunns Finance, you will not be invoiced for the full amount of the Ongoing Fees in each of Years 1 – 4. Instead you will be provided with a loan for the amount of the fees (less a 10% deposit) which is to be repaid by monthly principal and interest payments against the outstanding balance, commencing on the last business day of the month following drawdown in a given Year. The term will be ten years from the date of the first drawdown, such that the Fee Facility is fully repaid by the end of Year 11.

Is the supply of water secure?

The properties chosen for this project are situated in the Murrumbidgee Irrigation Area. The Murrumbidgee Irrigation Scheme was officially opened in 1912 and comprises an extensive network of irrigation and drainage channels

of approx. 5,000 km in length distributing fresh, clean water from the Murrumbidgee River and the Snowy Mountains to over 3,350 landholdings.

The Murrumbidgee Irrigation Scheme long term cap equivalent is 64% for general security water entitlements. The catchment area of the scheme has proven to be very reliable.

Additionally, there is on farm water storages on both the Existing Orchard at Tabbita Lane (800 MgL) and at Leeton (400 MgL). These water storages will buffer against any adverse events during the normal delivery of water to the properties by MI.

There are water entitlements attached to both the Tabbita Lane and Leeton properties and the provision of additional water has been secured by GPL having entered into water purchase and options agreements with MI. This will ensure the adequate supply of water for the Project to be conducted to a high agricultural standard. In addition Gunns has already been and will continue to be active in the water market to ensure that water supply to these properties will be adequate for optimum tree growth.

Refer to Section 16 for more information.



What is “pooling”?

All proceeds from harvesting the Walnuts will be pooled for the mutual benefit of all Contributing Growers in the Project. In this way, the impact of any losses and damage resulting from diseases, pests and the impact of weather and climatic events will be spread across all Contributing Growers. A Grower that does not contribute to the “pool” at all will not be entitled to a portion of the “pool”.

How will I know how my Walnut Lot is performing?

GPL will obtain a Report from the Independent Horticulturist by 30 June in Year 0 confirming that all of the Initial Services have been performed in accordance with good horticultural practice..

The Independent Horticulturist will inspect the Orchards annually for Years 2 to 4 and every second Year thereafter for the term of the Project to ensure that the Walnut Lots are being maintained in accordance with good horticultural practice. Following each inspection the Independent Horticulturist will prepare a report for GPL. You will be provided with a copy of the Independent Horticulturist’s Report within 30 days of GPL having received the report. Where, at any other time,

there is a materially adverse change to the Orchard, GPL may procure an Independent Horticulturist’s report for that year to ensure Growers are kept informed.

What about insurance?

GPL will arrange for insurance in its name and the names of the Growers against public liability arising out of the use of the Project land up to an amount of \$20,000,000.

GPL will pay for the cost of public liability insurance. Growers may take out fire, hail and other horticultural risk insurance at their discretion. For the first three years of the Term, any trees destroyed for any reason will be replanted to as close to 100% of the initial planting density as practicable at no additional cost to the Grower.

Gunns will insure the Orchard Infrastructure for the life of the Project.

How well do Walnuts grow in the New South Wales Riverina district?

The New South Wales Riverina region has a climate very similar to the main walnut growing regions of California, the world’s largest

exporter of Walnuts. Its summer averages range between 15°C and 30°C and its winters between 3°C and 14°C. These climates result in much faster growth rates than the cooler areas of southern Australia but yet still provide the chilling required to promote even flowering. In addition, irrigation channels of the Murrumbidgee Irrigation Scheme provide fresh, clean water to the orchard sites.

Are my payments tax deductible?

It is anticipated that 100% of the Application Fee is deductible in the financial year in which it is paid and a deduction of 100% for all Ongoing Fees is expected in the year in which they are paid (refer to section 13 of this PDS). It is anticipated that Joint Venture Growers will also be entitled to tax deductions for those costs for which they are directly responsible. In addition, you may be entitled to a straight line depreciation deduction at 13% per annum in respect of the capital expenditure incurred in establishing the Trees. Please note that independent taxation advice should be sought however.

If you are registered for GST then you may be entitled to claim an input tax credit from the ATO for the GST component. This will reduce your deductible component. Deductibility will depend upon



your individual circumstances. You should consult your tax adviser and also read the Product Ruling in full before claiming any deduction. A copy of the Product Ruling can be obtained from our website or the ATO.

What are my payment options for the Application Fee?

You can pay the full applicable Application Fee in full by way of cheque or credit card payment, apply for a loan from Gunns Finance Pty Ltd or apply to GPL to enter into a 12 month interest free Terms Arrangement. For more information, please refer to Section 21 or go to the GPL website: www.gunns.com.au/plantations.

What are my payment options for the Ongoing Fees?

If you are invoiced in any particular year for the Ongoing Fees you can pay the amount owing either by way of cheque or credit card payment.



Project Management



GPL Directors

John E Gay, Executive Chairman - Age 66

Mr Gay is Executive Chairman of GPL. As Executive Chairman, Mr Gay has overall responsibility for the operations of GPL and its management, administration and development.

Mr Gay is also Executive Chairman of Gunns and has 40 years experience in the timber and associated industries. Mr Gay's experience with Gunns has encompassed the processing of sawn timber, pulp wood and veneers, manufacture of value added timber products, management of private forest operations as well as responsibility for merchandising, construction and viticulture businesses.

Mr Gay is a Director of the National Association of Forest Industries (NAFI) and also a Director of the Forest Industries Association of Tasmania (FIAT).

John E Gay



Leslie R Baker, BSc (Forestry), Executive Director - Age 56

Mr Baker is Executive Director of GPL. He has been responsible for overseeing the development of the Project.

Mr Baker is currently General Manager – Tasmanian Pulp Mill Project. In this role Mr Baker is responsible for Gunns' plans to build a world scale Bleached Kraft Pulp mill in Tasmania.

Mr Baker has extensive experience in the forestry industry. He is a qualified forester and has been employed in the sector since 1978 being actively involved in the management and development of both hardwood and softwood forestry businesses. Mr Baker is also a Director of NAFI, a former Director of FIAT and is a member of the Institute of Company Directors.

In addition Mr Baker oversees the operation of the Tamar woodchip facility. This facility is the world's largest woodchip export facility, exporting over 2 million tonnes per annum.

Leslie R Baker



Non-Executive Directors

Rodney J Loone, Non-Executive Director - Age 53

of Chartered Accountants and is the managing principal of the chartered accounting firm, Garrotts. He has substantial experience in providing accounting, taxation and financial services to many industries, including the agricultural and forestry industries. Mr Loone has experience as a board member of several companies.

Patrick J Sullivan, LLB Non-Executive Director - Age 72

Mr Sullivan is a retired solicitor whose practice was largely in the area of commercial law. He has had previous experience as a board member of both private and public companies.

Chris J Dare



Ian M Blanden





Robert H Graham, Non-Executive Director - Age 66

Mr Graham has managed Australian companies establishing overseas operations in Europe, US and SE Asia. He has a history of executive and non executive board positions on companies servicing the building and timber industries both locally and overseas.

Robin Gray, Non-Executive Director - Age 70

Mr Gray entered State politics as a member of the House of Assembly in 1976. He was elected as Leader of the Opposition in 1981 and as Premier of the State for seven years from 1982. Mr Gray retired from parliament in 1995. He is currently practising as an agricultural consultant.

GPL Management

The principal executives of GPL are:

Leslie R Baker, BSc (Forestry), Executive Director - Age 56 (refer previous)

Ian M Blanden, BSc (Forestry) Cert. Forest Eng., Manager - Age 43

Mr Blanden has considerable managerial experience operating managed investment schemes in both forestry and viticulture and in addition has managerial experience as a tree farm manager, nursery manager and forester in Tasmania.

Mr Blanden has travelled extensively, inspecting forestry, viticultural and horticultural operations throughout the world. He has previously been responsible for the establishment of a program in excess of 15,000 hectares p.a. and the maintenance of an estate of over 200,000 hectares of plantation, 240 hectares of vineyard and more than 1,200 of walnuts.

Mr Blanden currently serves as a Director of the Tasmanian Agricultural Productivity Group (TAPG).

Orchard Management

The principal Gunns' personnel responsible for overseeing the development and maintenance of the orchards by Webster:

Chris J Dare, BSc (Forestry) Project Manager - Age 35

Chris has over 12 years experience in the forest industry. Chris commenced employment with Gunns in 2003 after working in other parts of the Tasmanian and Victorian timber industries. In his roles with Gunns, Chris was the operations manager for plantation development and maintenance in South Eastern Tasmania and has been responsible for overseeing the establishment of plantations in the Tumut / Tumbarumba region in NSW. Chris is currently the Plantation Manager - NW Tasmania and Southern NSW for Gunns Limited. His history in the forest industry and very good understanding of plantation establishment and maintenance, coupled with an expertise in transport logistics allow a good overview of the Project.

Market Information

A seasonal window of opportunity exists for exports of fresh walnuts to Asian and European markets during the Christmas period and through the northern hemisphere winter. Being an overwhelming net importer of walnuts, strong import replacement potential also exists for Australian producers.

There are numerous species of walnut trees, however the three of the main types are the English (or Persian) walnut, Juglans regia; the Black walnut, Juglans nigra; and the White walnut, Juglans cinerea (also known as the butternut walnut). The English walnut is generally the most popular variety and features a thinner shell that is easily broken. The Black walnut has thicker shells that are harder to crack and a more distinctive flavour. The White walnut is sweeter and oilier than the other two varieties but is not as widely available (www.whfoods.com).

The varieties of English Walnut selected for this Project have been chosen primarily on the basis of market acceptability/preference. The world market prefers walnuts that produce large, light coloured kernels and nuts that have a high crack-out rate of kernel halves.

Walnuts are sold either on an in-shell basis or on a shelled basis. Walnuts sold under the Project will, at least initially, be marketed towards the premium end of the in-shell market.

The global market for walnuts is dominated by the U.S.A., who is the leading global exporter of walnuts and second only to China in terms of production. In 2007, total global consumption of walnuts was 1,694,889 tonnes (McKinna et al Pty Ltd, 2008).

The leading importers of walnuts in 2006 were Western Europe and Japan (FAO, 2006). Accordingly, the Northern Hemisphere dominates the global walnut market. This provides market opportunities for

Southern Hemisphere countries such as Australia to increase production to satisfy counter seasonal demand. There is also an opportunity in the domestic market to replace imports and for increased walnut consumption as convenience and health foods grow in popularity and the value of walnuts is recognised in these sectors.

The California Experience

Being the world's dominant market for walnuts, the U.S.A. provides an excellent opportunity to study the potential of the walnut industry. GPL management visited the U.S.A. in late 2005 for this purpose, specifically spending time in the San Joaquin valley, which is the premier walnut growing region of California.

Production

California is the dominant producer of walnuts in the U.S.A., producing 99% of the U.S.A.'s walnuts (www.walnuts.org). Accordingly, California is currently the world's premier walnut producing region. California walnut production in 2008 is forecast at 375,000 tons, up 15% from 2007's production of 325,000 tons (USDA 2009).

There was also a marked rise in the value of walnut production in the U.S.A. from 2006 (approx. USD 564 million) to 2007 (approx. USD 751 million), an annual increase of approximately 33%.

Sales

Total sales of Californian walnuts increased markedly over the 6 years to 2008 but fell slightly in 2006 and 2007 following smaller crops in each of these years, as shown in Figure 12.1. The growth from 2000 to 2005 represents growth of almost 45% before the slight decline in production in 2006 and 2007, however the increase in production levels in 2008 indicate that sales will again rise for this year.

The progressive increase in sales is seen as being due to an increase in the size of the global market as opposed to encroaching on the market share of other countries.

About 90% of California's walnuts are sold shelled (i.e. as kernels) (www.ers.usda.gov), with 34.3 percent of the crop going to the overseas market (Webster Walnut Market Report – 2008 Season). Kernel sales increased to 2006 then dropped for 2007 as shown in Figure 12.2, following the smaller crop for that year.

Due to the unavailability of good-quality in-shell walnuts, consumption has only remained steady, however it is anticipated that with the increased production of high quality in-shell walnuts (including the bumper 2008 crop) that future demand will be met and consumption and sales will be in line with that of walnut kernels (see Figure 12.3).

Figure 12.1

Annual California Walnut Total Sales Volume

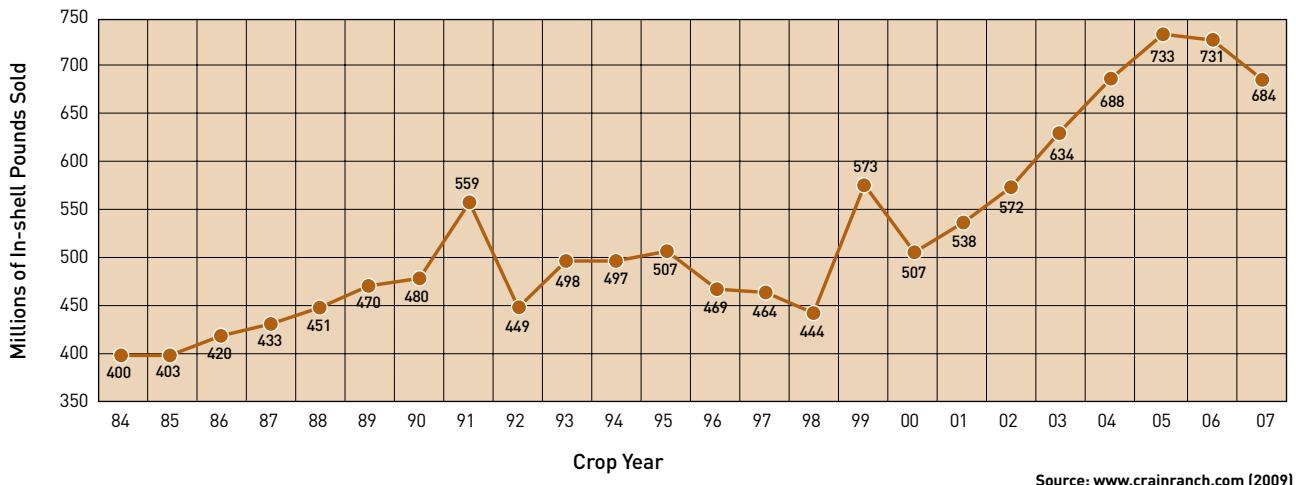


Figure 12.2

Annual California Walnut Kernel Sales Volume

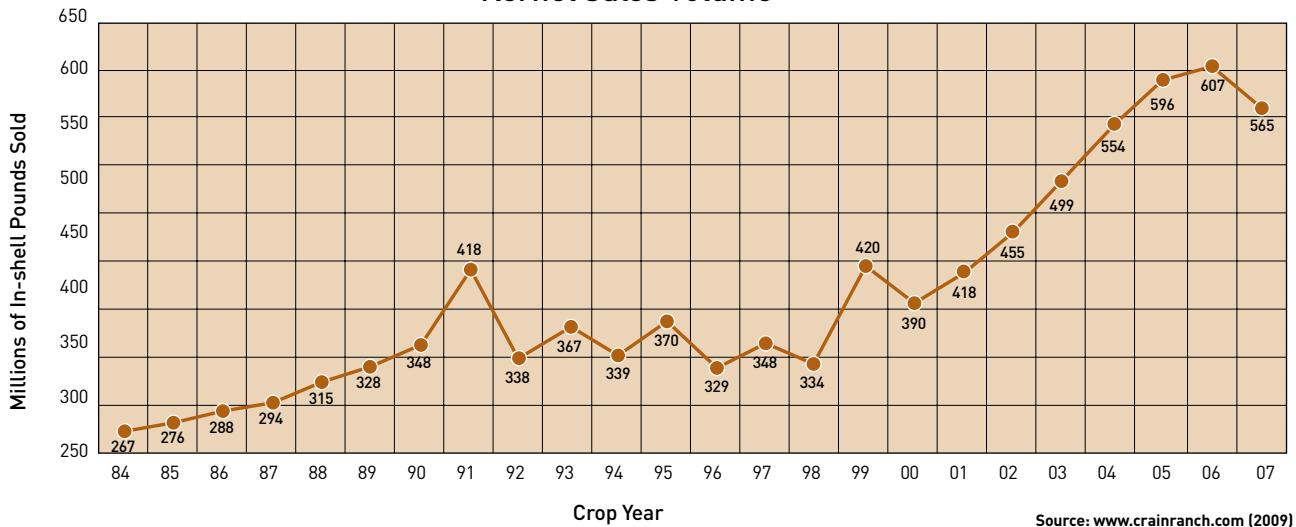
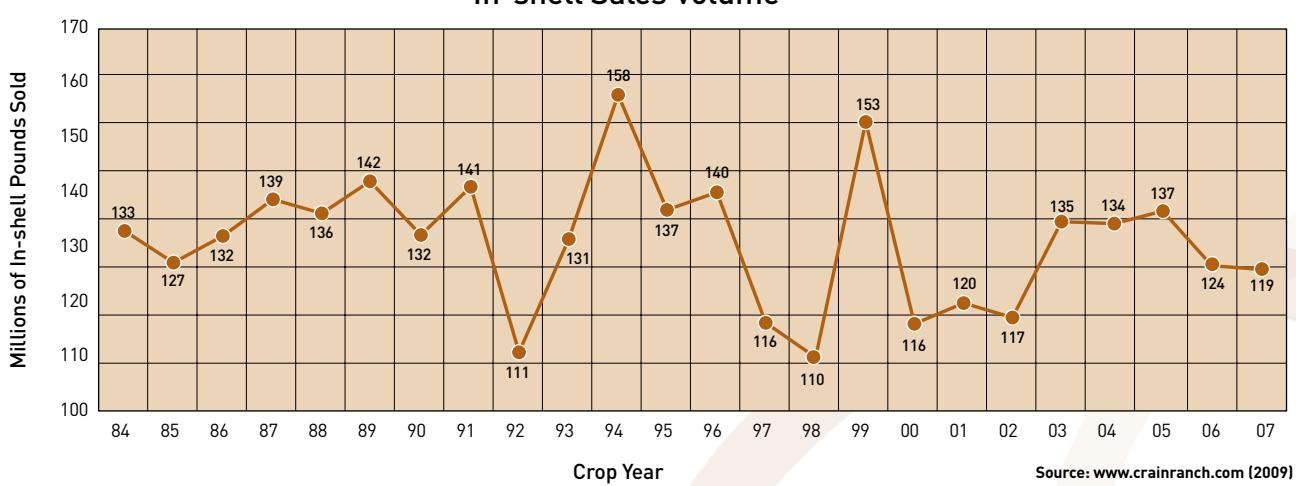


Figure 12.3

Annual California Walnut In-shell Sales Volume





World Market

As can be seen in Figure 12.4 and Figure 12.5, the U.S.A., China and Ukraine are amongst the top five walnut producing and exporting countries.

Walnuts represent approximately 13% of the global tree nut exports (Webster Ltd, 2005).

Counter Seasonal Demand

It is noteworthy that all countries mentioned as leading producers, exporters and importers are Northern Hemisphere countries. Accordingly, an opportunity exists for a Southern Hemisphere country to meet the counter seasonal demand of the Northern Hemisphere. As the growing season is beginning in the Southern Hemisphere as it concludes in the Northern Hemisphere. Therefore, Australia would be in the advantageous position of being able to export fresh walnuts in time for the peak demand period of the Christmas market in Europe when the other major exporters of walnuts are out of season.

Growing Consumption

The Health Benefits of Eating Walnuts

Demand for walnuts is growing globally and therefore there are growing opportunities for walnut producers. This increasing demand is principally due to the well publicised health benefits of eating nuts and in particular walnuts.

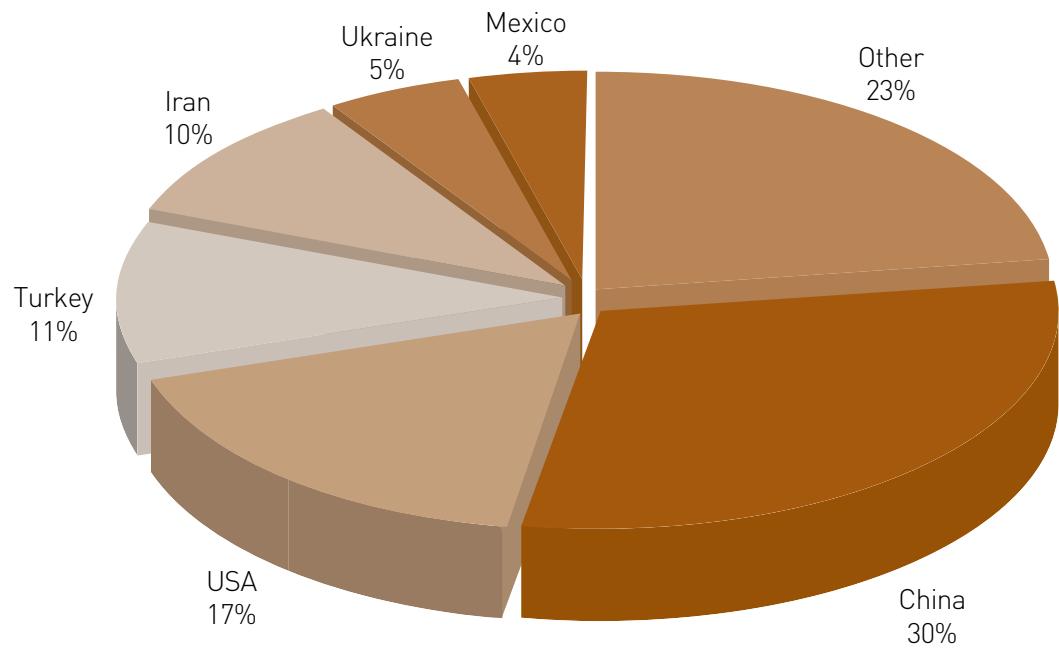
A driving factor behind growth in domestic consumption in the U.S.A to a record high was the introduction of the popular Fruit and Walnut Salad by McDonalds to their restaurants (www.ers.usda.gov).

Tree nuts generally are a very good source of essential nutrients and are a good source of healthy fats and fibre which can assist in reducing cholesterol (www.nutsforlife.com.au). In April 2009, new research in the fight against heart disease showed that walnuts could lower cholesterol more than fish in healthy individuals (www.walnut.org). In addition, walnuts have been rated as one of 14 Super Foods

that are filled with nutrients and other agents that contribute to good health. Specifically, walnuts may not only reduce the risk of developing coronary heart disease but also diabetes and cancer (Pratt, S. & Matthews, K., *Super Foods RX – 14 Foods that will change your life*, 2003).

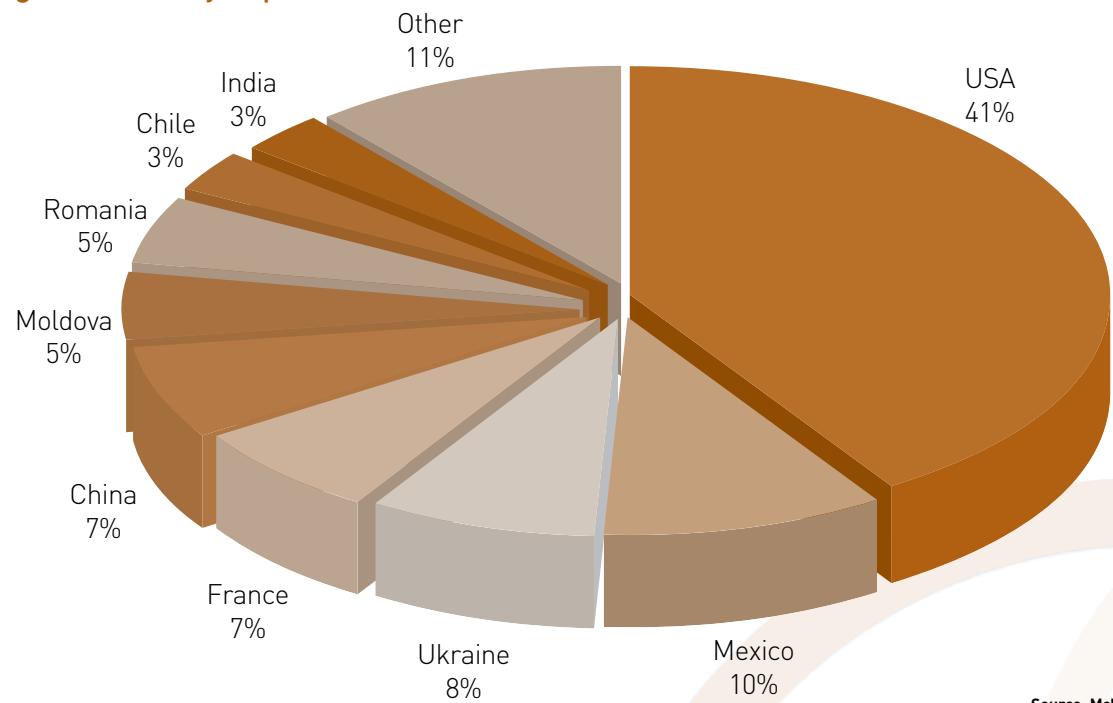
Amongst the tree nuts, walnuts stand out as a great source of Omega-3 (more than nine times than any other nut) (www.walnuts.org). Omega-3 fatty acids are a subgroup of polyunsaturated fatty acids. They are essential for good health and normal growth of our brain, retina and heart (www.ais.org.au). In addition, in April 2009 the American Institute for Cancer Research announced that walnut consumption may provide the body with essential Omega-3 fatty acids and antioxidants that reduce the risk of breast cancer.

Figure 12.4: Global Walnut Production in 2007: Key Producers



Source: FAO, 2008

Figure 12.5: Key Exporters of Walnuts



Source: McKinna, 2008



Australian Situation

Many parts of southern Australia have ideal climatic conditions for growing walnuts. Compared with the USA, Australia has the advantages of fewer pests and disease of walnuts, clean air and water, and a reduced threat from the urbanisation of agricultural land.

There are great opportunities for expansion into the Australian market and overseas. Australian production currently only supplies 9% of domestic demand. Therefore, there are enormous opportunities to meet this demand with a fresh, high quality product grown locally (McKinna, 2008).

Australia can become self-sufficient in walnuts, replace imports, and allow export of quality nuts into the European and Asian markets during winter in the northern hemisphere.

Most walnuts produced in Australia are sold in-shell, with only a very small percentage marketed as processed (cracked to extract the kernel), in spite of the potential for value-adding and the bonus of using kernels recovered from damaged nuts. In contrast, the world trade in walnuts is largely in kernels, which also reflects the major end-use of the product in the baking and confectionary industries. In future, more Australian walnuts may be processed to provide an outlet for damaged and small nuts, or simply to increase the product range and allow the producer to move into the kernel market. However, it is quality and freshness that are the key to marketing Australian walnuts in the face of competition from overseas (www.rirdc.gov.au).

As mentioned previously, with 9% of the domestic market supplied by Australian walnuts, considerable opportunity exists for import replacement and for the development of exports into the Northern Hemisphere. In 2007-2008, Australia's total apparent consumption of walnuts was 9,130 tonnes on an in-shell basis.

With less than 3.5% of the domestic market supplied by Australian walnuts, considerable opportunity exists for import replacement and for the development of exports into the Northern Hemisphere (ABS 2006). Australia currently imports the majority of its from the U.S.A.

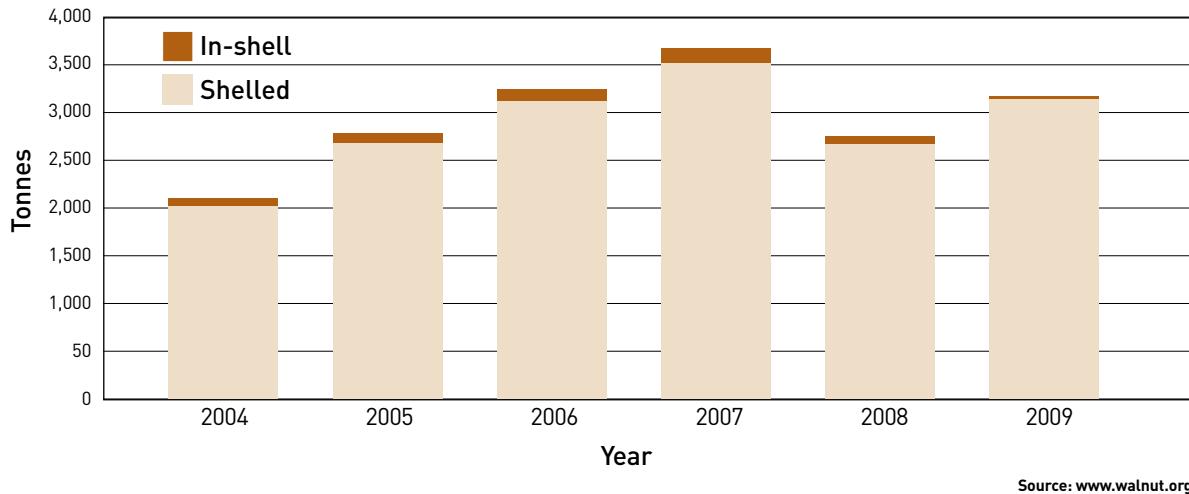
- Figure 12.6 shows the steady growth from 2004, with a slight drop in 2008 following the smaller crop in 2007.

Furthermore, there is the possibility of increasing the rates of Australian consumption. Although Australia's per capita consumption increased almost 50% in the period from 2004 to 2008 (McKinna 2008), it is still well below most other countries representing a significant market opportunity for domestic walnut growers. Figure 12.7 details the gross domestic consumption and per capita consumption of walnuts in a range of countries.

Were Australia's per capita consumption of walnuts to increase in line with selected other countries the total consumption will increase as shown in Figure 12.8.

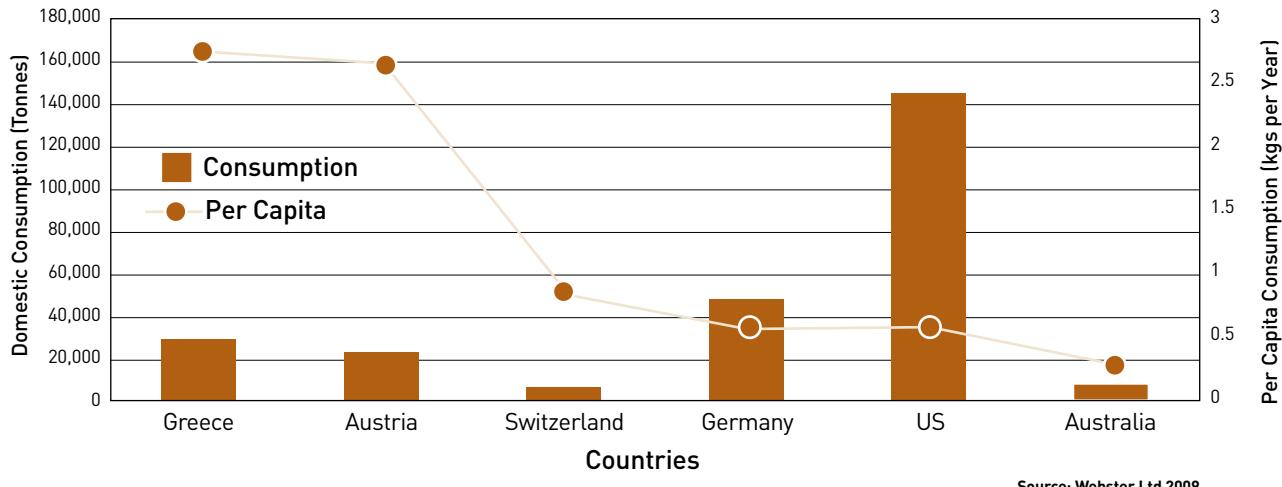
All walnuts produced under the Project are envisaged to be consumed both domestically through the growth in the domestic walnut market and via import replacement, and in the global export market through Australia's natural geographical and agricultural advantages.

Figure 12.6
Australian Imports from the USA



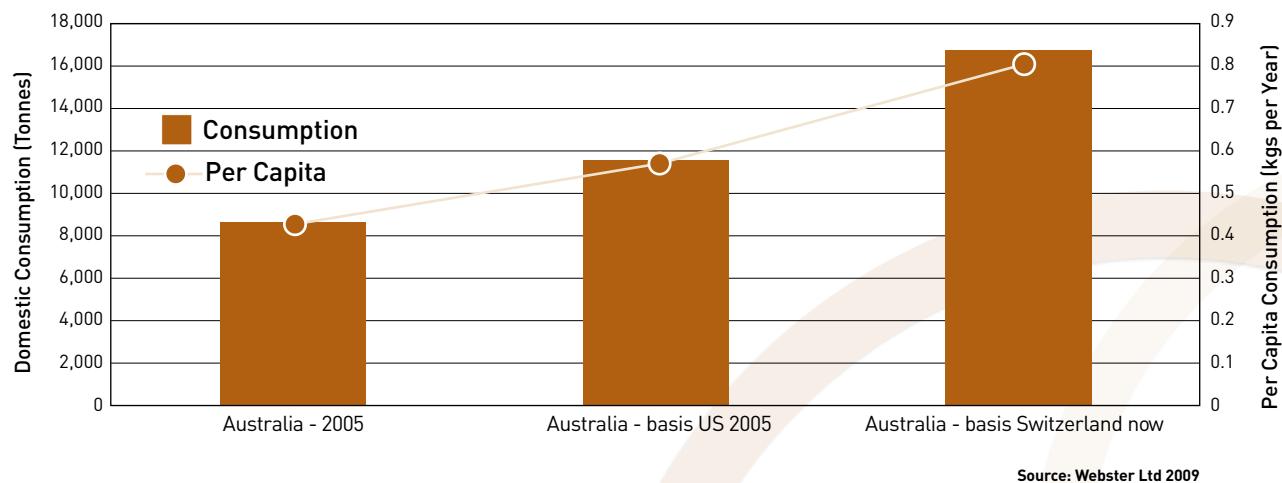
Source: www.walnut.org

Figure 12.7
Consumption Data (2005)



Source: Webster Ltd 2009

Figure 12.8
Australian Consumption Extrapolation (2005)



Source: Webster Ltd 2009

Taxation Features

Product Ruling PR 2009/33 has been issued for the project. The Taxation Adviser's Report sets out the general effect of the Product Ruling for investors in Section 17 of this PDS. A copy of the Product Ruling can be obtained from our website or the ATO. Before investing, you should seek independent advice.

For investors that have the purpose of staying in the Project for its duration and deriving assessable income from the Project, on the basis of the Product Ruling issued, it is anticipated that:

- the sale of walnuts will be GST free;
- 100% of the Application Fee (including the GST component if applicable) will be deductible in the year in which it is paid;
- in addition a straight line depreciation deduction at 13% per annum will be available for capital expenditure incurred in establishing the Trees; and
- Ongoing Fees (including the GST component if applicable) should be 100% deductible in the tax year in which they are paid on the basis that the relevant services are wholly provided in that year.

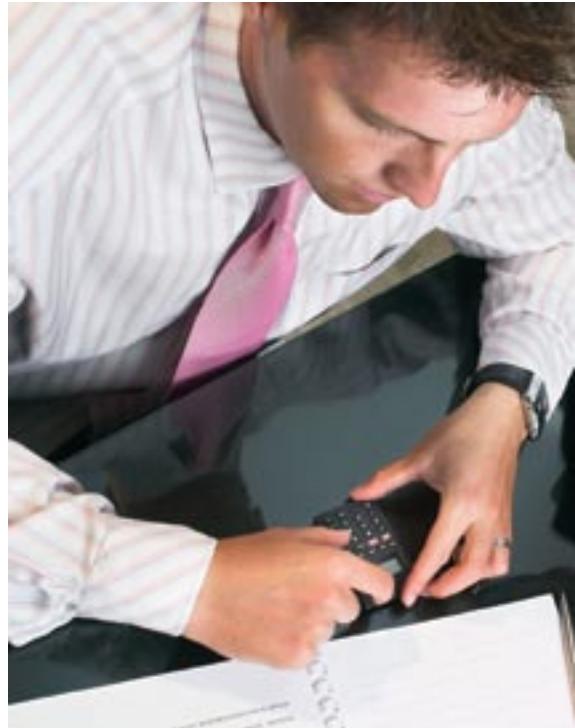
In the case of a Joint Venture Grower, each joint venturer may claim a deduction for the Project costs for which they are directly responsible. Each joint venturer may also claim the same proportion of the straight line depreciation deduction (detailed above) as their proportionate interest in the joint venture arrangement.

You may choose to register for GST purposes if you are carrying on an enterprise. However, you must register if you are operating a business and your annual turnover is greater than \$75,000 per annum.

If you register for GST, you will be entitled to claim an input tax credit for GST paid on any creditable acquisition that you make. However, an input tax credit is only available if you were charged GST on the acquisition. Accordingly, you will be entitled to claim an input credit for any GST paid on the Application Fee and the Ongoing Fees. These input tax credits reduce your overall GST liability and will be refunded by the ATO if the input tax credits exceed your own GST liability.

Where you are registered for GST, the deductions you claim for income tax purposes will need to exclude any amounts of input tax credit. That is, you will need to calculate your tax deduction by reference to the GST exclusive amount of the particular fee.

There may be cash flow considerations and administrative obligations associated with lodging the quarterly/monthly GST returns. This needs to be taken



into consideration in deciding whether or not to register for GST if your annual turnover is less than \$75,000 per annum.

If you choose to defer registering for GST until your annual turnover exceeds \$75,000, you will not be entitled to input tax credits in the meantime. If the net sales proceeds from the sale of the harvested Walnuts exceed \$75,000, you may be required to register for GST when you harvest the Walnuts on your Walnut Lot. Whether you choose to register now or at the time of harvest will depend on your own individual circumstances and you should obtain your own independent taxation advice.

Costs in this PDS expressed to be inclusive of GST are based on the current rate of 10% of the value of taxable supplies. If the rate changes then the price of any taxable supplies will vary so that the GST exclusive value of the supplies remains as it was prior to the change in the GST rate. If the current rate of GST changes, then any unpaid Application Fee and Ongoing Fees will also be adjusted to reflect the changed rate.



Responsible Entity & Custodian

Responsible Entity

GPL has agreed to act as the Responsible Entity of the Project and has been appointed as Responsible Entity pursuant to the Constitution. GPL is a public company and holds an Australian Financial Services Licence authorising it to operate the Project as a managed investment scheme.

The Project has been registered by ASIC as a managed investment scheme.

As the Responsible Entity, GPL will operate the Project and perform the functions conferred on it by the Constitution and the Corporations Act.

The duties of GPL as Responsible Entity under the Corporations Act include, among other things:

- acting in the best interests of the Members and, if there is a conflict between the Members' interests and its own interest, giving priority to the Members' interests (as the case may be);
- treating Members who hold interests of the same class equally and Members who hold interests of different classes fairly;
- complying with the Project's Constitution and Compliance Plan;
- ensuring that the Project's property is clearly identified, held separately from other property of GPL and property of any other managed investment schemes and is valued at regular intervals;
- ensuring that all payments out of the Project's property are made in accordance with the Constitution and the Corporations Act; and
- reporting to ASIC breaches of the Corporations Act in relation to the Project which have had, or are likely to have, a materially adverse effect on the interests of the Members.

GPL as the Responsible Entity has the power to appoint agents or engage persons to do anything that GPL is authorised to do in relation to the Project. GPL as Responsible Entity will remain responsible for anything their agent or representative has done.

If GPL wants to retire as Responsible Entity, it must call a meeting of the Members to choose a company to be the new Responsible Entity, pursuant to the Constitution (refer to section 18.1).

Custodian

GPL has appointed Gunns as Custodian. The Custodian will hold the:

- Application Fees in trust until they are disbursed after the Walnut Lots are established; and
- Walnut Sale Proceeds until they are disbursed to Growers.

The Custodian has no supervisory role in relation to the operation of the Project.



Dispute Resolution

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If you have a complaint or dispute about your investment, you should lodge your complaint with the Complaints Manager:

Complaints Manager
Gunns Plantations Ltd
Walnut Project No. 3
PO Box 588
Launceston, Tasmania 7250

The complaint should:

- specify the nature of your complaint, the desired outcome and what action you think will settle the complaint; and
- provide all relevant material to support your complaint that is in your possession or control.

Within 5 business days of receiving the complaint, GPL will notify you that it has received your complaint and is considering it.

Within 30 days of receipt of your complaint, GPL will notify you in writing of its decision regarding your complaint. If you are unsatisfied with GPL's decision regarding your complaint you may refer the complaint for determination by our external complaints resolution scheme:

Financial Ombudsman Service Limited

GPO Box 3, MELBOURNE VIC 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Website: <http://www.fos.org.au/>
Email: info@fos.org.au

Independent Expert's Report



6 May 2009

The Directors
Gunns Plantations Ltd
78 Lindsay Street
LAUNCESTON TAS 7250

Dear Sirs,

INDEPENDENT EXPERT'S HORTICULTURAL REPORT GPL Walnut Project No. 3 Early Growers (2008/2009) and Late Growers (2009/2010)

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Introduction

This report has been prepared for inclusion in a Product Disclosure Statement (PDS) entitled GPL Walnut Project No. 3 (Project) being offered by Gunns Plantations Limited (GPL) for Early Growers (2008/09) and Late Growers (2009/2010). The walnut orchard is being developed and managed by GPL who have contracted their walnut operation responsibilities to Webster Limited (Webster), a company with extensive experience in walnut management and marketing. The purpose of the report is to provide prospective investors in the Project with an independent assessment of the land, water and climate resources, the expected tree yields based on the varieties to be planted, the horticultural practices to be used, and the ability of GPL to establish and manage the Project.

Australian Walnut Industry

The size of the Australian walnut industry is very small, currently producing less than 800t (in-shell equivalent) annually, compared with the major producers China and USA producing over 503,000t and 290,000t respectively. Australia is a net importer of walnuts and 8,424t (in-shell equivalent) was imported in 2006 (ABS figures).

The GPL walnut projects will greatly increase the availability of high quality Australian walnuts for local and export markets but it will be some years before these orchards are in full production.

The Australian producers are aiming to produce high quality nuts, with a counter-seasonal "freshness" advantage in the northern hemisphere Christmas markets. In addition, the increased consumer demand for all nuts in Australia and overseas because of health benefits is maintaining demand in times of increasing production.

SCHOLEFIELD ROBINSON HORTICULTURAL SERVICES PTY LTD

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Experience, Qualifications, and Skills of Expert

Dr Peter Scholefield has prepared this report. He is a Director and Principal Consultant with Scholefield Robinson Horticultural Services Pty Ltd (Scholefield Robinson), a company located in Adelaide. He has tertiary qualifications (BAgSc, PhD) in horticulture and is a member of the professional organisations, Australian Association of Agricultural Consultants (AAAC), Australian Society of Horticultural Science (AuSHS), and a Fellow of the Australian Institute of Agricultural Science and Technology (AIAST). He has spent the past 39 years working professionally in horticulture, with the last 19 years working as an independent consultant in Australia. His work includes the provision of horticultural advice, the preparation of expert reports for investment documents and legal cases and project work with industry groups and R&D Agencies. This work covers a wide range of crops including nuts, fruit crops and grapes.

The Brief

Specifically, Scholefield Robinson has been asked to provide comment on the:

- Suitability of the land chosen for the project including location, soils and climate;
- Water availability and supply (including long term security);
- Orchard design and layout (including irrigation/fertigation systems and planting density);
- Orchard maintenance plans;
- Ability of the horticultural management team (Webster and GPL) and availability of required resources;
- Varietal (including pollinator) selection;
- Nursery ability to provide suitable stock;
- Projected yields and timing assumptions;
- Environmental issues; and
- Project risks and appropriateness of safeguards.

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In order to prepare this report, we have:

- Inspected the existing orchard planted in 2006 at Tabbita ("Tabbita Lane"), near Griffith, and the existing orchard planted in 2007 near Leeton ("Leeton").
- Observed tree growth in the orchard planted for GPL Walnut Project No. 1 in 2006, Walnut Project No. 2 planted in 2006 and 2007 and in the older "Motspur Park" Walnut Orchard (not part of the GPL projects) planted and managed by Webster in 2004.
- Viewed and discussed with GPL and Webster personnel, the following:
 - maps of the properties on which the Project will be conducted and the proposed planting sequence;
 - physical soil surveys of the property undertaken by JR's Soil Management Services and Yandilla Park Services;
 - climatic data and water quality data from the Tabbita and Leeton locality;
 - water requirements determined by the irrigation consultant (Greg Hocking) and the irrigation designer (Plastro Asia Pacific);
 - information about the water licences that have or will be acquired for the Project and the agreement to supply water to both projects with Murrumbidgee Irrigation (MI);
 - a projection of walnut yields during the term of the Project.

While preparing the report we have:

- sought information on walnut growing in Australia and overseas from industry and technical specialists;
- reviewed various literature relevant to this report; and
- used the extensive horticultural resources and experience of Scholefield Robinson.

The Project

The Project will include 187.72ha of walnut trees planted in 2006 at Tabbita, near Griffith, NSW, 35.89ha to be planted in 2009 at Tabbita and 494.33ha planted in 2007 near Leeton, NSW.

Grower lots of 0.2ha will be made up of 0.19ha (95 percent) of established orchard (Tabbita and/or Leeton) and 0.01 ha (5 percent) of new orchard (Tabbita only). This will provide a mix of tree ages and locations with different characteristics that will spread the risk for growers.

Location

Orchards for the Project will be grown on two properties, "Tabbita Lane", near Goolgowi where GPL Walnut Projects No. 1 and No. 2 are located, and "Leeton", where Walnut Project No. 2 is located. A small area of 35.89ha, will be planted at Tabbita in 2009. The majority of "Tabbita Lane" was planted in winter 2006, whilst the remainder of that property and the area at "Leeton" were established in the months of May and October in 2007.

"Tabbita Lane" is bounded by Tabbita Lane to the south, Ilkadoon Road to the west, Garrong Road to the north, and an adjoining property to the east. It is located about 45km NW of Griffith NSW, on the Wah Wah channel on the western end of the Murrumbidgee Irrigation Area (MIA).

"Leeton" is bounded by the main Murrumbidgee delivery channel, Colinroobie Road and an adjoining property to the east. It is approximately 9 km from Leeton.

Both properties are situated within the Murrumbidgee Irrigation Area (MIA). The MIA is a major irrigation district in Australia with large areas of horticultural crops (citrus, winegrapes, stone fruit, olives and vegetables), irrigated row crops and pastures. The MIA sources water from the Snowy Mountains via the Murrumbidgee and Tumut Rivers, and with its extensive channels and large storage dams, is regarded as an extremely reliable irrigation scheme.

The benefits of being in an established horticultural area are that the needs of tree crops are understood by the water supply authorities, and there are suppliers of production inputs and services available locally.

Soil Investigations

Tabbita

The soils on the Tabbita property are well understood from the soil surveys conducted between 2004 and 2005 by JR's Soil Management Services.

The land for the walnut orchard was surveyed in February 2004 (Stage I), April 2005 (Stage II), and September 2005 (Stage III). The approximate areas in each stage are 160, 40 and 520 hectares respectively. A total of 720 soil pits were dug on a 100m x 100m grid.

The soils found were predominantly reddish, non-swelling, sub-plastic soils that are suitable for horticulture with Stage I/II having 95% of the area, and stage III 90% of the area of this soil type.

This group of non-swelling sub-plastic soils vary in depth and subsoil characteristics, but are essentially massive, sandy/loamy in texture, and porous with free carbonates in the lower part of the profile. The subsoil is highly permeable and friable when moist.

The treatments recommended were fertilisation, surface cultivation, shallow ripping in the better soil types and deeper ripping in the shallow soil types, mounding and inter-row cover cropping.

The recommendations of the soil surveyor have generally been taken into account as much as is practically possible in the preparation of the block layout, irrigation system, and soil preparation prior to planting.

Leeton

The total property area is approximately 915 hectares. A preliminary soil survey was conducted by JR's Soil Management Services in May 2006 when 18 soil pits were dug. The soils found were red-brown earths, calcic brown soils and laterites. Red-brown earths are suitable for walnut production without significant soil improvement prior to planting. The calcic brown soils are more uniform, better drained and aerated than some red-brown earths. However, these soils contain carbonates that may induce lime chlorosis leading to minor element deficiencies. Despite the lack of experience growing walnuts on these soils they are considered suitable for walnut production.

Laterites are different from the two above soil types with a highly permeable surface soil and clay subsoil with restricted drainage. Ironstone gravel is often found above the clay layer. Amelioration will be necessary for this soil type.

A more detailed soil survey was conducted by AgriExchange in January 2007 to determine accurately the boundaries between the above soil types to allow an amelioration program to be planned and to design an orchard and irrigation layout to match the different soil types.

A total of 803 soil pits were dug across the property on a 100x100m grid. Most of the area surveyed was considered by the soil surveyor to have high production potential for walnuts but some areas require soil amelioration treatments of gypsum and lime application, spreading of organic matter and ripping along the rows. Similar soil treatments have been applied successfully on the "Tabbita Lane" development.

Climate

Climatic data for the Griffith district is relevant to both project sites. Data is presented in Table 1 below for weather stations at CSIRO Griffith, and Leeton Caravan Park.

Table 1: Climatic averages for Griffith CSIRO and Leeton Caravan Park

Table 1: Climatic averages for Griffith CSIRO and Leeton Caravan Park

Station: 075028 GRIFFITH CSIRO Commenced: 1914; Last record: 1989														
Element	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	No. of years
Mean daily max temp °C	32	31.3	28.1	22.9	18	14.8	14	16.2	19.6	23.2	27	30.1	23.2	67.7
Days Max Temp >= 40.0 °C	0.9	0.6	0	0	0	0	0	0	0	0	0.2	0.1	1.9	27.2
Days Max Temp >= 35.0 °C	6.7	5.9	1.9	0	0	0	0	0	0	0.1	2.1	4.6	21.4	27.2
Days Max Temp >= 30.0 °C	19	18.3	10.6	1.6	0	0	0	0	0.5	2.7	7.6	15	75.7	27.2
Highest daily Max Temp °C	43	43.9	39.5	35.7	29	22.1	26	29.5	34.9	37	41.7	41.7	43.9	27.3
Mean daily min- °C	16	16.4	13.6	9.4	6.4	4	2.9	4	6	9.1	11.9	14.7	9.6	67.7
Days Min Temp <= 2.0 °C	0	0	0	0.6	4.5	11.3	15	9.8	5.7	0.9	0	0	47.7	27.3
Days Min Temp <= 0.0 °C	0	0	0	0.1	1.1	5.2	7.9	3.9	0.9	0	0	0	19.1	27.3
Lowest daily Min Temp °C	7.2	6.1	3.2	-0.5	-1.9	-3.9	-5.4	-4.3	-3.3	0.6	2.8	4.8	-5.4	27.3
Mean monthly rainfall - mm	30	27.8	34.4	33	38	37.2	33	40.4	32.5	41.3	28.5	30.7	406.3	73.8
Median monthly rainfall - mm	17	19	19.2	22.1	29	32	31	39.3	28.5	33.7	21.2	28.8	391.4	70
9th decile of monthly rainfall - mm	69	79.8	91.5	72.2	88	67.9	62	66.1	56.3	89.7	62.9	60.3	586.8	70
1st decile of monthly rainfall - mm	2.1	0	0	4.9	4.9	7.1	7	11.8	8.7	4.6	2.2	1.2	241.5	70
Mean no. of raindays	4	3.6	4.4	5.7	7.9	9.8	11	10.2	7.5	6.9	5	4.7	80.7	73.8
Highest monthly rainfall - mm	222	148	178	184	119	136	85	114	102	117	126	125		73.8
Lowest monthly rainfall - mm	0	0	0	0	0	0	0.8	3.2	2.2	0	0	0		73.8
Highest recorded daily rainfall - mm	77	66.3	130	81.3	47	77	29	44.5	42.2	67.8	50.8	48.8	129.5	73.8
Evaporation - mm	8.7	8.3	6	3.7	2.1	1.4	1.6	2.4	3.6	5.3	7.3	8.9	5	23.4

Station: 074062 LEETON CARAVAN PARK Commenced: 1913; Last record: 2004														
Element	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	No. of years
Mean daily max temp - °C	31.9	31.2	28.2	22.9	18.1	14.7	13.9	15.8	19.3	23	27	30.2	23	61.5
Days Max Temp >= 40.0 °C	1.1	0.3	0	0	0	0	0	0	0	0	0.3	0.3	2	17.6
Days Max Temp >= 35.0 °C	8	5.2	1.2	0	0	0	0	0	0	0.2	2.3	5	21.8	17.6
Days Max Temp >= 30.0 °C	20.8	17.8	11.9	1.5	0	0	0	0	0.3	2.4	8.7	14.8	78	17.6
Highest daily Max Temp - °C	44.3	43.9	38.3	32.4	27.2	28.3	25.2	25	33.5	36	41.4	42.2	44.3	17.6
Mean daily min - °C	17.3	17.2	14.6	10.4	7	4.6	3.7	4.6	6.6	9.7	12.7	15.6	10.3	60.9
Days Min Temp <= 2.0 °C	0	0	0	0.1	3.2	8.9	10.5	7.8	3.8	0.6	0	0	34.9	17.1
Days Min Temp <= 0.0 °C	0	0	0	0	0.6	3.7	5.2	2.5	0.6	0	0	0	12.5	17.1
Lowest daily Min Temp - °C	8.4	7.8	3.9	1.7	-1.2	-3.9	-3.9	-3.2	-2.7	0.6	4	6.1	-3.9	17.1
Mean monthly rainfall - mm	32	30.6	33.5	35	39.5	39.5	37.3	40.7	37.3	44.5	30.7	30.8	431.3	89.3
Median monthly rainfall - mm	18.8	20	20.4	24.6	31.4	37.3	36.9	40	32.8	34.4	24.3	22.1	441.4	87
9th decile of monthly rainfall - mm	75	84.3	82.3	71.2	92.1	69.6	69.3	73.2	72.7	96.7	62	74.3	620.9	87
1st decile of monthly rainfall - mm	1	0	0	4.5	9	9.1	9	9.1	10.4	10.5	2.7	1.9	260.4	87
Mean no. of raindays	4	3.7	4.1	5.2	7.4	8.6	9.6	9.7	7.7	7.4	4.9	4.7	77	87.6
Highest monthly rainfall - mm	153.6	144.1	176	166.2	143.6	135.3	95.6	99.6	109	119.4	148.5	104.8		89.3
Lowest monthly rainfall - mm	0	0	0	0	0	1.4	1	2	2.4	0	0	0		89.3
Highest recorded daily rainfall - mm	64.3	87	66.8	64.5	63.4	63.5	44.4	51.6	41.2	52.3	60.7	60.4	87	89.1
Evaporation (N/A)														

The climatic data for the two stations is similar with mean annual rainfall (406 to 431mm), rain days in spring (19.4 to 20), days over 40°C (2 and 2), frosts < 2°C (35 to 48), and frosts in spring (4.4 to 6.6).

Frosts in winter months are relatively common, but as walnut trees are dormant, no damage occurs. Frosts in spring are fewer. Damage to horticultural crops, including walnuts, can occur if frosts are experienced during the growing season. Based on the records (Table 1) it appears the likelihood of spring frosts is very low although damage could occur. The height of cropping walnut trees (warmer further above the ground) and the low incidence of severe frosts (< 0°C) in September, October and November indicates that serious frost damage is a low risk.

Walnuts and other crops have a chilling requirement in winter for flower and leaf buds to develop normally in spring. Walnuts are reported to require 800 hours of chilling below 7°C for normal development and cropping. Although limited local records on chilling are available for the district, stone fruit (peaches, plums, etc) varieties that have a similar chilling requirement to walnuts have been successfully grown in the district for decades and this would suggest it would be adequate. In addition, Webster advised that bud burst on the adjacent Motspur Park orchard they also manage has been very even over the past three seasons which is a clear indication of the trees having received sufficient chilling hours.

Extreme weather conditions like storms, hail, wind, high and low temperatures are occasionally experienced in most horticultural regions, including the MIA, but production losses occur infrequently and are accepted as part of farming.

WATER

Water Availability and Supply

The GPL Walnut Projects have access to irrigation water from a range of sources, High Security, General Security, Options (Murrumbidgee Irrigation Limited), Carry Over, Temporary Transfer and water stored in dams on the properties.

Currently (6 May 2009) the allocations of water from these sources in the 2008/2009 season are;

High Security	95% allocation
General Security	26% allocation
Options	100% allocation
Carry Over	100% allocation
Temporary Transfer	100% allocation

TABLE 2 : Water entitlements and current allocations for Tabbita and Leeton in the 2008/2009 season (as at 6 May 2008)

Water Source	TABBITA			LEETON			Total Volume (ML)
	Entitlement (ML)	Allocation(c) (%)	Volume (ML)	Entitlement (ML)	Allocation(c) (%)	Volume (ML)	
High Security	0	95	0	666	95	633	633
General Security	510	26	133	2,959	26	769	902
Options [MI]	1,792	100	1,792	510	100	510	2,302
Carry Over	77	100	77	208	100	208	285
Temporary Transfer(a)	700	100	700	0	100	0	700
Dam Volume(b)	158	100	158	319	100	319	477
TOTAL			2,860			2,439	5,299

(a) Water purchased by Tender, Barren Box Swamp.

(b) Volume at 1.7/08 with no allowance for evaporation.

(c) Allocations at 6 May 2008. These may increase with further announcements by NSW Dept Water & Energy as the season progresses.

Tabbita has an allocation for 2008/09 of 2,860ML and Leeton 2,439ML, a total of 5,299ML. These allocations may increase as the season progresses with any major change occurring with General Security water.

Table 3 presents the estimated water requirement of trees with age and the actual use for the trees of 1, 2 and 3 years of age, provided by Webster.

TABLE 3 : Estimate of water requirement of trees with age

Years	Water Requirement (% of mature trees)	Estimated Water Requirement		Actual Water Use ML/ha2
		ML/ha1		
Year 1	20%	2.6		1.5
Year 2	27%	3.5		2.4
Year 3	40%	5.2		4.1
Year 4	45%	5.9		
Year 5	60%	7.8		
Year 6	73%	9.5		
Year 7	82%	10.7		
Year 8	90%	11.7		
Year 9	100%	13.0		

1. Based on mature tree water use of 13ML/ha.

2. Based on water use data provided by Webster

Using the actual water requirement based on Webster figures, the estimated water requirement for 2008/09 for Tabbita and Leeton is provided in Table 4.

TABLE 4 : Estimated tree water use for 2008/09 by age of trees for Tabbita and Leeton

Year of Planting	Estimated Water Use (ML/ha)	Tabbita		Leeton		Estimated Total Water Use (ML)
		Area	Water Use	Area	Water Use	
2006	4.1	535	2,194	0	0	2,194
2007	2.4	80	192	735	1,764	1,956
2009	1.5	36	54	0	0	54
TOTAL			2,440		1,764	4,204

The estimated water requirement for Tabbita is 2,440ML (availability 2,860ML) and Leeton 1,764ML (availability 2,439ML). Therefore sufficient water is available for the needs of the orchard in 2008/09.

GPL advise they are actively seeking and purchasing water for the future requirements of the orchard as the market permits.

Water Quality

Tabbita

Water supplied to the project by MI is drawn from the Murrumbidgee River, delivered through a series of irrigation channels, stored in Barren Box Swamp, and released for delivery to the project via the Wah Wah channel system.

Near Barren Box Swamp, recording stations over almost 40 years have shown salinity minima varying from 100 to 500 EC units, and maxima varying from 200 to 3,000 EC units. The high salinity readings have generally been recorded in periods of low water level in late winter when the pumps are not operating and evaporation and seepage have caused the seasonal increase in salinity. Recent site work has been completed on Barren Box Swamp where the storage was increased by the construction of smaller storage cells within the swamp. This will reduce the surface area of the storage and thus reduce evaporation losses and salinity. This, plus better management, will ensure good quality water is available for the orchard.

The water quality available to the walnut project is expected to be between 300 and 600 EC units and therefore of good quality for the proposed use.

Leeton

Water supplied to the Leeton property is drawn from the Murrumbidgee River and delivered along the main channel that adjoins the property.

Salinity at the Murrumbidgee recording stations has varied from minima of 13 to 110 EC units and maxima of 96 to 462 EC units over the last 12 years. This water is of very good quality for walnut production.

ORCHARD DESIGN AND LAYOUT

Irrigation Design and Infrastructure

Irrigation design and block layout for the Tabbita orchard has been prepared by Plastro Asia Pacific in conjunction with Webster Limited. The orchard layout has 99 separate blocks ranging in size from 2.89ha to 7.86ha. The specifications for the irrigation system are:

- Water relifted from dam;
- Water is filtered;
- Drippers, 1.75 L/hr, 0.55mm spacing, 3 lines per row, 1.2mm per hour application rate;
- Peak water application capability 14.4mm per day.

The irrigation design took into account the critical soil characteristics identified in the soil survey and matched these with practical irrigation considerations to come up with the final layout.

The specifications for the Leeton irrigation system are similar to those for Tabbita.

Planting Density

The orchard will be planted with rows 8m apart and trees 4m apart within the row, a density of 313 trees per hectare. Row orientation is north-south, which suits the shape of the two properties and optimum light penetration to the orchard tree canopy.

This density is considered high and the trees along the row will eventually grow into each other as a "hedge-row". These higher density plantings produce earlier and higher yields than open spaced plantings. The additional establishment costs are more than compensated for by these higher and earlier yields.

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ORCHARD DEVELOPMENT PLAN AND HORTICULTURAL PRACTICES

Orchard Development

An orchard development/establishment plan has been provided by Webster outlining the development tasks that needed to be carried out and the timing of the completion and reporting of these tasks.

For the 2006 planting at Tabbita, the cycle commenced with the soil survey in October/November 2005, soil preparation, irrigation design (completed), dam design, irrigation tender let, irrigation installation, preparation for planting, and planting in winter/spring.

The development was planned thoroughly and sensibly scheduled over the 12 month period. There has been excellent survival (>99%) and the trees have grown very well this season.

The plantings at Tabbita and Leeton in 2007 and proposed for 2009 will follow a similar development/establishment plan to that successfully used in 2006.

Orchard Management Plan

An annual Orchard Management Plan prepared and used by Webster shows the orchard activities, the timing of these, and indicates who is responsible for ensuring that the work is done.

The activities include soil preparation and mounding, weediciding, replanting or re-budding any missing trees, irrigation, pruning, de-suckering, fertigation, tissue sampling, monthly reporting, etc.

The work program is detailed enough to show that the whole farm plan has been well thought out and is flexible so that unforeseen events can be coped with.

Both the development and management plans are evidence of a manager with experience in walnut development.

CAPABILITY OF ORCHARD MANAGEMENT TEAM

The Webster management team responsible for the walnut development is:

- **Leigh Titmus** is the General Manager for Webster Walnuts and as such is responsible for all of Webster's walnut developments in Tasmania and NSW. He has over 16 years of involvement with the walnut industry and has established over 2,200 ha of walnuts. Leigh is also involved in walnut industry committees and is past President of the Australian Walnut Industry Association (AWIA). Leigh represents the AWIA on the Board of the Australian Nut Industry Council, the peak body for all tree nut producers in Australia.
- **Brendan Bond** is the Nursery Manager for Webster, a position that is crucial to large scale orchard development because there are no other professionally run walnut nurseries of this size in Australia. The Webster nursery in Forth, Tasmania produced over 130,000 grafted trees in 2005 and 2006. Brendan has visited walnut nurseries in China, Europe and the USA and has developed guidelines for producing quality nursery plants. He is also responsible for the walnut tree propagation and maintenance at the Forth nursery and has a wealth of knowledge in walnut tree physiology and management.
- **Derek Goulet** is the Orchard Manager for Webster at Tabbita and is responsible for all the day-to-day operations in the orchard. He will manage contractors and the permanent labour in the orchard. He is an agricultural graduate of the University of Melbourne and has a number of "on the job" certificates in irrigation, chemicals, etc. Derek is experienced in the technical and management aspects of horticulture having held positions in the Murray Valley as agronomist, technical officer and orchard manager.
- **Carl Rademeyer** is the Orchard Manager at Leeton. He has a broad range of skills gained in South Africa and working in roles with large corporate farms in Sunraysia, Victoria developing and managing citrus, wine grapes and avocados. Carl has a Diploma in Horticulture and various 'on the job' certificates in irrigation etc.

This management team has the knowledge, industry experience, and practical understanding to manage a project of this size and complexity.

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VARIETIAL SELECTION

Variety Mix

The varieties selected are Howard, Chandler, Vina, Ashley, Serr, Tulare and Lara.

The harvest period varies for these varieties based on their nut maturity as follows:

- Serr (early);
- Ashley (early);
- Vina (mid);
- Howard (mid to late);
- Tulare (mid to late);
- Lara (late); and
- Chandler (late).

Early varieties will be harvested in late March or early April and the late varieties will be harvested in late April or early May.

This spread of maturity is designed to allow harvest to follow from one variety to another as the season progresses to ensure that the nuts are picked at optimum maturity, and that harvesting equipment is used efficiently over a long harvest period.

These varieties are appropriate for this project based on extensive Californian and some Australian experience. The varieties are high yielding (with Tulare being the highest yielding variety and Serr the lowest) and produce nuts of good size and colour, which are essential quality parameters. The chosen varieties have a lateral bearing habit to a varying degree, ensuring higher than average yields.

Pollination

Walnut trees have both male and female flowers. Most of the varieties overlap at flowering time when male flowers provide pollen to fertilise the female flowers. However Chandler, Howard, Vina, and Lara varieties do not overlap completely, so 5% of an appropriate pollination variety for each main variety will be interplanted to optimise walnut production. It is worth noting that walnut trees are wind pollinated and therefore do not require bees for pollination.

Rootstocks

Northern Californian Black Walnut (*Juglans hindsii*) and its hybrid, Paradox will be used as seedling rootstocks. The black walnut seed is sourced from a walnut orchard near Loxton, South Australia, while the Paradox seed is imported from California.

Webster matches scion varieties to either of these rootstocks based on the vigour of the scion (Paradox imparts vigour to trees) and the availability of rootstock seed.

NURSERY AND PLANTING MATERIAL

Source of Nursery Trees

The Webster nursery is located at Forth in northern Tasmania where the black walnut seedlings are grown, lifted, bench grafted to the scion varieties, callused in heat chambers and planted out in nursery rows to grow for another year before lifting and planting in the orchard. The nursery process takes 2 years.

I have seen the nursery at Forth, Tasmania and it is a professional operation.

Planting

In early winter the nursery trees are cut back, lifted from the nursery using an under-cutter, treated with an inoculant to protect the trees against the disease crown gall, and planted in the orchard.

YIELDS AND TIMING

Mature Tree Yields

The mature tree annual yield, averaged across all varieties, is 5.61 tonne of nut in shell per hectare.

Yield Profile after Planting

The following yield profile for the Project is proposed, based on extensive experience in California and less experience in Australia.

TABLE 5: Yield profile for walnut trees after planting (a)

Growing season (b)	1	2	3	4	5	6	7	8 onwards
Tonnes/ha	0	0	0	0.56	1.12	1.68	3.14	5.61
% of mature yield	0%	0%	0%	10%	20%	30%	58%	100%

(a) Note that the grower lots are made up of trees from different planting years, 2006, 2007 and 2009.

(b) Growing season refers to the period from leafing out in spring to leaf fall in late autumn.

Steve Sibbett (Pomology Farm Advisor (Emeritus), University of California), proposed this yield profile and it has been used in the financial budgets. The mature yield and yield for growing seasons after planting were sourced from Californian publications of the University of California, Cooperative Extension. Little similar data is available in Australia for "modern" walnut orchards but a RIRDC report has presented yields close to these projections.

The average mature yield and yield profile are considered reasonable and achievable with good management and seasonal conditions.

ENVIRONMENTAL ISSUES

Native Vegetation

Both properties have developed a Property Vegetation Plan under the guidelines of the Murrumbidgee Irrigation Catchment Management Authority. The Plan included approval to remove some scattered trees with offset plantings of trees to extend existing native vegetation in a corridor. Grazing is also restricted.

The conditions of the Property Vegetation Plan are reasonable and they have been implemented.

Soil and Water Issues

Unlike the water authorities in the lower reaches of the Murray Darling Basin, there is no requirement of the Project to prepare and receive approval for an Irrigation and Drainage Management Plan before development can commence. It is also not necessary to install test wells to monitor water table movements over time.

The reason that these investigations and installations are not required is probably because the properties are located away from the Murrumbidgee River.

PROJECT RISKS AND APPROPRIATENESS OF SAFEGUARDS

Investors in agricultural and horticultural enterprises should be aware that there are risks that can affect the success of developments such as this Project, which are different from those encountered in many other industries.

GPL and Webster have recognised these risks and have taken steps to minimise them as much as possible. The risks identified by Scholefield Robinson and the way Webster has addressed them are as follows:

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Soils

Are the soils suitable for growing walnuts?

A detailed soil survey of the property has confirmed that the soils are suitable for walnuts or suitable for walnuts provided that appropriate amelioration is carried out. Unsuitable soils have been excluded from the orchard. Webster has confirmed that they will generally follow the soil surveyor's recommendations.

Irrigation

Are sufficient water resources available for the orchard?

The water allocations currently available are sufficient for the needs of the orchard (see earlier water section) and GPL is purchasing high security, general security and temporary water entitlements as the trees mature and require more water.

The drought and severe water restrictions imposed in the Murray Darling Basin have reduced the availability of water for irrigation. The Murrumbidgee Irrigation Area has a more secure supply than other regions and the restrictions are much less severe this year.

The efficient drip irrigation system and modern equipment for monitoring soil moisture levels ensures that irrigations are scheduled to the needs of the trees as climatic conditions vary.

The supply channel into Tabbita Lane has recently been enlarged by MI to deliver the daily volume of water required at the peak demand of the orchard. The supply channel to the Leeton property is more than adequate for that development.

Large dams are incorporated in the internal irrigation design on both properties to hold water for the trees if the channel system is unable to deliver for several days.

The arrangements in place with MI for the supply of "options" water up to 2010/11, and the water licence purchases made or proposed by GPL should ensure sufficient water resources for the project into the future in the absence of further, or more severe water restrictions.

Drainage and Salinity

Are there any drainage or salinity issues that will adversely affect the Project?

The soil survey has not identified any major risks of the Project being affected by water table development in the foreseeable future. Good irrigation practices will be followed to match the water application to the needs of trees.

The salinity of water from the MI system is low and suitable for walnuts. The salinity of water from Barren Box Swamp will be greatly reduced as a result of changes to the storage cells there.

Climate

Is the climate of the Griffith district and the sites suitable for walnuts?

The weather records and local experience for Griffith for temperature, rainfall, wind, and other factors are not outside of the conditions required for walnut production. The key requirement of walnuts for 800 hours of chilling per year is satisfied at Griffith.

The weather is suitable for walnut production, but as for all agricultural crops, adverse weather conditions can occur from time to time. Frost and spring winds are considered to be the main risks.

Climate change is widely accepted as responsible for reduced rainfall patterns across much of southern Australia. The future impact of this on the availability of water, increased temperatures and unusual storm activity cannot be adequately assessed, but should be considered a possible long term risk for this Project.

Pests and Diseases

Are pests and diseases likely to be a problem?

There are some pests and diseases that affect walnuts but the conditions, particularly the low rainfall, at Griffith are less likely to increase the risk of damage beyond that normally expected. Webster is well aware of the pest and disease issues they are likely to face and have programs to minimise the effects of them. Australia does not have some of the damaging pests and diseases that other regions of the world have to contend with and this provides Australian producers with a distinct advantage.

Yields

Are the average yields expected for this Project comparable with industry standards?

The maximum average yield across varieties used for the project is 5.61 tonnes per hectare (in shell) achieved in the 8th growing season after planting. These yields are based on reliable Californian production figures, but limited Australian data is available as the walnut industry here is still small.

These yields should be achievable with good management practices and favourable seasonal conditions.

The project has budgeted on the first harvest in the 4th growing season after planting which is regarded as achievable and in-line with industry expectation for modern orchards.

Varieties

Will the planted varieties be superseded by better varieties?

New varieties of horticultural crops are always becoming available. The varieties proposed for the orchard are well established internationally and were recommended by the Californian consultant to the project. The long-term nature of perennial horticulture requires the best varietal selection to be made at planting but if better varieties become available in the future, decisions can be made on whether to change. All the project manager can do is plant varieties that reflect the best industry practice at the time.

Scale of Development

Is the scale of this development within the capacity of the management team?

The scale of this orchard development together with the other developments managed by Webster is very large by Australian standards. Webster has the knowledge, experience and resources to develop and manage a project of this size.

SUMMARY

The project offers 0.19ha (95 percent) of established orchard (planted prior to 2007) which is located on Tabbita and/or Leeton, and 0.01 ha (5 percent) of new orchard (to be planted in 2009) located on Tabbita only.

Based on overseas experience, the climate in the MIA is suitable for growing walnuts although no large, commercial bearing walnut orchards are present in the region. There is however a 250ha, four year old walnut orchard on an area adjacent to the Tabbita Lane development and the earlier plantings of GPL in 2006. The growth of these orchards is very comparable with trees of a similar age in California. Soil surveys have shown that the properties have soils that are suitable for walnuts, or can be amended with the addition of suitable soil treatments.

Irrigation water will be delivered to both properties by Murrumbidgee Irrigation Ltd, which sources water from the Murrumbidgee River and distributes it throughout the MIA in a series of open channels. Water will be provided from existing entitlements for the properties, plus Options water available from MI up to 2010/11 with extension beyond that date. The drought and water restrictions imposed in the Murray Darling Basin have reduced the water available to growers for irrigation. The Tabbita and Leeton properties currently have a total of 5,299ML of water available with the needs of the orchard for 2008/09 estimated at 4,204ML.

GPL are regularly purchasing extra water for the properties to ensure that the future water needs of the orchards are secure.

Water is pumped into an 800ML dam on the Tabbita Lane property and a 400ML dam on the Leeton property and relifted for irrigation of the trees. Water quality is good and suitable for walnuts. The trees will be irrigated using a sub-surface drip irrigation system.

Trees are planted in rows 8m apart with trees 4m apart within the row. A range of varieties are included in the orchard to allow for a staging of harvest based on maturity times, to optimise pollination, and to provide for optimum marketing of the walnuts.

Trees are scheduled to commence cropping in the 4th growing season after planting and reach mature cropping level from the 8th growing season onwards, with a yield of 5.61 tonne per hectare.

The Project will be exposed to the normal risks associated with orchard developments. These are often associated with seasonal intangibles. Webster and GPL are aware of these risks and have planned to minimise them by the use of good horticultural practice.

DISCLAIMER

1. Scholefield Robinson Horticultural Services Pty Ltd (Scholefield Robinson) is not operating under an Australian financial services licence in providing this report.

Professional services for the preparation of this report plus any out of pocket expenses is all the remuneration (including commission) or other benefits that any "relevant person" is to receive that might reasonably be expected to be or have been capable of influencing Scholefield Robinson in providing this report.

In this context, a relevant person is: (i) Scholefield Robinson; (ii) a related body corporate of Scholefield Robinson; (iii) a director or employee of Scholefield Robinson (iv) an associate of any of the above.

Otherwise, there are:

- no other interests, whether pecuniary or not and whether direct or indirect, of Scholefield Robinson or of any associate of Scholefield Robinson;
- no other associations or relationships between Scholefield Robinson (or any associate of Scholefield Robinson) and GPL;

that might reasonably be expected to be or have been capable of influencing Scholefield Robinson in providing this report.

Scholefield Robinson may undertake future consultancy work for the Project of a technical horticultural nature, on a fee for service basis.

2. In preparing this report, Scholefield Robinson has assumed that:
 - 2.1 The information given to us by GPL, Webster, their staff, and third parties is complete and accurate; and
 - 2.2 GPL will carry out good management practices in relation to the orchard.
3. Scholefield Robinson has prepared this report to form part of a Product Disclosure Statement (PDS). It has done no other work and given no other advice in relation to the PDS and therefore makes no representation as to, and disclaims all liability for, the completeness or accuracy of the information contained in any part of the PDS other than this report.
4. Scholefield Robinson does not, by preparing this report for the PDS, endorse or recommend participation in the Project and can give no assurances or guarantee as to its success or performance (financial or otherwise).

Yours sincerely

**SCHOLEFIELD ROBINSON
HORTICULTURAL SERVICES PTY LTD**



PB SCHOLEFIELD
Principal Consultant/Director

Independent Market Report

1. Introduction

This report has been prepared for inclusion in the product disclosure statement (PDS) entitled GPL Walnut Project #3 offered by Gunns Plantations Limited (GPL).

The purpose of this report is to provide prospective project investors with an independent assessment of the global competitive environment for walnuts; the key market prospects; and the forecast prices for the project outputs.

The report builds on research previously undertaken by McKINNA et al between December 2006 and January 2007 and has sought to update the market analysis and long-term pricing forecasts in light of the significantly changed global economic circumstances since this time.

It should be noted at the outset that while every attempt has been made to source accurate and up-to-date market data, global production and trade statistics are highly indicative and subject to revision.

Unless otherwise stated, all volume data is quoted as in-shell weights.

2. Experience & Qualifications

This report has been prepared by Dr David McKinna, the Principal of McKINNA et al Pty Ltd. Dr McKinna's qualifications include: a Diploma of Agriculture (DDA); First Class Honours and Masters Degree in Economics from Monash University; and a PhD in Business with an Agribusiness major from Cornell University, USA.

Dr McKinna established McKINNA et al Pty Ltd in 1983. Since its inception the consultancy has conducted many projects in assessing and reviewing market opportunities for agrifood products, both in the domestic market and globally. These assessments have covered the full spectrum of agrifood products, including meat, fruit and vegetables, seafood, wine and dairy products.

The consultancy regularly conducts major, in-depth reviews and scoping studies of market conditions in Australia's key trading regions, including: Japan, Korea, South East Asia, Europe, the United States and Canada. Prior to establishing McKINNA et al, Dr McKinna served 13 years with the Victorian Department of Agriculture, including senior roles in policy advice with respect to marketing and industry policy. Immediately prior to establishing McKINNA et al, he held the position of Director of The Victorian Egg Board, on secondment from the Victorian Department of Agriculture.

Dr McKinna is a qualified practising member of The Australian Social and Market Research Society and a member of The Australian Agricultural and Research Economics Society. His opinions and views are widely sought after by industry leaders and are regularly reported in the Australian media, including national media such as the Australian Financial Review and the ABC.

3. Objectives

McKINNA et al was asked to provide specific advice in the following areas with respect to walnuts:

1. Global production levels and patterns;
2. Global markets and trading patterns;
3. National production level;
4. Assessment of global demand and consumption patterns;
5. Pricing forecasts;
6. Marketing opportunities; and
7. Market risks and threats.

4. Methodology

In order to prepare this report, the following methodology has been adopted:

1. An extensive review and update of the available statistical and support material relating to global markets for walnuts. [A list of key data sources is provided at the conclusion of this report.]
2. Discussions with the major nut stakeholders and distributors in Australia and overseas.
3. Discussions with the marketing manager of Webster Ltd, who have been sub-contracted to manage the project under the GPL Management Agreement.
4. Development of spreadsheet models to produce pricing forecasts.
5. Comprehensive risk assessment and scenario planning.

5. Proposed Marketing Arrangement

McKINNA et al was instructed that Webster Ltd have signed an off-take agreement for the purchase of at least 75% of growers walnuts. The consultancy was further advised that in the initial years, the focus will be on marketing cleaned, in-shell product to domestic and international markets. The project will produce a range of varieties that provide extended seasonal carriages, as well as varieties with different eating characteristics. Initially, the focus will be on the domestic market, but as production builds up, the intention will be to progressively develop export markets.

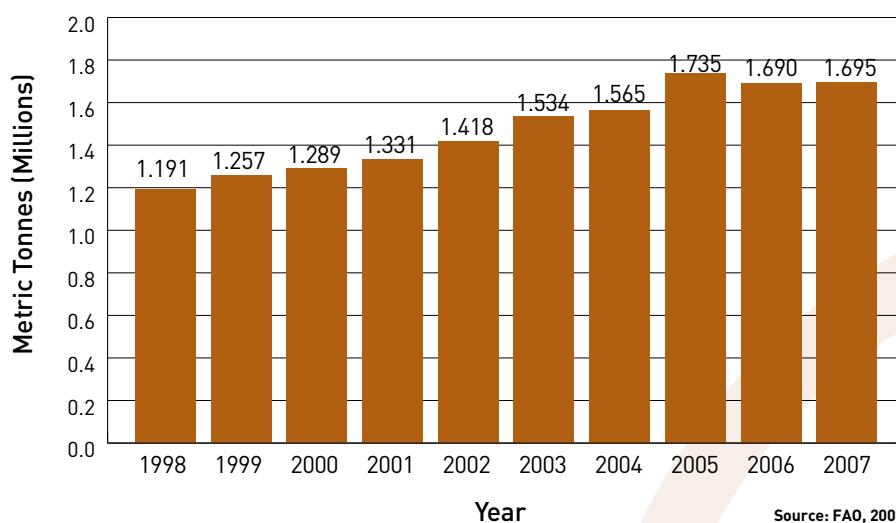
The GPL alliance with Webster Ltd is considered to be a major strength of the project. Webster Ltd has the required capability to enable GPL to get product to key markets, based on its ability to leverage existing strong supply chain relationships; apply its export expertise; and exploit the major market opportunities using a segmented, market-by-market approach.

6. Supply

6.1 GLOBAL PRODUCTION

Global walnut production has increased steadily over the past decade at an average annual rate of 3.0%. In 2007 global production plateaued at around 1.70 million tonnes, retracting slightly from a 2005 peak of 1.74 million tonnes. Declines in global production are largely attributed to colder than average spring weather in North America which served to damage crops and resulted in lower than expected yields (USDA, 2007).

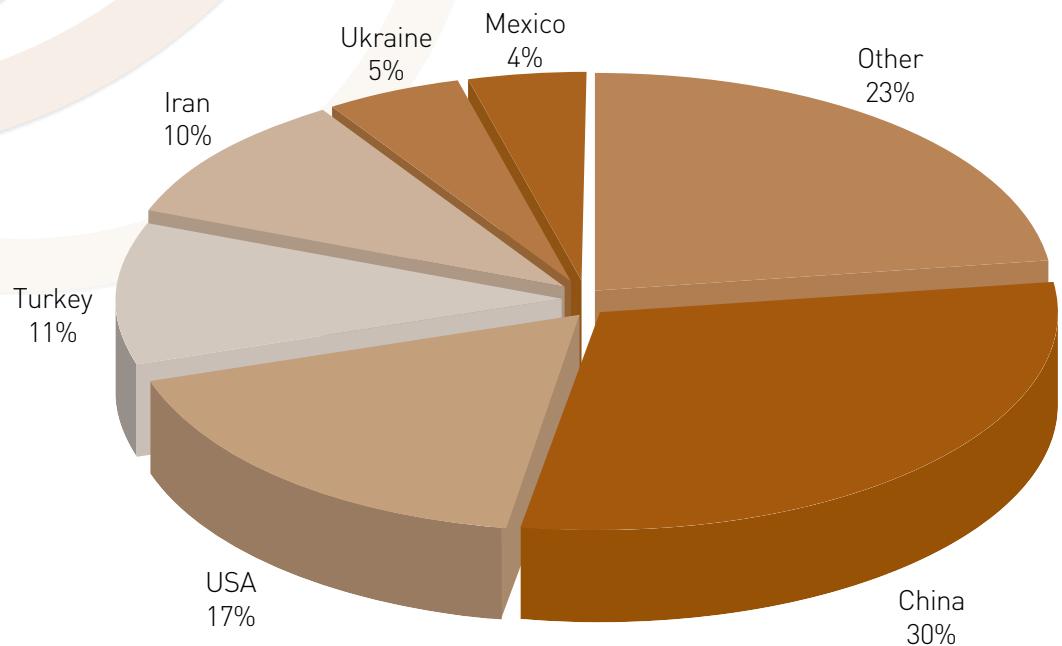
Figure 1: Global production of Walnuts (In Shell)



6.2 Key Producers

Global walnut production is dominated by six key players, namely China, the USA, Iran, Turkey and to a lesser extent the Ukraine and Mexico. Collectively these key players account for 77% of global production (Figure 2).

Figure 2: Global Walnut Production in 2007: Key Producers



Source: FAO, 2008

China is the world's leading walnut producer and holds a 30% market share of total production. Walnut production in China increased by 5.0% per annum over the last five years and in 2007, volumes hit 503,000 tonnes.

The USA is the world's second largest producer of walnuts, accounting for 17% of total production. After two consecutive poor seasons, USA production in 2008 recovered to 315,000 tonnes.

In 2007, Turkey overtook Iran to become the world's third largest producer of walnuts and, at 184,000 tonnes, holds an 11% share of production. Walnuts grow naturally in Turkey and production is largely consumed domestically. Despite the fact that walnut production in Turkey is increasing, Turkey is a net importer of walnuts with strong local demand. Turkey largely trades with neighbouring countries in Central Asia, Eastern Europe and the Middle East (USDA, 2008B).

Iran is a major producer of walnuts, but like Turkey, walnuts grow naturally and are almost completely dedicated to domestic consumption.

French walnut production has increased by 10.2% per annum over the five years to 2007. France's production growth is attributed to improved yields following poor seasons in 2003 and 2004.

Other significant producers of walnuts include the Ukraine, Mexico, Romania, India and Chile. With the exception of Chile which is showing strong growth, production in these countries has remained relatively stable over the five years to 2007.

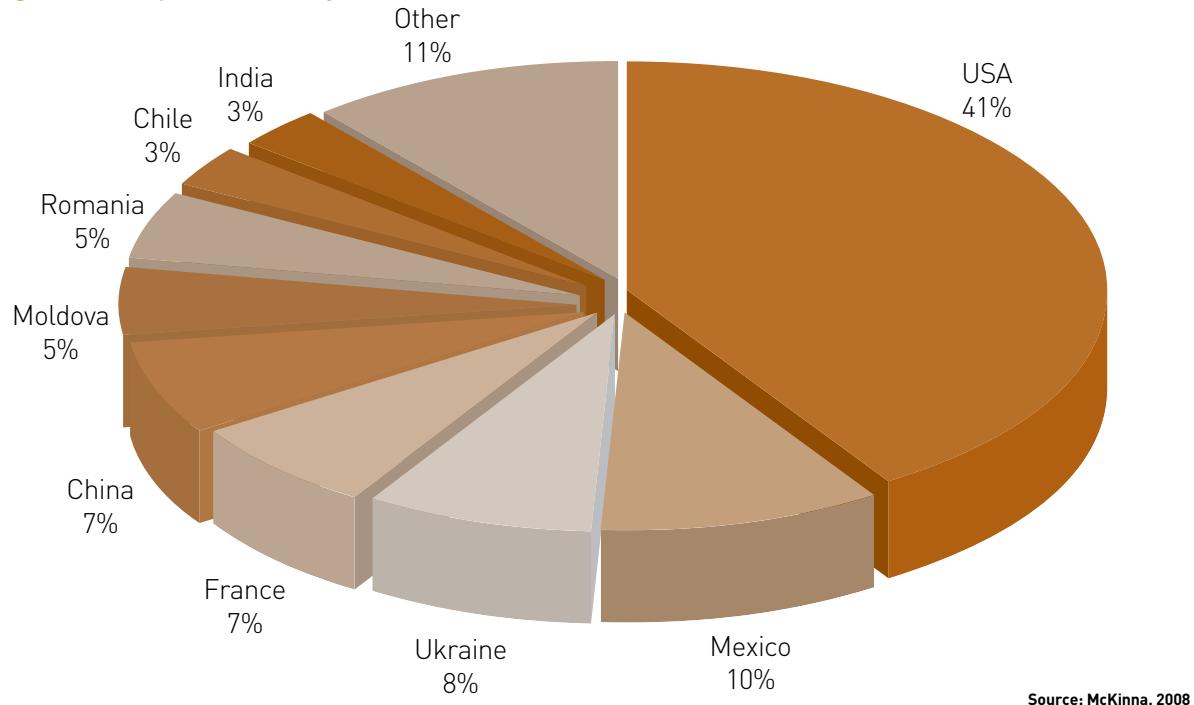
6.3 Export Trends

Walnuts are an important global commodity with 25% of production destined for export markets. International walnut trade increased by 10.5% per annum in volume terms over the five years to 2005 and totalled more than 428,000 tonnes.¹

Global trade of walnuts is concentrated among a small number of key players with the top 10 countries accounting for 90% of walnut exports. Key exporting nations include the USA, Mexico, the Ukraine, France and China (Figure 3).

¹ FAO data converted to in-shell equivalent.

Figure 3: Key Walnut Exporters



A summary of key player export performance is shown in Table 1.

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Table 1: Key export player market performance

Country	Exports 2005 [t]	Exports 5 yr CAGR	Export share 2001 %	Export share 2005 %
USA	176,813	11.4%	40%	41%
Mexico	43,504	19.8%	7%	10%
Ukraine	32,814	33.8%	3%	8%
France	31,649	7.1%	9%	7%
China	28,209	5.6%	8%	7%
Moldova	21,980	8.7%	6%	5%
Romania	20,895	6.3%	6%	5%
Chile	13,467	3.7%	4%	3%
India	11,216	-5.6%	6%	3%
Other	47,815	8.8%	12%	11%
World	428,360	10.5%	100%	100%

Source: FAO, 2008

The USA is the dominant player and in 2005 held a 41% market share with exports at 177,000 tonnes. Slightly above the global trend, USA export volumes have increased by 11.4% per annum over the last five years bolstered by a weak US dollar. Yet despite the fact that export volumes are increasing, the USA's share of global trade has been trending down in the longer term, having held a 50% share of global export volumes in 1996. As the leading exporter of walnuts, the USA has traditionally been positioned as the global price setter.

Mexico is a growing force in global walnut trade with exports increasing 19.8% per annum over the five years to 2005. However, Mexico's export data must be viewed with some caution given the fact that, despite being a significant producer of walnuts, Mexico is also a major processing centre for USA product, with the majority of Mexican exports destined to return to the USA market.

The Ukraine has made the biggest move into global walnut trade over the period examined with export volumes increasing by 33.8% per annum (albeit from a small base). The Ukraine held an 8% market share in 2005 compared with just 3% in 2001. The Ukraine is now ranked third in terms of export volumes traded.

France has increased its export volumes over the last five years by 7.1% and is ranked fourth place with a market share of 7%. Despite growing its export volumes, France has lost two market share points since 2001.

China ranks fifth and also held a 7% share of export volumes in 2005. China under performs in export markets relative to its production by virtue of the fact that not only is China the world's leading walnut producer, it is also the world's largest consumer market for walnuts; the vast majority of Chinese walnut production is consumed domestically. Walnuts are typically consumed in China as a snack or an ingredient in soup.

Another issue constraining China's position in global markets is quality; much of the Chinese product does not meet international quality standards for trade. However, as is discussed later in this report, there is evidence that this issue is being resolved China's exports are increasing.

Chile currently ranks 13th in terms of production at 15,000 tonnes in 2007 with the majority of production being exported. Production in Chile is predicted to increase at a rate of 25% p.a. in the medium to long term which would see volumes exceed 100,000 tonnes by 2016 (The Cracker, 2008). Critically, Chile competes directly with Australia and is the southern hemisphere's largest walnut producer. Chile has etched out a lucrative niche supplying good quality walnuts to the EU during the high demand Christmas period when walnuts from the northern hemisphere are out of season.

7. Demand

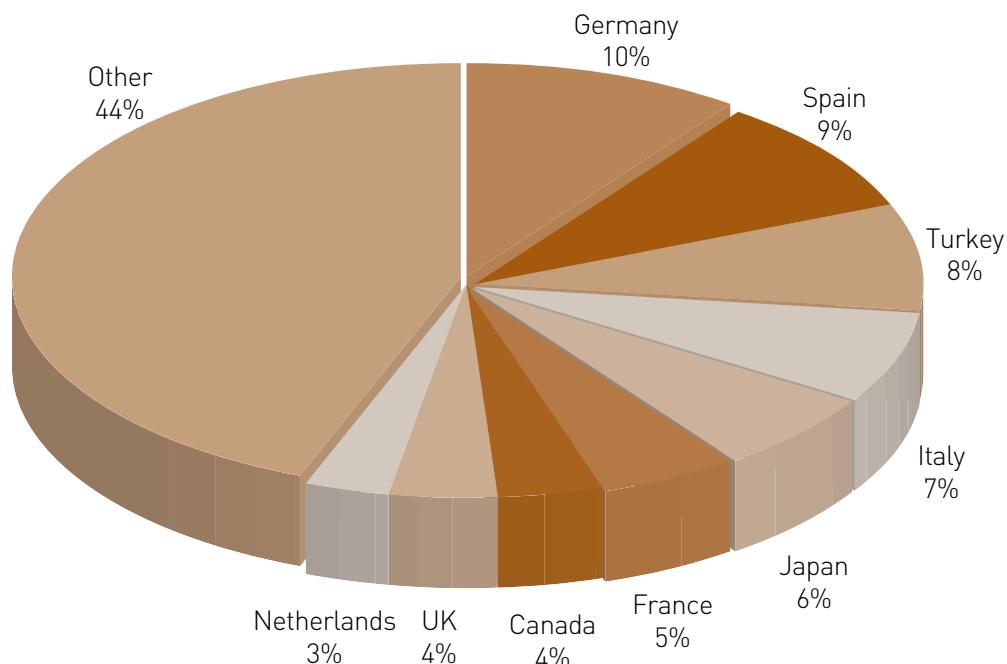
7.1 Key Markets

The walnut market is divided into two distinct markets: the in-shell market and the shelled market. 70% of walnuts are exported shelled, destined for the ingredient market for use in bakery and confectionary items. The remaining 30% are exported in-shell, the majority of which are supplied to retail markets for immediate consumption (particularly as snacks).

Europe is the world's biggest market for imported walnuts, accounting for 67% of in-shell and 46% of all shelled walnut imports. Walnuts are an important component of many Mediterranean diets and a strong part of the Christmas culinary tradition in a number of Western European countries. Germany, Spain and Italy are key markets for imported walnuts within Europe.

Important importers of walnuts outside of Europe include Turkey, Japan and Canada. A breakdown of the major markets for imported walnuts is shown below (Figure 4).

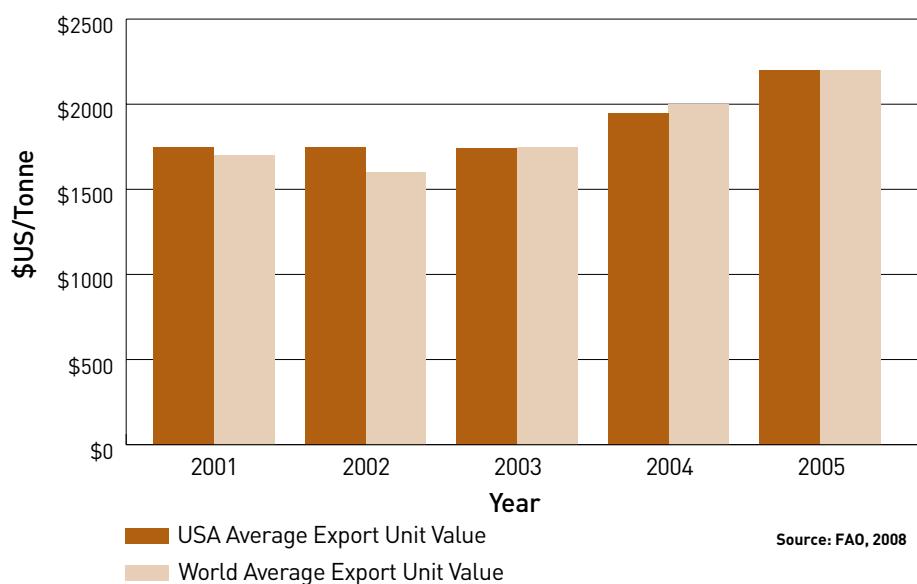
Figure 4: Key Importers of Walnuts 2005



7.2 Market Performance

Notwithstanding the steady growth in global walnut production at 3.0% per annum, best indications are that global demand is outstripping supply. This is evidenced by the fact that the average price of US walnut exports has increased, despite the depreciation of the US dollar [Figure 5].²

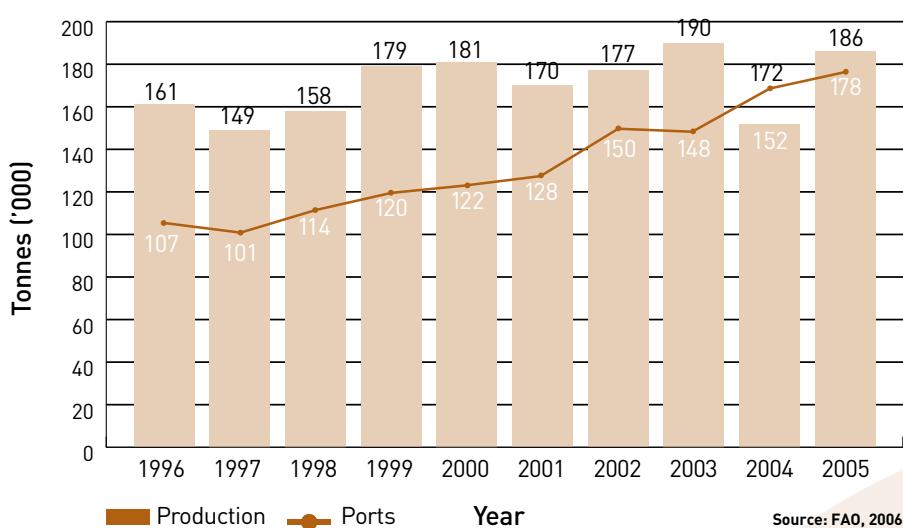
Figure 5: Global vs USA Walnut Export Pricing (USD/Tonne) 2001 - 2005



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Further evidence of the strength of demand for walnuts can be found in Europe where local production has been unable to keep pace with local demand and imports are steadily increasing (Figure 5).

Figure 6: EU Walnut Market Demand - Production vs Imports 1996 - 2005



² Average export prices includes lower priced, lower quality shelled product destined for the international ingredient market, which pushes down the average world price.

ANIC (2007) predicts that global consumption of walnuts is likely to continue to grow at a rate of approximately 4% per annum. The key drivers of global consumption are identified as:

1. Population growth.
2. Growing affluence in key markets such as China.
3. Increased awareness of the unique health benefits of walnuts.
4. Product innovation and increased retail ranging.

Based on the latest available global walnut consumption statistics, the biggest global markets for walnuts are identified as China, the USA, Germany, Spain, Italy and Japan.

Of these markets, Germany, Spain, Italy and Japan are considered to be strong prospect markets for the produce from the GPL project by virtue of their strong and increasing demand and reliance on imports. These markets are ranked below in order of attractiveness.

Table 2: Strong prospect walnut markets

Rank	Market	Per capita, per day consumption 2004	% consumption avg annual change 1995 - 2004	Total consumption 2004	% of nuts imports 2004
1.	Germany	3.04g	15.55%	92,000t	97%
2.	Spain	3.7g	5.14%	55,550t	64%
3.	Italy	1.78g	7.62%	37,160t	73%
4.	Japan	0.54g	4.21%	25,290t	100%

Source: FAO, 2006

There are also emerging market opportunities for walnuts in Scandinavian markets such as Finland, Sweden and Norway and the Baltic states of Estonia, Lithuania and Latvia, where per capita consumption has been increasing at rates in excess of 30% per annum (FAO, 2006).

Notably, all key markets for walnuts are located in the northern hemisphere. As a southern hemisphere producer, Australia is well placed to supply fresh, high quality counter seasonal product to these markets while avoiding head-to-head competition with the major producers (as discussed later in this report).

7.3 Key Drivers Of Demand

Health is a critical driver of demand

Globally, nuts are increasingly being viewed as a nutritious health food product with a great taste profile and this is a key driver of demand for nut products globally. Walnuts in particular have been identified in numerous research studies as having significant nutritional and functional benefits, having been named as one of the fourteen 'Superfoods' (Pratt, 2004).

Walnuts have the highest concentration of plant omega-3 fatty acid of all nuts. Walnuts are also an important source of dietary fibre, protein, folic acid, vitamin B6, vitamin E, arginine (an amino acid), magnesium, phosphorus and copper.

Leading nutritionists have argued that the unique combination of fibre, plant omega-3 fatty acids and antioxidants contained in walnuts can benefit the consumer in terms of lowering cholesterol; improving vascular function, particularly by reducing hypertension and inflammation; contributing to brain health; and reducing the risk of type-2 diabetes. In addition, walnuts are one of the best-known sources of melatonin, a powerful antioxidant that is associated with reducing risk of developing Alzheimer's disease, Parkinson's disease and certain types of cancer (California Walnut Commission, 2007).

Ageing population

Research with consumers in the USA found that walnuts hold stronger appeal with older consumers. Perhaps this is not surprising given the significant health benefits that walnuts have to offer to older people as cited above. Considering that the global population is ageing, this dynamic is likely to further drive demand for walnuts on the basis of functionality and nutrition.

Health Claim Labelling

The ability to promote the functional benefits of food is an extremely potent marketing tool. New product labelling regulations introduced in the USA in 2004 with respect to health claims have allowed marketers to advertise the benefits of eating walnuts to reduce the risk of coronary heart disease, leading to significantly increased demand. A recent survey of USA consumers conducted by Mintel International (2008) found that 59% of consumers believed that eating nuts reduced the risk of heart disease and 58% felt nuts were a good source of omega-3 fatty acids.

Under new FSANZ labelling regulations, it may be possible for Australian food marketers to also make health claims on products that "describe(s) the function of a food, nutrient, or other substance in relation to a serious disease (e.g. heart disease) or a biomarker of a serious disease (e.g. blood pressure)". The new FSANZ regulations are currently awaiting ministerial approval.

Proliferation of new products

Nuts are the fastest growing snack category globally and are considered a healthy alternative to volumes of highly processed or unhealthy snacks on the market. As well as the health benefits of nuts over substitute snacks, growth of the nut category is being driven by an explosion of new product development. In 2007, 310 new nut products were introduced globally, a 55% change on 2006 figures. This was the second highest growth rate of all nuts, trailing only the pistachio.

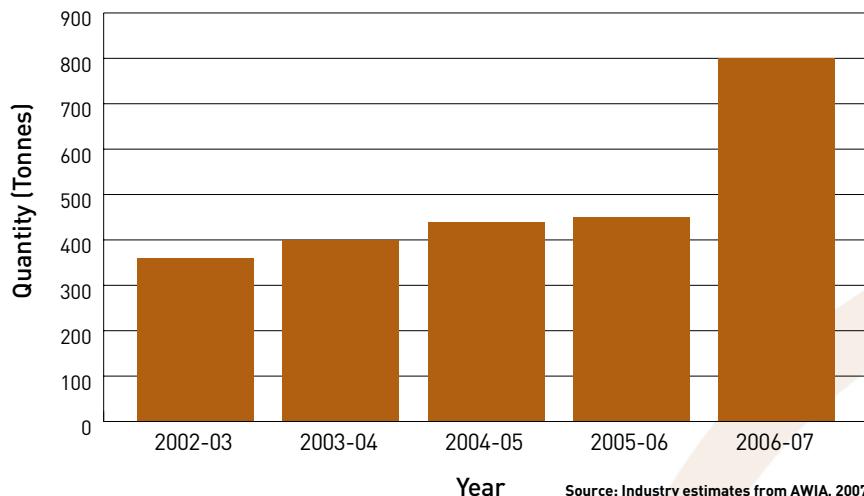
New product development has been particularly strong in Asia and Europe. Trends for new nut products include novel flavours, portion controlling and new packaging techniques, while many products are differentiating themselves on key platforms, e.g. healthy, premium, organic, fair trade.

8. Domestic Walnut Market

8.1 Domestic Supply

The Australian walnut industry is still in its infancy and at 800 tonnes in 2007, accounted for less than 0.05% of world production (Figure 7). Production is mostly concentrated in South Eastern Australia, with orchards in Tasmania, Victoria and NSW.

Figure 7: Australian walnut production, 2002-03 to 2006-07



The Australian industry is forecast to show strong growth over the next five to ten years with production likely to exceed 7,000 tonnes by 2014.

8.2 Domestic Demand

Australia is overwhelmingly a net importer of walnuts and currently imports 231 tonnes of in-shell walnuts and 3,875 tonnes of kernels (equivalent to 8,424 tonnes of in-shell) each year (ABS, 2008). In 2007-2008, total apparent consumption of walnuts was estimated to be around 9,130 tonnes on an in-shell basis. Apparent per capita consumption³ of walnuts in Australia has been steadily increasing, having grown from 0.79g in 2004 to 1.17g in 2008 (ABS 2008, AWIA 2008).

The apparent per capita consumption of walnuts in Australia is relatively low compared with European and North American markets. Given the health benefits of nuts (and walnuts in particular); increasing retailer interest in the greater ranging of nuts; and the growing volumes of high quality, local product becoming available, it is the assessment of this consultancy that there is significant potential to increase walnut consumption in Australia.

As Australia is currently a net importer of walnuts, there is, in the opinion of the consultancy, a definite opportunity for Australian in-shell product to take market share from imported in-shell product based on the following advantages:

- Superior taste profile based on varieties grown and climatic advantages.
- Superior freshness based on shorter supply chains.
- Market preference for locally produced product.
- Freight advantages over imported product.

Given that domestic production only satisfied 9% of domestic consumption in 2006 (ABS, 2008; AWIA, 2008), there is an obvious opportunity to develop the domestic market for all forms of Australian grown product. A strategic marketing program promoting the benefits of Australian walnuts over the imported product, including the superior freshness and quality, would be needed to drive successful domestic market development.

The market also appears promising for shelled and value-added Australian walnuts, although the supply chain to the point of shelling and value-adding Australian product has not been fully developed at this stage. At the very least, there is likely to be a niche opportunity for high-end, premium quality, Australian shelled product, due to the fact that the imported, shelled product is simply not as fresh.

9. Market Opportunities

Australian domestic market

As mentioned earlier, Australian production is currently only able to supply 9% of domestic demand and the produce from the GPL project is well positioned to compete with the increasing flow of imported in-shell walnuts on the basis of higher quality and freshness. Moreover, although there has been steady growth in Australian per capita walnut consumption, it remains significantly less than consumption in the USA and Europe, indicating room for further market growth if market development activity is undertaken.

Seasonal window of advantage to Northern Hemisphere markets

In 2007, only 1.5% of walnuts were produced in the southern hemisphere. As demand is concentrated in the northern hemisphere markets, there is a seasonal window of opportunity to supply high quality, fresh Australian walnuts into key markets during peak demand times (particularly during the Christmas festive season) and achieve premium pricing.

³ Apparent consumption is calculated as total domestic production, plus imports, less exports divided by population and days per year.

It is estimated that some 25,000 - 30,000 tonnes of walnuts are required for the Christmas period within Europe, where awareness of the seasonality of nuts and demand for fresh counter seasonal product is strong. There are also significant opportunities to supply counter seasonal product to Asia, particularly Japan, Korea and China during the lunar new-year festive period. Australia holds a strong competitive advantage supplying walnuts to the northern hemisphere in that there are very few sites suitable for walnut production in the southern hemisphere (the key competitor in this regard being Chile).

Further processing and value adding

The majority of Australian product is sold in-shell. As mentioned previously, there is an opportunity for GPL to expand into the larger 'shelled' walnut market once volumes increase. Moreover, there is further opportunity in value-adding, including high-end speciality products such as walnut oil. Due to the labour intensity in value-adding walnuts, much of this work for the Australian product is likely to occur in lower labour cost countries or alternatively it will need to be highly mechanised.

Increasing demand by supply channel

There are growth opportunities in the global retail market in light of increasing consumer demand and the attractiveness of retail nut margins. There are also further growth opportunities in the commercial ingredient and food service markets. Walnuts are attractive to food manufacturers and processors, as they enable them to increase the nutritional content of their products. This is important as nutritional elements are now noted on the packaging information panel. The ingredient market will provide an important outlet for lower grade product, which is essential to underpin premium prices for the top quality product.

Australia's disease free status

Currently, Australian walnuts have no issues in terms of insects or pests. Not only does this mean that production costs are low as pesticides do not need to be factored in, but Australia can also promote its walnuts as being clean, green and insecticide-free, at a time when product safety and quality is becoming increasingly scrutinised by consumers.

Carbon trading

The function of walnut trees as carbon sinks may become of great importance with the implementation of an Australian Emissions Trading Scheme (ETS) in 2010. To date, the proposed Carbon Pollution Reduction Scheme prepared by the Department of Climate Change has focused on forestry for carbon sinks, however, industry organisations including Horticulture Australia Ltd (HAL) have emphasised the importance of including horticulture industries in such a scheme. The horticulture industry's inclusion in the ETS at some stage in the future may mean some gains to the walnut industry in Australia from industries wishing to mitigate their carbon emissions.

10. Pricing & Price Forecasts

10.1. Pricing And Price Forecasts

The key component of the consultant's brief for this project was to develop price estimates for ex-farm gate⁴ prices of walnuts. Predicting the prices of any agricultural commodity is inherently risky, because of a combination of agricultural and global market risks. The situation is even more uncertain for a new enterprise in Australia such as walnuts, because the market value proposition is unproven. Given this situation, sensitivity analysis was used to estimate possible pricing scenarios based on the key variables.

⁴ 'Farm gate' product from the GPL project is hulled (but not shelled), graded and dried.

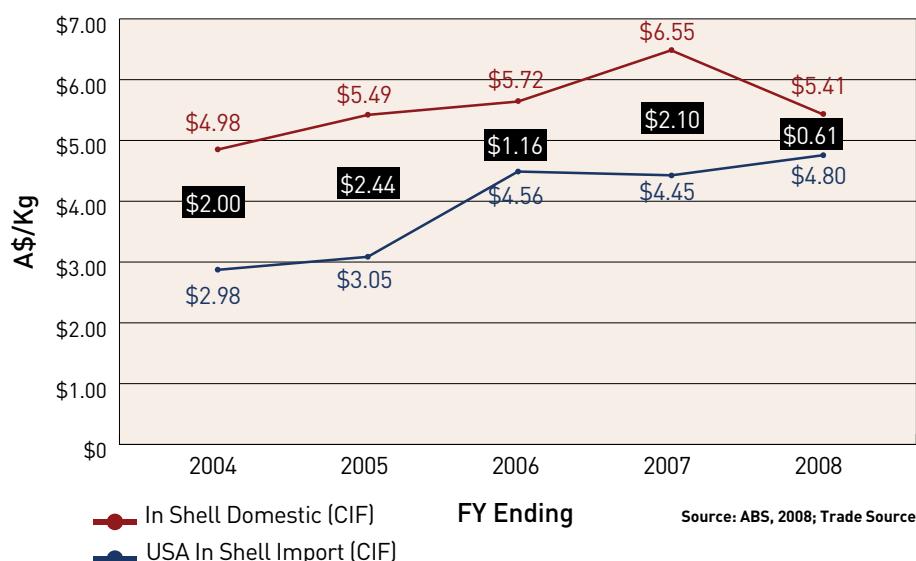
Key base case assumptions

The key assumptions used in the base case scenario were as follows:

1. The base price is underpinned by average ABS import and export CIF prices for walnuts which, over the last five years, were at \$4.41 per kg and \$7.74 per kg for in-shell and shelled product respectively.
2. That 70% of GPL product will be of an 'in- shell' grade (>32mm and good colour) and 30% is of cracking grade (<32mm and/or tainted colour).
3. That GPL will adopt a market segmentation and diversification mix to spread volumes across a number of domestic and international markets.
4. A base case exchange rate of US\$0.72 has been applied to average historical prices to reflect the changed circumstances post June 2008.
5. That the product grown in the Riverina will achieve a premium of AUD \$0.75 per kg in-shell, due to the superior quality, the variety mix and seasonal timing.
6. The purchaser (Webster Ltd) will work on the equivalent of a 15% margin on gross selling price.
7. The average freight cost from the orchard to the customer's warehouse (to convert to CIF pricing) of \$0.30 per kg was used, as it represents the average full container load (FCL) transport cost.

By way of example, historical prices for USA in-shell imports, the price of comparable Australian product and the Australian premium achieved are shown in Figure 8 below.

Figure 8: Australian In-Shell Domestic vs Import Pricing



Price predictions and possible scenarios

Based on the above assumptions, the pricing model adopted determines the base-case, farm gate selling price for premium quality product (on an in-shell, hulled, graded, dried, ready-to-pack basis) to be AUD \$4.75 per kg. Scenarios developed based on the market risks as identified below place the possible range of walnut farm gate prices achievable between \$2.54 and \$5.85. The scenario analysis has considered each risk factor and its impact independently. It is not within the scope of the report to predict the impact of two or more market risks occurring at any one time.

10.2 Market Risk

There are a number of factors that could influence the actual prices achieved. The key risks on which the pricing scenarios are based are outlined as follows:

Exchange rate

Because the USA is the global price setter, Australian walnut prices are influenced by fluctuations in the US dollar. As such, world prices for Australian product are heavily dependent on the inter-relationship between the US and Australian currencies.

Appreciation of the Australian dollar against the US dollar puts downward pressure on Australian nut prices, because Australian exports will generally become more costly in the import country's currency and therefore less competitive, while imported product becomes cheaper in Australia which drives down parity prices in the domestic market. Conversely, depreciation of the Australian dollar puts upward pressure on Australian nut prices as the parity nut price becomes more expensive.

At the time this report was written, the Australian dollar had depreciated an unprecedented 37% since hitting a high of US\$98.49 in mid-July 2008. The current situation is a major windfall for agricultural exporters; however, there is much uncertainty with respect to the future direction of the Australian dollar going forward.

Due to the volatility of global financial markets, current forecasts with respect to the future movement of the Australian dollar against the US vary dramatically. For the purpose of the model, an exchange rate of US\$0.59 has been used for the best case and US\$0.86 for the worst case.⁵ Within these ranges, the farm gate price of walnuts sits between \$4.03 and \$5.72 per kg.

Due to the extraordinary nature of the current economic environment, the worst case scenario is more positive for GPL than historical performance, with every indication that Australian exporters have weathered the worst of the strong Australian dollar.

Movement in parity price

The price achieved will be heavily influenced by world parity price. Despite its declining position in world trade, the USA is still the global price setter. Any shift in parity price either way would be reflected in the prices attainable for Australian product. Should the CIF world price of in-shell product depreciate by to AU\$2.59 per kg, the farm gate price achievable by GPL product would decrease to \$2.54 per kg. Conversely, should the world price appreciate to US\$6.49 per kg, the likely farm gate price for GPL product would increase to US\$5.85 per kg.

Growth in global production

Like any globally traded product, pricing will be influenced by growth in world production. World production of walnuts is growing steadily with the best available data suggesting an annual growth rate of 3% while demand has been growing at 4%. To date, demand has been growing faster than supply, which has put upward pressure on global prices despite the depreciation of the US dollar.

However, best available market intelligence indicates that the supply of walnuts is set to increase, with new plantings reported in China, Chile, Turkey the Ukraine and India and improved farming practices likely to increase yields of other key players.

Table 3 provides a summary of key walnut producing countries, indicative growth rates and current and future production forecasts.

⁵ Scenarios are based on currency projections by CBA, ANZ, Westpac and NAB as at October 2008.

Table 3: Key producer worst-case scenario production forecast

Country	Forecast CAGR 2007-16	2007	2016
Chile	25.0%	15,000	111,759
China	15.0%	503,000	1,769,492
Turkey	5.0%	184,251	285,834
Ukraine	5.0%	90,500	140,395
India	5.0%	34,000	52,745
France	3.0%	38,000	49,581
Iran, Islamic Republic of	2.5%	170,000	212,957
Mexico	2.0%	69,000	82,461
United States of America	1.5%	290,300	331,926
Romania	0.0%	38,500	38,500
Other	3.0%	262,338	342,292
TOTAL		1,694,889	3,417,947

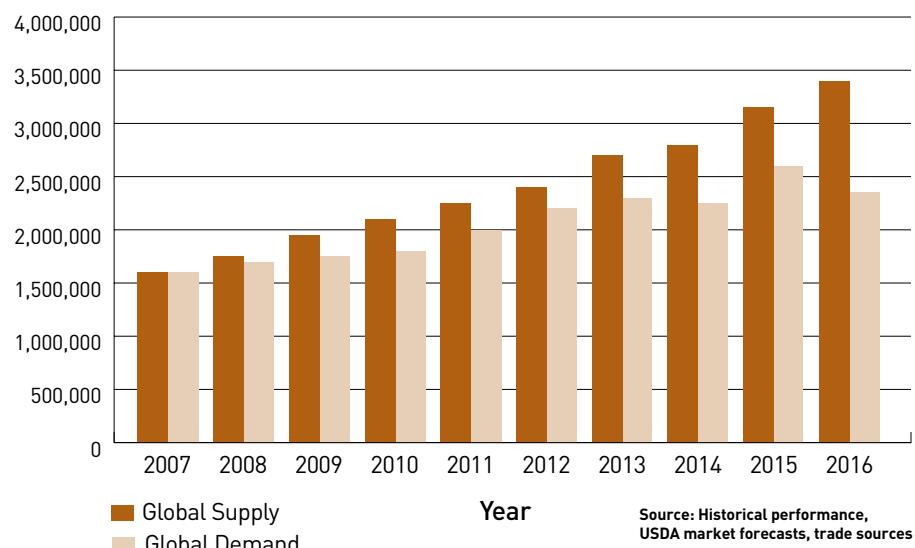
Source: Historical performance, USDA market forecasts, trade sources.

The above analysis presents a worst case scenario under which growth in the global supply of walnuts could increase by 5% per annum to reach 3.4 million tonnes by 2016.

Based on demand growth of 4% per annum, Figure 9 predicts the potential for oversupply. If this reality was realised, it would serve to put downward pressure on global walnut prices.

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Figure 9: Worst Case Scenario Supply vs Demand Forecast 2007 - 2016



As indicated in Table 3, the biggest threat to global supply is China. As has been indicated, China is currently a relatively minor player in global walnut trade with less than 10% of domestic production destined for export markets. Moreover, China currently imports around 10,000 tonnes of high quality, larger sized, Californian product which is preferred for its light colour and improved taste profile by quality discerning middle class Chinese consumers. To date, the international walnut market has largely been sheltered from direct competition from the world's largest walnut producer. Four key factors are currently limiting China's performance in export markets:

1. Sub-standard product that does not meet international quality standards.
2. Strong domestic demand for walnuts.
3. Appreciating Renminbi eroding returns from export markets and making the domestic market more attractive to Chinese producers.
4. Industry dominated by a large number of small producers that lack the economies of scale or collective supply chains to effectively target international markets.

Production of walnuts in China is forecast to increase over the next ten to fifteen years on the back of strong local and international demand (and pricing), and government support programs targeting the local walnut industry (USDA, 2008A). Action by the Yunnan provincial government could see this province alone produce 2 million tonnes of walnuts by 2020 (USDA, 2008A).

The volume, quality and regulation of the new product forecast to come online is reported to be such that the above barriers to export markets may be eroded and domestic demand, while likely to remain strong, may not be able to absorb all of the increased output. While MCKINNA et al cannot comment of whether or not the Chinese government's production goals are achievable, as the biggest producer of walnuts globally, a significant increase in Chinese production is likely to cause a shift in China's market focus.

However, it must be noted that while the Chinese threat would serve to increase total volumes of product in the market and place downward pressure on average world prices, as a northern hemisphere producer, Australia would not compete head-to-head with Chinese product in the counter-seasonal window of opportunity and premiums over and above world prices are likely.

Attainable premium

The pricing forecast assumes that the project will be able to achieve an average premium of AUD \$0.75 per kg (on a in-shell, hulled, graded, dried and ready-to-pack basis).

This is based on the experience that Tasmanian product has achieved an average premium of AUD \$1.66 per kg over and above USA imported in-shell product over the last five years. This is due to Tasmania's cool climate status, which generates superior quality, together with the ability to provide fresher product for the Northern Hemisphere holiday season market. However, the consultant's view is that product grown in the Riverina will not achieve the same price premium that is being achieved in Tasmania, because, unlike Tasmania, the Riverina does not have cool climate conditions. Nevertheless, it is expected that a reduced premium of AUD \$0.75 per kg can be achieved due to the selection of varieties being grown and the ability to grow a consistently higher quality product.

Based on the law of supply and demand, downward pressure on the achievable premium is likely to occur as volumes of domestically produced product increase. Acknowledging this, it is critical that GPL/Webster Ltd implement a strategic marketing program for the product to support premium pricing going forward.

Marketing and freight costs

The pricing model assumes a marketing margin equivalent to 15% of the gross selling price going to Webster Ltd. Under normal commercial arrangements, this margin is subject to negotiation and any change in the marketing margin either way will be directly reflected in farm gate prices.

The standard industry practice is for nuts to be traded on a 'delivered to customer' basis. Freight to customer has been built into the model at AUD \$0.30 per kg.

Freight rates are a function of two factors: the customer location (distance) and the method by which the product is shipped, i.e. in full container loads or pallets. The consultant has been advised that the majority of product will be shipped in full container loads (FCL) and AUD \$0.30 represents the weighted average national FCL cost. This forms the basis of the calculations.

Quality mix and market alignment

The pricing models are based on Grade 1 in-shell product; lesser quality product will not achieve the prices outlined in the forecast. This report is based on the assumption that predominantly, product grown by GPL will be Grade 1 quality. A key strategic recommendation by the consultant is that GPL also builds viable markets for lesser quality product as production grows. This dual strategic approach will enable GPL to support premium pricing for the top grade product.

The area of market risk is also impacted by market alignment, i.e. the ability to produce product which satisfies market requirements and preferences. In the context of walnuts, market alignment is about having the preferred quality and varieties in the right volumes. Therefore, a misalignment of product availability against market needs, preferences and opportunities is likely to put downward pressure on prices.

The consultant has been advised that GPL has identified and planted walnut varieties that produce the highest quality walnuts in accordance with the United States standards. Moreover, the varieties planted by GPL have also been selected to extend the production season, thereby providing other market advantages. Given this situation, the consultant has been advised that the orchard will have the capability of producing premium product, which meets the quality preferences of the market, over an extended season.

Substitution risk

Walnuts compete strongly against other nuts with similar health and nutritional benefits. Demand for walnuts is to some extent influenced by the price of substitutes such as almonds and pecans. Cross-price elasticity research in the United States retail market found that pecans are substitutes for walnuts with a cross price elasticity of 0.14 (Kaiser, 2002). This means that a 1% increase in the price of pecans would result in 0.14% per capita increase in demand for walnuts and vice versa, all things remaining equal.

Interestingly, the research found that walnuts and almonds are complements with a cross price elasticity of -0.08. That is if there was a 1% decrease in the price of almonds, per capita demand for walnuts would increase by 0.08%, all things remaining equal. However, other trade evidence suggests that on the world market, almonds are more likely to be substitutes, i.e. a decrease in the price of almonds would decrease demand for walnuts and vice versa, given the varying price sensitivity of consumers in different markets.

Agricultural risk

There is risk inherent in any agricultural project. The consultant is unable to predict the market risk or impact on pricing of environmental factors such as climate change, pest and disease, drought or flood, or any other natural cause.

10.3 Summary

Based on the research and acknowledging the market risks expressed in the body of the report, the consultant's best estimate is a farm gate price of \$4.75 per kg (in-shell, hulled, graded, dried and ready to pack). The scenario analysis has identified a worst case scenario price of \$2.54 per kg and best case of \$5.85 per kg.

The analysis indicates that the biggest threat to world prices is the variable cost of landed imports and the risk of supply pressure from China and Chile. However, any downward pressure on pricing based on the variable cost of landed imports is likely to be negated by gains made from a weaker Australian dollar.

The marketing opportunities for Australian walnuts, both domestically and in key global markets, are significant. When supported by the domestic and international expertise of Webster Ltd, the potential to ensure a profitable and sustainable Australian walnut industry is considerable.

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Key Databases

1. Food and Agriculture Organisation of the United Nations (FAO).
2. Australian Bureau of Statistics (ABS).
3. United States Department of Agriculture Foreign Agricultural Service (USDA FAS).
4. Global media and market reports (via Factiva database).
5. International walnut industry associations and marketing boards.
6. Australian nut industry associations and marketing authorities.
7. Rural Industries Research and Development Corporation (RIRDC).
8. Various medical journals and research publications (with respect to the health benefits of walnuts).

Independent Tax Adviser's Report

The Directors
Gunns Plantations Limited
PO Box 572
Launceston TAS 7250
13 May 2009

Dear Directors,

Gunns Plantations Walnut Project No. 3 - Tax Opinion

As you are aware, the Australian Taxation Office (ATO) has issued Product Ruling PR 2009/33 in connection with the Gunns Plantations Walnut Project No.3 – Early Growers ('the Project'), which is applicable for Growers who enter into the Project on or before 15 June 2009 ('Early Growers').

The Product Ruling sets out the views of the Commissioner of Taxation in connection with investing in the Project. On the basis that the ATO has issued PR 2009/33, we have not been asked to provide a detailed opinion as to the taxation outcomes for Growers participating in the Project. Our comments below are limited to guidance as to the application that the Product Ruling will have for Growers in particular circumstances and to Goods and Services Tax matters.

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Growers in the Project should be aware that the levels and basis of taxation can change and that subsequent changes to taxation laws may supersede or take precedence over Product Rulings. Our advice is based on the current law as at the date of this letter and will not be updated to take account of subsequent changes. Potential Growers should take independent professional advice, having regard to their particular circumstances, prior to making the investment and should read the Product Ruling, which is available from the ATO website or from Gunns Plantations Limited in full.

In addition, KPMG's tax practice is not licensed to provide financial product advice under the Corporations Act and taxation is only one of the matters that must be considered when making a decision on a financial product. Potential investors should consider taking advice from an Australian Financial Services license holder before making a decision on a financial product.

1. Scope of Product Ruling

Importantly, a Product Ruling does not amount to a guarantee as to the commercial viability of the investment. In a Product Ruling, the Commissioner of Taxation sets out his opinion on the way in which the tax laws will apply to Growers who take part in the Project.

A Product Ruling is legally binding on the Commissioner insofar as, when determining the amount of tax payable as a result of the arrangement considered in the Product Ruling, the Commissioner must apply his views of the law as expressed in the Product Ruling. However:

- A Product Ruling is only binding on the Commissioner to the extent to which the Project is implemented as outlined in the Product Ruling;
- The Commissioner can withdraw a Product Ruling at any time. If such a withdrawal occurs then the Product Ruling will only apply to arrangements that began to be carried out before the withdrawal;
- Product Rulings can only apply on a prospective basis, and a Product Ruling will only apply to Growers who enter into it after the date of its issue; and
- If there is a subsequent change to the taxation law, any such change will take precedence over the Product Ruling.

2. Classes of person to which the ruling applies

Generally, Growers are only permitted to rely upon a Product Ruling provided that:

- They fall within the class of persons identified in the Product Ruling as being persons to whom it applies; and
- They carry out the Project in accordance with the scheme as described in the Product Ruling.

2.1 Classes of persons

A Product Ruling generally outlines the classes of persons to whom it applies. Generally, a Product Ruling applies to taxpayers who invest for the purpose of staying in the arrangement until it is completed, (that being they intend being a party to the relevant agreements until the term of these agreements expires) and who intend to derive assessable income from the sale of (in this case) the walnuts.

More specifically, PR 2009/33 will only apply to Growers who have executed relevant Project agreements on or before 15 June 2009.

Product Ruling PR 2009/33 will not apply to:

- Growers who terminate their involvement in the scheme prior to its completion, or do not receive assessable income from it;
- Growers who are accepted into this project before the date of the Product Ruling or after 15 June 2009;
- Growers who participate through offers made other than through the Product Disclosure Statement (PDS);
- Growers whose Application Fees, (covering the Initial Services Fee and Orchard Rights Fee), other than Application Fees payable under a Terms Arrangement with Gunns Plantations Limited, is not paid in full to Gunns Plantations Limited on or before 15 June 2009, (whether it be paid directly by the Grower, or on the Growers behalf by a lending institution);
- Growers who finance their participation in the Project with loans through Gunns Finance Pty Ltd on terms other than those terms described in the Product Ruling; or
- Gunns Plantations Limited or Growers who are associates of Gunns Plantations Limited.

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2.2 Arrangements

As indicated above, a Product Ruling will only apply to persons who enter into the Project in accordance with the arrangement as outlined in the Product Ruling. Growers who depart from these arrangements will not be afforded protection by the Product Ruling.

3. Tax treatment of payments under the Product Ruling

The Product Rulings confirm the following:

- Growers will be entitled to a tax deduction for the full amount of the Initial Services Fee in the year in which it is incurred. Whilst the Initial Services Fee does include a minor component of capital expenditure; the Product Ruling confirms that this capital expenditure will be deductible as 'landcare operation' expenditure under a specific provision of the Income Tax Assessment Act 1997, as opposed to the major component of the Initial Services Fee, which is stated as deductible under the general deduction provisions.
- With the exception of where interest is prepaid, Growers will also be entitled to a deduction for interest on loans with Gunns Finance Pty Ltd as this interest is incurred. Where interest is prepaid, a deduction for this interest falls outside the scope of the Product Ruling, and the timing of deductibility of any prepayment may be affected by the operation of the rules contained in sections 82KZME and 82KZMF of the Income Tax Assessment Act 1936 (the prepayment rules).

- Operating Fees, Water Fees and the Orchard Right Fees are deductible when incurred.
- The Loan Establishment Fee payable to Gunns Finance Pty Ltd is a borrowing expense and the tax deduction is to be spread over the period of the loan or 5 years, whichever is shorter.
- The Terms Establishment Fee payable to Gunns Plantations Limited is capital in nature and is not deductible in the year incurred. However, it is deductible on a straight-line basis over 5 income years.
- Growers will be entitled to tax deductions relating to the cost of establishing trees. Walnut trees are 'horticultural plant' and as Growers hold the land under the trees, the deduction is available in the hands of the Grower. The trees have an effective life of 25 years, which results in a straight-line write off of 13% each per year starting from the time the trees enter their first commercial season. The Product Ruling states that Gunns Plantations Limited will inform Growers of the first commercial season, and the amount that may be claimed.
- Provided the project is carried out in the manner described in the Product Rulings and Growers stay in the Project until its completion, Growers who incur taxation losses from their participation in the Project will not be prevented from offsetting those losses against their other assessable income in the financial year in which the losses arise.

We note that the Product Ruling does not consider the tax treatment of other fees that may be paid by Growers such as fees for insurance. In our view, these fees should generally also be deductible when incurred, subject to any deduction potentially being deferred where the fees are paid in advance and where the prepayment rules operate.

The Product Ruling also does not deal with the application of concessions available to Growers who qualify as a 'small business entity'. This is due to the ability of small business entities to choose various concessions and the eligibility criteria to be met in order to be considered a small business entity.

4. Tax treatment of receipts under the Product Rulings

The gross sales proceeds from the Project attributable to the Grower's produce, less any GST payable on those proceeds for Growers who are registered for GST, will be assessable income of the Grower.

5. Goods and Services Tax (GST)

Growers will need to decide whether or not they will, or must, register for GST purposes. If Growers do register for GST, they will be entitled to an input tax credit for the GST included in the fees paid by them, subject to (amongst other things) Growers holding a valid tax invoice at the time that they lodge their Business Activity Statements (BAS) to claim this credit. In this instance, however, Growers will only be entitled to claim a tax deduction for the GST exclusive amount of any such fees.

Growers should seek independent professional advice as to whether or not they should, or must, register for GST and the implications of same.

6. Late Growers

In accordance with our instructions, we have not commented on the taxation treatment for Growers who apply to participate in the Project as a "Late Grower" as defined in the PDS. We understand that an application for a Product Ruling has been lodged for these Growers, but a Product Ruling has not yet been issued. We further understand that a Supplementary PDS, including further comments from a Tax Expert, will be issued in respect of Late Growers when the Product Ruling for Late Growers is issued by the ATO, and that no applications by Late Growers will be accepted prior to this time.

Important Disclaimers

Our tax advice is based on current taxation law as at the date our advice is provided. You will appreciate that the tax law is frequently being changed, both prospectively and retrospectively. A number of key tax reform measures have been implemented, a number of other key reforms have been deferred and the status of some key reforms remains unclear at this stage.

Unless special arrangements are made, this advice will not be updated to take account of subsequent changes to the tax legislation, case law, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of taxation authorities. It is your responsibility to take further advice, if you are to rely on our advice at a later date.

We are, of course, unable to give any guarantee that our interpretation will ultimately be sustained in the event of challenge by the Australian Commissioner of Taxation.

These comments are made specifically in response to your request for advice on behalf of Gunns Plantations Limited. Accordingly, neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person or company who markets or otherwise encourages the promotion of the Gunns Plantations Limited Walnut Project No. 3.

Yours faithfully

KPMG

Summary of Material Contracts

This section contains summaries of the material contracts for the Project. The summaries refer only to the principal terms in each contract. If you wish to review the full contents of a contract you should inspect a copy at GPL's registered office during normal business hours. The material contracts for the Project are the:

- Constitution;
- Management Agreement;
- Orchard Right Agreement;
- Lease Agreements;
- Fee Facility Deed; and
- Draft Walnut Sale Agreement.

Terms or expressions used in this section that are capitalised and are not defined elsewhere in this PDS have the meaning given to that term in the relevant contract.

18.1 Constitution

Members' rights will be governed by the Constitution. The Constitution establishing the Project was executed on 28 April 2009 by GPL as Responsible Entity. The terms of the Constitution are binding on the Responsible Entity and the Members (including Growers and all persons claiming through them) as if those persons were a party to the Constitution. The Constitution is a legally enforceable deed. Important features of the Constitution and applicable provisions of the Corporations Act are as follows:

Duties, powers and obligations of the Responsible Entity

The Responsible Entity must:

- make arrangements for the custody of the Fund (including appointing a Custodian) and hold the Fund (but not the Ongoing Fees), as trustee for the Members of the Project;
- manage the business, investments and affairs of the Project and the arrangements that relate to the Project;
- ensure that all services reasonably required by Growers under an Orchard Right Agreement and Management Agreement are performed in a proper and efficient manner;
- ensure that all goods and services required to be provided or performed under an Orchard Right Agreement and Management Agreement and other material agreements are provided or performed in accordance with the relevant agreements and the Constitution; and
- exercise its powers and carry out its duties in accordance with the Corporations Act.

The Responsible Entity has all the powers of a natural person and all powers that are reasonably necessary for it to carry out its functions and duties under the Constitution.

The Responsible Entity is entitled to establish and act as responsible entity for other managed investment schemes and to manage other investments.

Creation of the Fund

The Constitution allows for the creation of a fund consisting of:

- an application portion constituting all Application Fees received by the Responsible Entity or the Custodian and the Investments for the time being representing those sums and the income earned from the Investments;
- a proceeds portion containing all the proceeds from the sale of harvested Walnuts paid to the Responsible Entity or the Custodian, the Investments for the time being representing those sums and the proceeds of sale, redemption, repayment or realisation of any investments of the money held in the section and any reinvestment of the money held.

Holding of money

All money held in the Fund is held by the Responsible Entity or the Custodian on trust for the Members as appropriate, until distributed by the Responsible Entity or the Custodian in accordance with the Constitution.

Limitation of liability

Neither the Responsible Entity nor any creditor of the Responsible Entity or the Project shall have any claim against any Member of the Project for any liabilities incurred in connection with any money invested or in respect of any action taken by either the Responsible Entity or any creditor of the Responsible Entity under the Constitution except that the Responsible Entity may recover from any Member:

- in respect of an express indemnity given to the Responsible Entity by the Member, whether in the Orchard Right Agreement, Management Agreement or otherwise;
- any loss or damage incurred by the Responsible Entity caused by a breach of the Constitution, the Orchard Right Agreement or Management Agreement by a Member;
- any unpaid amount of the Application Fee due to the Responsible Entity by a Member;
- any amount owing to the Responsible Entity from a Member under a Orchard Right Agreement or Management Agreement;
- any fee incurred by the Responsible Entity as a result of a cheque or order for payment being dishonoured; and
- any money mistakenly paid to a Member in excess of the moneys properly payable under the Constitution, the Orchard Right Agreement or Management Agreement.

Interests

A Member, other than a Grower, shall have an interest in the application portion equal to its proportional interest but does not have any interest in any particular part of the application portion or in any investment of the application portion.

A Grower shall have a proportional interest in the proceeds portion of the fund but does not have any interest in any particular part of that proceeds portion or in any investment proceeds portion of the Fund.

Joint Venture Applicants

Two entities may establish an unincorporated joint venture amongst themselves for the purpose of engaging in a primary production business of developing and cultivating a walnut orchard and producing and processing walnuts for commercial gain as a Grower under this Project.

The First Joint Venturer is entitled to 50% of that Joint Venture Grower's Gross Proceeds Entitlement.

The First Joint Venturer is solely responsible for paying:

- in Year 0, the Initial Services Fee and Orchard Right Fee (Application Fee); and
- from and including Year 5, 50% of the Ongoing Fees for the duration of the Project.

The First Joint Venturer will bear all other liabilities and participate in all other benefits of the Joint Venture equally with the Second Joint Venturer.

The Second Joint Venturer is entitled to 50% of that Joint Venture Grower's Gross Proceeds Entitlement.

The Second Joint Venturer is solely responsible for paying:

- for Years 1 to 4, the Ongoing Fees in those Years; and
- from and including Year 5, 50% of the Ongoing Fees for the duration of the Project.

The Second Joint Venturer will bear all other liabilities and participate in all other benefits of the Joint Venture equally with the First Joint Venturer.

Information

The Responsible Entity:

- will provide a copy of the Orchard Right Agreement and Management Agreement upon a written request to the Responsible Entity accompanied by a fee prescribed by the Responsible Entity not exceeding \$10 (inclusive of GST);
- will make available a copy of the Constitution at the Responsible Entity's registered office for inspection by Members during usual business hours and Members are entitled to receive a copy of the Constitution from the Responsible Entity on payment to the Responsible Entity of \$10 (inclusive of GST) or such other sum prescribed under section 601GC (4) of the Corporations Act;
- must send a copy of the Horticulturist's Report (which reviews the operations relating to the Project, contains particulars of any significant change in the Responsible Entity's policy relating to horticultural activities and details as to whether or not the Responsible Entity has during the period since the last Horticulturist's Report carried out the services to be performed under the Orchard Right Agreement and Management Agreement in a proper and efficient manner) to each Grower within 30 days of receiving the Independent Horticulturist's Report. An Independent Horticulturist's Report will be prepared annually for the Years 2 to 4 of the Project and every second Year thereafter. An Independent Horticulturist's Report may be prepared more frequently in situations where a materially adverse change affects a Grower's interest in the Project; and

- must send a copy of the Accounts to all Growers as required by the Corporations Act.

Walnut Lot statements

The Responsible Entity must send Walnut Lot Statements to Growers within 6 months after the relevant Orchard Right Agreement and Management Agreement are entered into and also within 6 months after an assignment or transmission of a Walnut Lot is registered.

Assignment or transmission

A Grower is not entitled to assign its rights and obligations under the Management Agreement or Orchard Right Agreement to which it is a party except in the circumstances permitted under either the Management Agreement or Orchard Right Agreement as the case may be.

An assignment is not effective until the assignee is entered into the register in respect of such Orchard Right Agreement and Management Agreement. The Responsible Entity has the power to decline to register an instrument of assignment if the instrument is not duly stamped (if applicable) and accompanied by such evidence as the Responsible Entity may reasonably require to show the right of the assignor to make the assignment, if fees which are due and payable in respect of the relevant Orchard Right Agreement or Management Agreement are unpaid or if the Responsible Entity does not approve of the assignee. Such approval will not be unreasonably withheld by the Responsible Entity.

Any person who becomes entitled to an Orchard Right Agreement and Management Agreement in consequence of the death, bankruptcy (including winding up or external administration) or mental incapacity of a Grower has the right (upon producing such evidence as is required by the Responsible Entity) to be registered itself as the holder

of the Orchard Right Agreement and Management Agreement or assign those agreements in the same way as the Grower would have been able to.

Application Fees and interest

The Responsible Entity will place, or ensure that the Custodian places all Application Fees in the application portion of the fund until the Responsible Entity authorises the Custodian to release the application money for payment of the Application Fee. The application money will be released when:

- an application that is subject to finance becomes unconditional because finance has been approved;
- the Responsible Entity is in possession of an executed Orchard Right Agreement and Management Agreement; and
- the Responsible Entity is satisfied of the matters specified under the heading "Release of application money" below.

The application money is held in trust for applicants until applied.

Application procedures

Applications to enter into an Orchard Right Agreement and Management Agreement must be in the form attached to the current PDS issued by the Responsible Entity or in such other form as the Responsible Entity may require and be signed by or on behalf of the applicant. The Application must be lodged together with payment of the Application Fee to the Custodian.

The Responsible Entity may, in its absolute discretion, accept or refuse any Application to enter into an Orchard Right Agreement and Management Agreement, without giving any reasons for the refusal, on or before 1 June in Year 0. If an Application is refused, the Responsible Entity must inform the

applicant of that fact and ensure that the Custodian refunds any Application Fee paid by the applicant.

If an Application is noted as being subject to finance, the Application will only be accepted by the Responsible Entity on the condition that a lending institution (which may include GPL or an associated entity of GPL) agrees to lend the amount of finance required to the applicant within 28 days. GPL does not warrant, undertake, covenant or agree that such finance will be provided or procured.

If the Responsible Entity or the applicant is not notified in writing within 28 days after the date of lodgement of the Application of the agreement by the lending institution to lend, then either party not notified may by notice in writing to the other withdraw or cancel the Application and the Responsible Entity shall ensure that the Custodian refunds to the applicant any part of the Application Fee paid in respect of the Application to which the notice relates.

Upon acceptance of an Application by the Responsible Entity, the Responsible Entity will prepare the Orchard Right Agreement and Management Agreement in accordance with the details specified on the Application and which will commence on a date to be determined by the Responsible Entity.

Entry into Orchard Right Agreement and Management Agreement and allocation of Walnut Lots

Upon acceptance of an Application by the Responsible Entity, the Responsible Entity will:

- arrange for an Orchard Right Agreement and Management Agreement to be executed by all parties; and

- allocate (in the Responsible Entity's absolute discretion) Walnut Lots to the Members.

Release of application money

Before authorising the release of the Application Fee (as noted above), the Responsible Entity must be reasonably satisfied that:

- (a) the Orchard Right Agreement is in the form required by the Constitution and has been duly completed and executed by all parties;
- (b) the Responsible Entity has the capacity to grant the Orchard Right referred to in the Orchard Right Agreement;
- (c) all necessary consents to the grant of the Orchard Right referred to in the Orchard Right Agreement and entry into the Orchard Right Agreement and Management Agreement have been obtained;
- (d) the property the subject of the Orchard Right referred to in the Orchard Right Agreement is not subject to any encumbrance or restriction that detrimentally affects the interests of the Member;
- (e) any other matter required to be attended to, which is necessary for the creation of the Orchard Right to be granted under the Orchard Right Agreement and the effective vesting in the Grower of its Orchard Right whether by reason of the Constitution or otherwise has been attended to; and
- (f) there are no outstanding material breaches of any of the provisions of the Constitution which are detrimental to the interests of the Member whose Application Fees are to be released.

Remuneration

The Responsible Entity shall receive by way of remuneration in relation to the Project, those fees in relation to the proper performance of its duties provided for in the Constitution and any Orchard Right Agreement and Management Agreement.

Distribution of Net Proceeds Entitlement

On or before the day one month after the last day permitted for dispatch of accounts, the Responsible Entity will distribute, or will ensure that the Custodian, on its behalf distributes, among the Contributing Growers who were such Growers on the last day of the previous accounting period, out of the Proceeds Portion of the Fund each Contributing Grower's Net Proceeds Entitlement in the Proceeds Portion relating to the last accounting period.

At 30 June in each year, each Contributing Grower shall be presently entitled to their proportional interest in the proceeds portion of the fund.

The Responsible Entity may deduct or ensure that the Custodian deducts, from any amounts payable to a member (including distributions):

- any unpaid amount that the Responsible Entity has incurred in performing its duties and acting in accordance with the Constitution, Management Agreement and Orchard Right Agreement;
- any unpaid expenses payable by the Grower under the Orchard Right Agreement or Management Agreement; or
- any tax or duty paid.

The amounts deducted from an amount payable to a Member will only be amounts that are owed by that particular Member or the proportion of costs that the Responsible Entity determines are applicable to that particular Member.

These deductions may be made at any time, even if they could have been made, but were not made, from money previously paid to that Member.

Liability of Responsible Entity

The Responsible Entity is not liable for any loss or damage to any person (including any Member) arising out of any matter where, in respect of that matter it:

- acted as required by any law;
- acted in accordance with the Constitution and its duties;
- relied in good faith upon any signature, marking or documents; or
- followed a direction given to it by a resolution passed at a duly convened meeting of Members (as the case may be).

Indemnity of Responsible Entity

If the Responsible Entity acted in accordance with the Constitution and its duties as a Responsible Entity, it will be indemnified and reimbursed out of the Fund for:

- any costs incurred by the Responsible Entity in performing its duties and acting in accordance with the Constitution, Management Agreement and Orchard Right Agreement;
- any tax or duty paid; or
- fees payable to any regulatory authority.

This right of reimbursement and indemnity out of the Fund is available only in relation to the proper performance of the Responsible Entity's duties. The Responsible Entity will not be exempt from, or indemnified against, liability for breach of trust where the

Responsible Entity fails to show the degree of care and diligence required of a trustee having regard to the powers, authorities or discretions conferred on the Responsible Entity by the Constitution.

Such right of indemnity in respect of a matter will not be lost or impaired by reason of a separate matter (whether before or after the first mentioned matter) in breach of trust or in breach of the Constitution.

Meetings

Under the Constitution, the Responsible Entity may at any time convene a meeting of Members and must do so when required to do so by the Corporations Act.

Meetings of Members will be convened in accordance with Part 2G.4 of the Corporations Act.

Removal of Responsible Entity

The Responsible Entity may only be removed as single Responsible Entity of the Project in accordance with section 601FM of the Corporations Act. Section 601FM permits Growers to take action under Part 2G.4 of the Corporations Act for the calling of a meeting of Growers to consider and vote on an extraordinary resolution that GPL should be removed as single Responsible Entity of the Project and be replaced by a new Responsible Entity. The resolution to remove GPL must be passed by at least 50% of the votes cast by Growers entitled to vote on the resolution.

Retirement of Responsible Entity

The Responsible Entity may only retire as responsible entity of the Project in accordance with section 601FL of the Corporations Act. Section 601FL requires GPL to call a meeting of the Growers to explain its reason for wanting to retire and to enable the Growers to choose another company to be the new Responsible Entity of the Project.

Accounts

The Responsible Entity will keep accounting records as required under the Corporations Act. The accounts will be lodged in accordance with the requirements of the Corporations

Act. An auditor shall prepare all reports required to be prepared under the Corporations Act.

Auditor

GPL has appointed KPMG to be the Auditor of the Project to audit the accounts. The Auditor may retire or be removed in accordance with the Corporations Act. The Auditor's fees are payable by GPL.

Complaints

The Constitution sets out detailed procedures that apply to the making of complaints by Members and the processing of such complaints. The Complainant must make a complaint to the Responsible Entity. The Responsible Entity must:

- within 5 business days of receiving the complaint, notify the Complainant that it has received the complaint and is considering it; and
- within 30 business days of receipt of the complaint, determine and notify in writing to the Complainant its decision regarding the complaint.

If the Complainant is not satisfied with the decision of the Responsible Entity, the Complainant will be requested to participate in alternative dispute resolution procedures with the Responsible Entity before the dispute can be brought in proceedings before a court.

Termination of the Project

The Project may be wound up:

- (a) if, pursuant to section 601NB of the Corporations Act, at a meeting called by the Members, an extraordinary resolution is passed by the Members that direct the Responsible Entity to wind up the Project;
- (b) if the Responsible Entity considers that the purpose of the Project has been accomplished, or cannot be

accomplished, in accordance with section 601NC of the Corporations Act;

- (c) if a court directs the Responsible Entity to wind up the Project; or
- (d) in any other circumstances provided for under the Corporations Act.

Subject to the Corporations Act and to any orders of any relevant court, the Responsible Entity shall as soon as practicable after it is required to terminate the Project realise all assets in relation to the Project after paying all proper costs, disbursements, commissions, brokerage fees and other outgoings and after allowing for all proper provisions for liabilities. The balance obtained is to be divided among the relevant Members according to their proportional interests.

Upon the winding up of the Project, an independent audit of the final accounts of the Project shall be conducted by a registered company auditor appointed by the Responsible Entity (which auditor may be the same person as the Auditor).

Modification of the Constitution

Subject to the Corporations Act, the Constitution may be modified by:

- the Responsible Entity; or
- a special resolution of Members.

Compliance Plan

As required by the Corporations Act, GPL as responsible entity has prepared and lodged with ASIC a Compliance Plan for the Project. The Compliance Plan sets out measures that GPL will apply in operating the Project to ensure compliance with the Corporations Act and the Constitution.

GPL has engaged a registered company auditor to audit the Compliance Plan annually. The audit report will be lodged with ASIC.

Compliance Committee

As required by the Corporations Act, GPL as Responsible Entity will establish a Compliance Committee.

The Responsible Entity may purchase insurance for members of the Compliance Committee.

The Compliance Committee will:

- monitor the Responsible Entity's compliance with the Compliance Plan;
- report any breaches of the Corporations Act or Constitution involving the Scheme;
- report to ASIC if they are of the view that the Responsible Entity has not taken, or does not propose to take, appropriate action to deal with the reported breach; and
- assess at regular intervals whether the Compliance Plan is adequate, to report to the Responsible Entity on the assessment and to make recommendations to the Responsible Entity about any changes that it considers should be made to the plan.

18.2 Management Agreement

Parties

The parties to a Management Agreement will be GPL as Manager and the Grower.

Term of Agreement

The Management Agreement commences on 15 June in Year 0 and terminates on the earlier of the date of the final distribution of Net Proceeds Entitlement to the Growers, 30 June in Year 25 or a date of termination as otherwise specified in the Management Agreement.

The Term of the Project may be extended by GPL for a further 2 years if the IRR for the Project is less than 9.5%, the Project has not been

terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of the Grower to extend the Term.

Appointment

The Grower appoints the Manager to perform the Initial Services, the Maintenance Services, the Harvesting and the Processing and the Manager must perform these services for the Grower in accordance with the Management Agreement.

Initial Services

The Manager must complete the following Initial Services, among others, before 30 June in Year 0:

- maintaining and undertaking any necessary repairs in respect of fences;
- maintaining dams and irrigation channels;
- undertaking road maintenance and fire breaks;
- effectively managing native vegetation;
- undertaking pruning;
- maintaining mid-rows;
- maintaining Walnut Lots in accordance with good horticultural practice;
- effectively manage weeds, pests and vermin on the Walnut Lot, including:
 - spraying with insecticides, fungicides and herbicides as required from time to time; and
 - vermin control;
- undertaking applications of fertigant;
- undertake tests to monitor nutrient analysis (foliar and soil);
- undertaking irrigation;
- destroying diseased trees;
- inspecting and where appropriate re-tying stakes and repositioning vermin guards;
- maintaining windbreaks;
- undertaking any other recurrent maintenance required;
- procuring a written report from the Independent Horticulturist by 30 June in Year 0 confirming that all Initial Services have been performed in accordance with good horticultural practice;
- procuring an independent marketing report by 30 June in Year 0;
- providing a copy of the report prepared by the Independent Horticulturist and a copy of the marketing report to the Grower within 30 days of the Manager receiving the report;
- checking and supervising that the condition of the infrastructure and the Walnut Lot is of an appropriate standard and that all the required services have been provided;
- keeping proper and accurate records;
- conducting regular inspections;
- providing all other services which are ancillary;
- undertaking all administration tasks required to be undertaken in the provision of the Initial Services;
- preparing reports for Growers regarding works that have been undertaken on each Walnut Lot;
- preparing statements to assist Growers in preparing income tax returns;
- preparing all other reports for Growers in accordance with the Management Agreement;
- undertaking general administrative management of Project;
- reviewing sales and marketing plan for the Project;
- co-ordinating visits of Growers to inspect Walnut Lots; and
- during the month of June preparing, or arranging for the preparation of the Management Plan for the Project and a horticultural plan for the orchard, horticultural program, operational plan and operational budgets and reviewing the plan and making amendments if needed.

Maintenance Services

The Manager must rear the trees and maintain the Grower's Walnut Lots in accordance with good horticultural practice, including:

- ensuring the replanting of any of the Trees on a Grower's Walnut Lot which die for any cause during the first three years of the Term to as close to 100% of the average initial planting density of the Developed Area as possible on the basis that:
 - replacement of the Trees is commercially feasible in the reasonable opinion of an expert horticulturist engaged by the Manager;
 - the replacement Trees will be procured at the Manager's expense;
 - the replacement Trees will be planted at the Manager's expense; and
 - the Manager will not be liable to the other for any loss, including but not limited to loss of profits, and any damages caused to or suffered by the other as a result of the death of the Trees;
- the general maintenance of the Grower's Walnut Lots including control of vegetation and pests which may inhibit the growth of the Trees, including the spraying of herbicides, fungicides or insecticides;

- removing suckers and planting stakes;
- undertaking whitewashing;
- monitoring the water requirements of the Orchard and delivery of water to the Trees;
- cultivating, tending, training and pruning the Trees as required and in accordance with good horticultural practice;
- the general maintenance of the Grower's Walnut Lots including control of vegetation and pests which may inhibit the growth of the Trees, including the spraying of herbicides, fungicides or insecticides;
- maintaining in good condition and repair all fire breaks and access roads in and around the Grower's Walnut Lots;
- the application of fertiliser to the Grower's Walnut Lots in such form and in such quantity as is necessary, in the reasonable opinion of the Manager, to maintain satisfactory growth rates;
- procuring that the Landowner replace any Orchard Infrastructure in accordance with its obligations under the Lease;
- annually pruning all Trees, where required, to ensure the quality and quantity of walnut harvest is maximised;
- maintaining and repairing the Orchard Infrastructure so as to maintain satisfactory growth rates and quality harvests;
- provision of advice and assistance to the Grower generally in relation to management of the Grower's Walnut Lots;
- procuring a written report in relation to the progress of growth of the Trees and the status of the Grower's Walnut Lots from the Independent Horticulturist by 31

December in each Year of the Project for Years 2, 3 and 4 and every second Year from Year 4; and

- providing a copy of the report prepared by the Independent Horticulturist in accordance with clause 5.2(m) to the Grower within 30 days of the Manager receiving the report.

Harvest and Processing

The Manager will harvest the Walnuts in accordance with good horticultural practice. The Harvest will be carried out at a time determined by the Manager at its absolute discretion, or at a time specified in an ordinary resolution of the Growers at a meeting of the Growers convened in accordance with the Constitution.

The Manager must do all things necessary to Harvest and Process the Walnuts in accordance with good horticultural practice.

Licence

To the extent permitted by the Orchard Right Agreement, the Grower irrevocably grants to the Manager for the Term a licence to access the Grower's Walnut Lots to carry out the functions and activities contemplated by the Management Agreement and the right and authority to grant a similar licence to any third party.

Payments

[a] Application Fee

The Grower must pay to the Custodian, to hold on behalf of the Manager, the Application Fee. Payment of the Application Fee constitutes full payment of the Initial Services Fee.

(b) Operating Fee

The Operating Fee comprises:

- the Orchard Maintenance Fee; and
- the Harvest and Processing Services Fee.

The Manager is entitled to the Operating Fee in consideration of:

- performing the Maintenance Services;
- performing the Harvesting and the Processing in each Year a Harvest is undertaken; and
- procuring the sale of the Walnuts.

The Operating Fee will be deducted by the Custodian on behalf of the Manager from the Gross Proceeds Entitlement and paid to the Manager in accordance with the Constitution. The Operating Fee will be Varied by Indexation effective on each Indexation Review Date.

(c) Water Fee

The Manager is entitled to the Water Fee in consideration of ensuring the availability of sufficient water and for the provision of water to the Walnut Lots.

The Water Fee is equal to:

- (a) for Years 1 to 3 inclusive, \$517 (inclusive of GST) per Walnut Lot in each Year;
- (b) for Years 4 to 6 inclusive, \$737 (inclusive of GST) per Walnut Lot in each Year; and
- (c) from and including Year 7 and for the remainder of the Project, \$957 (inclusive of GST) per Walnut Lot in each Year;

Varied by Indexation on each Indexation Review Date, plus 2% of the fee so varied.

The Water Fee is payable on 1 June in each Year and will be deducted by the Custodian on behalf of the Manager from the Gross Proceeds Entitlement and paid to the Manager in accordance with the Constitution.

(d) Shortfall

In any Year where a Grower's obligation to pay the Ongoing Fees exceeds their Gross Proceeds Entitlement, GPL will invoice the Growers for the shortfall and this amount must be paid by the Grower within 14 days of the date on the invoice.

Agency

The Grower appoints GPL as sole agent to market, enter into negotiations for the sale of and sell the Walnuts on the Grower's behalf on substantially similar terms and conditions to those set out in the draft Walnut Sale Agreement.

Draft Walnut Sale Agreement

GPL, as agent for the Grower, agrees to use its best endeavours to market, enter into negotiations for the sale of and sell the Walnuts at a fair and reasonable price taking into account the proposed end-use of the Walnuts, prices paid for walnuts of the same or similar variety and quantity throughout Australia and California, the quality of the Walnuts and relevant information supplied by any party including statistics or indices relevant to walnut prices.

If GPL as Manager enters into an agreement for sale of the Walnuts to Webster, then Webster will purchase the Walnuts on terms no less favourable to the Grower than those set out in the draft Walnut Sale Agreement for the purchase of a minimum of 75% of the walnuts grown for the life of the project.

Insurance

A Grower may request, in writing, insurance cover against the destruction or damage of their Walnuts. The Grower will be invoiced by GPL for the cost of GPL obtaining appropriate insurance plus a 10% administration charge plus GST.

If a successful claim is made:

- the Grower must pay a fee equal to the Ongoing Fees for that Walnut Lot, and all other amounts owing or to be reimbursed by the Grower under this agreement and the Orchard Right Agreement and any other outstanding fees identified by the Manager; and

- the Grower will not be presently entitled to a distribution from the Walnut Sale Proceeds for the relevant Walnut Lot, derived from the Harvests the Walnuts would have formed part of had the Walnuts not been damaged or destroyed and the insurance claim not been made.

The Manager will be responsible for insuring the Orchard against public liability insurance for an amount of at least \$20,000,000.

Manager's Undertakings

The Manager undertakes that it will at all times during the term of the Management Agreement use high quality materials in providing the Services, ensure that the Services are carried out in a proper and diligent manner, make good any defect or damage caused to the Grower's Walnut Lot by faulty workmanship or materials, use its best endeavours to obtain optimal Walnut quality and yield, comply with good horticultural practice and comply with the Constitution.

Termination

If the Management Agreement is terminated, the Grower must pay to the Custodian all moneys owing to the Manager under the Management Agreement and Orchard Right Agreement within 7 days of the date of a demand in writing by the Manager to the Grower.

(a) Termination Events

The Manager may in its absolute discretion elect to terminate the Management Agreement if:

- the Grower breaches a provision of the Management Agreement and that breach is unremedied for 60 days from the date that the Manager gives the Grower written notice of the breach;
- the Orchard Right Agreement is terminated for any reason; or
- the Manager is entitled to wind up the Project in accordance with the Constitution.

(b) Default by Manager

The Grower may by written notice to the Manager terminate the Management Agreement at any time after any of the following:

- a breach by the Manager of the Management Agreement and failure to remedy the breach within 60 days upon receiving written notice from the Grower to do so;
- the Manager committing an act of bankruptcy or being placed into liquidation (otherwise and solely for amalgamation or reconstruction) or in official management or if there are any meetings, arrangements or compositions with creditors or if a receiver, or a receiver and manager, is appointed over any part of the Manager's assets or undertaking and is not removed or withdrawn within 30 days of the appointment; or
- a breach by the Manager of a condition of the Manager's AFS Licence granted under the Corporations Act or a corresponding law.

Financial Assistance

If, after the fourth anniversary of the Commencement Date, the Grower suffers financial hardship, the Grower may apply to the Manager to pay on the Grower's behalf amounts owing under the Management Agreement or Orchard Right Agreement.

The Manager must not offer a Grower financial assistance unless it is satisfied that the Grower is suffering financial hardship.

If the Manager pays the Grower's costs or fees in any particular year at the Grower's request, then for each such year, the Grower must assign to the Manager 5% of the Grower's entitlement to Net Proceeds Entitlement to be deducted from the next Harvest determined in accordance with the Constitution.

In the event that there are insufficient Walnut Sale Proceeds to cover unpaid fees from the following Harvest the difference will become a legal debt immediately due and payable and the Manager will pursue available legal avenues to recover the amount.

Default in payments

Where the Grower has not paid any amount required by the Management Agreement or Orchard Right Agreement, the Manager may pay such amounts on behalf of the Grower.

The Manager must be reimbursed for such amounts paid plus interest calculated daily at a rate equal to 2% above the overdraft reference interest rate quoted by ANZ Banking Group Ltd.

If the Manager is not fully reimbursed by that Grower, the Manager will be repaid any outstanding amounts from the Grower's entitlement to the Net Proceeds Entitlement, determined in accordance with the Constitution.

Accounts

The Manager must procure that the Custodian establish and maintain accounts for the Project and comply with the requirements imposed on the Custodian as set out in the Management Agreement.

The Manager must procure that the Custodian deduct from the Walnut Sale Proceeds and pay to the Manager, in accordance with the Constitution:

- the Orchard Right Fee;
- the Operating Fee;
- an amount equal to amounts to be reimbursed to the Manager for payments made on the Grower's behalf, plus any applicable interest; and
- any other amounts owing under the Management Agreement and the Orchard Right Agreement plus any applicable interest.

The Manager must procure that the Custodian pays to the Grower the Grower's Net Proceeds Entitlement in accordance with the Constitution.

No warranty

The Manager makes no warranty in respect of the growth of the Walnuts and the Manager is not liable for any damage to the Grower's Walnut Lots caused by any circumstance beyond the control of the Manager.

Operation of Project

For the efficient and safe operation of the Project, the Grower must not enter into any of the Grower's Walnut Lots or interfere with, cut, prune or harvest any of the trees without the consent of the Manager. The Manager's consent must not be unreasonably withheld.

GST

GST is imposed on a supply made under the Management Agreement, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must

not commence court proceedings or arbitration in relation to a dispute unless they have first followed this dispute resolution process.

Limitation of Liability

The Manager is not liable for any loss or damage to any person for any reason, where the Manager has acted as required by law, in accordance with the Management Agreement, Orchard Right Agreement or Constitution or has relied in good faith upon any signature, marking or documents.

Assignment

The Manager may assign its rights and obligations under the Management Agreement provided that the assignee enters into a covenant to the effect that the assignee agrees to be bound by the same obligations as the Manager.

The Grower may assign its rights and obligations under the Management Agreement only where the Grower assigns all of its rights and obligations in the Project to that person including the Grower's rights and obligations in the Orchard Right Agreement.

Force Majeure

Neither party will be liable for any failure or delay to perform its obligations under the Management Agreement (except for obligations to pay money) if that delay is due to an event of Force Majeure (i.e. the event of Force Majeure has materially adversely affected that party's ability to perform its obligation under the agreement). If that delay or failure to perform exceeds 12 months, either party may immediately terminate the Management Agreement by written notice to the other.

Force Majeure is defined to mean anything outside the reasonable control of a party and includes, but is not limited to, fire, storm, flood, earthquake, explosion, accident, act of the public enemy,

war, act of terrorism or sabotage, rebellion, insurrection, sabotage, epidemic, quarantine restriction, labour dispute, labour shortage, transportation embargo or failure or delay in transportation, act of God or act of any government or governmental agency.

Delegation

All rights and obligations imposed on the parties may be exercised by the parties' respective employees and contractors, but delegation to employees or contractors does not release any party from liability under the Management Agreement.

Costs and expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Management Agreement, except that the Manager must pay any stamp duty applicable.

18.3 Orchard Right Agreement

Parties

The parties to the Orchard Right Agreement will be GPL as the grantor and the Grower as grantee.

Condition Precedent

The Orchard Right Agreement is conditional upon all approvals in relation to the proposed activities on the Walnut Lot being obtained to the satisfaction of GPL prior to the commencement date of the Orchard Right Agreement. If the condition precedent is not satisfied or otherwise waived by GPL, the Orchard Right Agreement will cease to have effect and the Orchard Right Fees paid to GPL must be repaid to the Grower.

Grant of Orchard Right

GPL grants to the Grower the following rights in relation to the

Walnut Lot for the Term for the purpose of carrying out Permitted Activities including:

- a right to access the Walnut Lot and the Common Areas;
- a right to access and use the Orchard Infrastructure;
- an exclusive right to access, use and enjoy the benefit of the Trees;
- an exclusive right to Harvest the Walnuts; and
- an exclusive right to take all right, title and interest in the Harvested Walnuts.

Term

The term of the Orchard Right Agreement will be from the Commencement Date to the date of the final distribution of Net Proceeds Entitlement by the Custodian to the Grower as set out in the Management Agreement, unless terminated earlier under the terms of the Orchard Right Agreement.

Orchard Right Fee

GPL is entitled to the Orchard Right Fee, which, will be deducted by the Custodian, on behalf of the Manager, from the Gross Proceeds Entitlement and paid to the Manager in accordance with the Constitution. In the event that the Gross Proceeds Entitlement is less than the total liability for the Orchard Right Fees in any Year, the Grower will be invoiced for the shortfall.

The Orchard Right Fee for Early Growers is equal to \$220 (inclusive of GST) in Year 1 and indexed to CPI on 1 June in each subsequent Year. For Late Growers, the Orchard Right Fee is equal to \$220, plus indexation to CPI for the 12 months closing at the end of the quarter immediately before the date the fee is to take effect in Year 1 and indexed to CPI on 1 June in each subsequent Year. GPL is also entitled to an Orchard Right Fee of \$9.17

(inclusive of GST) in Year 0, which is included in the Application Fee.

From Year 1 of the Project, the Orchard Right Fee will be deducted by the Custodian on behalf of GPL from the Gross Proceeds Entitlement.

Lessor's Obligations

GPL must not breach the Lease and must not do anything that may end the Lease before its expiry date.

GPL warrants to the Grower that it has paid all money payable under the Lease and has not received any notice from Gunns to remedy a breach of any provisions of the Lease at any time up to the date of execution of the Lease.

The Orchard Right Agreement ends automatically if the Lease ends for any reason at the same time that the Lease Agreement ends.

Landowners

The Landowner will install and in the event of destruction, replace, all Orchard Infrastructure for the Term necessary for carrying out the Project.

The Landowner will plant and in the event of destruction within the first three years of the Term replant (using its best endeavours to achieve as close to 100% of the average initial planting density of the Developed Area as practicable) all Trees necessary for carrying out the Project.

Assignment

A Grower may assign its interest under the Orchard Right Agreement subject to obtaining the written consent of GPL.

Default and Termination

Either party may terminate the Orchard Right Agreement if the other party remains in default of any obligation 60 days after written notice of the default has been received.

GPL is entitled, but not obliged, to remedy any default of the Grower at any time, and all costs and expenses incurred by GPL in doing so must be paid by the Grower to GPL on demand. GPL must give the Grower not less than 7 days notice before exercising this right.

GPL may terminate the Orchard Right Agreement if it is terminated in accordance with clause 15.1 of the Management Agreement (Termination Events).

Goods and Services Tax

Where GST is imposed on a supply made under the Deed, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert appointed under the terms of the Orchard Right Agreement. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must not commence court proceedings or arbitration in relation to the dispute unless they have first followed this dispute resolution process.

18.4 Lease

Parties

The parties to the Leases will be Gunns as lessor and GPL as lessee.

Conditions Precedent

The Lease is conditional upon all approvals in relation to the proposed activities being obtained to the satisfaction of GPL prior to the Commencement Date. If the conditions precedent are not satisfied or otherwise waived by GPL then the

Lease will immediately cease to have effect and all moneys paid under the Lease are returned to GPL.

Grant of Leases

Gunns grants to GPL a lease of the Land, together with the following rights in relation to the Land for the Term:

- an exclusive right to establish, plant, tend and maintain the Trees, maintain the Orchard Infrastructure and harvest the Walnuts and carry out the Project (Permitted Activities) and any other activities deemed reasonably necessary by GPL for the purpose of the Project;
- an exclusive right to access, use, and enjoy the benefit of the Trees;
- an exclusive right to use, access and enjoy the benefit of all Orchard Infrastructure;
- an exclusive right to Harvest the Walnuts; and
- an exclusive right to take all right, title and interest in the Harvested Walnuts.

Grant of Ancillary Rights

Gunns also grants the following rights to GPL in relation to the Land for the term:

- the right to construct and use roads, tracks, buildings and other facilities for the purpose of carrying out the Permitted Activities; and
- the right to erect signs on the Land.

Term

The term of the Lease for the Project will be from the Commencement Date to 30 June in Year 25 or the date of completion of the final Harvest under the Project, whichever is the later, unless otherwise terminated under the Lease Agreement. If GPL undertakes any Subsequent Projects on the Land then for each Subsequent Project a variation to the Lease will be entered into, such

variation to document the changes to Schedule 1 that are relevant to the Subsequent Project.

Rental Fee

GPL will pay a Rental Fee to Gunns for the Lease of the Land.

Registration of the Lease

The parties will sign the Lease and any other document required to enable the Lease to be registered against the title or titles to the Land at the Land and Property Information Division of the Department of Lands pursuant to the Real Property Act 1900 (NSW) prior to or at the time it first issues Walnut Lots in the Project.

GPL's Covenants

In exercising its rights under the Lease, Gunns and its agents must cause as little interference as possible to neighbouring properties, promptly repair any damage caused to roads, tracks or fences, comply with all statutes affecting the Land, only construct buildings on the Land for the purposes of the Permitted Activities (and remove them when they are no longer needed), ensure all debris from harvesting is confined within the Land and take out public liability insurance with cover of at least \$20,000,000.

Gunns' Covenants and Acknowledgments

Gunns must obtain the written consent of mortgagees and caveators of the Land to the grant of the Lease within 14 days of the Commencement Date.

Gunns will plant the Plant Material such that:

- in respect of Early Growers, 30% of the Minimum Walnut Orchard is planted on or before 31 October 2009; and
- in respect of Late Growers, 30% of the Minimum Walnut Orchard is planted on or before 31 October 2010.

Gunns will in the event of destruction or damage within the first three years of the Term, replant, using its best endeavours to achieve as close to 100% of the average initial planting density of the Developed Area as practicable, all Trees necessary for carrying out the Project.

Gunns must not interfere with the rights of GPL or its agents, lessees or licensees in carrying out the Permitted Activities. Gunns acknowledges that at the end of the Term GPL shall not be required to remove any Trees or debris from the Land or tracks from the Land nor be liable to reimburse Gunns for any costs associated with their removal.

Assignment, Leasing and Licensing

Either party may lease or assign its interest in the Lease Agreements subject to obtaining the written consent of the other party. GPL may licence or lease some or all of the rights granted to it under this agreement to a third party.

Default and Termination

Either GPL or the Grower may terminate the Lease Agreement if the other party remains in default of any obligation 60 days after written notice of the default has been received.

GPL is entitled to remedy any default of Gunns, and all costs and expenses incurred by GPL in doing so must be paid by Gunns to GPL on demand.

Except for emergency situations, GPL must give Gunns not less than 7 days notice before exercising this right.

Extension of Term

If a Delaying Event, including an event beyond the control of the parties occurs during the Term, then GPL will notify Gunns of the effect on the harvest of the Walnuts and Gunns will be deemed to extend the Lease accordingly. The Lease may not be

extended by more than 24 months and the Rental Fee will continue to be paid during the extended period on the terms contained in the Lease.

GST

Where GST is imposed on a supply made under the Lease Agreement, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Dispute Resolution

If a dispute arises between the parties, the parties must use their best endeavours to resolve the dispute. If the parties fail to resolve the dispute, the dispute will be determined by an expert appointed under the terms of the Lease. The decision of the expert is binding on the parties. The parties must bear the expert's costs equally. A party must not commence court proceedings or arbitration in relation to a dispute unless they have first followed this dispute resolution process.

Indemnity

GPL indemnifies Gunns against all claims and costs which Gunns may suffer arising out of the negligent or careless use of the Land or Orchard Infrastructure by GPL or a Permitted Person, or any accident, damage to property, injury or death suffered by any person arising out of an act or omission of GPL or a Permitted Person on or near the Land.

Costs and Expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Lease Agreements.

18.5 Fee Facility Deed

This will only apply to those Growers that enter into a Fee Facility Deed.

Parties

The Parties to the Fee Facility Deed will be Gunns Finance as the lender and the Grower as the borrower.

Fee Facility

Gunns Finance agrees to make the Fee Facility available to the Growers during Years 1 – 4. In each of Years 1 – 4, the Grower may draw down an amount equal to the Ongoing Fees less a Deposit amount of 10%.

Interest

The Grower must pay Gunns Finance interest on the Outstanding Balance drawn down, at the rate of 10.5% and on any amounts due but unpaid at 12.50%. Interest will be calculated daily on the basis of a 365 day year and will be payable monthly in arrears.

Repayment

In each month of the Term, the grower must pay an amount equal to the Monthly Repayment Amount to Gunns Finance as payment against the Outstanding Balance by the Repayment Date. The term of the Fee Facility is 10 years from the date of drawdown.

Early Repayment

The Grower may repay the Outstanding Balance at any time, subject to an early 'break fee' of \$100.

Tax, Costs and Expenses

The Grower must on demand, pay all costs and expenses of Gunns Finance and GPL, including tax, legal and administrative costs and expenses on a full indemnity basis in relation to the preparation and enforcement of the Fee Facility Deed.

18.6 Draft Walnut Sale Agreement

The following is a summary of the key terms of the draft Walnut Sale Agreement.

GPL, as agent for the Growers, has agreed to market, enter into negotiations for the sale of and sell the Walnuts on the open market. The Walnuts are to be sold at a fair and reasonable price taking into account the end-use of the Walnuts, prices paid for walnuts of the same or similar variety and quantity throughout Australia, Europe and California, the quality of the Walnuts and relevant information supplied by any party including statistics or indices relevant to walnut prices – details of which are set out in both the Management Agreement and the draft Walnut Sale Agreement.

If GPL as Manager enters into an agreement for sale of the Walnuts to Webster, then Webster will purchase a minimum of 75% of the Walnuts on terms no less favourable to the Grower than those set out in the draft Walnut Sale Agreement. In the event that the agreement with Webster does not complete for any reason, GPL will again market and sell the Walnuts on the open market pursuant to the terms contained in the draft Walnut Sale Agreement.

Sale and Purchase of Walnuts

Under the draft Walnut Sale Agreement, GPL agrees to sell all of the Walnuts (in shell) that have been processed and are derived from the Walnut Lots on the terms and conditions set out in the agreement. The Purchaser must accept all Walnuts that are Harvested and Delivered and Processed in accordance with the Harvest Plan.

The Purchase Price must be paid by the Purchaser to the Custodian in the following instalments:

- 50% upon completion of Processing;
- a further 30% by the end of October immediately following Harvest; and
- the remaining 20% by the end of December immediately following Harvest.

GPL has up to 30 days from receiving the Harvest Plan to seek alternative offers to purchase the Walnuts (under similar terms and conditions that would apply to the Purchaser). The Purchaser may match the offer or the Walnuts will be sold to the alternative purchaser.

Notice

By 31 December immediately preceding Harvest GPL must give the Purchaser written notice of their intention to Harvest and the dates between which the Harvest is expected to take place.

Harvest Plan

The Purchaser shall have a period of no more than 31 days from the notification of Harvest to give written notice to GPL setting out the following:

- Proposed Purchase Price for each variety of walnut;
- the quality specifications required for the Walnuts, which specifications must be consistent with standards;
- the general conditions of conducting the Harvesting operations which must not be less than the standards for the time being prevailing and in common use within the nut industry of Australia and California;
- the maximum rate in tonnes per day, or such other measure as determined under this agreement, of Walnuts to be Delivered;
- the location of where the Walnuts are to be Delivered; and
- the storage facility where Processed Walnuts are to be transferred.

The Harvest Plan may be amended subject to mutual agreement between GPL and the Purchaser.

Determination of Purchase Price

The Purchase Price of the Walnuts will be either:

- (a) the Proposed Purchase Price set out in the Harvest Plan; or
- (b) the price agreed between GPL and a 3rd party where such price is higher than the Proposed Purchase Price; or
- (c) such a price as determined in any dispute resolution between GPL and the Purchaser.

The purchase price for the Walnuts must be a fair and reasonable price per tonne taking into account:

- the end-use of the Processed Walnuts;
- the price or prices being obtained by other bona fide walnut growers for walnuts of the same or similar variety and quantity throughout Australia and California;
- the quality of the Walnuts, taking into consideration the following:
 - the level of Defects (including colour and condition) of the Processed Walnuts;
 - the expected varieties of the Processed Walnuts;
 - the size and size distribution of the Processed Walnuts;
 - the percentage kernel yield;
 - the percentage crack-out rate of halves; and
 - the kernel colour;
- customary methods of determining the price of walnuts of the same or similar variety, quantity and quality in Australia and California;

- the quality of the Processed Walnuts to the extent that it would affect the purpose to which the Processed Walnuts will be put; and
- relevant information supplied by any party including statistics or indices relevant to walnut prices published from time to time.

GPL must provide regular access to the Walnuts in the months leading up to Harvest to assist the Purchaser in assessing the quality.

The Proposed Purchase Price must not be less than the Average Comparative Price (the average price paid for Processed Walnuts to Northern Hemisphere growers in the preceding Northern Hemisphere harvests).

Either the Purchaser or GPL may revise the Purchase Price up to 1 month after the Harvest has occurred for any of, but not limited to, the following reasons subject to negotiation with each other. Where the following quality determinants are substantially different than indicated by GPL in the Harvest Plan:

- the Defects of the Processed Walnuts;
- the varieties of the Processed Walnuts;
- the size and size distribution of the Processed Walnuts;
- the percentage of kernel yield;
- the percentage crack-out rate of halves;
- the kernel colour; and
- the quality of the processed Walnuts to the extent that it would affect the purpose to which the Processed Walnuts will be put.

Determination of Quantity

The quantity of Processed Walnuts purchased must be determined by weight (in tonnes and kilograms) and measured using an approved weighing facility as nominated by the Purchaser.

Where the quantity of Processed Walnuts cannot be determined by weight, the quantity must be determined by any other method used within the horticulture industry and agreed to by GPL.

Collection and Delivery

GPL must deliver the Processed Walnuts to the Storage Facility in accordance with the Walnut Sale Agreement. Delivery costs form part of the Operating Fee and are the responsibility of the Grower.

Ownership and risk

Ownership and risk in relation to the Processed Walnuts will pass to the Purchaser only when the Processed Walnuts are delivered, processed and transferred and the Processed Walnuts are accepted by the Purchaser as meeting the specifications of the Harvest Plan.

Termination

GPL is entitled to terminate the Walnut Sale Agreement if the Purchaser is in default of any of its obligations under the agreement. GPL must give the Purchaser notice of the default and require the default to be remedied. GPL may terminate the Walnut Sale Agreement if the default continues for 14 days, in relation to an obligation to pay money, or continues for a period of 1 month for any other default.

The Purchaser is entitled to terminate the Walnut Sale Agreement if GPL is in default of any of its obligations under the Walnut Sale Agreement and such default continues for 1 month after the Purchaser has notified GPL of the default.

GST

Where GST is imposed on a supply made under the agreement, the supplier may increase the consideration for that supply to account for GST or otherwise recover the amount of GST from the recipient.

Limitation of GPL's Liability

GPL is not liable for any loss or damage, however caused (including, but not limited to the negligence of GPL), suffered by the Purchaser, its employees or contractors in connection with the Purchaser or its employees or contractor undertaking the harvest or delivery of the Walnuts pursuant to the agreement.

Assignment

A party must not assign its rights and obligations under the agreement unless it obtains the consent of the non-transferring party. The transferring party must obtain an agreement of covenant from the assignee in favour of the non-transferring party that the assignee will observe the covenants contained in the agreement. A party must not unreasonably withhold its consent.

Costs and Expenses

Each party must pay its own costs and expenses in respect of the preparation, negotiation and execution of the Walnut Sale Agreement, except that the Purchaser must pay any stamp duty applicable.

Delegation

All rights and obligations imposed on the parties may be exercised by the parties' respective employees and contractors, but delegation to employees or contractors does not release any party from liability under the agreement.

Option

GPL may require the Purchaser to enter into a new agreement for the sale of the Processed Walnuts if GPL does not seriously or persistently breach the agreement.

Additional Information

Copies of documents lodged with ASIC in relation to the scheme may be obtained from, or inspected at, an ASIC office.

19.1 Walnut Lot Allocation

GPL reserves the right to accept or reject applications for Walnut Lots at its complete discretion.

Walnut Lots will be allocated in the order in which applications are received.

GPL reserves the right to allocate a Member, other than a Grower, a lesser number of Walnut Lots than that applied for. If this occurs the Application Fee surplus will be refunded.

19.2 Minimum Subscription

There is no minimum number of Walnut Lots that need to be subscribed for before any Walnut Lots will be allocated.

19.3 Register

A register of Growers will be maintained by GPL at its registered office. The register may be inspected between the hours of 10:00 am to 4:00 pm, Monday to Friday. GPL reserves the right to restrict access to the register as permitted by law.

19.4 Investments

The intention of the Project is that the Application Fee and the Walnut Sale Proceeds will be invested in a bank account held by the Custodian. The Responsible Entity will not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments in the bank account.

19.5 Interests of GPL

As Manager, GPL will receive from each Grower:

- (a) Application Fee;
- (b) Ongoing Fees;

- (c) reimbursement of any insurance premiums paid on behalf of a Grower plus a 10% commission plus GST as described in section 18.2;
- (d) interest earned on any funds held by the Custodian as permitted by the Constitution; and
- (e) GPL may also receive reimbursement for ongoing costs paid by it on behalf of a defaulting Grower together with interest at 2% per annum above the ANZ Banking Group Limited index rate.

- (c) reviewed the Project finance documentation; and
- (d) prepared the application to ASIC for registration of the Project as a managed investment scheme and liaised with ASIC officials in relation to that application.

GPL has paid or has been invoiced approximately \$3,329.70 for these services by KPMG up to the date of this PDS. GPL has paid or has been invoiced approximately \$5,787.10 for these services by Shields Heritage up to the date of this PDS. Further amounts may be paid to KPMG and Shields Heritage on terms agreed with GPL.

Dr Peter Scholefield of Scholefield Robinson Pty Ltd has prepared the Independent Expert Report. The total amount paid to Dr Scholefield and Scholefield Robinson Pty Ltd for provision of this service up to the date of this PDS is \$2,143.35 (including GST).

Dr David McKinna of McKinna et al Pty Ltd has prepared the Independent Market Report. The total amount paid to Dr McKinna and McKinna et al Pty Ltd for provision of this service up to the date of this PDS is \$15,000 (including GST).

19.8 Consents

Written consents to the inclusion of statements in the PDS attributed to a party other than GPL have been given and at the time of lodgement of this PDS had not been withdrawn by the following parties:

- (a) KPMG has given its written consent to the inclusion in this PDS of its Taxation Adviser's Report. KPMG has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and its Taxation Adviser's Report;

19.6 Interests of GPL's Directors

For the financial year ending 30 June 2009 the Directors will each receive fees totalling \$54,500 plus out of pocket expenses. In addition, GPL pays insurance premiums for and otherwise indemnifies the Directors for any liability arising from the performance of their duties and any associated legal expenses.

19.7 Interests of Experts

KPMG has prepared the Taxation Adviser's Report included in this PDS. In addition, KPMG has:

- (a) provided advice in relation to the structure of the Project; and
- (b) prepared the application to the ATO for a product ruling in respect of the Project and liaised with ATO officials in relation to that application.

Shields Heritage has provided legal advice where necessary. In addition, Shields Heritage has:

- (a) reviewed and settled the constituent documents and material contracts for the Project;
- (b) provided advice in relation to the provision of finance by Gunns Finance;

- (b) Dr Peter Scholefield of Scholefield Robinson has given his written consent to the inclusion in this PDS of his Independent Expert's Report;
- (c) Dr David McKinna of McKinna et al Pty Ltd has given his written consent to the inclusion in this PDS of his Independent Market Report;
- (d) Webster has given its written consent to the inclusion in this PDS of statements attributed to it. Webster has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and statements attributed to it; and
- (e) Gunns has given its written consent to the inclusion in this PDS of statements attributed to it. Gunns has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and statements attributed to it.
- (f) MI does not in anyway endorse or accept responsibility for this document nor any activities associated with, or circumstances arising from, the project described herein. MI has only given its consent to the inclusion of statements attributed to it. MI has not authorised or caused the issue of this PDS and takes no responsibility for any statement in this PDS other than the references to its name and statements attributed to it.

19.9 Cooling off Period

A person who makes an application under this PDS has the right to withdraw their application and obtain a refund (less any amounts GPL is entitled to deduct by law) within a 14

day cooling off period. This right is subject to certain limitations set out in the Corporations Act. The cooling off period begins either from the day GPL confirms acceptance of your application in writing or 5 days after GPL issues you an interest in the scheme, whichever first occurs. The right to withdraw cannot be exercised at any time after you have exercised a right or power under the Project.

The right to withdraw from the Project must be exercised in writing to:

Gunns Plantations Limited
Administration Manager
PO Box 588
Launceston, Tasmania 7250

19.10 Privacy

GPL will collect personal information from you in order to process your application, administer your investment and provide you with services relating to your investment. To do that, GPL may disclose your personal information to our agents, contractors, or third party service providers to whom GPL outsource services. GPL may also use your personal information to tell you about other products and services offered by us. If you do not provide us with your personal information, we cannot process your application, administer your investment and provide you with services relating to your investment.

Where permitted by law including the Privacy Act 1998 (Cth) GPL, any member of the Gunns Group, and third parties such as investment advisers and brokers acting on your behalf (Parties) may exchange with each other any information about you including:

- (a) any information provided by you in the Application Form;
- (b) any other personal information you provide to any of the Parties or which they otherwise lawfully obtain about you; and

- (c) any transaction details or transaction history arising out of your arrangements with any of the Parties.

If GPL engages anyone (a Service Provider) to do something on its behalf then GPL and the Service Provider may exchange with each other any information referred to above for any of the purposes referred to above.

GPL might give any information referred to above to entities other than the Parties and the Service Providers where it is required or allowed by law or where you have otherwise consented.

By signing the Application Form, you agree that any information referred to above can be used by the Parties and any Service Provider for establishing or updating your investment in the Fund, and for the administration of your investment, planning, product development, research purposes, and statistical analysis.

You can request access to most personal information that GPL holds about you. If you would like to make a request for access, please phone FREECALL 1800 015 023.

If you have concerns about the completeness and accuracy of the information we have about you, notify us and we will take steps to correct it.

19.11 The Tamar Ridge Gold Club

Tamar Ridge invites the investor to join its exclusive investors wine club – The Tamar Ridge Gold Club. The Gold Club provides its investor members with a generous saving on the recommended retail prices of a selection of wines within the Tamar Ridge Estates portfolio. You will be advised of these selections on a regular basis.

If you wish to enrol in the Tamar Ridge Gold Club, please complete the relevant section in the GPL Application and Power of Attorney Form attached.

Glossary

The following definitions apply throughout the PDS unless the context otherwise requires:

Application Fee

The upfront fee of \$6,424 (inclusive of GST) payable in respect of each Walnut Lot applied for under this PDS;

Application and Power of Attorney Form

The application and power of attorney forms attached to this PDS;

ARSN

Australian Registered Scheme Number;

ASIC

The Australian Securities and Investment Commission;

ATO

The Australian Taxation Office;

Borrower

The applicant or applicants named in Part A of Section 24.2 of this PDS;

Business Day

A day on which banks are open for business in Launceston, Tasmania and Sydney, New South Wales, except a Saturday, Sunday or public holiday;

Compliance Plan

The compliance plan of the Project established pursuant to Part 5C.4 of the Corporations Act;

Constitution

The constitution governing the Project as executed on 28 April 2009;

Contributing Grower

A Grower who has had Walnuts Harvested in respect of their Walnut Lot in accordance with the Management Agreement in a given Year and has not made a successful insurance claim in respect of those Walnuts in that year;

Corporations Act

The Corporations Act 2001 (Cth);

CPI

The Consumer Price Index (all groups, all capital cities) compiled by the Australian Bureau of Statistics;

Credit Amount

The Investment Amount less the Deposit;

Custodian

Gunns;

Custody Agreement

The agreement between GPL and Gunns appointing Gunns as Custodian for the Project;

Date of Advance

The date on which the Loan Contract commences in accordance with clause 2.2 of the Loan Contract;

Debtor

The person(s) named at Item B of Part E in Section 24.2 of this PDS;

Deferred Management Fee

That component of the Operating Fee equal to 5.5% (inclusive of GST) of the Gross Proceeds Entitlement in each Year from the first harvest year and for the remainder of the Project, for additional maintenance expenditure incurred by the Manager only in Years 1 and 2;

Deposit

The loan deposit amount specified at Item 3 of the Loan Schedule;

Developed Area

A discrete geographical Orchard area, which is managed under the same horticultural regime and is in the same age class;

Early Grower

A person who is a Member who has lodged an application to enter the Project on or before 15 June 2009

and who has signed a Management Agreement and Orchard Right Agreement that have not been terminated;

Establishment Works

The works to be performed by Gunns pursuant to the Lease;

Event of Default

Any event specified in clause 12 of the Loan Contract;

Existing Orchard

Land upon which Establishment Works have been completed prior to 1 January in Year 0;

First Joint Venturer

The first Joint Venturer described in the Application and Power of Attorney Form;

Final Repayment Date

The last day of the Loan Term;

Fund

The Project fund;

GPL

Gunns Plantations Limited (ABN: 36 091 232 209);

Gross Proceeds Entitlement

The Grower's Proportional Interest in the gross amount received by the Responsible Entity from the sale of the Walnuts grown under this Project in any one financial year;

Grower

A person who is a Member and who has signed a Management Agreement and Orchard Right Agreement that have not been terminated;

GST

The Goods and Services Tax or other value added tax;

Guarantee

The guarantee and indemnity provided by the Guarantor to

Gunns Finance as security for the Borrower's obligations in accordance with Section 21.2 of this PDS;

Guaranteed Monies

All debts and monetary liabilities of the Debtor owing to Gunns Finance under or in relation to the Loan Contract, and in any capacity irrespective of whether the debts or liabilities:

- (a) are present or future;
- (b) are actual, prospective, contingent or otherwise;
- (c) are at any time ascertained or unascertained;
- (d) are owed or incurred by or on account of the Debtor alone, or severally or jointly with any other person;
- (e) are owed or incurred to or for the account of Gunns Finance alone, or severally or jointly with any other person;
- (f) are owed or incurred as principal, interest, fees, charges, taxes, duties or other imposts, damages (whether for breach of contract or tort or incurred on any other ground), losses, costs or expenses, or on any other account;
- (g) are owed or incurred to or for the account of any successor or assignee of Gunns Finance; or
- (h) comprise any combination of the above.

Guarantor

The person(s) named at Item A of Part E in Section 24.2 of this PDS;

Gunns

Gunns Limited
(ABN 29 009 478 148);

Gunns Finance

Gunns Finance Pty Ltd
(ABN 58 091 861 700);

Harvest

The preparation of the Orchard for harvesting, shaking, sweeping and all

other things necessary to collect the nuts and delivery to the place that the Walnuts will be Processed, whether conducted as one operation or more than one operation, and includes final Harvest, and Harvested and Harvesting will have a similar meaning;

Harvest and Processing Services Fee

That component of the Operating Fee equal to \$253 (inclusive of GST) per Walnut Lot in each Year of the Project, Indexed to CPI each Year, plus 12.1% (inclusive of GST) of the Gross Proceeds Entitlement payable in each Year from the first harvest and for the remainder of the Project for the Harvest and Processing services provided by the Manager to the Grower;

Harvest Plan

The plan for the harvesting of the Walnuts and the delivery of the Walnuts under the draft Walnut Sale Agreement;

Independent Horticulturist

Dr. Peter Scholefield of Scholefield Robinson Pty. Ltd. or such other horticulturist appointed from time to time by the Manager;

Indexed to CPI

Indexation to CPI for the 12 months closing at the end of the quarter immediately before the date the indexation is to take effect;

Initial Services

The services provided by the Manager under the Management Agreement from 15 June in Year 0 to 30 June in Year 0;

Initial Services Fee

The Fee payable by the Grower to the Manager in consideration of the Initial Services, to be paid in accordance with the Management Agreement;

Insolvency Event

The liquidation of a Transaction Party, or the occurrence of any step to effect

the liquidation of a Transaction Party including the making of any relevant petition or order;

Investment

Any one of the holdings of investments forming for the time being a part of the Fund;

Investment Amount

The total Application Fee payable as specified at Item 1(a) of the Loan Schedule;

IRR

The internal rate of return for the Project Cashflows calculated using Microsoft Excel or a similar program;

Joint Venture

The joint venture that is established by two persons who pursuant to clause 5 of the constitution elect to enter into the Project together;

Joint Venturer

One of the two persons who comprise the Joint Venture Grower;

Late Grower

A person who is a Member who has lodged an application to enter the Project after 30 June 2009 and on or before 15 June 2010 and who has signed a Management Agreement and Orchard Right Agreement that have not been terminated;

Lease

Any lease entered into by Gunns and GPL relating to the land for the Project;

Loan

The amount specified in Item 5 of the Loan Schedule, that may be made available by Gunns Finance to the Borrower in accordance with the Loan Contract;

Loan Contract

The agreement entered into between the Borrower and Gunns Finance on the terms set out in Section 21.1 of this PDS;

Loan Establishment Fee

The fee loan establishment fee of \$150 + 0.4% of the loan amount as specified at Item 4 of the Loan Schedule;

Loan Schedule

The loan schedule contained in Part B in Section 24.2 of this PDS;

Loan Term

The term specified in Item 2 of the Loan Schedule commencing on the Date of Advance;

Maintenance Services

The maintenance services as set out in the Management Agreement;

Management Agreement

The management agreement between GPL and a Grower appointing GPL as Manager of a Walnut Lot;

Manager

GPL;

Material Adverse Effect

A material adverse effect upon a Transaction Party's ability to perform any of its obligations under any Project Document;

Member

A person who has paid their Application Fee and whose application to participate in the Project has been accepted by the Responsible Entity and includes a Grower unless otherwise specified;

MI

Murrumbidgee Irrigation Ltd (ABN 39 084 943 037);

Net Proceeds Entitlement

The amount payable to a Grower out of the Gross Proceeds Entitlement after deducting all Ongoing Fees and other costs payable by the Grower to the Custodian, Responsible Entity or Manager in accordance with the Constitution;

New Orchard

Land upon which Establishment Works have not been completed prior to 1 January in Year 0;

Ongoing Fees

The Orchard Right Fee, the Operating Fee and the Water Fee;

Operating Fee

The fee described in Section 8.3 of this PDS;

Orchard

Collectively, all of the Walnut Lots allocated to Growers under the Project;

Orchard Infrastructure

Fences, irrigation systems, drainage systems, roads, dams and all other infrastructure located on the land required to allow the planting of the trees;

Orchard Maintenance Fee

That component of the Operating Fee equal to \$880 (inclusive of GST) per Walnut Lot in each Year of the Project, Indexed to CPI each Year, for the Manager providing the Maintenance Services;

Orchard Right

The right to access a Walnut Lot and enjoy the use of the Trees and the Orchard Infrastructure as set out in the Orchard Right Agreement;

Orchard Right Agreement

The agreement by which you obtain an interest in a Walnut Lot;

Orchard Right Fee

The fee described in Section 8.3 of this PDS;

Outstanding Balance

That part of the Loan that remains outstanding from time to time;

Outstanding Monies

All debts and monetary liabilities

of the Borrower to Gunns Finance under or in relation to any Project Document and in any capacity;

Participation

The Borrower's interest in the Project;

PDS

This Product Disclosure Statement and any supplementary Product Disclosure Statement;

Permitted Activities

Establishing, planting, tending and maintaining the Trees, maintaining the Orchard Infrastructure and harvesting the Walnuts and carrying out the Project;

Permitted Persons

- GPL;
- GPL's related parties, agents, assignees, sub-contractors, licensees or lessees under this agreement; or
- the agents, assignees, sub-contractors, licensees or lessees of GPL's related parties, sub-contractors, assignees, licensees or lessees, authorised to access the Land to carry out the Permitted Activities;

Plant Material

The planting material required to grow the Trees;

Process

The de-hulling, cleaning, drying and sizing of the Harvested Walnuts, whether conducted as one operation or more than one operation, and includes Processing at final Harvest, and Processed and Processing will have a similar meaning;

Product Ruling

The Product Ruling applied for by GPL, on behalf of the Project;

Project

The Gunns Plantations Ltd Walnut Project No. 3 ARSN 136 845 022;

Project Cashflows

The annual after tax net cash flow in each Year for a Grower of a single Walnut Lot over the period from the Date of Commencement until 30 June in Year 25 and calculated in accordance with:

- the assumption that the Grower is a natural person resident taxpayer paying the highest marginal income tax rate prevailing from time to time during the Project term;
- the assumption that the Grower finances their participation in the Project from their own cash resources and not from borrowed funds; and
- the following formula for each Year:

$$(GPE - OF) \times TR$$

where:

GPE = the Gross Proceeds Entitlement in each Year;

OF = the Ongoing Fees in each Year; and

TR = the highest marginal income tax rate in each Year;

Project Document

The Constitution, the Management Agreement, Orchard Right Agreement and the Draft Walnut Sale Agreement, and any document and agreement entered into or given under any of them;

Repayment Amount

The monthly payment amount specified in Item 6 of the Loan Schedule;

Repayment Date

Date specified in Item 7 of the Loan Schedule;

Responsible Entity

GPL in its capacity as responsible entity for the Project;

Sales Commission

That component of the Operating Fee equal to 5.5% (inclusive of GST) of the Gross Proceeds Entitlement in each Year from the first harvest and for the remainder of the Project for the Manager procuring the sale of the Walnuts;

Second Joint Venturer

The second Joint Venturer described in the Application and Power of Attorney Form;

Secured Property

The rights, entitlements and interests of the Borrower under, arising from or otherwise in relation to Project Documents;

Security

The conveyance effected under clause 7 of the Loan Contract;

Services

Initial Services, Maintenance Services, the Harvest and the Processing;

Term

Approximately 25 years from the date this offer closes, unless the Manager decides to extend the Project for a period of two years where, if at 30 June in Year 25, the IRR is less than 9.5%, the Project has not been terminated before 30 June in Year 25 and GPL is reasonably satisfied that it is in the best interests of Growers to do so;

Terms Arrangement

The agreement by GPL to defer payment by the Grower of the unpaid balance of the Application Fee;

Transaction Document

The Loan Contract and any document or agreement entered into or given under it;

Transaction Party

Each Borrower and each Guarantor (if any);

Tree

A tree to be planted and grown on the Grower's Walnut Lot;

Walnut Lot

A parcel or parcels of land of approximately 0.20 hectares in size, offered for licence under an Orchard Right Agreement and forming part of the Project. Each 0.20 hectare Walnut Lot will comprise 0.19 hectares of Existing Orchard and 0.01 hectares of New Orchard;

Walnut Sale Agreement

The draft agreement that will form the basis of any future agreement between GPL and a purchaser for the purchase of harvested Walnuts set out in schedule 3 to the Management Agreement;

Walnut Sale Proceeds

The proceeds derived from a sale of Walnuts grown under this Project in any one financial year;

Walnuts

The nuts grown on the Developed Area as part of the Project;

Water Fee

The fee payable to the Manager for ensuring the availability of sufficient water and for the provision of water to the Walnut Lots equal to:

- (a) for Years 1 to 3 inclusive, \$517 (inclusive of GST) per Walnut Lot in each Year;
- (b) for Years 4 to 6 inclusive, \$737 (inclusive of GST) per Walnut Lot in each Year;
- (c) from and including Year 7 and for the remainder of the Project, \$957 (inclusive of GST) per Walnut Lot in each Year;

Indexed to CPI each Year, plus 2% of the fee so varied;

Webster

Webster Limited
(ABN: 23 009 476 000);

Year

The Year referenced as follows:

1. for Year 0, the financial year in which the Application Fee is paid;
2. for Year 1, the financial year following the time when the Application Fee is paid; and
3. for Year 2 and subsequent years, the relevant number of years following when the Application Fee is paid.

Loans from Gunns Finance

Loans from Gunns Finance under this PDS are only available to applicants applying to enter the Project as Growers.

By completing the loan application in Section 24.2 of this PDS, Growers may borrow the Application Fee from Gunns Finance utilising principal and interest loans for 3, 5, 10 or 15 year terms.

Gunns Finance takes security over the rights, entitlements and interests of the Borrower under, arising from or otherwise in relation to the Project Documents for the duration of the loan. A Loan Establishment Fee to cover stamp duty and administration costs is payable by the Borrower and added to the Loan Amount.

There is also a repayment table available online (www.gunns.com.au/plantations) for the loans that provides the following details for each of the loans for differing numbers of Walnut Lots:

- the total Application Fee payable;
- the total Loan Establishment Fee payable;
- the total Loan Amount, including the Loan Establishment Fee; and
- the monthly Repayment Amounts.

21.1 Gunns Finance Pty Ltd - Loan Contract

By applying to enter into the one of Gunns Finance's loan options in Section 24.2 of this PDS, applicants are making an application to enter into a loan agreement with Gunns Finance on the following terms and conditions:

1. Interpretation

1.1 Interpretation

In this Loan Contract, headings and boldings are for convenience only and do not affect the interpretation of this Loan Contract and, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (c) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;
- (d) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 1.1(d) implies that performance of part of an obligation constitutes performance of the obligation;
- (e) a reference to a clause, party, annexure or schedule is a reference to a clause of, and a party, annexure and schedule to, this Loan Contract and a reference to this Loan Contract includes any annexure and schedule;
- (f) a reference to a law is to that law as replaced or amended from time to time;
- (g) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (h) a reference to a party to any document includes that party's successors and permitted assigns;
- (i) no provision of this Loan Contract will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this Loan Contract or that provision;
- (j) a covenant or agreement on the part of 2 or more persons binds them jointly and severally. This means that if two or more persons are named in this Loan Contract as Borrower, each Borrower is jointly and individually liable for paying all money owing under this Loan Contract and performing all obligations under this Loan Contract; and
- (k) a reference to liquidation includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death.

1.2 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

2. The Loan

2.1 Gunns Finance agrees to advance the Loan to the Borrower to assist the Borrower to pay the Investment Amount referred to in Item 1 of the Loan Schedule:

- (a) provided that the conditions precedent in clause 3 of this Loan Contract are satisfied; and
 - (b) otherwise, on the terms and conditions contained in this Loan Contract.
- 2.2 The Borrower agrees to apply the Loan in part payment of its Participation and irrevocably instructs Gunns Finance to disburse the Credit Amount to Gunns Plantations Ltd accordingly.
- 2.3 The Deposit required to fund the loan may be varied within good commercial terms at the absolute discretion of Gunns Finance.

- 2.4 The interest rate of the Loan may be varied within good commercial terms at the absolute discretion of Gunns Finance.

3. Conditions Precedent

Gunns Finance is not obliged to provide the Loan until:

- (a) the Borrower's application to participate in the Project has been accepted by Gunns Plantations Ltd;
- (b) it has received the Security, in form and of substance satisfactory to it, duly executed and delivered;
- (c) it has received, completed and executed as applicable by the Borrower, all documents necessary to perfect the conveyance; and
- (d) if any Project Document will be signed under power of attorney, Gunns Finance has received evidence satisfactory to it that the relevant power of attorney has been registered.

4. Interest, Fees And Charges

- 4.1 The Borrower must pay Gunns Finance:

- (a) the Loan Establishment Fee. This fee is added to the Credit Amount on the date the Borrower applies for the Loan and is non-refundable; and
- (b) any fees payable to Gunns Finance under any Direct Debit agreement between Gunns Finance and the Borrower.

- 4.2 The Borrower must pay Gunns Finance interest:

- (a) on the Outstanding Balance from the Date of Advance, at the interest rate specified in Item 8 of the Loan Schedule; and
- (b) on any amounts due and payable but unpaid, at the default rate, being the interest rate plus the margin specified in Item 9 of the Loan Schedule.

- 4.3 Interest will be calculated daily on the basis of a 365 day year and debited to the Borrower's loan account monthly.

5. Repayments

- 5.1 The Borrower agrees to repay the Loan, and pay interest and all other Outstanding Monies by paying to Gunns Finance:
- (a) the Repayment Amount on the Repayment Date of each month during the Loan Term; and
 - (b) all other Outstanding Monies on the Final Repayment Date.
- 5.2 The Repayment Amount shall be payable to Gunns Finance monthly in arrears (or as specified in the Loan Schedule). All amounts payable to Gunns Finance under this Loan Contract shall be payable by direct debit.

- 5.3 Any monies received by Gunns Finance from the Borrower may be applied by Gunns Finance in the payment or repayment of the Outstanding Monies at the discretion of Gunns Finance.

- 5.4 The Borrower must make all payments due under this deed without any set-off, counterclaim or condition, and without any deduction or withholding for any tax or any other reason, unless the Borrower is required to make a deduction or withholding by applicable law.

6. Prepayment

The Borrower may prepay the Outstanding Balance in whole or in part at any time.

In the event of an early repayment of some or all of the Outstanding Balance, a 'break fee' of \$400 will become immediately due and payable at the discretion of Gunns Finance.

7. Security

- 7.1 In consideration for the Loan, the Borrower, as beneficial owner:

- (a) conveys absolutely the Secured Property to Gunns Finance to secure the payment of the Outstanding Monies; and

- (b) agrees to comply with the Borrower's obligations under the Orchard Right Agreement, Management Agreement and any other agreement which the Borrower is a party to with respect to the Project.

- 7.2 Once the Borrower has repaid the Outstanding Monies and if there is no outstanding Event of Default, the Borrower may require Gunns Finance to reconvey the Secured Property to the Borrower.

- 7.3 The Security is provided to Gunns Finance as continuing security for the performance of the Borrower's obligations under this Loan Contract including, but not limited to, payment of all Outstanding Monies. The Borrower cannot and must not deal or attempt or purport to deal with any of the Secured Property other than as contemplated by this Loan Contract.

8. Insurance

- 8.1 The Borrower may take out and maintain insurance over the Walnut Lots. Such insurance must:

- (a) be with a reputable insurer; and
- (b) insure the Walnut Lots against the loss of crops on at least a full value basis.

- 8.2 The Borrower must have Gunns Finance's interest noted on the policy of insurance.

- 8.3 The Borrower must provide to Gunns Finance a copy of the policy of insurance and the renewal certificate for each year of the policy, within 14 days of the policy being taken out or renewed (as the case may be), until all Outstanding Monies are repaid in full.

- 8.4 If an event occurs or circumstance exists which gives rise to a potential claim against the insurance policy the Borrower must (unless otherwise agreed with Gunns Finance) lodge a claim for the full amount recoverable and do all things necessary to ensure that the claim is successfully processed.
- 8.5 In the event that a claim is made against the policy of insurance the Borrower must satisfy all financial obligations relating to the Project from the proceeds of the claim, including the payment of all Outstanding Monies.
- 9. Project Participation**
- The Borrower acknowledges that:
- (a) its decision to participate in the Project, to apply for and borrow the Loan and to enter into the Project Documents has not been made by the Borrower in reliance on any statement, representation or conduct by Gunns Finance or Gunns Plantations Ltd including any statement, representation or conduct concerning the performance of the Project or the potential benefits, financial or otherwise, which may be available as a result of participation in the Project; and
 - (b) it has taken such independent legal and financial advice from the adviser of its choice in connection with the Project Documents as it thinks fit, prior to executing this deed.
- 10. Representations and Warranties**
- 10.1 The Borrower represents and warrants that:
- (a) it is not entering into this Loan Contract as a trustee of a trust unless it notifies Gunns Finance to the contrary prior to this Loan Contract being executed;
 - (b) it and each other Transaction Party (if any) has full power and authority to enter into and perform its obligations under this Loan Contract and the Security;
 - (c) the Project Documents are legal, valid and binding obligations of it and each other Transaction Party (if any) and, subject to any necessary stamping and registration, are enforceable in accordance with their terms;
 - (d) the execution, delivery and performance by it and each other Transaction Party (if any) of the Project Documents do not and will not violate, breach, or result in a contravention of any encumbrance or document which is binding upon any Transaction Party or on any of a Transaction Party's assets; and
 - (d) all information, including financial information, provided to Gunns Finance in support of the Borrower's application for this Loan and in accordance with this Loan Contract are and will be complete, correct and not misleading and, in relation to financial information, represent a true and fair view of each Transaction Party's financial position.
- 10.2 The Borrower agrees that the representations and warranties in, or given under, this Loan Contract including, but not limited to, clause 10.1:
- (a) survive the execution of this Loan Contract; and
 - (b) will be relied upon by Gunns Finance in entering this Loan Contract.
- 11. Undertakings**
- 11.1 The Borrower undertakes to:
- (a) fully and punctually perform its obligations under the Project Documents;
 - (b) immediately provide to Gunns Finance such information regarding the financial condition of any Transaction Party as and when Gunns Finance may reasonably request;
 - (c) give notice to Gunns Finance, as soon as it becomes aware of any Event of Default occurring; and
 - (d) if the Borrower is a trustee of a trust, to:
 - i. exercise its right of indemnity from the trust fund and the beneficiaries of the trust in respect of any obligations incurred by it under any Project Document;
 - ii. observe its obligations as trustee; and
 - iii. cause any successor of the Borrower as trustee of the trust to execute such documents as Gunns Finance reasonably requires to ensure that this Loan Contract is binding on each such successor.
- 11.2 The Borrower's undertakings in this clause 11 continue in full force and effect from the date of this Loan Contract until the Outstanding Monies are finally paid to Gunns Finance.
- 12. Events of Default**
- 12.1 Upon the occurrence of an Event of Default the Outstanding Monies become immediately due and payable to Gunns Finance without the need for any demand or notice to be given and Gunns Finance may immediately and without notice exercise its rights under the Project Documents.
- 12.2 It is an Event of Default if, whether or not it is within the control of the Borrower:
- (a) any amount due and payable to Gunns Finance under any Project Document is not paid when due;

- (b) the Borrower fails to perform or observe any other undertaking, obligation or agreement expressed or implied in any Project Document and:
- i. that failure is not, in the opinion of Gunns Finance, remediable; or
 - ii. if the failure is, in Gunns Finance's opinion, remediable, the failure is not remedied within 14 days after receipt by the Borrower of a notice from Gunns Finance specifying the failure;
- (c) any warranty, representation, acknowledgment or statement by a Transaction Party is or becomes false, misleading or incorrect when made or regarded as made by the Transaction Party under any Project Document or under any document contemplated by any Project Document;
- (d) any Insolvency Event occurs;
- (e) all or any part of any provision of any Project Document is or becomes illegal, void, voidable, unenforceable, able to be terminated, rescinded or avoided by a person or otherwise of limited force or effect;
- (f) any other change occurs in the financial position of a Transaction Party which, in the opinion of Gunns Finance, may have a Material Adverse Effect; or
- (g) there is an event of default, howsoever described, by a Transaction Party under a Project Document.
- 12.3 Without limiting Gunns Finance's rights under the conveyance created by clause 7.1, if the whole of the Outstanding Monies are not paid to Gunns Finance in accordance with this deed, Gunns Finance may:
- (a) exercise any of the rights and powers granted to it as transferee under the conveyance created by clause 7.1 under law and by statute;
 - (b) exercise the rights, entitlements and interests of the Borrower in the Secured Property;
 - (c) transfer the Secured Property or any part thereof including by way of sale, lease or licence on such terms as Gunns Finance thinks fit;
 - (d) elect to retain the Secured Property for its own benefit;
 - (e) recover the Outstanding Monies from the Borrower including by the institution of court proceedings; or
 - (f) any combination of the foregoing.
- 12.4 Notwithstanding anything in this Loan Contract, Gunns Finance may not exercise its rights against the Borrower in a manner contrary to the provisions of section 302 of the Bankruptcy Act 1966 (Cth).
- ### 13. Tax, Costs and Expenses
- 13.1 The Borrower must on demand pay any tax (including, but not limited to, any goods and services tax or other like tax) in respect of the execution, delivery, performance, release, discharge, amendment, enforcement or attempted enforcement or otherwise in respect of any Transaction Document and any transaction contemplated under any Transaction Document.
- 13.2 The Borrower must on demand pay all costs and expenses of Gunns Finance, including legal and administrative costs and expenses on a full indemnity basis, in relation to:
- (a) the negotiation, preparation, execution, delivery, stamping, registration, completion, variation and discharge of any Project Document;
 - (b) the enforcement, protection or waiver, or attempted or contemplated enforcement or protection, of any rights under any Project Document; and
 - (c) the consent or approval of Gunns Finance given under any Project Document.
- ### 14. Indemnity
- 14.1 The Borrower indemnifies Gunns Finance against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment which Gunns Finance pays, suffers, incurs or is liable for, in respect of any of the following:
- (a) the Loan not being made for any reason other than by reason of a default by Gunns Finance;
 - (b) the occurrence of any Event of Default or potential Event of Default; and
 - (c) Gunns Finance exercising its rights under a Project Document or otherwise upon or arising out of the occurrence of any Event of Default or potential Event of Default.
- 14.2 Any amount payable to Gunns Finance under this indemnity is payable on demand.
- ### 15. Attorney
- In consideration of Gunns Finance entering into this Loan Contract and agreeing to provide the Loan to the Borrower, the Borrower irrevocably appoints Gunns Finance and each of its directors, employees and agents, severally, its attorney. Each attorney may, in the name of the Borrower or the attorney, do anything which the Borrower may lawfully authorise an attorney to do in relation to the Project Documents.
- ### 16. Assignment
- 16.1 The Borrower must not transfer or assign any of its rights or obligations under any Transaction Document without Gunns Finance's prior written consent which shall not be unreasonably withheld or delayed.
- 16.2 Gunns Finance may at any time assign any of its rights or transfer by novation any of its rights and obligations under any Transaction Document.

17. General

17.1 Any notice or other communication including, but not limited to, any request, demand, consent or approval, to or by a party to any Transaction Document:

- (a) must be in legible writing and in English addressed as referred to at the commencement of this Loan Contract or as specified to the sender by any party by notice;
- (b) where the sender is a company, must be signed by an officer of, or under the common seal of, the sender;
- (c) is regarded as being given by the sender and received by the addressee:
 - i. if by delivery in person, when delivered to the addressee;
 - ii. if by post, 3 Business Days from and including the date of postage to the address; or
- (d) if by facsimile transmission, whether or not legibly received, upon production of a successful transmission report from the sender's facsimile machine, but if receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as received at 9.00 am on the following Business Day.

17.2 This deed is governed by the laws of Tasmania. The Borrower irrevocably submits to the non-exclusive jurisdiction of the courts of Tasmania.

17.3 Any provision of, or the application of any provision of, any Project Document which is:

- (a) prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition; and
- (b) void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

17.4 Waiver of any right arising from a breach of this Loan Contract or upon default under this Loan Contract or upon the occurrence of an Event of Default must be in writing and signed by the party granting the waiver. A failure or delay in exercise, or partial exercise, of such a right does not result in a waiver of that right.

17.5 A variation of any term of this Loan Contract must be in writing and signed by the parties.

17.6 Gunns Finance's rights under this Loan Contract are in addition to any other right, power, authority, discretion or remedy of Gunns Finance.

18. Release of Information

18.1 Gunns Finance may disclose the Borrower's personal information to the following entities:

- (a) credit reporting agencies and credit providers;
- (b) to Gunns Finance's bank to process your payment instructions, if any;
- (c) to Gunns Finance's legal, auditing or other professional advisors; or
- (d) Gunns Limited as Custodian for the scheme.

18.2 Gunns Finance may obtain from a credit reporting agency a credit report containing personal information about the Borrower and a credit report containing information about the Borrower's commercial credit activities.

18.3 Gunns Finance may disclose to a credit reporting agency personal information about the Borrower including information about the Borrower's identity and (if applicable) that:

- (a) the Borrower has applied for the Loan and the amount applied for;
- (b) Gunns Finance are currently administering the account;

(c) the Borrower's repayments are overdue by more than 60 days, and Gunns Finance have started debt recovery proceedings;

(d) the Borrower's repayments are no longer overdue;

(e) the Borrower has drawn a cheque for \$100 or more which has been dishonoured more than once;

(f) in Gunns Finance's opinion, the Borrower has committed a serious infringement of the Loan Contract; or

(g) the Borrower's account has been repaid or otherwise terminated.

18.4 Gunns Finance may exchange information about the Borrower with any person who provides or has previously provided credit to the Borrower and any credit provider named in a credit report Gunns Finance may obtain (now or in the future) from a credit reporting agency.

18.5 Gunns Finance may exchange any information about creditworthiness, credit standing, credit history or credit capacity that credit providers are allowed to give or receive from each other under the Privacy Act or any other law.

18.6 The information may be exchanged for any of the following purposes:

- (a) to assess an application by the Borrower for credit;
- (b) to exchange information with other credit providers as to the status of accounts the Borrower may have with Gunns Finance, or them, where the Borrower is in breach under any loan;
- (c) to assess the Borrower's creditworthiness at any time during or after the life of an account; or
- (d) any other purpose permitted by law.

21.2 Guarantee and Indemnity Terms

1. Interpretation

The interpretation provisions in the Loan Contract apply as if they were part of this Guarantee.

2. Guarantee

The Guarantor unconditionally and irrevocably guarantees to Gunns Finance the payment of the Guaranteed Monies.

3. Indemnity

If any of the Guaranteed Monies are not recovered from the Debtor or are not recovered from the Guarantor on the footing of a guarantee, the Guarantor indemnifies Gunns Finance against any claim, action, damage, loss, liability, cost, charge, expense, outgoing or payment suffered, paid or incurred by Gunns Finance in relation to the non-payment or non-recovery of the Guaranteed Monies.

4. Payments

All payments which the Guarantor is required to make under this Guarantee must be made without any set off, counter claim, condition or deduction and are payable by the Guarantor on demand by Gunns Finance.

5. Certificate

A certificate signed by any secretary or director of Gunns Finance stating the amount payable under this Guarantee is prima facie evidence of that amount.

6. Continuing Obligation

The guarantee and indemnity contained in this Guarantee is a continuing obligation of the Guarantor, despite any settlement of account or the occurrence of any other thing and remains in full force and effect until all Guaranteed Monies and all other monies owing to Gunns Finance under this Guarantee, contingently or otherwise, have been paid in full.

7. Independent Obligation

The guarantee and indemnity contained in this Guarantee is a separate and independent obligation of the Guarantor and neither limits the generality of the other.

8. Avoidance Of Payments

If any payment or other transaction relating to or affecting the Guaranteed Monies is void, voidable or unenforceable in whole or in part or is claimed to be void, voidable or unenforceable and that claim is upheld, conceded or compromised in whole or in part:

- (a) the liability of the Guarantor under this Guarantee is the same as if that payment or transaction (or the void, voidable or unenforceable part of it) and any release, settlement or discharge made in reliance on any such payment or transaction had not been made; and
 - (b) the Guarantor must immediately take all action and sign all documents required by Gunns Finance to restore to Gunns Finance the benefit of the liability of the Guarantor under this Guarantee in place immediately before the payment or transaction.
- ### 9. Unconditional Obligations
- 9.1 The obligations of the Guarantor under the Transaction Documents are principal obligations and are not released, discharged or otherwise affected by anything which, but for this provision might have that effect, including, but not limited to:
- (a) the grant to any person of any time, waiver, covenant not to sue or other indulgence;
 - (b) the release (including without limitation a release as part of any novation) or discharge of any person;
 - (c) the cessation of the obligations, in whole or in part, of any person under any document or agreement;
 - (d) the liquidation of any person;
- (e) any arrangement, composition or compromise entered into by Gunns Finance or any other person;
 - (f) any document or agreement being in whole or in part illegal, void, voidable, avoided, unenforceable or otherwise of limited force or effect;
 - (g) any extinguishment, failure, loss, release, discharge, abandonment, impairment, compound, composition or compromise, in whole or in part of any agreement;
 - (h) any security being given to Gunns Finance by any person;
 - (i) any alteration, amendment, variation, supplement to, or replacement of, any Transaction Document or other document or agreement;
 - (j) any moratorium or other suspension of any right of Gunns Finance;
 - (k) Gunns Finance or any receiver of attorney exercising or enforcing, delaying or refraining from exercising or enforcing, or being not entitled or unable to exercise or enforce any right of Gunns Finance;
 - (l) Gunns Finance obtaining a judgment against any person for the payment of any of the Guaranteed Monies;
 - (m) any transaction, agreement or arrangement that may take place with Gunns Finance or any other person;
 - (n) any payment to Gunns Finance, including any payment which at the payment date or at any time after the payment date is, in whole or in part, illegal, void, voidable, avoided or unenforceable;
 - (o) any failure to give effective notice to any person of any default under any Transaction Document or other document or agreement;
 - (p) any legal limitation, disability or incapacity (through insanity, ill health, injury or otherwise) of any person;

- (q) any breach of any Transaction Document or other document or agreement;
 - (r) the acceptance of the repudiation of, or termination of, any Transaction Document or other document or agreement;
 - (s) the Guaranteed Monies being irrecoverable for any reason;
 - (t) any disclaimer by any person of any Transaction Document or other document or agreement;
 - (u) any assignment, novation, assumption or transfer of, or other dealing with, any rights or obligations under any Transaction Document or other document or agreement;
 - (v) the opening of a new account of the Debtor with Gunns Finance or any transaction relating to the new account;
 - (w) any prejudice to any person as a result of any thing done, or omitted by Gunns Finance or any receiver or attorney of Gunns Finance or other person, or any failure or neglect by Gunns Finance or any receiver or attorney of Gunns Finance or other person to recover the Guaranteed Monies or any other thing;
 - (x) the receipt by Gunns Finance of any dividend, distribution or other payment in respect of any liquidation;
 - (y) any increase in the amount of the Guaranteed Monies; or
 - (z) any other act, omission, matter or thing whatsoever whether negligent or not.
- 9.2 Clause 9.1 applies irrespective of the consent or knowledge, or lack of consent or knowledge, of Gunns Finance, the Guarantor or any other person of any event described in clause 9.1.

10. No Competition

10.1 Until this Guarantee is discharged, the Guarantor is not entitled, and must not attempt or purport, to:

- (a) be subrogated to Gunns Finance;
 - (b) claim or receive the benefit of any document or agreement of which Gunns Finance has the benefit, any monies held by Gunns Finance or any other rights of Gunns Finance;
 - (c) either directly or indirectly prove in, claim or receive the benefit of any distribution, dividend or payment arising out of or relating to the liquidation of the Debtor (other than in accordance with clause 10(b)); or
 - (d) make a claim or exercise or enforce any right, power or remedy (including by way of contribution) against the Debtor.
- 10.2 If required by Gunns Finance, the Guarantor must prove in any liquidation of the Debtor for all monies owed to the Guarantor and all monies recovered by the Guarantor must be received and held in trust by the Guarantor for Gunns Finance to the extent of the unsatisfied liability of the Guarantor under this Guarantee.

11. Independent Legal and Financial Advice

The Guarantor acknowledges that before signing Part E – Guarantee and Indemnity of Section 24.2 of this PDS the Guarantor:

- (a) was advised by Gunns Finance to consult and receive advice as to the purport, effect and consequences of, and obligations created by, the Transaction Documents from a solicitor or barrister and from a financial adviser independent of Gunns Finance and the Debtor; and
- (b) was aware of and fully understood the purport, effect and consequences of, and accepted the financial risks of, and the obligations created by, the Transaction Documents.

12. Acknowledgement

The Guarantor acknowledges that it has not entered into this Guarantee or any Transaction Document in reliance on

any representation, warranty, promise or statement of Gunns Finance or of any person on behalf of Gunns Finance.

13. Interest

13.1 The interest provisions in clause 4.2 and 4.3 of the Loan Contract apply to monies payable under this Guarantee as if they were part of this Guarantee and referred to monies payable under this Guarantee.

13.2 Interest payable under clause 13.1:

- (a) accrues from day to day from and including the due date for payment to the actual date of payment, before and, as an additional obligation, after any judgment, decree or order into which the liability to pay any amount under this Guarantee becomes merged; and
- (b) may be capitalised by Gunns Finance at monthly intervals.

13.3 The rate of interest payable under this clause 13 is the higher of:

- (a) the rate specified in a clause 4.2 (b) of the Loan Contract; and
- (b) the rate fixed or payable under a judgment, decree or order referred to in clause 13.2(a).

14. Notices

The notice provisions set out in clause 17.1 of the Loan Contract apply as if they were part of this Guarantee.

15. Costs and Expenses

The Guarantor must pay all taxes, duties, fees, costs and expenses in relation to the negotiation, preparation, execution, delivery, stamping, registration and discharge of this Guarantee and the enforcement or protection or attempted or contemplated enforcement or protection of any rights or powers of Gunns Finance under this Guarantee, including, but not limited to, any legal costs and expenses and any professional consultant's fees in respect of any of the above on a full indemnity basis.

16. Governing Law and Jurisdiction

16.1 This Guarantee is governed by the laws of Tasmania and the Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of Tasmania.

16.2 The Guarantor irrevocably waives any objection to the venue of any legal process on the basis that the process has been brought in an inconvenient forum and any immunity in respect of its obligations under this Guarantee that it may acquire from the jurisdiction of any court or any legal process for any reason.

17. Prohibition & Enforceability

17.1 Any provision of, or the application of any provision of, this Guarantee which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

17.2 Any provision of, or the application of any provision of, this Guarantee which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

18. Waivers

Waiver of any right, power, authority, discretion or remedy arising upon default under this Guarantee must be in writing and signed by the party granting the waiver.

19. Cumulative Rights

The rights, powers and remedies provided in this Guarantee are cumulative and are not exclusive of any rights, powers or remedies provided by law.

21.3 Gunns Finance Pty Ltd - Client Services Agreement

Drawing arrangements:

We will advise you, in writing, the details of the Gunns Finance drawing arrangements [amount; frequency; commencement date] at least fourteen calendar days prior to the first drawing. Where the due date falls on a non business day, we will draw the amount on the last business day of the month.

We will not change the amount or frequency of drawings arrangements without your prior approval. If we propose to vary the direct debit we will give you not less than 14 days notice. If a drawing arrangement is returned unpaid by your financial institution you will be liable to pay to us a fee of \$10.00.

We reserve the right to cancel the Gunns Finance drawing arrangements if three or more drawings are returned unpaid by your nominated financial institution and to arrange with you an alternate payment method.

We will keep all information pertaining to your nominated account at the financial institution, private and confidential except where disclosure of certain information to your financial institution is necessary to enable us to act in accordance with your drawing arrangements or to deal with any alleged incorrect or wrongful debit.

Your Rights:

You may terminate the Gunns Finance drawing arrangements at any time by giving written notice to us. Such notice should be received by us at least five business days prior to the due date.

You may stop payment of a drawing under the Gunns Finance drawing arrangements by giving written notice to us or your financial institution. Such notice should be received by us at least five business days prior to the due date.

You may request change to the drawing amount and/or frequency of Gunns Finance drawings by contacting us and

advising your requirements no less than five business days prior to the due date.

Where you consider that a drawing has been initiated incorrectly [outside the Gunns Finance arrangements] you should take the matter up directly with us or the nominated financial institution. Our contact phone number is (03) 6335 5290.

Your Responsibilities:

It is your responsibility to ensure that the nominated account can accept direct debits (direct debiting may not be available on all accounts - please check with your financial institution).

It is your responsibility to ensure that sufficient funds or credit capacity are available in the nominated account to meet a drawing on its due date. Where the due date falls on a non business day we will draw the amount on the last business day of the month. If you wish to confirm the precise date on which your debit will be processed you should contact your nominated financial institution.

It is your responsibility to pay to us any fee or charge we may incur as a result of a drawing not being accepted by your financial institution.

It is your responsibility to ensure that the authorisation given to draw on the nominated account is identical to the account signing instruction held by the financial institution where the account is based.

It is your responsibility to advise us if the account nominated by you changes.

It is your responsibility to arrange with us a suitable alternate payment method if the Gunns Finance drawing arrangements are cancelled either by yourselves or the nominated financial institution.

Anti-Money Laundering and Counter Terrorism Financing

The Anti-Money Laundering and Counter Terrorism Financing Act

In 2006, the Federal Government enacted the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Act).

Money laundering is the processing of criminal profits to disguise their illegal origin.

Terrorism financing includes the financing of terrorist acts, terrorists and terrorist organisations.

The AML/CTF Act requires businesses that provide certain financial services to identify their customers before providing a service and to report any suspicious transactions. These new laws have been implemented to improve Australia's existing systems and follow trends in developing international security standards. The new laws will make it harder for criminals to use the proceeds of crime and terrorists to receive money to carry out terrorist acts.

Gunns Plantations Ltd's AML/CTF Act Obligations

GPL is a 'reporting entity' under the AML/CTF Act and as such must enforce strict customer identification procedures on a risk based approach. This means that prior to interests in the Project being issued, GPL must carry out a procedure to verify a customer's identity before providing the designated service (i.e. issuing Walnut Lots).

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Growers' AML/CTF Act Obligations

When applying for a new product/s, individuals need to provide certified verification information to their financial adviser or GPL. This could be in the form of a certified copy of a passport or driver's licence.

For non-individuals such as companies and trusts, additional information will be required such as certified copies of an ASIC certificate of registration or trust deed. Please refer below for the required identification and verification material for AML/CTF Act purposes.

What are "certified copies"?

Certified copies of documents, for AML/CTF Act purposes, are copies of original documents stamped or verified by specifically authorised people. Please follow the instructions below when obtaining the certified copies of your identification documentation.

AML/CTF Act Identification and Verification Documentation

If you are investing directly instead of through a financial planner, adviser or via an authorised representative, you will need to provide us with the following identification and verification material for AML/CTF Act purposes.

Individuals

Please provide a certified copy of:

- an Australian driver's licence that contains a photograph of the licence/permit holder; or

- an Australian passport; or
- a foreign passport or similar travel document containing a photograph and the signature of the person, or
- a birth certificate plus an original rates notice, or
- an Australian citizenship certificate plus an original Australian Taxation Office assessment notice.

Companies

Full company search of the ASIC database showing:

- the ACN issued to the company;
- the full address of the registered office of the company;
- the full address of the principal place of business of the company;
- whether the company is registered as a proprietary or a public company;
- the names of each director of the company;
- the shareholders of the company; and
- if the company is a regulated company, a search of the licence or other Commonwealth, state or territory statutory regulator.

Trusts and Superannuation Funds

Please provide the original trust deed or certified extract confirming:

- the full business name of the trustee in respect of the trust, the type of trust, and the name of the trustees;
- the name and address of each beneficiary or class of beneficiary in respect to the trust;

- for each trustee which is an individual, please also provide the documentation required for individuals (above); or
- for each trustee which is a company, please also provide the documentation required for companies (above).

Partnerships

Please provide:

- documentation required for individuals (above) for each one of the partners;
- a certified copy or certified extract of the partnership agreement; or
- a certified copy of an extract of minutes of a partnership meeting;
- the full name and residential address of each partner in the partnership; and
- documentation evidencing the full names of the partnership (where relevant) and the country in which the partnership was established.

Who can certify your documents?

To have documents certified, please take the original documents and photocopies to any one of the following persons for him/her to certify that they are true and correct copies of the originals:

- a justice of the peace or bail justice;
- a barrister or solicitor of the Supreme Court;
- a judge or a magistrate;
- a chief executive officer of a Commonwealth court;
- a registered/deputy registrar of a court;

- a public notary;
- a police officer;
- a permanent employee of Australia Post with two or more years of continuous service who is employed in an office supplying postal services to the public;
- an agent of Australia Post who is in charge of an office supplying postal services to the public;
- an Australian diplomatic or consular officer;
- an officer with two or more continuous years of service with one or more financial institutions;
- a finance company officer with two or more continuous years of service with one or more finance companies;
- an officer or authorised representative that holds an Australian Financial Services Licence and has two or more continuous years of service with one or more licences;
- a member of:
 - the Institute of Chartered Accountants in Australia;
 - CPA Australia; and
 - the National Institute of Accountants;

with two or more years continuous membership.

Certification must include the name, address, type of authority and telephone number of certifying authority.

Faxed copies of certified documents do not comply with our identification requirements and are not acceptable.

Important Privacy Information

GPL will store all information collected securely in accordance with the AML/CTF Act and the Privacy Act 1988 (Privacy Act). The Privacy Act covers the collection, use, disclosure, quality and security of personal information.

You can view our privacy statement on www.gunns.com.au/plantations.

Further information...

For more information, you can refer to the anti-money laundering section of the Australian Attorney General's website (www.ag.gov.au), or contact the Australian Transaction Reports and Analysis Centre (AUSTRAC) via their website (www.austrac.gov.au), or phone their helpdesk on 1300 021 037.

Instructions to Applicants

1. Applicants may apply to GPL for an interest in the Project being issued by GPL under this PDS by completing the Application and Power of Attorney Form.
2. Applicants should read the PDS in its entirety before completing the relevant Application and Power of Attorney Form.
3. Applicants should read the relevant Application and Power of Attorney Form carefully and ensure that all information requested has been provided.
4. The Application and Power of Attorney Form is part of the PDS and must not be circulated separately from the PDS.
5. The Application and Power of Attorney Form:
 - must be signed personally or by the applicant's authorised attorney; or
 - where the application is by a company, must be executed under common seal (if applicable) or in accordance with the requirements of the Corporations Act.
6. Acceptance of Applications for Walnut Lots is at the discretion of GPL.
7. Applicants may apply to fund their investment through Gunns Finance. Refer to Section 21 for more information.
8. Applicants must be over 18 years of age.
9. When lodging the application form with GPL you must:
 - (a) complete it using a blue or black pen;
- (b) write legibly;
- (c) ensure your witness inserts their full name, residential address and occupation;
- (d) return the original signed documents to GPL. Facsimiles or photocopies of signatures will NOT be accepted;
- (e) initial any alteration, ensuring that the alteration is only made by crossing out the words to be changed and not by obscuring the words, for example by using correction fluid; and
- (f) ensure the Application and Power of Attorney form (including payment details) is completed in full. GPL reserves the right to refuse any application where you have not followed the above steps when completing the application form and the power of attorney.
- (g) Individual & Joint applicants complete application form (a), Joint Venture applicants complete application forms (b) & (c).
10. Cheques for Application Fees should be made payable to "Gunns – Gunns Plantations Ltd Walnut Project No. 3", crossed "Not Negotiable" and sent together with the completed Application and Power of Attorney Form to:

Gunns Plantations Ltd
PO Box 588
Launceston, Tasmania 7250

Correct Forms of Registrable Name

Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Manager. At least one full given name and surname is required for each natural person. The name of the beneficial or any other non-registrable name may be included by way of a fund or trust designation if completed exactly as described in the examples or correct forms of registrable names below.

Type of Joint Ownership

Joint holdings can either be held as joint tenants or as tenants in common. With a joint tenancy, on the death of one joint holder, ownership of the Walnut Lot automatically passes to the surviving joint holder. With tenancy in common, each owner has a share in the Walnut Lot (which may be equal or unequal) and passes under that person's will.

If you hold your interest in a Walnut Lot jointly, please ensure you select the type of holding on the application form.

It should be noted that Joint Venture Growers hold their Walnut Lots as tenants in common and not as joint tenants.

If further information is required, investors should seek independent legal advice.

Type of Investor	Correct Form	Example
Individual	Use given names in full, not initials	Mr John David Citizen
Company	Use the company's full title, not abbreviations	John Citizen Pty Ltd, ACN: xxx xxx xxx
Joint Holdings	Use full and complete names	Mr John David Citizen & Miss Jane Mary Citizen
Partnership	Use partners' personal names	Mr John David Citizen & Miss Jane Mary Citizen
Superannuation Funds	Use the name of the trustee(s) of the fund	John Citizen Pty Ltd as trustee of [name of trust]
Trusts	Use the trustee(s) company name or personal name(s)	Mr John David Citizen as trustee for the [name of trust]

Application Section

Application Checklist

Before completing and signing this walnut lot application form, please refer to the below checklist to ensure your application is completed correctly and that all required documents are provided to us.

Any mistakes in the application form are to be crossed out and initialled. NO CORRECTION FLUID TO BE USED.

For applications paid in full

Section 24.1

- Application and Power of Attorney Form:
 - (a) for 'single entity' applicants (for all applications other than those to enter the Project as Joint Venturers
 - see Sections 5 and 8.5 for more information), form A; OR
 - (b) for Joint Venture applicants:
 - i. the First Joint Venturer must complete form B; and
 - ii. the Second Joint Venturer must complete form C;
- Payment Details Form
- A cheque or credit card details in payment of the full amount of the application monies
- AML/CTF Identification & Verification details

For applications entering into the 12 months interest free Terms Arrangement

Section 24.1

- Application and Power of Attorney Form:
 - (a) for 'single entity' applicants (for all applications other than those to enter the Project as Joint Venturers
 - see Sections 5 and 8.5 for more information), form A; OR
 - (b) for Joint Venture applicants:
 - i. the First Joint Venturer must complete form B; and
 - ii. the Second Joint Venturer must complete form C;
- Payment Details Form
- A cheque or credit card details in payment of 10% of the application monies
- AML/CTF Identification and Verification details

Please also include with your application a completed Terms Arrangement booklet, available on-line at www.gunns.com.au/plantations

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For applications entering into the principal and interest finance

Section 24.1

- Application and Power of Attorney Form:
 - (a) for 'single entity' applicants (for all applications other than those to enter the Project as Joint Venturers
 - see Sections 5 and 8.5 for more information), form A; OR
 - (b) for Joint Venture applicants:
 - i. the First Joint Venturer must complete form B; and
 - ii. the Second Joint Venturer must complete form C;
- Payment Details Form
- AML/CTF Identification and Verification details

Section 24.2

(for Joint Venture applicants, these options are only available for the First Joint Venturer)

- Part A - Applicant Details

Individual / Joint Individuals Applications	Item 1 Item 4
Company Applications	Item 2 Item 4
Trust Applications	Item 3 Item 3.1 or Copy of Trust Deed Item 4

- Part B - Loan Schedule
- Part C - Direct Debit Authority
- Part D - Parties' Acknowledgements
- Part E - Guarantor Details - **Compulsory for both Company and Trust Applications**
- Proof of Income - **Compulsory for both Applicants and Guarantors**

IMPORTANT: Applications may be refused or processing delayed if documentation provided is incomplete

ANY MISTAKES ARE TO BE CROSSED OUT AND INITIALED. NO CORRECTION FLUID IS TO BE USED.

OFFICE USE ONLY

Page _____ of _____

App No.: _____

File No.: _____

Dealers Stamp / Adviser Name / Number:

A. Application & Power of Attorney Form

This application form relates to the Gunns Plantations Ltd Walnut Project No. 3 PDS dated 13 May 2009. The PDS includes detailed information about the investment being offered and you should read it in its entirety before deciding to invest. The offer is available to Australian residents.

The Corporations Act prohibits this application form being passed on to another person unless that other person is also given access to the PDS and any Supplementary PDS.

While this PDS is current, GPL will send paper copies of the PDS, any Supplementary PDS and the application form, on request and without charge.

Send your completed Application and Power of Attorney Form to: **Gunns Plantations Limited, PO Box 588, Launceston TAS 7250**

1. Applicant's Details

Joint holdings will be deemed to be joint tenants unless GPL are specifically notified otherwise in writing by both applicants.

Title:	Applicant – Surname:	First Names:	D.O.B.:
Title:	Joint Applicant – Surname:	First Names:	D.O.B.:
Company Name/Trust/Super funds:			ABN:
Residential/Registered Address:			
City/Suburb:		State:	Post Code:
Mailing Address:			
City/Suburb:		State:	Post Code:
Telephone – Bus:	Home:	Mobile:	
Email:			

2. Walnut Lots Applied For

[refer to Section 4 for details]

No. of Walnut Lots: (including GST)	x \$6,424 =	\$
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3. Signing

By signing this Application and Power of Attorney Form you acknowledge that you have read the PDS in full, agree to be bound by the Constitution and irrevocably appoint GPL as your attorney in accordance with the terms and conditions of the Power of Attorney on the reverse side of this form. (Please sign where appropriate).

Executed as a Deed on / / (insert date)

Individual – Signed, Sealed and Delivered

Applicants Signature:

Joint
Applicants Signature:

Witness Signature:

Witness Signature:

Witness Name:

Witness Name:

(Common seal affixed as required)

Company – Executed in accordance with the company's constitution
(if a director of a single director company, please attach supporting documentation and witness signature and details)

Are you the sole Director (please tick)? Yes No

Director Signature:

Director/
Secretary Signature:

Full Name (please print):

Full Name (please print):

OFFICE USE ONLY

Power of Attorney:

Registered:

/ /

OFFICE USE ONLY

4. Power of Attorney

By this deed, I/we, the person(s) named in the "Applicant's Details" section above (Applicant) irrevocably appoint Gunns Plantations Limited ABN 36 091 232 209 (Attorney) to be my/our attorney on the terms and conditions set out below.

The Attorney is empowered to:

- (a) execute under hand or under seal and deliver (which delivery may be conditional or unconditional) the Orchard Right Agreement, Management Agreement and Fee Facility Deed (each an Approved Document) in a form and of substance as the Attorney thinks fit, including executing each Approved Document electronically;
- (b) complete any blanks in an Approved Document;
- (c) amend or vary an Approved Document as the Attorney thinks fit (including but not limited to, amending or varying the parties), and execute under hand or seal and deliver (which delivery may be conditional or unconditional) any document which effects or evidences the amendment or variation;
- (d) do any thing which in the opinion of the Attorney is necessary, expedient or incidental to or in any way relates to:
 - (1) any document referred to in paragraphs (a) and (c); or
 - (2) any transaction contemplated by any document referred to in paragraphs (a) and (c);
- (e) do any thing which ought to be done by the Applicant under any Approved Document to which it is a party;
- (f) complete, execute and lodge all documents and instruments which are necessary or appropriate to register any security taken over the Applicant's Walnut Lots;
- (g) do any other thing (whether or not of the same kind as the above) that in the opinion of the Attorney is necessary, expedient or desirable to give effect to the provisions of this Power of Attorney; and
- (h) authorise an officer of the Attorney to perform any of the above actions that the Attorney is empowered to perform under paragraphs (a) to (g) of this Power of Attorney.

Terms and Conditions of Power of Attorney

By granting the Power of Attorney to Gunns Plantations Limited you do so on the following terms and conditions:

- (1) The Attorney may exercise the powers of the Attorney under this deed in the name of the Applicant or in the name of the Attorney and as the act of the Applicant.
- (2) The Attorney may exercise the powers of the Attorney under this deed even if the Attorney benefits from the exercise of that power.
- (3) The Applicant undertakes to ratify and confirm any act of the Attorney in exercise of the powers of the Attorney under this deed including any act done between the time of the revocation of this Power of Attorney and the time of the revocation becoming known to the Attorney.
- (4) The Attorney may, at any time, appoint or remove any substitute or delegate or sub-attorney.
- (5) The exercise by the Attorney of any power under this deed does not connote:
 - (a) a warranty, express or implied, on the part of the Attorney as to:
 - (i) the Attorney's authority to exercise the power; or
 - (ii) the validity of this deed; or
 - (b) an assumption of personal liability by the Attorney in exercising the power.
- (6) The Applicant indemnifies the Attorney against all claims, demands, losses, damages, costs and expenses however suffered or incurred by the Attorney in registering or stamping of this deed or in respect of the exercise of any of the powers of the Attorney under this deed except in the event of gross neglect, fraud or wilful default by the Attorney.
- (7) The Applicant is responsible for the cost of registering and stamping of this deed in all jurisdictions in which it must be registered and stamped to ensure its enforceability and validity for the purposes of this deed.
- (8) This Power of Attorney is irrevocable until the expiration of the relevant Project under the Constitution.
- (9) A word or expression defined in the Constitution has the same meaning in this deed.
- (10) This deed is governed by and construed in accordance with the law of the State of Tasmania.

ANY MISTAKES ARE TO BE CROSSED OUT AND INITIALED. NO CORRECTION FLUID IS TO BE USED.

OFFICE USE ONLY

Page _____ of _____

App No.: _____

File No.: _____

Dealers Stamp / Adviser Name / Number:

B. Joint Venture Applicants

This application form relates to the Gunns Plantations Ltd Walnut Project No. 3 PDS dated 13 May 2009. The PDS includes detailed information about the investment being offered and you should read it in its entirety before deciding to invest. The offer is available to Australian residents.

The Corporations Act prohibits this application form being passed on to another person unless that other person is also given access to the PDS and any Supplementary PDS.

While this PDS is current, GPL will send paper copies of the PDS, any Supplementary PDS and the application form, on request and without charge.

Send your completed Application and Power of Attorney Form to: **Gunns Plantations Limited, PO Box 588, Launceston TAS 7250**

1. First Joint Venturer

By signing this Application and Power of Attorney Form you agree to be bound by the Constitution and irrevocably appoint GPL as your attorney in accordance with the terms and conditions of the Power of Attorney on the reverse side of this form. (Please sign where appropriate).

Individual(s)

Title: _____	Individual Applicant – First Name: _____	Surname: _____
Title: _____	Individual Joint Applicant – First Name: (if appropriate) _____	Surname: _____

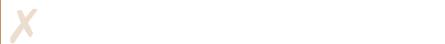
Individual(s) – Signed, Sealed and Delivered

Applicants Signature: 	Joint Applicants Signature: 
Witness Signature: 	Witness Signature: 
Witness Name: _____	Witness Name: _____

Company Name or Trust or Superannuation Fund

Company Name or Trust or Superannuation Fund (if appropriate): _____	ABN: _____
First Trustee (if appropriate): _____	
Second Trustee (if appropriate): _____	

Individual Trustee(s) – Signed, Sealed and Delivered

Applicants Signature: 	Joint Applicants Signature: 
Witness Signature: 	Witness Signature: 
Witness Name: _____	Witness Name: _____
(Common seal affixed as required)	

Company Trustee – Executed in accordance with the company's constitution
(if a director of a single director company, please attach supporting documentation and witness signature and details)

Are you the sole Director (please tick)? Yes No

Director Signature: 	Director/Secretary Signature: 
Full Name (please print): _____	Full Name (please print): _____

2. Walnut Lots Applied For

(refer to Section 4 for details)

No. of Walnut Lots: (including GST)		x \$6,424 =	\$
--	--	-------------	----

3. First Joint Venturer Details

Residential/Registered Address:

Date of Signing: / /

City/Suburb: _____ State: _____ Post Code: _____

Mailing Address: _____

City/Suburb: _____ State: _____ Post Code: _____

Telephone – Bus: _____ Home: _____ Mobile: _____

Email: _____

If a Joint Venturer Applicant is a superannuation fund and is considering borrowing any part of the application fee or ongoing costs associated with the Project, the Joint Venturer Applicant should obtain independent financial advice on the consequences of that borrowing.

4. Power of Attorney

By this deed, I/we, the person(s) named in the "Applicant's Details" section above (Applicant) irrevocably appoint Gunns Plantations Limited ABN 36 091 232 209 (Attorney) to be my/our attorney on the terms and conditions set out below.

The Attorney is empowered to:

- (a) execute under hand or under seal and deliver (which delivery may be conditional or unconditional) the Orchard Right Agreement, Management Agreement and Fee Facility Deed (each an Approved Document) in a form and of substance as the Attorney thinks fit, including executing each Approved Document electronically;
- (b) complete any blanks in an Approved Document;
- (c) amend or vary an Approved Document as the Attorney thinks fit (including but not limited to, amending or varying the parties), and execute under hand or seal and deliver (which delivery may be conditional or unconditional) any document which effects or evidences the amendment or variation;
- (d) do any thing which in the opinion of the Attorney is necessary, expedient or incidental to or in any way relates to:
 - (1) any document referred to in paragraphs (a) and (c); or
 - (2) any transaction contemplated by any document referred to in paragraphs (a) and (c);
- (e) do any thing which ought to be done by the Applicant under any Approved Document to which it is a party;
- (f) complete, execute and lodge all documents and instruments which are necessary or appropriate to register any security taken over the Applicant's Walnut Lots;
- (g) do any other thing (whether or not of the same kind as the above) that in the opinion of the Attorney is necessary, expedient or desirable to give effect to the provisions of this Power of Attorney; and
- (h) authorise an officer of the Attorney to perform any of the above actions that the Attorney is empowered to perform under paragraphs (a) to (g) of this Power of Attorney.

Terms and Conditions of Power of Attorney

By granting the Power of Attorney to Gunns Plantations Limited you do so on the following terms and conditions:

- (1) The Attorney may exercise the powers of the Attorney under this deed in the name of the Applicant or in the name of the Attorney and as the act of the Applicant.
- (2) The Attorney may exercise the powers of the Attorney under this deed even if the Attorney benefits from the exercise of that power.
- (3) The Applicant undertakes to ratify and confirm any act of the Attorney in exercise of the powers of the Attorney under this deed including any act done between the time of the revocation of this Power of Attorney and the time of the revocation becoming known to the Attorney.
- (4) The Attorney may, at any time, appoint or remove any substitute or delegate or sub-attorney.
- (5) The exercise by the Attorney of any power under this deed does not connote:
 - (a) a warranty, express or implied, on the part of the Attorney as to:
 - (i) the Attorney's authority to exercise the power; or
 - (ii) the validity of this deed; or
 - (b) an assumption of personal liability by the Attorney in exercising the power.
- (6) The Applicant indemnifies the Attorney against all claims, demands, losses, damages, costs and expenses however suffered or incurred by the Attorney in registering or stamping of this deed or in respect of the exercise of any of the powers of the Attorney under this deed except in the event of gross neglect, fraud or wilful default by the Attorney.
- (7) The Applicant is responsible for the cost of registering and stamping of this deed in all jurisdictions in which it must be registered and stamped to ensure its enforceability and validity for the purposes of this deed.
- (8) This Power of Attorney is irrevocable until the expiration of the relevant Project under the Constitution.
- (9) A word or expression defined in the Constitution has the same meaning in this deed.
- (10) This deed is governed by and construed in accordance with the law of the State of Tasmania.

C. Joint Venture Applicants

This application form relates to the Gunns Plantations Ltd Walnut Project No. 3 PDS dated 13 May 2009. The PDS includes detailed information about the investment being offered and you should read it in its entirety before deciding to invest. The offer is available to Australian residents.

The Corporations Act prohibits this application form being passed on to another person unless that other person is also given access to the PDS and any Supplementary PDS.

While this PDS is current, GPL will send paper copies of the PDS, any Supplementary PDS and the application form, on request and without charge.

Send your completed Application and Power of Attorney Form to: **Gunns Plantations Limited, PO Box 588, Launceston TAS 7250**

1. Second Joint Venturer

By signing this Application and Power of Attorney Form you agree to be bound by the Constitution and irrevocably appoint GPL as your attorney in accordance with the terms and conditions of the Power of Attorney on the reverse side of this form. (Please sign where appropriate).

Individual(s)

Title:	Individual Applicant – First Name:	Surname:
Title:	Individual Joint Applicant – First Name: (if appropriate)	Surname:

Individual(s) – Signed, Sealed and Delivered

Applicants Signature:	Joint Applicants Signature:
Witness Signature:	Witness Signature:
Witness Name:	Witness Name:

Company Name or Trust or Superannuation Fund

Company Name or Trust or Superannuation Fund (if appropriate):	ABN:
First Trustee (if appropriate):	
Second Trustee (if appropriate):	

Individual Trustee(s) – Signed, Sealed and Delivered

Applicants Signature:	Joint Applicants Signature:
Witness Signature:	Witness Signature:
Witness Name:	Witness Name:
(Common seal affixed as required)	

Company Trustee – Executed in accordance with the company's constitution
(if a director of a single director company, please attach supporting documentation and witness signature and details)

Are you the sole Director (please tick)? Yes No

Director Signature:	Director/Secretary Signature:
Full Name (please print):	Full Name (please print):

2. Walnut Lots Applied For

(refer to Section 4 for details)

No. of Walnut Lots: (including GST)		x \$6,424 =	\$
--	--	-------------	----

3. Second Joint Venturer Details

Date of Signing: / / / /

Residential/Registered Address:		
City/Suburb:	State:	Post Code:
Mailing Address:		
City/Suburb:	State:	Post Code:
Telephone – Bus:	Home:	Mobile:
Email:		

If a Joint Venturer Applicant is a superannuation fund and is considering borrowing any part of the application fee or ongoing costs associated with the Project, the Joint Venturer Applicant should obtain independent financial advice on the consequences of that borrowing.

4. Power of Attorney

By this deed, I/we, the person(s) named in the "Applicant's Details" section above (Applicant) irrevocably appoint Gunns Plantations Limited ABN 36 091 232 209 (Attorney) to be my/our attorney on the terms and conditions set out below.

The Attorney is empowered to:

- (a) execute under hand or under seal and deliver (which delivery may be conditional or unconditional) the Orchard Right Agreement, Management Agreement and Fee Facility Deed (each an Approved Document) in a form and of substance as the Attorney thinks fit, including executing each Approved Document electronically;
- (b) complete any blanks in an Approved Document;
- (c) amend or vary an Approved Document as the Attorney thinks fit (including but not limited to, amending or varying the parties), and execute under hand or seal and deliver (which delivery may be conditional or unconditional) any document which effects or evidences the amendment or variation;
- (d) do any thing which in the opinion of the Attorney is necessary, expedient or incidental to or in any way relates to:
 - (1) any document referred to in paragraphs (a) and (c); or
 - (2) any transaction contemplated by any document referred to in paragraphs (a) and (c);
- (e) do any thing which ought to be done by the Applicant under any Approved Document to which it is a party;
- (f) complete, execute and lodge all documents and instruments which are necessary or appropriate to register any security taken over the Applicant's Walnut Lots;
- (g) do any other thing (whether or not of the same kind as the above) that in the opinion of the Attorney is necessary, expedient or desirable to give effect to the provisions of this Power of Attorney; and
- (h) authorise an officer of the Attorney to perform any of the above actions that the Attorney is empowered to perform under paragraphs (a) to (g) of this Power of Attorney.

Terms and Conditions of Power of Attorney

By granting the Power of Attorney to Gunns Plantations Limited you do so on the following terms and conditions:

- (1) The Attorney may exercise the powers of the Attorney under this deed in the name of the Applicant or in the name of the Attorney and as the act of the Applicant.
- (2) The Attorney may exercise the powers of the Attorney under this deed even if the Attorney benefits from the exercise of that power.
- (3) The Applicant undertakes to ratify and confirm any act of the Attorney in exercise of the powers of the Attorney under this deed including any act done between the time of the revocation of this Power of Attorney and the time of the revocation becoming known to the Attorney.
- (4) The Attorney may, at any time, appoint or remove any substitute or delegate or sub-attorney.
- (5) The exercise by the Attorney of any power under this deed does not connote:
 - (a) a warranty, express or implied, on the part of the Attorney as to:
 - (i) the Attorney's authority to exercise the power; or
 - (ii) the validity of this deed; or
 - (b) an assumption of personal liability by the Attorney in exercising the power.
- (6) The Applicant indemnifies the Attorney against all claims, demands, losses, damages, costs and expenses however suffered or incurred by the Attorney in registering or stamping of this deed or in respect of the exercise of any of the powers of the Attorney under this deed except in the event of gross neglect, fraud or wilful default by the Attorney.
- (7) The Applicant is responsible for the cost of registering and stamping of this deed in all jurisdictions in which it must be registered and stamped to ensure its enforceability and validity for the purposes of this deed.
- (8) This Power of Attorney is irrevocable until the expiration of the relevant Project under the Constitution.
- (9) A word or expression defined in the Constitution has the same meaning in this deed.
- (10) This deed is governed by and construed in accordance with the law of the State of Tasmania.

ANY MISTAKES ARE TO BE CROSSED OUT AND INITIALED. NO CORRECTION FLUID IS TO BE USED.

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of

App No.: _____

File No.: _____

Payment Details

For applications subject to finance from Gunns Finance, please refer to our Finance Summary at www.gunns.com.au. Similarly, for applications to enter into a 12 month interest free Terms Arrangement, please refer to www.gunns.com.au/plantations and download a copy of the Terms Arrangement booklet.

1. Payment Options

Total investment Amount:
(No. of Walnut Lots x \$6,424)

Initial Payment Required:

Finance Required: **(A less B)**

Establishment Fee: **(C x .004) + \$150**

Total Loan Amount/Deferred Amount: **(C + D)**

	FULLY PAID	12 MONTHS INT-FREE TERMS ARRANGEMENT	P & I FINANCE
A	\$	\$	\$
B	100% of Investment Amount \$	10% of Investment Amount \$	N/A
C	N/A	A less B \$	100% of Investment Amount \$
D	N/A	$(C \times .004) + \$150$ \$	$(C \times .004) + \$150$ \$
E	N/A	$(C + D)$ \$	$(C + D)$ \$

2. Method of Initial Payment

Amount of Initial Payment: (refer to Item B above)

\$

Please select your preferred method of payment:

Please accept my payment via:

Cheque Payment

(please make cheque payable to "Gunns Plantations Limited – Walnut Project No. 3")

----- OR -----

Credit Card

(Note: GPL only accepts the credit cards shown below)

Please Debit My: Mastercard Visa Card

Card Number:

Expiry Date: /

Card Holders Name:

Contact Phone No.:

Signature:

Date:

----- OR -----

Direct Debit

Name of Financial Institution:

BSB:

Account Number:

Account Name:

Contact Phone No.:

Account Holder's Signature:

Date:

3. Tamar Ridge Gold Club Membership

Tamar Ridge invites the investor to join its exclusive investors wine club, offering generous savings on the recommended retail prices of a selection of wines within the Tamar Ridge Estate portfolio.

Would you like us to send you a Tamar Ridge Gold Club Membership Form (please tick)? Yes No

Anti-Money Laundering and Counter-Terrorism Financing – ID Verification

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Page _____ of _____

Gunns Plantations Ltd (GPL) is obliged to comply with the requirements of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). In order to comply with this new legislation aimed at the prevention of money laundering and terrorism financing, investors may be required to provide identification and verification documents at the time of investing into GPL's managed investment schemes. Please refer to the table below to ascertain the identification and verification documents required. Refer to Section 22 for more information.

Are you lodging this application through a financial adviser?	YES	NO
For Individual/Joint Investors (For joint investors, each investor will need to provide AML/CTF documentation requirements)	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy of any of the following: <ul style="list-style-type: none">- Australian driver's licence- Australian Passport- Identification card issued by the State or Territory containing the person's photograph and date of birth- For sole traders, please provide a business name and ABN
For Companies	Adviser is required to complete AML/CTF Adviser Declaration below	A full company search of the ASIC database showing the following information for the company: <ul style="list-style-type: none">- Full name of the company- ABN and/or ACN- Registered office address for the company- If the company is a regulated company, a search of the licence and the name of the regulator- If the company is a listed company, the name of the relevant market/exchange- If the company is a majority-owned subsidiary of an Australian listed company, the name of the Australian listed company and the name of the relevant market/exchange
For Partnerships	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy the following: <ul style="list-style-type: none">- Partnership agreement or extract of the partnership agreement- Full name and address of each partner in the partnership- Extract of the Minutes of the Partnership's Meeting- A search of the relevant ASIC or other regulators database
For Trusts	Adviser is required to complete AML/CTF Adviser Declaration below	An original or certified copy any the following: <ul style="list-style-type: none">- Extract of the trust deed or;- A notice (such as a Notice of Assessment) issued by the ATO within 12 months or;- Letter from a solicitor or qualified accountant verifying the name of the trust in relation to the identified trustee

AML/CTF Adviser Declaration

OR I confirm that the entity holding the AFS Licence under which I act does NOT have an AML/CTF customer identification management agreement with Gunns Plantations Ltd (GPL) and that accordingly I have forwarded to GPL the required documentation obtained in the course of completing the identification verification for the Applicant under the AML/CTF Act.

I confirm that the entity holding the AFS Licence under which I act does have an AML/CTF customer identification management agreement with Gunns Plantations Ltd (GPL) and that I have completed the AML/CTF identification verification for the Applicant as required under that agreement.

Adviser Name:	<input type="text"/>
Company Name:	<input type="text"/>
Dealer Group:	<input type="text"/>
AFS Licence No.:	<input type="text"/>
Signature:	<input type="text"/>

Privacy Act

GPL will store all information collected securely in accordance with the AML/CTF Act and the Privacy Act 1988 (Privacy Act). The Privacy Act covers the collection, use, disclosure, quality and security of personal information. You can view our privacy statement on www.gunns.com.au/plantations.

IMPORTANT: All requests for information must be faxed to (03) 6333 0646 or emailed to gplapplications@gunns.com.au. Please quote the Investor Number.

Finance Application



IMPORTANT NOTE:

Only complete the following section if seeking finance from Gunns Finance Pty Ltd
to fund payment of the Application Fee (refer to our Finance Summary
at www.gunns.com.au/plantations)

Please refer to Instructions to Applicants on page 104 of this PDS.

Part A - Applicant Details

Refer to our Finance Summary at www.gunns.com.au/plantations

1. For Individual / Joint Applicants

INVESTOR DETAILS

Investor Surname: Mr/Mrs/Dr/Ms	Investor First Names:
Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No <input type="checkbox"/> Yes <input type="checkbox"/> If yes, name of related applicant(s)	

JOINT INVESTOR DETAILS

Investor Surname: Mr/Mrs/Dr/Ms	Investor First Names:
Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No <input type="checkbox"/> Yes <input type="checkbox"/> If yes, name of related applicant(s)	

2. Company Applicants

Company Name:		
Registered Address:		
Telephone:	ABN:	ACN:

DIRECTORS DETAILS (Directors must complete Guarantee & Indemnity Details)

Surname:	First name:
Occupation:	Date of Birth:
Address:	
Telephone:	Drivers Licence No.:

CO-DIRECTOR/SECRETARY DETAILS

Surname:	First name:
Occupation:	Date of Birth:
Address:	
Telephone:	Drivers Licence No.:

3. Trust Applicants

Name of Trust:

Name of Trustee: (if Trustee is an individual, please complete item 1 for Individual Details, if Trustee is a company, please complete item 2 for Company and Director Details)

3.1 Certification from Trustee

* To be completed for Individual Trustee Applicants and Corporate Trustee Applicants

Please also attach a **full copy** of the Trust Deed and complete Part E - Guarantee and Indemnity

The trustee hereby certifies that:

- a) it is the trustee of the Trust Applicant and independent of Gunns Ltd and related entities;
- b) the trust was properly established under the trust deed;
- c) it was properly appointed as trustee of the trust;
- d) it has the capacity and power to borrow the funds, provide the security under the Loan Contract and perform all of its obligations under Loan Contract on behalf of the trust;
- e) it is entitled to be indemnified out of the assets of the trust in respect of its obligations under the Loan Contract; and
- f) it is satisfied the Loan Contract and the security under the Loan Contract are for the benefit of all the beneficiaries of the trust.

Signature of Trustee:

Date: / /

4. Statement of Assets & Liabilities

Please verify your stated income in the Assets & Liabilities by providing any of the following with your application:

- Your last three payslips; or
- Your previous year's tax return or group certificate; or
- Accountant certificate, indicating your income is currently at the level stated in your application; or
- Declaration from your employer confirming your income

** PLEASE NOTE: APPLICATIONS MAY BE REFUSED OR PROCESSING DELAYED IF PROOF OF INCOME IS NOT PROVIDED OR IF PROOF OF INCOME DOES NOT SUPPORT THE STATED INCOME IN YOUR ASSETS & LIABILITIES

ASSETS & LIABILITIES – For Companies/Trusts (individuals to complete section overleaf)

ASSETS

	\$
	\$
	\$
	\$
	\$
	\$
	\$
TOTAL ASSETS	\$

LIABILITIES (Name Financier**)

	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

ANNUAL PROFIT (After operational expenses)

(Before Tax)	\$
Other income	\$
TOTAL INCOME/PROFITS	\$

If applicable, please provide Profit & Loss Statement and Balance Sheet.

Please complete Part E - Guarantee & Indemnity

Assets & Liabilities – For Individual / Joint Applicants

FIRST APPLICANT

ASSETS

Residential (Provide Address)	\$
	\$
Other Properties (Provide Addresses)	\$
	\$
	\$
Other Investments (Listed/Unlisted Shares)	\$
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	\$
	\$
	\$
	\$
Deposits (Institutions)	\$
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES (Name Financier**)

	Balance Owing	Annual Repayments
Housing Loan**	\$	\$
	\$	\$
Investment Loans**	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)	\$	
Other Loans**	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

JOINT APPLICANT

ASSETS

Residential (Provide Address)	\$
	\$
Other Properties (Provide Addresses)	\$
	\$
	\$
Other Investments (Listed/Unlisted Shares)	\$
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	\$
	\$
	\$
	\$
Deposits (Institutions)	\$
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

LIABILITIES (Name Financier**)

	Balance Owing	Annual Repayments
Housing Loan**	\$	\$
	\$	\$
Investment Loans**	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)	\$	
Other Loans**	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

Part B - Loan Schedule

Item 1	Investment Amount Number of Walnut Lots x \$6,424 (inc. GST)	\$										
Item 2	Term (please tick appropriate)	<input type="checkbox"/> 3 years <input type="checkbox"/> 5 years <input type="checkbox"/> 10 years <input type="checkbox"/> 15 years										
Item 3	Deposit Amount (refer to Section 24.1, Payment Details, 1. Payment Options, Item B) (if applicable)	\$										
Item 4	Establishment Fee (refer to Section 24.1, Payment Details, 1. Payment Options, Item D)	\$										
Item 5	Loan Amount (refer to Section 24.1, Payment Details, 1. Payment Options, Item E)	\$										
Item 6	Monthly Repayment Amount (refer to Finance Summary at www.gunns.com.au/plantations)	\$										
Item 7	Repayment Date	Last business day of each month commencing July 2009										
Item 8	Interest Rate The interest rate will be reviewed at the end of each 5 year period and fixed for each following 5 year period at 4% points above the ANZ Banking Group Limited's 5 year swap reference rate. In the event that the ANZ Banking Group Ltd are no longer Gunns Limited's banker at the time of a review the interest rate following the review will be 4% points above the 5 year swap reference rate provided by Gunns Limited's banker.	<table border="1"> <thead> <tr> <th>Term</th> <th>Interest</th> </tr> </thead> <tbody> <tr> <td>3 years</td> <td>8.5%</td> </tr> <tr> <td>5 years</td> <td>9.0%</td> </tr> <tr> <td>10 years</td> <td>10.0%</td> </tr> <tr> <td>15 years</td> <td>10.5%</td> </tr> </tbody> </table>	Term	Interest	3 years	8.5%	5 years	9.0%	10 years	10.0%	15 years	10.5%
Term	Interest											
3 years	8.5%											
5 years	9.0%											
10 years	10.0%											
15 years	10.5%											
Item 9	Margin	2% p.a.										

OFFICE USE ONLY

Gunns Plantations Limited

DUTY PAID \$

Licence No B21183

Return /20 Initials

App No:

File No:

Part C - Direct Debit Authorities

AUTHORITY FOR REPAYMENTS VIA DIRECT DEBIT FROM BANK ACCOUNT

I/We request, Gunns Finance Pty Ltd that monies due in terms of the repayment arrangements contained in the Loan Contract between ourselves be drawn under the Direct Debit System from my/our account conducted with _____

for the payment of \$ _____ . _____ per month.

Account details: BSB

Account Number:

Account Name:

Account Holder's Signature: 

Date:

I/We acknowledge that this Direct Debit arrangement is governed by the terms of the Client Services Agreement in Section 21.3 and that I/We have read it and understand its contents.

AUTHORITY FOR REPAYMENTS VIA DIRECT DEBIT FROM CREDIT CARD

Note: A limit of \$99,000 applies to credit card payments.

I/We request, Gunns Finance Pty Ltd that monies due in terms of the repayment arrangements contained in the Loan Contract between ourselves be drawn under the Direct Debit System from my/our credit card

for the payment of \$ _____ . _____ per month.

Card Holder's Name:

(tick appropriate card) Master Card Visa Card

Credit Card Number:

Expiry Date:

Card Holder's Signature: 

Date:

I/We acknowledge that this Direct Debit arrangement is governed by the terms of the Client Services Agreement in Section 21.3 and that I/We have read it and understand its contents.

Part D - Parties' Acknowledgements

Each person who signs this Part D - Parties' Acknowledgments acknowledges that:

1. This is an application for finance from Gunns Finance Pty Ltd on the terms set out in Part B – Loan Schedule and otherwise on the terms and conditions set out in the Loan Contract.
2. The application for finance is solely for the purpose of investing in the Project.
3. The application for finance is subject to approval by Gunns Finance Pty Ltd and Gunns Finance Pty Ltd reserves the right to decline the application.
4. All of the information (including financial information) provided in Part A – Applicant Details is true, accurate and not misleading or deceptive in any way.
5. I have read and understood the Loan Contract and I agree to be bound by those terms as the "Borrower" in favour of Gunns Finance Pty Ltd.
6. I have read and understood the Loan Contract and I agree that Gunns Finance Pty Ltd may obtain, use and disclose credit information on the terms set out in clause 18 of the Loan Contract.

Executed as a deed:

INDIVIDUALS

Signed sealed and delivered by

Investor Signature 	Investor Signature 
Investor Name (please print)	Investor Name (please print)
Date	Date
in the presence of:	
Witness Signature 	Witness Signature 
Witness Name (please print)	Witness Name (please print)

CORPORATE INVESTORS (witness required if single signature)

The common seal of (Insert Company Name):

Common
Seal affixed as
required

was hereunto affixed in the presence of:

Director/ Witness 	Director/ Witness 
Director/Secretary Name (please print)	Director/Witness Name (please print)
Date	Date

OFFICE USE ONLY

App No:

File No:

**IMPORTANT NOTE:**

If you are an individual applicant, you may stop here. However, please note that in some circumstances Gunns Finance may require further information or for you to complete the following Guarantee and Indemnity section.

If you are a company or trust applicant, you MUST complete the following Guarantee and Indemnity section.

Part E - Guarantee and Indemnity

Guarantor Details

Item A. Guarantor (For joint Guarantors please provide details for both)

GUARANTOR DETAILS	
Guarantor Name:	
Residential Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If yes, name of related applicant(s)	
JOINT GUARANTOR DETAILS	
Joint Guarantor Name:	
Residential Address:	
Drivers Licence No.:	Date of Birth:
Current Employer:	Employer Telephone:
Occupation:	Period of Employment:
If you have been with your current employer less than 2 years	
Previous Employer:	Employer Telephone:
Occupation:	Period of Employment:
Are you aware if you have one of the following relationship with one or more applicant(s): (a) spouse (b) company-director (c) trust-trustee No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> If yes, name of related applicant(s)	

Item B. Investor (Debtor)

Name:	ABN:
Registered Address:	

Part E - Guarantee and Indemnity

Guarantor Details

STATEMENT OF ASSETS AND LIABILITIES - GUARANTOR

ASSETS

Residential (Provide Address)	\$
	\$
Other Properties (Provide Addresses)	\$
	\$
	\$
Other Investments (Listed/Unlisted Shares)	\$
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	\$
	\$
	\$
	\$
Deposits (Institutions)	\$
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

LIABILITIES

(Name Financier**)	Balance Owing	Annual Repayments
Housing Loan**	\$	\$
	\$	\$
Investment Loans**	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)	\$	\$
Other Loans**	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

STATEMENT OF ASSETS AND LIABILITIES - JOINT GUARANTOR (if applicable)

ASSETS

Residential (Provide Address)	\$
	\$
Other Properties (Provide Addresses)	\$
	\$
	\$
Other Investments (Listed/Unlisted Shares)	\$
	\$
	\$
Other Assets (Business, Motor Vehicles, Home Contents etc)	\$
	\$
	\$
	\$
Deposits (Institutions)	\$
	\$
	\$
Superannuation	\$
TOTAL ASSETS	\$

INCOME (ANNUAL)

Salary (before tax)	\$
Rental & Dividend Income	\$
Franking Credits	\$
Tax-free Income	\$
Other income	\$
TOTAL INCOME	\$

LIABILITIES

(Name Financier**)	Balance Owing	Annual Repayments
Housing Loan**	\$	\$
	\$	\$
Investment Loans**	\$	\$
	\$	\$
	\$	\$
Tax Deductible Component of Loans (if any)	\$	\$
Other Loans**	\$	\$
	\$	\$
	\$	\$
	\$	\$
Credit Cards	Limit	
	\$	\$
	\$	\$
	\$	\$
TOTAL LIABILITIES	\$	\$

EXPENSES (ANNUAL)

Living Expenses	\$
Other Expenses	\$
	\$
	\$
	\$
TOTAL EXPENSES	\$

FOR GUARANTORS ONLY -

LOAN APPLICANTS SIGN PART E - PARTIES' ACKNOWLEDGEMENTS

Each person who signs this Part E acknowledges that:

1. This is an application to provide a Guarantee to Gunns Finance Pty Ltd on the terms set out in the terms and conditions set out in Section 21.2 of this PDS.
2. The Guarantee is solely for the purpose of securing the Loan for the Debtor to invest in the Project.
3. The Guarantee is subject to approval by Gunns Finance Pty Ltd and Gunns Finance Pty Ltd reserves the right to decline the application.
4. All of the information (including financial information) provided in this Guarantee application is true, accurate and not misleading or deceptive in any way.
5. I have read and understood Section 21.2 of this PDS and I agree to be bound by those terms as the "Guarantor" in favour of Gunns Finance Pty Ltd.

Part E - Guarantee and Indemnity Guarantor Acknowledgements

Executed as a deed:

Signed sealed and delivered by		OFFICE USE ONLY
Guarantor Signature	X	Guarantor Signature
Guarantor Name (please print)		Guarantor Name (please print)
Date		Date
in the presence of:		
Witness Signature	X	Witness Signature
Witness Name (please print)		Witness Name (please print)

OFFICE USE ONLY

App No:

File No:

Corporate Directory

Manager & Responsible Entity

Gunns Plantations Limited

ABN: 36 091 232 209

AFSL No. 238701

Registered Office:

78 Lindsay Street
Launceston, Tasmania 7250
Telephone: 03 6335 5290
Facsimile: 03 6333 0646
Freecall: 1800 015 023

Postal Address:

PO Box 588
Launceston, Tasmania 7250

Web Site Address:

www.gunns.com.au/plantations

Directors:

John E Gay (Chairman)
Leslie R Baker
Rodney J Loone
Patrick J Sullivan
Robin T Gray
Robert H Graham

Custodian

Gunns Limited
ABN: 29 009 478 148
78 Lindsay Street
Launceston, Tasmania 7250

Auditor

KPMG, Chartered Accountants
ABN: 51 194 660 183
33 George Street
Launceston, Tasmania 7250

Taxation Advisor

KPMG
ABN: 51 194 660 183
33 George Street
Launceston, Tasmania 7250

Legal Advisor

Shields Heritage
ABN: 26 477 023 371
53 Cameron Street
Launceston, Tasmania 7250

Independent Horticulturist:

Dr Peter Scholefield
Scholefield Robinson Horticultural Services Pty Ltd
ACN: 008 199 737
118A Glen Osmond Road
Parkside, South Australia 5063

Independent Market Report:

McKinna et al Pty Ltd Strategic Insights
ABN: 53 549 410 271
Rear 131 Victoria Avenue
Albert Park, Victoria 3206

Financier:

Gunns Finance Pty Ltd
ABN: 58 091 861 700
78 Lindsay Street
Launceston, Tasmania 7250



ABN 36 091 232 209 ARSN 136 845 022
AFSL No. 238701

a wholly owned subsidiary of Gunns Limited

FREECALL 1800 015 023 www.gunns.com.au/plantations