



**Submission to**

**The Parliamentary Joint Committee on  
Corporations and Financial Services**

***“Inquiry into Agribusiness  
Managed Investment Schemes”***

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**Submission From: AIL Funds Management**

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## **ALMOND INVESTORS LIMITED**

Almond Investors Limited (“AIL”) welcomes the opportunity to provide a submission to the Parliamentary Joint Committee on Corporations and Financial Services.

AIL is an unlisted public company formed to operate Managed Investment Schemes (“MIS”). AIL has progressively sold and implemented several almond projects based on a property at Piangil, near Swan Hill, Victoria. We manage approximately 1,300 hectares of orchards under our 2004, 2005, 2006, 2007, 2008 and 2009 almond projects. To date, investors in our projects have spent more than \$65 million on establishing the orchards, including expenditure on orchard assets such as land, trees, water rights, irrigation and orchard infrastructure and labour. They have spent over \$25 million in ongoing growing fees for the ongoing management of the orchards. Our projects have a total of more than 1,320 individual investors sourced from all Australian states.

### **Executive Summary**

#### ***MIS have facilitated economies of scale and promoted world's best practice in Australian agriculture***

MIS have been very beneficial to Australian agriculture and will be very positive for Australia's future export markets.

For instance, approximately 30,000 acres of almond trees have been planted under the MIS structure along the Murray Valley Highway between Robinvale and Swan Hill. When all these orchards are mature, it is expected that approximately \$252 million will be generated in annual export revenue. These plantations operate at world's best practice and have replaced wheat and sheep farms which produced much lower levels of employment in the regional communities. These MIS projects produce a higher value crop and have attracted risk capital to rural areas which would have not otherwise been generated. It is acknowledged that the relevant taxation deductions encouraged this risk capital, but the tax deductions were no more generous than those received by traditional farmers.

It is important to recognize that the above projects are very efficient users of irrigation water and do not “steal” water from family farms or extract water from the Murray Darling Basin illegally or unfairly. To the extent that water rights have been purchased by investors in MIS, there has always been willing vendors and since there are no new water rights being created, there is not any additional demand on the water system.

#### ***The events surrounding recent agribusiness promoter collapses***

The factors that contributed to the recent collapse of some agribusiness promoters include corporate debt and financing issues and the lack of investor confidence that resulted from the inconsistent views of the Australian Taxation Office (“ATO”).

In February 2007, the Federal Government announced that the ATO had reconsidered its interpretation of taxation law with respect to non-forestry agricultural MIS, determining that investors in non-forestry agricultural MIS were not carrying on a business (despite the fact that the ATO had previously confirmed that Growers were carrying on a business via both income tax rulings and product rulings and despite various court decisions confirming the tax deductibility of MIS participants' contributions). The effect of the reconsidered opinion was that participants in non-forestry MIS would not be able to claim upfront taxation deductions

for their contributions on the basis that they were not “carrying on a business”. This new view was pronounced without any change in taxation law. This reconsidered view was formalised on 17 October 2007 when the ATO issued a final taxation ruling TR 2007/8, which was to apply from 1 July 2008, subject to the outcome of a test case in the Federal Court (in December 2008 the full bench unanimously agreed that Growers are “in business”). The revised and subsequently incorrect ATO view signalled to the broad investment market that the business model of many agribusiness managers was no longer sustainable.

In order to fund their substantial capital expenditure programs and assist in the development of their world class agricultural assets, these agribusiness providers needed to attract equity and/or debt and have an asset sale program that provided the necessary liquidity to meet their future capital expenditure obligations.

Clearly, equity became more difficult to attract after the ATO announcement. With the progressive tightening of the debt markets into 2008 and the progressive decline in asset values (not only agricultural assets), these agribusiness managers did not have a suite of options for liquidity available to them. Their attempts to sell assets in 2008 and 2009 proved difficult as markets continued to fall after the disastrous collapses of major financial institutions around the world.

The underlying horticultural projects were actually financially viable, although, given the unprecedented low water allocations; they incurred additional costs for permanent and temporary water. This was combined with the rapidly increasing price of farm inputs such as fertilizer because of the escalating price of oil.

For some agribusiness operators, the above was a “perfect storm” from which there was no escape.

Had equity or capital been available, or had the major Australian banks been willing to renegotiate their loan terms (in some instances, the banks refused refinance even though there had been no breach of loan covenants), many agribusiness providers may well have been able to ride out the storm and could have capitalized on the future annuity revenue that would have been sourced from the rental of land, infrastructure, irrigation and water once all the capital expenditure had been completed.

### ***AIL's different project structure***

The AIL project structure is very different to other agribusiness projects. Our projects each comprise two managed investment schemes. The first is a Grower Project and the second is an Asset Trust. Investors are both Growers under the Grower Project and ALSO full owners of the orchard assets (land, trees, water rights, orchard infrastructure) via the stapled Asset Trust (in other MIS models, the promoter owned or leased assets and then subleased them to Growers which placed investors at risk when they went into voluntary administration).

Sandhurst Trustees Limited, a division of the Bendigo & Adelaide Bank Limited, acts as Custodian to the Grower Project and the Asset Trust and legal title to all the assets is held by Sandhurst Trustees Limited. This means that investors are protected from any consequence of any potential default by or financial instability of AIL as Responsible Entity. That is, the future prosperity of the almond projects is not directly linked to the prosperity of AIL.

## **1. Business models and scheme structures**

Please refer to the Executive Summary above.

## **2. The impact of past and present taxation treatments and rulings related to MIS**

AIL believes that there is no tax advantage afforded to Growers in non forestry MIS over traditional farmers as the Federal Court confirmed that Growers in an MIS are carrying on the business of primary production and are entitled to the tax deductions applicable to all primary producers under section 8-1 of the *Income Tax Assessment Act 1997* (ITAA 1997). This view was validated by KPMG, one of Australia's leading tax advisers, in their submission to the Treasury Review of Non Forestry MIS in September 2008.

As a rule, MIS providers will not launch a project without an approved ATO product ruling. Broadly, the product ruling allows the Commissioner of Taxation to exercise his discretion and allow taxation deductions for any upfront expenditure, given that there is an objective expectation that the project will produce a taxable profit. Naturally this is not a guarantee that the project will be successful, however, it is a critical step that must be taken before a project is offered to investors.

The product ruling process is exhaustive, very lengthy and involves full scrutiny of the project assumptions including yields, costs, the price that the produce can be sold for and the financial strength of the Responsible Entity. All agricultural assumptions, prices and yields etc have to be supported by independent experts and evidence.

The ATO conducts a detailed review of the following:

- All scheme documentation
- All agricultural practices
- All project and company profit analysis
- Expected client cashflows
- All finance facilities
- All experts reports including land analysis
- All underlying service and capital acquisition contracts
- All off take or marketing agreements

The product ruling process is extremely inefficient. For instance, AIL lodged its application for a product ruling in respect of its 2009 almond project in August 2008 and finally received the ruling in early May 2009 (and this was for a project that was substantially the same as the project that they approved and ruled on in FY2008). The receipt of a late ruling means that capital development and professional horticultural practices are difficult to implement.

## **3. Any conflicts of interest for the board members and other directors**

Graham Johns, Executive Director of AIL is also a Director of Horticultural Development Services Pty Ltd (the Orchard Establisher) and RMONPRO Developments Pty Ltd (the Orchard Manager). This relationship is fully disclosed in each Project's Product Disclosure Statement ("PDS"). Graham Johns is one of the leading almond horticulturalists in Australia so AIL's relationship with Horticultural Development Services Pty Ltd and RMONPRO Developments Pty Ltd is viewed very positively by Growers and by independent research houses.

AIL has a comprehensive Conflicts of Interest Policy which is based on the requirements of section 912A(1)(aa) of the Corporations Act and ASIC Regulatory Guide 181.

#### **4. Commissions, fees and other remuneration paid to marketers, distributors, related entities and sellers of MIS to investors (including accountants and financial advisers)**

As a general rule, promoters of MIS projects pay commissions to planners and advisers who are authorised to recommend these projects. Without entering into a debate about the appropriateness or otherwise of paying commissions, we need to consider the appropriateness of the remuneration over the full term of the investment.

If you were to amortise this amount over the life of a project (which is 30 years in AIL projects), in the vast majority of cases, it would be less than the upfront and ongoing commissions paid on standard equity and property funds over a similar period.

The financial planner must consider and review the project as part of the client's annual review for the life of the project, not just at the date the investment is made. Further, all fees and commissions must be fully disclosed to clients in their statement of advice (SOA). This is a regulatory requirement and the client must acknowledge that they have not only been advised of the risks of the investment but also of what the adviser is being paid.

Many financial planners choose to rebate their commission entitlements in favour of the clients thus making the total cost of the investment cheaper.

The agribusiness industry is very competitive. There have been some allegations of high profit margins for promoters but the impact of the rigorous product ruling process and the research house questionnaires has ensured that reasonable project manager margins are maintained.

#### **5. The accuracy of promotional material for MIS, particularly information relating to claimed benefits and returns including carbon offsets**

The MIS industry is one of the most tightly regulated and scrutinised sectors in the funds management industry.

The Australian Securities & Investments Commission ("ASIC") conduct licensing reviews and MIS operators need to be specifically licensed in the particular horticultural area being undertaken eg a horticultural provider cannot launch a forestry scheme without amending their licence and proving resident expertise in the company.

Each MIS is required by law to have a PDS which is the relevant disclosure document for the retail market. The production of the PDS involves extensive due diligence, including the inclusion of an independent expert's report. Evidence is required for every material statement made in the PDS. The PDS clearly outlines the fees and costs in the ASIC approved format as well as the risks associated with the MIS. Forecasts are prohibited by ASIC. The disclosures made in this legal document are extremely comprehensive. AIL and most agribusiness operators obtain a legal certification that the PDS meets the requirements of the Corporations Act and that it conforms to ASIC guidelines and regulations. AIL's PDSs do not make any reference to carbon offsets.

As described above, most horticultural projects also have a product ruling which is a very costly and time consuming process.

Most agribusiness managers have independent research houses such as Lonsec Agribusiness, Australian Agribusiness Group and Adviser Edge review their projects. These reviews are extremely thorough and involve an in depth analysis of the promoter itself, their history and track record with respect to their on the ground activities and the project's costs and benefits.

## **6. The range of individuals and organizations involved in the schemes**

The individuals involved in the AIL projects include AIL Directors and employees, research houses, industry experts and specialists, financial planners and advisers, employees and contractors of the Orchard Manager, irrigation and other orchard related supplier contractors, nurseries, Simarloo Pty Ltd (the huller and cracker), Almondco Australia Limited (the processor and marketer).

## **7. The level of consumer education and understanding of the schemes**

One of the biggest costs to an MIS provider in terms of marketing and promotion is adviser and client tours. These tours are designed to:

- Educate financial advisers & clients of the benefits and risks of investing in agriculture
- Demonstrate the scale of the operation
- Introduce key management and operational staff
- Tour downstream operations such as processing plants

These tours are organised so that those recommending and ultimately investing in the project have a greater understanding of what, how and who they are investing in. To our knowledge, there is no comparative level of education provided by any other sector in the financial services industry.

AIL provides extensive project documentation to potential investors such as the PDS, the product ruling, a project summary and independent research reports. However, external industry surveys have shown that many investors do not choose to read these types of documents in their entirety.

AIL also holds Investor Seminars in each state each year which give investors the opportunity to personally meet and question the Orchard Manager.

## **8. The performance of the schemes**

The three main factors affecting Grower returns in our projects are:

- The price at which almonds are sold;
- The quantity of almonds produced (yield);
- The orchard operating costs, fees and expenses

As California accounts for approximately 80% of world almond production, almonds in world markets are priced in US\$ so prices received by Australian growers will be influenced by the fluctuation of the A\$ against the US\$. In addition, the price at which Almondco is able to sell

the almonds to domestic and export markets will be primarily affected by the world almond price which is largely determined by Californian almonds.

In almost all cases, the yields to date for each AIL Project have exceeded PDS targets, which is an exceptionally good result in the current drought environment.

With respect to AIL orchard operating costs, these have always fallen within the fees described in the Projects' Constitutions and disclosure documents and are internationally competitive.

Generally speaking, at current almond prices and operating costs, well managed Australian almond orchards are profitable.

The outlook for the worldwide almond industry remains positive. Please find attached the text and charts used by Doug Youngdahl during his presentation as Chairman of the 2009 Almond Working Group at the International Nut & Dried Fruit Congress in Monaco on 31 May 2009, which demonstrate how bright the future is for almond growers.

It should be realized that even though some agribusiness managers have gone into voluntary administration, there are still MIS managers with sound non forestry agribusiness projects that are performing well and are either meeting or exceeding the representations that were made to Investors.

## **9. The factors underlying the recent scheme collapse**

Please refer to the Executive Summary above.

## **10. The projected returns and supporting information, including assumptions on product price and demand**

Please find attached the PDS for our 2009 Piangil Almond Orchard Project, which provides information about the Australian and international almond industries and details the key features, fees, costs and estimated returns for the Project.

## **11. The impact of MIS on other related markets**

There is no question that MIS has had a positive impact on regional Australia. Based on our own experience, we have seen investment in the form of orchard infrastructure, R&D and innovation and the ongoing need for a labour force and contractor expertise as we work through the agricultural cycle each year. In particular, the area from Robinvale to Swan Hill has been rejuvenated by MIS almond orchard plantations in the district. These projects will generate export revenue for the next 20-30 years and beyond (when new plantings replace aging trees) as they are economically and environmentally sustainable.

## **12. The need for any legislative change**

There is and will continue to be global interest in projects of scale that use land and water efficiently and that utilize world's best practice horticultural techniques, in particular for commodity projects which have a growing world consumption pattern (such as almonds).

Any regulatory or legislative changes that inhibit the ability of agribusiness managers to participate in the free market may well see Australia lose opportunities in the world market.

However, changes that provide for a fully informed market would be welcomed as would a regulatory framework which is cost effective, practical and supportive. Any legislative change should continue to support MIS as MIS is the future of agriculture for our nation if Australia wants to remain internationally competitive. Without MIS there is no-one to provide the risk capital for investments in Australian agriculture.



Product Disclosure Statement

# 2009

## Piangil Almond Orchard Project

A Unique Agribusiness Investment

An opportunity to own the Almond Orchard, become a Grower and participate in the expanding and profitable Australian Almond Industry

Piangil Grower Project – 2008: ARSN 128 581 644

Piangil Asset Trust – 2008: ARSN 128 581 662

Offered by Almond Investors Limited ACN: 102 342 870, AFSL no: 224 314

Date: 7 May 2009

## CORPORATE DIRECTORY

### RESPONSIBLE ENTITY

Almond Investors Limited  
ACN 102 342 870 AFSL No 224 314

### MELBOURNE OFFICE

Suite 7, Level 3, 470 Collins Street  
Melbourne, VIC 3000  
Telephone: (03) 9629 2777  
Facsimile: (03) 9629 1944

### DIRECTORS

Michael Naphtali – Chairman  
Wayne Overall – Executive Director  
Graham Johns – Executive Director  
Keith Woodhead – Non Executive Director

### CUSTODIAN

Sandhurst Trustees Limited  
Level 5, 120 Harbour Esplanade  
Docklands, VIC 3008

### SOLICITORS

McMahon Clarke Legal  
62 Charlotte Street  
Brisbane, QLD 4001

### ORCHARD MANAGER

RMONPRO Developments Pty Ltd  
PO Box 6285  
Linden Park, SA 5065

### ORCHARD ESTABLISHER

Horticultural Development Services Pty Ltd  
PO Box 6285  
Linden Park, SA 5065

### ALMOND PROCESSOR AND MARKETER

Almondco Australia Limited  
Sturt Highway, P.O. Box 1744  
Renmark, SA 5341

### INDEPENDENT ALMOND ORCHARD EXPERT

Sunraysia Environmental Pty Ltd  
3 The Crescent  
Mildura, VIC 3500

### AUDITOR OF THE RESPONSIBLE ENTITY

BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd  
Level 30, 525 Collins Street  
Melbourne, VIC 3000

## IMPORTANT INFORMATION

This Product Disclosure Statement ("PDS") is dated 7 May 2009.

Almond Investors Limited, trading as AIL Funds Management ("AIL", "we", "us" or "our") is the issuer of interests in the 2009 Piangil Almond Orchard Project (the "Project") offered in this PDS. The Project is made up of two registered managed investment schemes – the Piangil Grower Project – 2008 (the "Grower Project") and the Piangil Asset Trust – 2008 (the "Asset Trust"). AIL is the issuer of this PDS and is the Responsible Entity of both the Grower Project (ARSN 128 581 644) and the Asset Trust (ARSN 128 581 662). AIL is the holder of an Australian Financial Services Licence (AFSL number 224314).

AIL has already issued interests in the Project under a previous disclosure statement dated 17th March 2008. Investors who subscribed under that PDS are referred to as "2008 Investors" throughout this document. This PDS relates to offers of interests in the Project to be acquired on or before 15 June 2009. Investors who acquire interests under this PDS are referred to as "2009 Investors" throughout this document. 2008 Investors and 2009 Investors will be treated as being in different Project Years and will be treated as different classes of Growers for the purpose of calculating fees and when pooling almonds for harvest and sale and different classes of Orchard Asset Owners for the purpose of calculating and distributing the income and capital of the Asset Trust.

No person, firm or corporation associated with the issue of this PDS guarantees, warrants or underwrites the performance of the Project or any particular return or the taxation consequences of any investment in the Project. The Australian Securities and Investments Commission ("ASIC") takes no responsibility for the contents of this PDS.

## ABOUT THIS PDS

This PDS is important and should be read in its entirety. It is important that you read this PDS carefully before deciding whether to invest in the Project. We suggest that you keep this PDS and any supplementary information for future reference. If you are uncertain or have any doubts about investing in the Project, you should consult your financial adviser, solicitor, accountant or other professional adviser.

Upon acceptance of an application, you will become a Grower and responsible commercially for carrying on the business of almond production. The Project is a long-term investment and will be subject to the risks generally associated with commercial almond production, processing and marketing. You should consider the risks outlined in the Significant Risks section of this PDS that could affect the performance of the Project.

Interests in the Project should be viewed as being for a term of approximately 29 years for 2009 Investors and are not intended to be a short-term venture. There is no established secondary market for interests in the Project and AIL is not

required to purchase or redeem an investor's interest in the Project.

This PDS contains general information to assist you in making an informed decision about investing in the Project. It does not constitute advice or contain a recommendation to invest in the Project. The PDS has been prepared without taking into account the particular objectives, financial situation or needs of any investor. To help you make an informed investment decision, you should consider obtaining professional advice from a licensed financial adviser and/or taxation adviser.

This PDS contains forward-looking statements relating to future matters which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual events, results or performance of the Project to be materially different from those expressed or implied by such statements. Some of the risk factors that impact on forward-looking statements in the PDS are set out in the Significant Risks section of this PDS. Past performance is not a reliable indicator of future performance.

The offer to which this PDS relates is only available to Australian residents who receive this PDS in Australia. This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. Applications from outside Australia will not be accepted. Interests in the Project will be issued only on receipt of a completed application form in or accompanying this PDS.

Finance facilities are available to fund part of your investment in the Grower Project subject to the lending institution's normal lending criteria (see the Finance Arrangements section of this PDS for more information). You are not required to obtain a finance facility to make an investment and can use your own funds or other loan funds. If you consider a finance facility, then prior to borrowing you should ensure that you understand your payment obligations under the finance facility and ensure that they are appropriate in view of your particular needs or circumstances. None of AIL, its related bodies corporate or their directors, officers or employees makes any recommendation as to the suitability of this investment, or a finance facility, for any investor.

Some of the information in this PDS may change from time to time. Where those changes are not materially adverse to investors, we may not always update or replace this PDS to reflect the changes. A paper copy of any updated information will be provided to investors without charge on request. We will notify you of any changes that have a materially adverse impact on you, your participation in the Project or other significant events that affect the information in this PDS.

Photographs contained in this PDS have been used for illustrative purposes only. Unless otherwise indicated, photos do not represent activities or assets of the Project.

Photographs should not be interpreted to mean that any person shown endorses the Project or the success of the Project.

Words and expressions that are capitalized in this PDS are defined in the Glossary (refer to page 62).

## THE OPPORTUNITY

Our Almond Orchard Project offers an opportunity for you to:

- generate wealth flowing from the strong world wide demand for almonds;
- become involved in Australia's expanding and profitable almond industry;
- benefit from the expertise of the Executive Directors who have had significant experience in establishing and managing successful almond orchard projects, including our 2004, 2005, 2006, 2007 and 2008 Projects;
- participate as a 2009 Grower in the Piangil Grower Project – 2008 (the "Grower Project") for approximately 17 years, which is expected to generate income from Project Year 3 when the first almond crop is expected to be harvested;
- as a 2009 Grower, receive tax deductions for growing and management, irrigation and sublease fees for the first three years of the Grower Project as described in PR 2009/28. The Product Ruling also confirms the deductibility of ongoing fees for the Grower Project provided that there is no material change to the Project arrangements (as described in the Product Ruling) or relevant taxation laws at the time the fees are incurred;
- as a 2009 Grower, receive income from the net proceeds from the sale of almonds from the Orchard in the years of profitable almond production;
- participate as a 2009 Orchard Asset Owner in the Piangil Asset Trust - 2008 (the "Asset Trust"), which will ultimately acquire the Land, Almond Trees and Water Rights. These assets will be used in the Grower Project on the terms of the Allotment Sublease Agreement;
- as a 2009 Orchard Asset Owner, receive distributions from the Asset Trust, generated from the net proceeds from the sale of Almonds from the Orchard in years of profitable almond production after the expiry of the Grower Project.

The Project is a long-term investment and will be subject to the risks generally associated with commercial almond production, processing and marketing. You should consider the risks outlined in the Significant Risks section of this PDS before deciding to participate in the Project.

## THE OFFER

Under this Product Disclosure Statement AIL offers:

- 1,850 Grower Allotments in the Grower Project and
- 1,850 Units in the Asset Trust.

AIL may in its discretion, accept oversubscriptions.

Applications will be accepted from the date of this PDS until 15 June 2009. Grower Allotments and Units will be issued no later than 15 June 2009.

Investors that subscribe for Grower Allotments or Units under this PDS will be treated as being in different Project Years to Investors that subscribed for Grower Allotments or Units on or before 15 June 2008 and will be treated as a different class of Growers for the purpose of calculating fees and when pooling almonds for harvest and sale and will hold a different class of Units in the Asset Trust. In this PDS, Investors that subscribed for Grower Allotments or Units on or before 15 June 2008 are referred to as “2008 Growers” and “2008 Orchard Asset Owners” respectively, and collectively as “2008 Investors”.

Investors that subscribe for Grower Allotments or Units under this PDS during the period from 16 June 2008 to 15 June 2009 are referred to as “2009 Growers” and “2009 Orchard Asset Owners” respectively, and collectively as “2009 Investors”.

Applications must be received for a minimum of one Grower Allotment and one Unit. AIL reserves the right to refuse any application.

Unless otherwise agreed with any particular Grower or financial intermediary, Allotments will be allocated and issued in the order of receipt of completed applications. Allotments will be allocated progressively across the Orchard.



the 2009 Piangil  
Almond Orchard  
Project is offered  
by ALL - we grow  
your investment



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ASIC now requires Responsible Entities of unlisted retail property funds to address certain disclosure principles set out in regulatory guide 46 Unlisted property schemes—improving disclosure for retail investors. The disclosure principles are intended to assist investors understand the risks associated with investing in unlisted property funds and to decide whether such investments are suitable for them. The Asset Trust is an unlisted property fund. AIL addresses the disclosure principles in the key features summary appearing on page 9 of this PDS and then on the pages cross referenced in that summary.

As disclosed in the Important Information section of this PDS changes to the information in this PDS which are not materially adverse will be updated by AIL on our website. However, ASIC has a higher expectation in respect of ongoing disclosure of the RG 46 disclosure principles, even if there is no change to them. AIL proposes to include updates on the status of information relating to the disclosure principles on its website at least half yearly.

## CHAIRMAN'S LETTER

Dear Investor,

In 2004, 2005, 2006, 2007 and 2008 AIL successfully established over 1,300 hectares of almond orchard projects near Swan Hill, Victoria.

On behalf of the Directors, I now welcome your interest in our 2009 Piangil Almond Orchard Project.

This Product Disclosure Statement outlines an opportunity for you to become a Grower in the expanding and profitable Australian almond industry, while simultaneously benefiting as an Orchard Asset Owner in the Asset Trust, which will ultimately acquire the Land, Almond Trees and Water Rights. Separate returns may therefore be generated – one as a Grower and one as an Orchard Asset Owner.

The Board of AIL has expertise in the areas of horticultural and financial management. The Board has engaged experienced contractors with proven success in the almond industry to grow, harvest and market your almonds.

The Directors are pleased to be associated with a project that is expected to contribute to the prosperity of regional Australia and produce a crop with health benefits for consumers. Our project is also expected to generate export income via crop sales to expanding markets such as India, China and the Middle East.

All agricultural investments involve a degree of risk. The significant risks that may affect the Grower Project and the Asset Trust are outlined in the Significant Risks section of this Product Disclosure Statement. While the Directors have implemented measures to reduce or minimise these risks, it is not possible to predict all of the factors that may affect investors in the Grower Project and the Asset Trust. Investors should take into account these risk factors and the long-term nature of the Grower Project and the Asset Trust when deciding to participate.

We invite you to participate in the Piangil Grower Project – 2008 and the Piangil Asset Trust - 2008.

Yours sincerely



**Michael Naphtali**  
*Chairman*



## SUMMARY OF PROJECT FEATURES

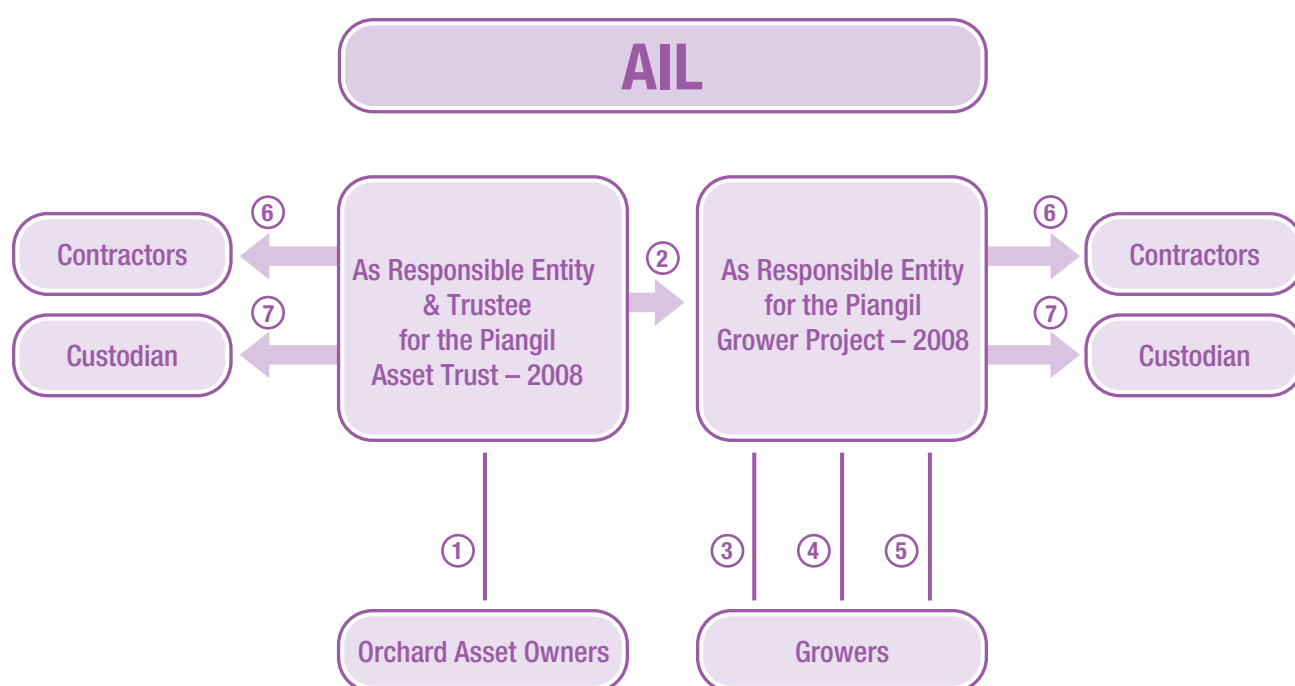
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|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>TERM OF PROJECT</b>                                 | <p>Each Grower Allotment held by a 2009 Grower expires after approximately 17 years (that is, on 15 June 2026). At the end of each Grower Allotment, either by termination or expiry of the term, the Grower Project Term will end and the Project Assets used for that Grower Allotment, the Grower Irrigation and the rights to proceeds of future sales of Almonds will revert to the Asset Trust for the remainder of the productive life of the Almond Trees.</p> <p>The Asset Trust has a potential term of 80 years. However, by 30 June 2038, AIL as Responsible Entity of the Asset Trust, will call a meeting of Orchard Asset Owners to determine the future of the Asset Trust.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>GROWER RETURNS</b>                                  | <p>Growers will receive the net proceeds of the sale of Almonds produced on the Orchard. It is expected that Growers will commence earning income from Project Year 4 after the Almond Trees begin producing Almonds.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>ATO PRODUCT RULING</b>                              | <p>The growing and management, irrigation and sublease fees payable by 2009 Growers will be tax deductible in the first three Project Years of the Grower Project, as described in PR 2009/28. The Product Ruling also confirms the deductibility of ongoing fees for 2009 Growers in the Grower Project provided that there is no material change to the Project arrangement (as described in the Product Ruling) or relevant taxation laws at the time the fees are incurred.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>ORCHARD ASSET OWNER DISTRIBUTIONS</b>               | <p>During the term of the Grower Project, AIL as Responsible Entity of the Grower Project receives sublease fees from Growers. Under the Head Lease, the Responsible Entity of the Grower Project pays an amount of rent to the Asset Trust equal to the aggregate sublease fees payable by Growers under the Allotment Sublease Agreements. The Responsible Entity of the Asset Trust will allocate this income to the classes of Units on the basis that sublease fees paid by the 2008 Growers will be allocated to the Units held by the 2008 Orchard Asset Owners and sublease fees paid by the 2009 Growers will be allocated to the Units held by the 2009 Orchard Asset Owners. This income, less fees, loan repayments, expenses relating to the servicing of the loans and other expenses attributable to a particular class of Units will be distributed to 2008 Orchard Asset Owners and 2009 Orchard Asset Owners respectively. Each 2009 Orchard Asset Owner's entitlement to participate in a distribution of Distributable Income commences in Project Year 1 (i.e. the financial year ending 30 June 2010).</p> <p>After the termination of the Grower Project, for the remainder of the productive life of the Almond Trees, the Asset Trust receives any almond sale proceeds. Generally, any such income will be allocated pro rata between all of the Orchard Asset Owners. However, fees, costs, loan repayments and expenses relating to the servicing of the loans will be deducted from this income before any distributions are made to Orchard Asset Owners. The Responsible Entity of the Asset Trust will allocate the amounts to be deducted to a particular class of Units where it considers it appropriate to do so.</p> |
| <b>PORTFOLIO DIVERSIFICATION</b>                       | <p>The Asset Trust has been established to own the Land on which the Grower Project will be established and to own the Almond Trees and Water Shares. The Asset Trust will then manage the orchard once the Grower Project ends. It is not intended the Asset Trust will own any other real property.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>FUND BORROWING, GEARING AND INTEREST COVER</b>      | <p>The Asset Trust will borrow funds to acquire the Land, trees and Water Shares. Initially, AIL will provide finance in the place of a bank financier. The Asset Trust's gearing ratio is expected to be 100 percent when the Land, Almond Trees and Water Shares are acquired. To calculate a gearing ratio the Asset Trust's total interest bearing liabilities are divided by its total assets. A high gearing ratio means a higher reliance on external liabilities to acquire assets which can expose the Asset Trust to increased funding costs if interest rates rise. In particular, while ever the gearing ratio is 100 percent then this effectively means Orchard Asset Owners have no equity in the Asset Trust and if the Asset Trust and its assets are liquidated, then Orchard Asset Owners are unlikely to receive any return back.</p> <p>The Asset Trust's interest cover ratio is expected to be 1.87 when the Land, Almond Trees and Water Shares are acquired. Interest cover gives an indication of the Asset Trust's ability to meet the interest payments from earnings. To calculate the interest cover ratio, take the Asset Trust's EBITDA (earnings before interest, tax depreciation and amortisation), deduct unrealised gains, add unrealised losses and divide that total by the Asset Trust's annual interest expense.</p> <p>See pages 12 and 30 for more information about finance to the Asset Trust.</p>                                                                                                                                                                                                                                                                                                           |
| <b>RELATED PARTY TRANSACTIONS</b>                      | <p>AIL will provide finance to the Asset Trust to acquire the Land and Almond Trees on commercial terms. The Asset Trust ultimately leases the orchard assets to the Grower Project in order to meet regulatory requirements.</p> <p>AIL and the Orchard Manager, RMONPRO Developments Pty Ltd, and the Orchard Establisher, Horticultural Development Services Pty Ltd share a common director. Please see page 60 for more information.</p> <p>AIL has a policy for related party transactions to ensure it manages any conflicts of interest.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>VALUATION POLICY</b>                                | <p>AIL as Responsible Entity of the Asset Trust intends to have the orchard assets independently valued at least every three years. AIL anticipates the valuer will be registered and must comply with the prevailing industry standards and requirements of providing valuations of land in Victoria.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>WITHDRAWAL RIGHTS</b>                               | <p>There are no rights to withdraw investment from the Grower Project or the Asset Trust. However, Orchard Asset Owners may transfer their Units in accordance with the constitution for the Asset Trust.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>PROVEN MANAGEMENT TEAM</b>                          | <p>AIL has a Board and Executive team with proven expertise and success in the Australian financial services industry and in the administration and management of almond orchard managed investment schemes. Approximately 1,300 hectares of almond trees have been successfully established and planted in our 2004, 2005, 2006, 2007 and 2008 Projects and the Project to date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>STRONG ALMOND DEMAND</b>                            | <p>Worldwide demand for almonds continues to be strong.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>SOLID MARKETING</b>                                 | <p>Almondco Australia Limited will be contracted to sell the Grower Project's Almonds in domestic and export markets. Almondco Australia Limited is one of Australia's largest almond processing, packaging and marketing groups.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>SUITABLE GROWING AREA AND MODERN INFRASTRUCTURE</b> | <p>This Project is operated in a suitable almond growing location in Victoria. A modern almond hulling and cracking plant is expected to provide services to the Grower Project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

## THE PROJECT

Investors are offered the opportunity to carry on the business of growing almonds as a Grower and to become an Orchard Asset Owner in an almond orchard development located near Swan Hill, Victoria, near our 2004, 2005, 2006, 2007 and 2008 Projects.

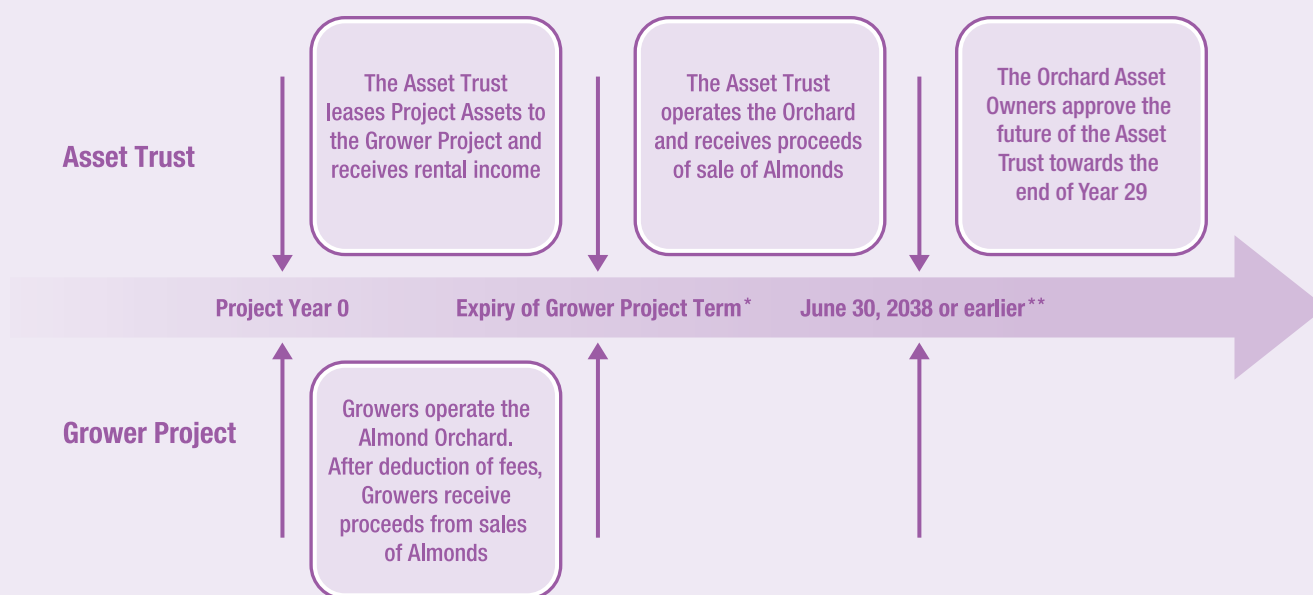
The offer is in respect of two registered managed investment schemes - the Piangil Grower Project -2008 (the "Grower Project") and the separate Piangil Asset Trust -2008 (the "Asset Trust"), which together are called the 2009 Piangil Almond Orchard Project (the "Project"). You will participate in the Grower Project as a 2009 Grower by holding Grower Allotments and in the Asset Trust as a 2009 Orchard Asset Owner by holding Units. The structure of the Project is illustrated in the following diagram.

## STRUCTURE OF PROJECT



- 1 Pursuant to the Constitution of the Asset Trust, AIL as Responsible Entity of the Asset Trust will ultimately acquire the Land, Almond Trees and Water Rights (that is, the Project Assets). Those Project Assets will be held on trust for Orchard Asset Owners. The Custodian will hold legal title to the assets of the Asset Trust.
- 2 AIL, as Responsible Entity of the Asset Trust, grants the Grower Project the right to use the Project Assets under a Head Lease.
- 3 AIL, as Responsible Entity of the Grower Project, subleases 0.125 plantable hectare of Land (an "Allotment") or multiples thereof and grants the right to use the Project Assets to each Grower, on the terms of an Allotment Sublease Agreement.
- 4 Each Grower appoints AIL to manage their Allotment on the terms of an Allotment Management Agreement.
- 5 The Constitution of the Grower Project governs the overall Grower Project.
- 6 AIL, as Responsible Entity, will enter into various contracts in relation to the Asset Trust and the Grower Project.
- 7 AIL has appointed Sandhurst Trustees Limited as custodian of the Asset Trust and the Grower Project (where appropriate, and with AIL's prior approval, Sandhurst Trustees Limited may appoint a sub-custodian to hold specific assets).

## PROJECT TIMELINE



\* Each Grower Allotment expires after approximately 17 years (that is, on 15 June 2026). The Grower Project will cease when all of the entitlements in respect of the Grower Allotments have ended, unless terminated earlier in accordance with its Constitution (see summary of Constitution on page 52).

\*\* The future of the Asset Trust will be determined when AIL believes that the Almond Trees are reaching the end of their productive life (but no later than 30 June 2038).

## ASSET TRUST OVERVIEW

Orchard Asset Owners will hold Units in the Asset Trust.

The Asset Trust will have two classes of Units. Units that have been issued to the 2008 Orchard Asset Owners will constitute one class and Units that will be issued to the 2009 Orchard Asset Owners will constitute another class. During the Grower Project Term the fees and expenses incurred and the income attributable to each class of Units will differ. The income derived by the Asset Trust from the Grower Allotments held by the 2008 Growers will be attributed to the Units held by the 2008 Orchard Asset Owners and the income derived by the Asset Trust from the Grower Allotments held by the 2009 Growers will be attributed to the Units held by the 2009 Orchard Asset Owners. In addition, any other income derived from a Water Right that was acquired in connection with the Grower Allotments held by the 2008 Growers will be attributed to the Units held by the 2008 Orchard Asset Owners and any income derived from a Water Right that was acquired in connection with the Grower Allotments held by the 2009 Growers will be attributed to Units held by the 2009 Orchard Asset Owners. All other income will be shared by all of the unit holders proportionately.

## INCOME AND EXPENSES

During the Grower Project Term, AIL as Responsible Entity of the Asset Trust will record the income attributable to each class of Units separately, calculate the fees payable in respect of each class of Units separately and allocate expenses to each class of Units separately. Expenses incurred in connection with the Grower Allotments held by the 2008 Growers and any loans, Water Rights, trees or other activities connected with those Grower Allotments will be allocated to the Units held by the 2008 Orchard Asset Owners. Expenses incurred in connection with the Grower Allotments held by the 2009

Growers and any loans, Water Rights, trees or other activities connected with those Grower Allotments will be allocated to the Units held by the 2009 Orchard Asset Owners. If AIL considers that it cannot allocate an expense to either class of Units that expense will be shared by all of the unit holders proportionately.

After the end of the Grower Project Term, the income and expenses of the Asset Trust will be shared by the unit holders in proportion to their unit holding. However, as the fees payable in respect of each class of Units will continue to differ, AIL as Responsible Entity of the Asset Trust will continue to calculate the fees payable in respect of each class of Units separately.

If the Asset Trust is wound up and its assets sold, the capital of the Asset Trust will be distributed pro rata to each Orchard Asset Owner. However, if the winding up occurs during the Grower Project Term any proceeds derived from a Water Right will be distributed amongst the holders of the class of Units in connection with which the Water Right was acquired.

## ACQUISITION OF ASSETS

AIL as Responsible Entity of the Asset Trust intends to acquire the Land, Almond Trees and Water Rights. AIL as Responsible Entity of the Asset Trust will enter into finance arrangements to fund the purchase of these orchard assets.

With respect to Water Rights, on behalf of 2009 Orchard Asset Owners, AIL as Responsible Entity of the Asset Trust intends to ultimately acquire 1.56 megalitres of water as Water Shares, being the number of megalitres of water per Allotment necessary to operate a mature almond orchard.

However, due to the seasonal variation in the price of Water Shares it may be advantageous to the Asset Trust for the Responsible Entity of the Asset Trust to delay the purchase

of Water Shares for a period of time. That is, it may be in the Asset Trust's best interests for the Responsible Entity of the Asset Trust to acquire Temporary Water Allocations to satisfy its obligations to make Water Rights available to the 2009 Growers in the Grower Project and then later purchase Water Shares when it is more economical to do so. Alternatively, if there are insufficient Water Shares available for purchase it may be necessary for the Responsible Entity of the Asset Trust to acquire Temporary Water Allocations to satisfy its obligations to make Water Rights available to the 2009 Growers in the Grower Project and then later purchase Water Shares when they are available for purchase. In any event, AIL as Responsible Entity of the Asset Trust intends to acquire 1.56 megalitres of Water Shares per Allotment, being the amount of water necessary to operate a mature almond orchard on an Allotment in a water season with a seasonal allocation of 100%, by not later than Project Year 17 (i.e. by the end of the Grower Project). (see the section Availability of Water on page 34).

## LAND ARRANGEMENTS

Almond Investors Land Pty Ltd, a wholly owned subsidiary of AIL, has entered into options for it or its nominees to acquire certain land (the options are summarised on page 48 in the Summary of Material Documents), which can be exercised at any time until 15 June 2010. It is intended that Almond Investors Land Pty Ltd will nominate AIL as Responsible Entity of the Asset Trust to acquire the Land on which the Grower Project is to be established. It is intended that the Land will be acquired by not later than Project year 17 (ie. by the end of the Grower Project).

Until such time as Almond Investors Land Pty Ltd may exercise the option described above, it has the right to lease the Land from its current owner by entering into an Interim Head Lease (the Interim Head Lease is summarised on page 49 in the Summary of Material Documents). The terms of the Interim Head Lease permit Almond Investors Land Pty Ltd to sublease the land to certain entities, including AIL as Responsible Entity of the Asset Trust. The Interim Head Lease also permits Almond Investors Land Pty Ltd to access and prepare the Land for the Grower Project, including by planting the Almond Trees and installing any necessary irrigation and other infrastructure. Until AIL as Responsible Entity of the Asset Trust acquires the Land, Almond Investors Land Pty Ltd intends to sublease the Land to AIL as Responsible Entity of the Asset Trust by entering into an Interim Sub-Lease (the Interim Sub-Lease is summarised on page 49 in the Summary of Material Documents). AIL intends to enter into Interim Sub-Leases in relation to the Land on which the Grower Project is to be established in June 2009. The Interim Sub-Lease allows AIL as Responsible Entity of the Asset Trust to prepare the Land for the Grower Project, including by planting the Almond Trees and installing any necessary irrigation and other infrastructure.

The Interim Sub-Lease also allows AIL as Responsible Entity of the Asset Trust, pending the acquisition of the Land, to grant a lease of the Land and Almond Trees, and grant the right to use the Water Rights, to AIL as the

Responsible Entity of the Grower Project for the Grower Project Term.

The Interim Sub-Lease and Interim Head Lease will automatically be surrendered with effect from midnight on the day immediately before the Land is acquired by AIL as Responsible Entity of the Asset Trust. At such time, the lease to AIL as Responsible Entity of the Grower Project will become the Head Lease (which is summarised on page 50 in the Summary of Material Documents).

Additional land may be acquired if AIL considers this to be of benefit to the Project.

## ASSET TRUST BORROWINGS

AIL will provide finance to the Asset Trust to acquire the Land, effectively standing in the place of a bank financier, until the economic and financial conditions are right for the Asset Trust to enter into a finance facility with an Australian bank on favourable terms.

The Asset Trust will initially acquire the Temporary Water Allocations necessary to operate the Grower Project. When the economic and financial conditions are right for the Asset Trust to enter into a finance facility with an Australian bank on favourable terms, the Water Rights can be purchased with bank funding.

AIL will provide finance to the Asset Trust to acquire the Almond Trees, effectively standing in the place of a bank financier, until the economic and financial conditions are right for the Asset Trust to enter into a finance facility with an Australian bank on favourable terms.

It should be noted that once all the above occurs, the Asset Trust will be highly geared. 2009 Investors themselves will contribute \$540 per Unit (subject to AIL's right to call for additional funds referred to on page 23 in the Fees and Other Costs section of this PDS). Any loan repayments will be deducted from the income of the Asset Trust. Please refer to the Finance Arrangements section of this PDS for further details about bank funding and AIL funding.

During the Grower Project the principal income source of the Asset Trust will be rental income received under the lease arrangement with the Grower Project for the use of the Project Assets (described above). Fees, loan repayments and expenses relating to the servicing of any bank loan will be deducted from the income of the Asset Trust, and any Distributable Income of the Asset Trust will be distributed to Orchard Asset Owners.

## DISTRIBUTABLE INCOME

Each 2009 Orchard Asset Owner will have the right to share in any Distributable Income of the Asset Trust from Project Year 1 onwards (i.e. for the financial year ending 30 June 2010 and thereafter). The Income, fees and expenses of the Asset Trust will, during the Grower Project Term, be allocated to the different classes of Units as described above for the purposes of determining the Distributable Income of the different classes of Units.

## OPERATION AFTER GROWER PROJECT

On termination of the Grower Project, the Grower's right to use those Project Assets will revert to the Asset Trust and the Asset Trust will be entitled to acquire the Irrigation System for nominal consideration. For the remainder of the Project, AIL as Responsible Entity of the Asset Trust (or its subcontractors) will manage the Orchard. Rather than rental income, during this period the principal source of income of the Asset Trust will be any proceeds of sale from Almonds produced on the Orchard.

At the end of the productive life of the Almond Trees (but no later than 30 June 2038) the Board of Directors of AIL will provide a recommendation to Orchard Asset Owners as to the future direction of the Asset Trust. This may involve raising further funds to replant the Orchard, leasing the assets to a new almond project or conducting an orderly winding up of the Asset Trust and distributing the proceeds to Orchard Asset Owners. A meeting of Orchard Asset Owners will be called to determine the future of the Asset Trust by Special Resolution. Where AIL's recommendation is not approved by Orchard Asset Owners or an alternate proposal is not acceptable to AIL, the Asset Trust will be wound up and proceeds distributed.

The Custodian will hold the legal title to the property of the Asset Trust.

## GROWER PROJECT OVERVIEW

Growers will hold Grower Allotments in the Grower Project.

The Grower Project involves the tending of an almond orchard for the harvesting and sale of Almonds. Each Grower Allotment held by a 2009 Grower will expire after approximately 17 years (that is, on 15 June 2026).

Pursuant to the Head Lease, AIL as Responsible Entity of the Grower Project will be entitled to lease the Land on which the Orchard will be established and the Almond Trees, and will have the right to use the Water Rights.

As part of the Grower Project, AIL as Responsible Entity of the Grower Project will sublease an Allotment of 0.125 plantable hectare of Land, or multiples thereof, and 40 Almond Trees per Allotment to each Grower pursuant to an Allotment Sublease Agreement. AIL as Responsible Entity of the Grower Project will also grant to each Grower the right to use the Water Rights to obtain water to irrigate the Grower's Allotment.

AIL as Responsible Entity of the Grower Project will procure AIL as Responsible Entity of the Asset Trust to plant at least 40% of 2009 Growers' Almond Trees by no later than 23 June 2009 with the balance to be planted by 30 September 2009.

Under an Allotment Management Agreement, each Grower will appoint AIL as Responsible Entity of the Grower Project to provide services that are usual or necessary for operating an almond orchard on each Grower's Allotment including farming services, administration and

management services, harvesting services and almond processing services. AIL will provide those services itself or through its subcontractors, including the Orchard Manager and Almondco Australia Limited (with AIL remaining responsible for its subcontractors). AIL as Responsible Entity of the Grower Project will install the Irrigation System for the Grower Project. Each 2009 Grower will pay an Irrigation Charge (as set out in the Fees and Other Costs section of this PDS) and will own the Grower Irrigation for the term of the Grower Project or until the Allotment Sublease Agreement for that Grower is terminated.

AIL as Responsible Entity of the Grower Project will harvest, process and sell the Almonds from the 2009 Growers' Allotments on a collective basis, but separately from the almonds from the 2008 Growers' Allotments. The proceeds of sale of the accumulated Almonds sold will be divided pro-rata according to the number of 2009 Growers' Allotments contributing Almonds for sale (subject to any adjustment for material differences in the production levels of each Allotment) after deduction of fees and outstanding liabilities owing under the Allotment Management Agreement or the Allotment Sublease Agreement.

The Custodian will hold the legal title to the property of the Grower Project.

AIL as the Responsible Entity of the Grower Project will allocate Growers to Grower Groups by reference to the financial product distributor that introduces the Grower to the Project. AIL as Responsible Entity of the Grower Project will appoint a Grower Representative for each Grower Group. The Grower Representatives will liaise with AIL to promote and protect the interests of the Growers in the relevant Grower Group and monitor AIL's compliance with its obligations under the Allotment Management Agreement. AIL will pay any fees that are payable to the Grower Representatives out of its own funds.

## YOU SUBSCRIBE FOR BOTH GROWER ALLOTMENTS AND UNITS

Each investor that subscribes for one Grower Allotment will also subscribe for one corresponding Unit in the Asset Trust, either itself or by nominating another person or entity to subscribe for the Unit. Once acquired, each Grower Allotment may be dealt with separately to the Unit.

Applications will be accepted from the date of this PDS until 15 June 2009. Application moneys will be held in application accounts pending the issue of the Grower Allotments and Units. AIL is entitled to retain any interest earned on application moneys held in the application accounts during this period. Grower Allotments and Units will be issued no later than 15 June 2009.

The offer for Grower Allotments and Units made under this PDS is open for applications received on or before 15 June 2009.

## THE ALMOND INDUSTRY REASONS TO INVEST IN ALMONDS

### WORLD MARKET

The almond market is worldwide and demand is strong. Consumption in India, China and other Asian countries is growing as their income levels rise.

### WIDE RANGE OF PRODUCT USES

Almonds are very versatile – they are used in table consumption, snacks, baked goods, breakfast cereals and confectionery. Almond oil, milk, meal and flour are also becoming popular.

### RECOGNISED HEALTH BENEFITS

Independent research has shown that health benefits of almond consumption include possible lowering of heart disease and cholesterol. Diets high in almonds may also protect against cancers.

### AUSTRALIAN QUALITY RECOGNISED

The Australian almond industry is highly regarded by world experts. Overseas importers consider Australian almonds to be of premium quality.

### AUSTRALIA'S COUNTER SEASONAL ADVANTAGE

Australia is counter seasonal to California, the world's largest supplier of almonds. Therefore Australia has fresh almonds for sale when the Californian crop is out of season.

## THE WORLDWIDE ALMOND INDUSTRY

### RIISING WORLD DEMAND AND CONSUMPTION

Over the past few years, world demand, consumption and supply have increased to unprecedented levels. The versatility, natural health benefits and shelf ready nature of almonds has seen continued strong demand from the United States and Europe. Consumption in India, China and other Asian countries is also rising as incomes rise. Almonds are often associated with cultural celebrations and ceremonies in the Asian region.

### THE VERSATILITY OF ALMONDS

Almonds can be consumed raw, as well as in roasted or smoked forms. They can also be sliced, flaked, diced, blanched or slivered. Almonds are used as a major ingredient in many breakfast cereals, confectionery, snack foods and baked goods. Almond butter is a recent development. Almond oil, milk, meal and flour are also becoming popular. Almonds are not quickly perishable and have a longer shelf life than most other nuts.

### HEALTH BENEFITS

The health benefits of almonds have been extensively documented by a number of medical and nutritional bodies around the world. Recent medical research has indicated that almonds:

- may provide protection against various cancers as well as diabetes;
- may reduce the risk of heart disease because they are loaded with alpha-tocopherol;
- may lower the risk of strokes by reducing blood pressure;
- are rich in the antioxidant Vitamin E; and
- almonds are a good source of phosphorus and calcium, which are important minerals for bone health.

Both the American Heart Association and the Heart Foundation of Australia have established that almonds contain monounsaturated fats, the “good fats”, which can help reduce cholesterol and combat heart disease. With more and more developed nations committing to a healthy diet and lifestyle, the demand for and consumption of almonds is likely to continue to increase.

### THE CALIFORNIAN CROP

California is the world's largest producer of almonds, contributing approximately 80% of the world supply. Spain is the next major producer at about 11%, while Australia currently produces around 3% of world production.

The Californian crop size is the single most influential factor affecting the international market price for almonds. California's supply dominance means that USA producers set the world price in US\$ per pound.

### THE AUSTRALIAN ALMOND INDUSTRY

The Australian almond industry maintains very high standards with respect to production, processing and marketing, even though the industry is small by world standards with approximately 3% of world production. Current Australian production is approximately 26,000 tonnes per annum. On a percentage basis, Australia is the fastest growing almond industry in the world. The majority of almond production in Australia is located along the Murray River from Swan Hill in Victoria through to Waikerie in South Australia. Growing conditions in these regions are usually suitable for almonds and production is consistent in normal climatic conditions.

The industry has a current farmgate value of \$180 million with related exports of \$75 million. The Australian almond industry has gained international respect by consistently producing high-grade almonds in quality, size and colour. Export demand is strong. Our counter seasonality to northern hemisphere growers means that we have fresh almonds to sell to Europe and Asia when the Californian crop is out of season. These factors help to ensure that Australia is able to successfully market its crop each year.

## ESTABLISHED AUSTRALIAN HORTICULTURE TECHNIQUES

The worldwide almond market is mature and sound. Horticultural techniques used are well established.

Based on horticultural technical programs being developed in Australia, there are sound reasons to expect yields to improve as a result of refinements in fertiliser application, the application of water with increasingly sophisticated irrigation practices and improved pruning practices. However, as with any horticultural crop, there are certain events that are beyond the orchard manager's control such as extreme weather conditions (e.g. hail and frost) that can negatively impact almond yields (please refer to the Significant Risks section of this PDS).



## THE MANAGEMENT TEAM AND KEY PARTICIPANTS



Directors: Wayne Overall, Michael Naphtali and Keith Woodhead.

a committed and experienced team  
of directors and management

### AIL

AIL is an unlisted public company formed to operate managed investment scheme almond orchard projects. AIL has progressively sold and implemented several almond projects based on a property at Piangil, near Swan Hill, Victoria. We manage more than 1,300 hectares of almond orchards under our 2004, 2005, 2006, 2007 and 2008 Projects. AIL acts as responsible entity for these projects and is responsible for managing all the financial aspects of each project and the horticultural activities on the ground for each project's full economic life.

AIL is the Responsible Entity of the Grower Project and the Asset Trust. AIL will oversee the operations of the Orchard and all processing and marketing functions on behalf of Growers, as well as the administration of the Asset Trust for Orchard Asset Owners. AIL will report to and communicate with Growers and Orchard Asset Owners regarding their investment (please see page 59 for more details).

### DIRECTORS OF AIL

The Board of Directors comprises individuals that have extensive experience in the Australian financial services and almond industries.

### CHAIRMAN—MICHAEL NAPHTALI

Michael has been the Chairman of AIL since March 2004. Michael was previously the Co-Chairman and Co-Founder of the Hindal Group of Companies which were established in 1996. They developed into a significant merger and acquisition practice, identifying investment opportunities, providing corporate advice and undertaking capital raising for clients. The Hindal Group was acquired by Credit Suisse in May 2008 and Michael has taken up an Executive Director position.

Michael was formerly Chief Executive and Director of the Pratt Group. In this capacity he was involved in the Pratt Group's rapid expansion in Australia and overseas.

Prior to joining the Pratt Group, Michael was a Director of Hill Samuel Australia Ltd (the predecessor to Macquarie Bank).

Michael is an experienced corporate advisor and business consultant acting across a wide range of industries, predominantly to large private clients.

Michael is also involved in numerous corporate Boards, community and charitable activities.

### EXECUTIVE DIRECTOR—WAYNE OVERALL

Wayne has been an Executive Director of AIL since its inception in 2003.

Prior to entering the almond industry, he was General Manager of Victoria, Permanent Trustee Company Limited. During his time there from 1987 to 1999, Wayne was responsible for a variety of investment services and financial products.

Since then, Wayne has had extensive experience and success in the design and marketing of almond orchard investment projects. Almond Orchards Australia Limited appointed Wayne as Chief Executive Officer in 1999 where he successfully marketed a 200-hectare project in 2000 at Robinvale, Victoria.

In the 2004, 2005, 2006, 2007 and 2008 years, Wayne successfully oversaw the establishment of over 1,300 hectares of Almond Orchard Projects for AIL near Swan Hill, Victoria.



Director: Graham Johns.

### EXECUTIVE DIRECTOR – GRAHAM JOHNS

Graham is widely recognised as one of Australia's leading almond horticulture experts, with 25 years' experience in the Australian and international almond industries. He has demonstrated success in horticultural management and consulting roles. Graham will oversee all operational issues associated with the 2009 Project.

Graham was General Manager of Orchard Operations from July 1995 to October 2000 for the publicly listed Select Harvests Limited, which owned or managed approximately 1,200 hectares of Almond Trees at that time. This role provided Graham with extensive experience in large-scale almond development, production and processing functions. Excellent results in terms of orchard profitability and higher yields were achieved during his management.

In 2004, 2005, 2006, 2007 and 2008 Graham managed the environmental approvals, land acquisitions, soil surveying, land development works, irrigation infrastructure installation and tree planting for the AIL Projects near Swan Hill, Victoria.

Graham has been an Executive Director of AIL since its inception in 2003. Graham's participation as an Executive Director will ensure that investors will have access to sophisticated growing and processing technologies.

### NON EXECUTIVE DIRECTOR—KEITH WOODHEAD

Keith has been actively involved in property funds management for the past 20 years, as a former Director of Endeavour Securities (Aust) Limited, Rural & Agricultural Management Limited (the Management Company for the \$180m Rural Property Trust), Brick Securities Property Services Pty Ltd and in his former role at KPMG Management Consulting.

At Rural & Agricultural Management, he was responsible for pioneering many property related management strategies of the early 1990s. Whilst at Brick Securities Property Services he was actively involved in the management of some \$1 billion of funds in the property sector. During his time as a Management Consultant with KPMG, he specialised in business planning, profit maximisation, financial management and marketing strategy assignments.

Keith is currently a director or consultant to several unlisted public companies, including funds management companies, Greater Visions Asset Management Limited, Auswide Management Limited and Timbertop Securities Limited. In addition to these roles, Keith is also a member and Chairperson of several compliance committees.

Keith holds a Master of Business Administration (finance/planning major), a Graduate Diploma in Town Planning, a Bachelor of Surveying, an Estate Agents Licence and is actively involved in the financial services sector.

Keith was appointed Non-Executive Director of AIL in March 2004.

### ORCHARD MANAGER – RMONPRO DEVELOPMENTS PTY LTD

AIL as Responsible Entity of the Grower Project will appoint RMONPRO Developments Pty Ltd to carry out activities covering the almond orchard growing function. Graham Johns, who is an Executive Director and shareholder of AIL, is also a Director of RMONPRO Developments Pty Ltd.

RMONPRO Developments Pty Ltd will develop an annual horticulture management plan outlining the services to be provided for the management of the Orchard that will be designed to maximise yields and returns to Growers. For further details on the duties of RMONPRO Developments Pty Ltd, please see page 54 of the Summary of Material Documents.

### ORCHARD ESTABLISHER – HORTICULTURAL DEVELOPMENT SERVICES PTY LTD

It is proposed that under an Orchard Establishment Agreement, AIL as Responsible Entity of the Asset Trust will appoint Horticultural Development Services Pty Ltd to establish the Orchard. Graham Johns, who is an Executive Director and shareholder of AIL, is also a Director of Horticultural Development Services Pty Ltd.

Horticultural Development Services Pty Ltd will be responsible for the establishment of Growers' Allotments, including overseeing the production of the nursery trees and the design and installation of the Irrigation System. For more details, please refer to page 55 of the Summary of Material Documents.

### HULLING AND CRACKING CONTRACTOR

Following harvest, the Almonds will be taken to a plant for the removal of the outer husk or shell. AIL intends to subcontract this function to a contractor, which has on site one of Australia's most modern hulling and cracking plants, valued at over \$4 million. The contractor hulls and cracks almonds for a large number of external growers in addition to its own crop.

### PROCESSING AND MARKETING AGENT ALMONDCO AUSTRALIA LIMITED

Located at Renmark, South Australia, Almondco Australia Limited ("Almondco") has one of the largest and most modern almond processing plants in Australia. Our Project's Almonds will be graded according to quality, colour and size. Our Almonds will then be pooled with other HACCP (Hazard Analysis and Critical Control Points) accredited growers' almonds and sold to domestic and overseas markets. Premium almonds produced receive the highest price. Almondco offers a broad range of almond products and has strategic partnerships with Australia's key food manufacturers, repackers, wholesalers, food service providers and confectioners. Almondco has well established export markets in the United Kingdom, Western Europe, India, Japan, Middle East and New Zealand. Almondco is developing markets, as supply permits, in South East Asia, Eastern Europe and China. For more details on arrangements with Almondco, please refer to page 56 of the Summary of Material Documents.



## 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 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](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

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. Information about taxation is set out on page 31.

You should read all the information about fees and costs because it is important to understand their impact on your investment. All fees and charges set out in the table below are inclusive of GST less any applicable reduced input tax credits.

| TYPE OF FEE OR COST                                          | AMOUNT                                                                                                                | HOW & WHEN PAID                                                                                                             |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| <b>FEES WHEN YOUR MONEY MOVES IN AND OUT OF THE PROJECT.</b> |                                                                                                                       |                                                                                                                             |
| <i>Establishment fee</i>                                     |                                                                                                                       |                                                                                                                             |
| The fee to open your investment.                             |                                                                                                                       |                                                                                                                             |
| <b>To become a 2009 Grower (per Grower Allotment):</b>       | Grower Application Fee <sup>1</sup> : \$5,600<br>Irrigation Fee <sup>2</sup> : \$2,000<br><b>Total</b> <b>\$7,600</b> | The Grower Application Fee and Irrigation Fee are payable on application by direct debit or cheque <sup>4</sup> .           |
| <b>To become a 2009 Orchard Asset Owner (per Unit):</b>      | Subscription Price: \$540                                                                                             | The Subscription Price is to be paid by instalments from distributions of income or capital commencing from Project Year 1. |
| <i>Contribution fee:</i>                                     | Not Applicable                                                                                                        | Not Applicable                                                                                                              |
| The fee on each amount contributed to your investment.       |                                                                                                                       |                                                                                                                             |
| <i>Withdrawal fee:</i>                                       | Not Applicable                                                                                                        | Not Applicable                                                                                                              |
| The fee on each amount you take out of your investment       |                                                                                                                       |                                                                                                                             |
| <i>Termination fee:</i>                                      | Not Applicable                                                                                                        | Not Applicable                                                                                                              |
| The fee to close your investment                             |                                                                                                                       |                                                                                                                             |

<sup>1</sup> The Grower Application Fee consists of two components: (i) a Growing and Management Fee of \$4,600; and (ii) \$1,000 which forms part of the Irrigation Charge.

<sup>2</sup> The Irrigation Fee, together with the \$1,000 component of the Grower Application Fee, are referred in this PDS as the "Irrigation Charge". In consideration for the payment of the Irrigation Charge, a 2009 Grower will acquire and own the Grower Irrigation for the term of the Grower Project.

<sup>3</sup> AIL as Responsible Entity of the Asset Trust may also make an additional call from 2009 Orchard Asset Owners of \$2,000 per Unit during the term of the Asset Trust. See page 23 for more details on the circumstances in which a call may be required.

<sup>4</sup> At AIL's discretion, these fees may also be paid by 12 monthly instalments under a Terms Payment Option. See page 61 for more details.

**MANAGEMENT COSTS**

The fees and costs for managing your investment.

**As a 2009 Grower  
(per Grower Allotment)  
(Project Years 1 – 17 inclusive<sup>5</sup>):**

**Growing and Management Fee:**  
Project Year 1: \$1,550. Project Year 2: \$1,610. Project Year 3: \$1,610.

**Growing Fee<sup>7</sup>:**  
Project Years 4-17: an amount based on the estimated operating costs of managing your Allotment. AIL estimates the Growing Fee to be between \$1,250 (in Project Year 4) and \$1,761 (in Project Year 17).

**Management Fee<sup>8</sup>:**  
Project Years 4-5: \$300. Project Year 6: \$100.  
Project Years 7-17: The previous Project Year's Management Fee increased by the same proportion as the increase in the CPI.

**Deferred Management Fee<sup>9</sup>:**  
Project Years 6-17: 7.7% of Gross Proceeds.  
This is referred to as the "deferred management fee".

**Sublease Fee<sup>10</sup>:**  
Project Years 1, 2 and 3: \$850, \$950, \$1,050, Project Year 4: \$1,200.  
For Project Years 5-17: rent will be calculated in accordance with the following formula:  
$$A - (B \times \$400) + (B \times C)$$
  
Where – A is \$1,200 increased, at AIL's discretion, by the same proportion as the increase in CPI since the date on which the fifth payment of rent was due.  
B is 1.56 megalitres less the number of megalitres per unit owned by the Trust as permanent Water Shares.  
C is the Average Seasonal Cost of Temporary Water.  
AIL estimates the Rent to be \$1,200 in Project Year 6 and in Project Year 17 assuming no CPI increase.

**Processing and Marketing Fee<sup>11</sup>:**  
In each Project Year of almond production (estimated to commence in Project Year 3): Actual processing and marketing fees for Almonds attributable to the Grower's Allotment (in accordance with the Constitution), as charged by any person to whom the processing and marketing services are delegated. Currently estimated to be \$1.00 per kilogram in Project Year 0.

**Performance Fee:**  
Project Years 6-17: 55% of so much of the annual Net Proceeds that exceed the annual Hurdle Net Proceeds<sup>12</sup>.

These fees must be paid by the 2009 Grower annually on 1 November in the Project Year to which they relate. Where proceeds are payable to the Grower from revenue generated from the Grower Project, the fees will be deducted prior to making any distributions to the Grower. Growers may also elect to pay fees using a direct debit facility.

**As a 2009 Orchard Asset Owner  
(per Unit)  
(Project Years 1 – 29 inclusive<sup>6</sup>):**

**Asset Trust Management Fee:**  
Project Years 1 and 2: \$165. Project Years 3-29: the previous Project Year's Asset Trust Management Fee increased, at AIL's discretion, by the same proportion as the increase in CPI<sup>13</sup>.

**Growing Fee<sup>14</sup>:**  
Project Years 18-29: (that is, during the Asset Trust Orchard Management Period): an amount based on the estimated operating costs of managing the Orchard. AIL estimates the Growing Fee to be between \$1,810 (in Project Year 18) and \$2,439 (in Project Year 29).

**Deferred Management Fee:**  
Project Years 18-29: (that is, during the Asset Trust Orchard Management Period): 7.7% of Gross Proceeds attributable to the Orchard Asset Owner's Unit.

**Processing and Marketing Fee:**  
Project Years 18-29: (that is, during the Asset Trust Orchard Management Period): Actual processing and marketing fees for Almonds attributable to the Orchard Asset Owner's Unit (in accordance with the Constitution), as charged by any person to whom the processing and marketing services are delegated. Currently estimated to be \$1.00 per kilogram in Project Year 0.

**Administration Fee**  
Project Year 11: \$16.50. Project Years 12-17: the previous Project Year's Administration Fee increased, at AIL's discretion, by the same proportion as the increase in CPI<sup>15</sup>.  
Project Year 18: The previous Project Year's Administration Fee increased by \$150. Project Years 19-29: The previous Project Year's Administration Fee increased by the same proportion as the increase in the CPI.

**Performance Fee:**  
Project Years 18-29: (that is, during the Asset Trust Orchard Management Period): 55% of so much of the annual Net Proceeds that exceed the annual Hurdle Net Proceeds<sup>16</sup>.

These fees are paid from the Asset Trust Property. Where distributions are payable to the 2009 Orchard Asset Owner from the Asset Trust, the fees will be deducted prior to making any distributions to the 2009 Orchard Asset Owner.

**SERVICE FEES****Investment switching fee**

The fee for changing investment options.

Not Applicable

Not Applicable

<sup>5</sup>Unless the Grower Project is terminated earlier in accordance with its Constitution (see summary of Constitution on page 52). <sup>6</sup>Unless the Asset Trust is terminated earlier in accordance with its Constitution (see summary of Constitution on page 45). <sup>7</sup>See section entitled "Growing Fee" for more details. <sup>8</sup>See section entitled "Management Fee" for more details. <sup>9</sup>See section entitled "Deferred Management Fee" for more details. <sup>10</sup>See section entitled "Sublease Fee" for more details. <sup>11</sup>See section entitled "Processing and Marketing Fee" for more details. <sup>12</sup>See section entitled "Performance Fee" for more details on the annual Hurdle Net Proceeds. <sup>13</sup>See section entitled "Fee Changes" for more details. <sup>14</sup>See section entitled "Growing Fee" for more details. <sup>15</sup>See section entitled "Administration Fee" for more details. <sup>16</sup>See section entitled "Performance Fee" for more details on the annual Hurdle Net Proceeds.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

The following paragraphs provide further information regarding the fees and costs.

### GROWING FEE

From Project Year 4 until the end of the Grower Project Term, each 2009 Grower must pay the Growing Fee in respect of their Grower Allotments on 1 November in that Project Year. The Growing Fee is based on the estimated operating costs of managing the Grower's Allotment as agreed between AIL and the Orchard Manager. At the end of each Project Year when the actual costs relating to that Project Year are known, the fee payable by the 2009 Grower in the following Project Year is adjusted either upwards or downwards based on the previous year's actual operating cost.

During the Asset Trust Orchard Management Period, the Growing Fee is payable out of the income of the Asset Trust.

For the purposes of the fee table on page 20, AIL has estimated the Growing Fee to be between \$1,250 (in Project Year 4) and \$1,761 (in Project Year 17) and between \$1,810 (in Project Year 18) and \$2,439 (in Project Year 29). AIL has estimated the Growing Fee to be \$1,250 in Project Years 4 & 5 and \$1,207 in Project Year 6. Growing Fees from Project Year 7 onwards are based on the Project Year 6 estimate increased in each subsequent year by an assumed CPI increase of 2.5%.

### MANAGEMENT FEE

For Project Years 4 and 5, each Grower must pay a management Fee in respect of their Grower Allotments of \$300. In Project Year 6, the Management Fee is \$100. From Project Year 7 until the end of the Grower Project Term, Growers must pay the Management Fee of an amount equal to the Management Fee in the previous Project Year increased by the same proportion as the increase in CPI.

### DEFERRED MANAGEMENT FEE

In consideration for the services provided by AIL under the Allotment Management Agreement in Project Years 1 and 2, a deferred management fee will be payable by each 2009 Grower in each Project Year from and including Project Year 6 until the end of the Grower Project Term. The deferred management fee in each Project Year from and including Project Year 6 shall be equal to 7.7% of the Gross Proceeds in respect of that Project Year.

During the Asset Trust Orchard Management Period, the management fee of 7.7% of the Gross Proceeds is payable out of the income of the Asset Trust.

### SUBLEASE FEE

As set out in the table on page 20, the Sublease Fee for each Grower Allotment held by a 2009 Grower is fixed at \$850, \$950, \$1,050 for Project Years 1, 2 and 3 respectively. In Project Year 4, the Sublease Fee is fixed at \$1,200.

From Project Year 5 onwards, the Sublease Fee will be \$1,200 increased by the same proportion as the increase in CPI (although AIL does not intend to increase the rent by the increase in CPI) and adjusted as follows:

1. By deducting the amount calculated by multiplying \$400 times the figure determined as 1.56 megalitres less the number of megalitres per unit owned by the Asset Trust as permanent Water Shares.
2. Then adding back the cost of purchasing an amount equal to 1.56 megalitres less the number of megalitres per unit owned by the Asset Trust as permanent Water Shares at the Average Seasonal Cost of Temporary Water.

The Average Seasonal Cost of Temporary Water will be calculated as the average price per megalitre of all Temporary Water Allocations traded in the irrigation region in which the Allotments are located (or any irrigation regions from which Temporary Water Allocations may be traded into the local irrigation region) with an exchange date between 1 July and 30 September of the relevant Project Year. The trade information to be used in the calculation of the Average Seasonal Cost of Temporary Water will be the information recorded by Watermove Pty Ltd on the website [www.watermove.com.au](http://www.watermove.com.au), or such other website specified by AIL as Responsible Entity of the Grower Project.

The Sublease Fee will be notified to each 2009 Grower on or before 14 October during that Project Year.

The Sublease Fee is payable by each 2009 Grower on 1 November of each Project Year.

From the fifth Financial Year onwards, if the amount paid by the Trustee for temporary water in a Financial Year is greater than budgeted for in respect of that Financial Year then the Responsible Entity is authorised to charge each Grower a proportional amount of the excess as additional rent. The additional rent will be included in the rent charged for the next Financial Year. If the amount is less, then the Responsible Entity must proportionately adjust downwards the rent payable by each Grower for the next Financial Year.

The Sublease Fee ceases to be payable at the end of the Grower Project Term.

### PROCESSING AND MARKETING FEE

In the years during the Grower Project Term where almond production is achieved each 2009 Grower must pay AIL, as Responsible Entity of the Grower Project, a processing and marketing fee.

During the Asset Trust Orchard Management Period, the Processing and Marketing Fee is payable out of the income of the Asset Trust.

## PERFORMANCE FEE

To encourage control of operating costs and to aim to obtain the highest yields and best prices for your Almonds, AIL is entitled to receive a Performance Fee from each 2009 Investor of 55% of so much of the annual Net Proceeds that exceed the annual Hurdle Net Proceeds before tax (but after GST) outlined below:

| PROJECT YEAR                                        | 6       | 7       | 8       | 9       | 10      | 11      | 12      | 13      |
|-----------------------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Hurdle Net Proceeds before tax per Grower Allotment | \$1,264 | \$1,331 | \$1,456 | \$1,505 | \$1,555 | \$1,607 | \$1,660 | \$1,714 |
| PROJECT YEAR                                        | 14      | 15      | 16      | 17      |         |         |         |         |
| Hurdle Net Proceeds before tax per Grower Allotment | \$1,770 | \$1,827 | \$1,886 | \$1,946 |         |         |         |         |
| PROJECT YEAR                                        | 18      | 19      | 20      | 21      | 22      | 23      | 24      | 25      |
| Hurdle Net Proceeds before tax per Unit             | \$2,009 | \$2,072 | \$2,164 | \$2,203 | \$2,272 | \$2,407 | \$2,486 | \$2,432 |
| PROJECT YEAR                                        | 26      | 27      | 28      | 29      |         |         |         |         |
| Hurdle Net Proceeds before tax per Unit             | \$2,321 | \$2,257 | \$1,988 | \$1,704 |         |         |         |         |

To allow for a variation in yields from year to year, this fee will be calculated on a two year rolling basis. If in the preceding Project Year the actual Net Proceeds were less than the Hurdle Net Proceeds, the deficit must be deducted from the latest Project Year Net Proceeds when calculating the Performance Fee payable to AIL for the current Project Year.

The Hurdle Net Proceeds are based on assumptions made by AIL as to average almond prices and yields and estimated operating costs over the life of the Project. The Net Proceeds nominated for each Project Year should not be taken by any investor as a projected return or forecast and are not a representation of the Net Proceeds that an investor is likely to receive. They have been calculated for the purpose of determining the Performance Fee benchmark only. The financial returns that investors receive may differ materially from the Hurdle Net Proceeds in the above table. The Performance Fee rewards above benchmark performance. In the example of annual fees and costs below, you will note that the Hurdle Net Proceeds is not achieved. You should note that AIL considers it unlikely that the Hurdle Net Proceeds will be achieved until the later years of the Grower Project.

As shown in the table of fees and costs on page 20, the Performance Fee is payable by each 2009 Grower during the Grower Project and by the Asset Trust during the Asset Trust Orchard Management Period.

## ADMINISTRATION FEE

In Project Year 11, Orchard Asset Owners must pay an Administration Fee in respect to their Units of \$16.50. From Project Years 12–17, the Administration Fee is the previous Project Year's Administration Fee increased, at AIL discretion, by the same proportion as the increase in CPI. In Project Year 18, the Administration Fee is the previous Project Year's Administration Fee increased by \$150. In Project Years 19–29 it is the previous Project Year's Administration Fee increased by the same proportion as the increase CPI.

## FURTHER CALLS ON ORCHARD ASSET OWNERS

AIL, as Responsible Entity of the Asset Trust, intends to borrow moneys to enable it to satisfy its obligations to acquire and develop the Land, acquire and plant the Almond Trees and acquire Water Rights and to otherwise meet expenditure related to orchard development required to be made in respect of the Asset Trust.

If, at any time during the term of the Asset Trust, AIL reasonably believes that it requires further funds to satisfy those obligations, AIL will first attempt to borrow the funds. Where AIL on behalf of the Asset Trust is unable to borrow the further funding it requires from a reputable lender on commercial terms that are reasonably acceptable to AIL, then AIL may by notice in writing to each 2009 Orchard Asset Owner call for further funds from 2009 Orchard Asset Owners. AIL's right to make further calls is capped at \$2,000 per Unit for the term of the Asset Trust.

## DEFAULT BY 2009 GROWERS

If you are in default under the Grower Project Constitution or an Allotment Management Agreement because you have not paid your fees by the specified dates, you may be liable for interest on the outstanding amount at the ANZ 90-day Bank Bill Rate prevailing at the due date, plus a margin of 4%. Interest will begin to accrue from the fee due date. Other default provisions may also apply. AIL is able to deduct interest from any almond sales proceeds. For more information on the consequences of default by Growers, please refer to the summaries of the Grower Project Constitution, Allotment Sublease Agreement and Allotment Management Agreement in the Summary of Material Documents section of this PDS.

## DEFAULT BY 2009 ORCHARD ASSET OWNERS

If you are in default under the Asset Trust Constitution because you have not paid your fees by the specified dates, you may be liable for interest on the outstanding amount at the rate charged by AIL's bank on overdrafts of more than \$100,000. Interest will begin to accrue from the fee due date. Other default provisions may also apply. For more information on the consequences of default by Orchard Asset Owners, please refer to the summary of the Asset Trust Constitution in the Summary of Material Documents section of this PDS.

## TERMS PAYMENT OPTION

AIL reserves the right, at its own discretion, to allow some 2009 Growers to pay all or part of their application moneys (that is, the Grower Application Fee and the Irrigation Fee) by 12 equal monthly instalments (payable in arrears). A terms administration fee of \$50 per Allotment applies to this facility.

AIL may charge interest on any amounts that are overdue under the facility. As security for the payment of amounts due to AIL, each 2009 Grower charges in favour of AIL all of its present and future rights, title, interest, assets and undertakings in the Grower Project.

Please contact AIL if you would like further information regarding this facility.

## FEES TO GROWER REPRESENTATIVES

AIL will pay, from its own funds, any fees that are payable to the Grower Representatives. These amounts will not be paid from investor funds.

## COMMISSIONS

AIL will pay, from its own funds, commissions or brokerage (in relation to Grower Allotments and Units for which an applicant applies) to those persons authorised by the Corporations Act to receive such commissions or brokerage. These amounts will not be paid from investor funds. It is a requirement of the Corporations Act that a financial adviser discloses to investors any commission or other benefits received in respect of the Project.

## FEE CHANGES

As shown in the table of fees and costs on page 20, the Sublease Fee, the Asset Trust Management Fee and the Administration Fee may at AIL's discretion be increased by reference to increases in CPI in some Project Years. In those Project Years, the relevant fee will be equal to the fee in the previous Project Year increased by the same proportion as the increase in the CPI since the date on which the last payment of the fee was due.

In relation to the Asset Trust Management Fee, although AIL is entitled under the Asset Trust Constitution to increase this fee by reference to increases in CPI from Project Year 3, AIL does not intend to do so until after any bank loan is repaid.

It should be noted that it is AIL's intention to charge a Asset Trust Management fee of \$100 per unit until the Asset Trust obtains bank funding.



In addition, under the Constitution of the Asset Trust, AIL, as the Responsible Entity of the Asset Trust, is entitled to pay from or be reimbursed from the assets of the Asset Trust for all costs, charges and expenses which are incurred by the Responsible Entity in establishing, managing, administering, winding up or doing anything in respect of the Asset Trust. Relevantly, during the Asset Trust Orchard Management Period these costs will include the cost of operating the Orchard, which may be significant. These costs may also include annual expenses relating to the Asset Trust, such as accounting, legal and custodian fees.

AIL does not currently propose to make any changes to the fees, costs, charges and expenses relating to the Project, or the manner in which fees are increased with reference to increases in CPI, as disclosed in this PDS. If any fees, costs, charges or expenses are to be increased, you will receive 30 days prior notice.

Furthermore, any changes to fees or costs that require a change to the Grower Project or Asset Trust Constitution, and that will adversely affect investors' rights, can only be made by a Special Resolution at a meeting of the Growers or Orchard Asset Owners as appropriate.

## EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and other costs charged on participation in the Project can affect your investment over a one year period. The table has been prepared on the basis that the Project does not offer a "balanced investment option" (as defined in the Corporations Act). You should use this table to compare this product with other similar agribusiness managed investment products.

In accordance with the requirements of the Corporations Act, this table is based on an investment of \$50,000. However, you should note that AIL will not issue fractions of Grower Allotments or Units and, therefore, it is not possible to make an application for Grower Allotments and Units where the application amount equals exactly \$50,000. An investment of \$50,000 would equate to 6.57 Grower Allotments and 6.57 Units. The figures are used only for illustrative purposes in the example and have been subject to rounding. All amounts in the example are inclusive of applicable GST and take into account the effect of reduced input tax credits.

The example is based on fees and costs that would be incurred in Project Year 6 as this Project Year illustrates the manner in which fees will be calculated for the remaining term of the Project. Prior to this year, a number of fees are fixed. Project Year 6 is also the first year in which the "deferred management fee" and Performance Fee are payable.

The assumptions underlying the example are as follows:

**CPI increase** – 2.5% per annum (AIL's long term estimate based on Reserve Bank of Australia historical CPI data between January 2000 and March 2008 and the Reserve Bank of Australia's aim to use their monetary policy over the long term to target an inflation rate of 2-3%).

**Almond Production per Allotment in Project Year 5** – 412 kilograms (AIL's estimate based on the Independent Almond Orchard Expert's Report).

**Almond Price in Project Year 6** - \$9.65 per kilogram (AIL's estimate of \$8.20 per kilogram in Project Year 0, based on the average almond price over the last 8 years, increased by reference to CPI increases over the next 6 years).

**Gross Proceeds in Project Year 6** - \$3,974 per Grower Allotment (this is calculated by multiplying the estimated Almond Price in Project Year 6 by the estimated Almond Production per Allotment in Project Year 5, as shown above).

**Growing Fee in Project Year 6** - \$1,207 per Grower Allotment (AIL's estimate of the operating costs of managing the Grower's Allotment in Project Year 6, as described above).

**Deferred Management Fee in Project Year 6** – \$306 per Grower Allotment (this is calculated by multiplying the estimated Gross Proceeds in Project Year 6 of \$3,974 per Grower Allotment by 7.7%, as shown above).

**Management Fee in Project Year 6** – \$100 per Grower Allotment.

**Sublease Fee in Project Year 6** - \$1,200 per Grower Allotment (rent in Project Year 4 with no CPI increase).

**Processing and Marketing Fee in Project Year 6** - \$1.17 per kilogram (this is based on the estimated Processing and Marketing Fee for Project Year 0 of \$1.00 per kilogram increased by reference to CPI increases over the next 6 years). For each Grower Allotment, the total Processing and Marketing Fee is estimated to be \$482 (this is calculated by multiplying the estimated Processing and Marketing Fee per kilogram in Project Year 6 of \$1.17 by the estimated Almond Production per Allotment in Project Year 5 of 412 kilograms).

**Net Proceeds in Project Year 6** - \$679 per Grower Allotment (this is based on the estimated Gross Proceeds of \$3,974 per Grower Allotment in Project Year 6, as shown above, less the following fees payable per Grower Allotment in Project Year 6: the estimated Growing Fee of \$1,207, the estimated Deferred Management Fee of \$306, the Management Fee of \$100, the Sublease Fee of \$1,200 and the estimated Processing and Marketing Fee per Grower Allotment of \$482).

**Asset Trust Management Fee in Project Year 6** - \$100 per Unit (this is based on an Asset Trust Management Fee of \$100).

Please note that this example is provided for illustrative purposes only. It should not be taken as a representation or forecast as to what the CPI, Gross Proceeds, Net Proceeds or fees and costs will be in Project Year 6. The example is based on assumptions made by AIL relating to future matters which are subject to known and unknown risks, uncertainty and other important factors that could cause the actual fees and costs of the Project to differ materially from those set out in the example. Past performance is not a reliable indicator of future performance.

| EXAMPLE – PROJECT YEAR 6                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | BALANCE OF \$50,000                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (THAT IS, FINANCIAL YEAR ENDING 30 JUNE 2015)                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                     |
| <b>Management Costs<sup>1</sup></b><br>(for \$50,000 invested on application) | <b>As a 2009 Grower:</b><br><br>Growing Fee:<br>$\$1,207 \times 6.57$<br>= \$7,930<br><br>Deferred Management Fee:<br>$\$306 \times 6.57$<br>= \$2,010<br><br>Management Fee:<br>$\$100 \times 6.57$<br>= \$657<br><br>Sublease Fee:<br>$\$1,200 \times 6.57$<br>= \$7,884<br><br>Processing and Marketing Fee:<br>$\$482 \times 6.57$<br>= \$3,117<br><br>Performance Fee:<br>$55\% \times (\$679 - \$1,264^5) \times 6.85$<br>= \$0<br><br><b>PLUS</b><br><br><b>As a 2009 Orchard Asset Owner:</b><br><br>Asset Trust Management Fee:<br>$\$100 \times 6.57$<br>= \$657 | For every \$50,000 you have invested <sup>2</sup> in the Project you will be charged \$22,255 <sup>3</sup> in Project Year 6, comprising:<br><br><ul style="list-style-type: none"> <li>• \$21,598 as a 2009 Grower;</li> </ul> and<br><br><ul style="list-style-type: none"> <li>• \$657 as a 2009 Orchard Asset Owner.</li> </ul> |
| <b>EQUALS</b><br>Cost of Project (for \$50,000 invested on application)       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | If you had an initial investment of \$50,000 <sup>2</sup> then during Project Year 6, you will be charged fees of<br><br><b>\$22,255</b><br><br><b>What it costs you will depend on the investment option you choose and the fees you negotiate with your fund or financial adviser.<sup>4</sup></b>                                |

<sup>1</sup> This example is based on Project Year 6. The fees and costs for the Project vary from Project Year to Project Year.

<sup>2</sup> This refers to the amount you incurred in the application year.

<sup>3</sup> This figure assumes that in Project Year 6 Gross Proceeds are \$26,109 (that is \$3,974 per Grower Allotment by 6.57 Grower Allotments).

<sup>4</sup> It is not possible to negotiate fees with the Responsible Entity of the Grower Project or the Asset Trust.

<sup>5</sup> The annual Hurdle Net Proceeds for Project Year 6 is \$1,264.

<sup>6</sup> The amount by which Net Proceeds is less than the Hurdle Net Proceeds (in this example \$585 per Allotment) will be deducted from the following Project Year's Net Proceeds when calculating the Performance Fee payable in that Project Year.

## PROJECT RETURNS

In the following pages, the Directors of AIL have sought to provide investors with as much information as possible to enable them to undertake a thorough assessment of the merits of investing in this Project. There are a number of factors that may impact the return to Growers and Orchard Asset Owners, including almond prices, almond yields, and operating costs for a mature orchard. In providing this information, AIL and its Directors are not forecasting or guaranteeing returns to investors over the life of the Project.

It is not possible to determine financial returns to Growers and Orchard Asset Owners over the life of the Project. Given the agricultural and long-term nature of the Project, there are many variables such as weather, almond prices and exchange rate fluctuations that are outside the control of AIL and the other parties involved in the management of the Project. **Investors should note that historical information is not necessarily indicative of future performance or trends.**

AIL has engaged a number of experts to provide information on the various factors affecting returns, but has not independently verified the underlying information.

The returns outlined in this section do not take into account the cost of any finance arrangements entered into by applicants to fund their investment in the Grower Project. Applicants should take this cost into account when considering the total financial impact on applicants.

AIL recommends that you seek your own professional advice when considering possible Project returns and whether to participate in the Project. In addition, you

should read the following section in conjunction with the information provided in the Taxation Treatment section, the Significant Risks section and the Independent Almond Orchard Expert's Report.

**The Project is structured to provide two separate returns on an investment:**

- As a Grower
- As an Orchard Asset Owner

## INFLUENCES ON PROJECT RETURNS AS A GROWER

As set out earlier in this PDS, the return to each Grower results from the sale of Almonds. AIL will harvest, process and sell 2009 Growers' Almonds collectively. The proceeds of sale of the accumulated Almonds will be divided pro-rata according to the number of Growers' Allotments contributing Almonds for sale (subject to any adjustment for material differences in the production levels of each Allotment) after deduction of fees and outstanding liabilities owing under the Allotment Management Agreement or the Allotment Sublease Agreement (and summarised in the Fees and Other Costs section of this PDS).

The three main factors affecting returns to Growers are:

- the price at which Almonds are sold;
- the quantity of Almonds produced (yield); and
- the orchard operating costs, fees and expenses to be deducted from the proceeds of sale of Almonds.



## ALMOND PRICES

As California supplies approximately 80% of world almond production, almonds in world markets are priced in US dollars (US\$). In addition, the price at which Almondco is able to sell the Grower Project's Almonds to domestic and export markets will be primarily affected by the almond price of Californian almonds.

It should be noted that different almond varieties command different prices. 50% of our Orchard will be planted with a variety called Non Pareil and 50% will be planted with the pollinator Carmel. Traditionally, Non Pareil almonds are sold at a premium.

Australia has a major advantage in that we are counter-seasonal to California (Australia being in the southern hemisphere). This means that Australian growers sometimes receive a premium when they have fresh, high quality almonds available for market when the Californian crop is out of season.

## YIELDS

The first almond crop yield is expected to be received in Project Year 3 (that is, the financial year ending 30 June 2012). Income is expected to be received from Project Year 4 and then it is expected to increase in each of the following three years as the yield continues to increase until the Almond Trees reach full maturity around Project Year 7. Yields are likely to diminish towards the end of the Project as the Almond Trees reach the end of their productive life.

Variations in yields achieved over the life of the Project will occur due to seasonal conditions. It is reasonable to expect that the average almond yield may be as outlined in Table 1 for Project Years 3-7, based on an average planting density of 40 Almond Trees per Allotment. The annual yield estimates are supported by the Independent Almond Orchard Expert's Report.

Table 1: Annual yield estimates for the Grower Project, with respect to 2009 Growers, commencing with the first crop in Project Year 3.

| PROJECT YEAR                        | ESTIMATED KG PER ALLOTMENT |
|-------------------------------------|----------------------------|
| 3                                   | 100                        |
| 4                                   | 251                        |
| 5                                   | 412                        |
| 6                                   | 458                        |
| 7 and in each Project Year onwards* | 493                        |

\* Yields are likely to diminish towards the end of the Project as the Almond Trees reach the end of their productive life.

It should be noted that actual yields may vary from year to year from those set out above. Whilst the above yields are based on the Independent Almond Orchard Expert's Report, as with all agricultural businesses, there are a number of risks and there is no assurance that the above

yields will be achieved. Please refer to the Significant Risks section of this PDS for factors that may impact on yields and returns to investors.

The Orchard Manager has undertaken to employ the latest horticultural techniques generated from recent industry trials conducted by the Almond Board of Australia and Horticulture Australia. Although the trials are still in their relative infancy and the commercial application of management practices and the long term sustainability of such yields are yet to be determined, the Orchard Manager believes that it is capable of achieving the yields in the table above. However, such performance is not guaranteed by either the Orchard Manager or AIL.

## ORCHARD OPERATING COSTS, FEES AND EXPENSES

The amount to be paid by a 2009 Grower as the Growing Fee is incorporated in the Growing and Management fee which has been fixed from Project Year 0 to Project Year 3 (other than in relation to processing and marketing fees). From Project Year 4 onwards, Growers pay the actual costs of operating the Orchard and other fees as set out in the Fees and Other Costs section of this PDS. Your return will be impacted by all of the costs payable by you.

The cost of growing, processing, marketing and managing a mature almond Allotment is estimated by RMONPRO Developments, our Orchard Manager, to be approximately \$5.00 per kilogram in 2009 cost terms. This cost will vary with climatic conditions, yields achieved each year, economies of scale, pest incursion from overseas, government water policy, labour costs and the adoption of new technologies. This is an estimate only. Actual costs may be higher or lower.

You should refer to the Fees and Other Costs section of this PDS for details of other ongoing fees and costs payable by investors during the Project, and the basis on which those fees and costs are calculated.

## ALLOTMENT LEASE COSTS

The amount to be paid by a 2009 Grower as the Sublease Fee for an Allotment has been fixed from Project Year 1 to Project Year 4. From Project Year 5 onwards, Growers pay the Sublease Fee as described in the Fees and Other Costs section of this PDS. Your return will be impacted by all of the costs payable by you.

You should refer to the Fees and Other Costs section of this PDS for details of other ongoing fees and costs payable by investors during the Project, and the basis on which those fees and costs are calculated.

## INFLUENCES ON PROJECT RETURNS AS AN ORCHARD ASSET OWNER

The 2008 Orchard Asset Owners and the 2009 Orchard Asset Owners will hold different classes of Units in the Asset Trust. During the Grower Project Term the fees and expenses incurred and the income attributable to each class of Units will differ. The income derived by the Asset Trust from the Grower Allotments held by the 2008 Growers will be attributed to the Units held by the 2008 Orchard Asset Owners and the income derived by the Asset Trust from the Grower Allotments held by the 2009 Growers will be attributed to the Units held by the 2009 Orchard Asset Owners. In addition, any other income derived from a Water Right acquired in connection with the Grower Allotments held by the 2008 Growers will be attributed to the Units held by the 2008 Orchard Asset Owners and any income derived from a Water Right that was acquired in connection with the Grower Allotments held by the 2009 Growers will be attributed to the Units held by the 2009 Orchard Asset Owners. All other income will be shared by all of the unit holders proportionately.

During the Grower Project Term, AIL as Responsible Entity of the Asset Trust will record the income attributable to each class of Units separately, calculate the fees payable in respect of each class of Units separately and allocate expenses to each class of Units separately. Expenses incurred in connection with the Grower Allotments held by the 2008 Growers and any loans, Water Rights, trees or other activities connected with those Grower Allotments will be allocated to the Units held by the 2008 Orchard Asset Owners. Expenses incurred in connection with the Grower Allotments held by the 2009 Growers and any loans, Water Rights, trees or other activities connected with those Grower Allotments will be allocated to the Units held by the 2009 Orchard Asset Owners. If AIL considers that it cannot allocate an expense to either class of Units that expense will be shared by all of the unit holders proportionately.

After the end of the Grower Project Term, the income and expenses of the Asset Trust will be shared by the unit holders in proportion to their unit holding. However, as the fees payable in respect of each class of Units will continue to differ, AIL as Responsible Entity of the Asset Trust will continue to calculate the fees payable in respect of each class of Units separately.

If the Asset Trust is wound up and its assets sold, the capital of the Asset Trust will be distributed pro rata to each Orchard Asset Owner. However, if the winding up occurs during the Grower Project Term any proceeds derived from a Water Right will be distributed amongst the holders of the class of Units in connection with which the Water Right was acquired.

The Asset Trust is to ultimately acquire Project Assets using bank funding. The amount to be expended by the Asset Trust will depend on the number of Grower Allotments subscribed for under this PDS as this will affect the amount of Land, Almond Trees and Water Rights purchased. The bank funding will also be used to fund the costs of establishing the Orchard.

Based on historical costs, current estimates and quotations and AIL's experience (including its experience in establishing the 2004, 2005, 2006, 2007 and 2008 Almond Orchard Projects) AIL has budgeted to spend approximately \$5,300 per Unit in 2009 cost terms. This amount is the estimated expenditure for:

- Water Rights;
- Almond Trees and planting; and
- Land, buildings and development.

These amounts will be paid to third party contractors or, where AIL in its own capacity has already incurred expenditure for these items, the Asset Trust will reimburse AIL for these amounts.

AIL as Responsible Entity of the Asset Trust, ultimately expects to borrow approximately \$5,300 in 2009 cost terms in respect of each Unit held by a 2009 Orchard Asset Owner from a major Australian bank. AIL intends to borrow these funds using a new facility that it will establish. Repayment costs for 2008 Orchard Asset Owners and 2009 Orchard Asset Owners will be allocated to the relevant class of Units and deducted from the income of the Asset Trust allocated to each particular class of Units, respectively, before any distributions are made.

During the Grower Project Term, the Asset Trust will receive rental income from AIL as Responsible Entity of the Grower Project under the Head Lease. AIL as Responsible Entity of the Asset Trust will allocate rental income received from the lease of Grower Allotments to 2008 Growers to 2008 Orchard Asset Owners and rental income received from the lease of Grower Allotments to 2009 Growers to 2009 Orchard Asset Owners. The Head Lease rental fee is equal to the aggregate Sublease Fees payable under the Allotment Sublease Agreements.

The Sublease Fee for each Grower Allotment leased to a 2009 Grower is fixed at \$850, \$950 and \$1,050 (including GST) for Project Years 1 to 3 and \$1,200 for Project Year 4. For Project Year 5 and each subsequent Project Year during the Grower Project Term, AIL has the right to increase the rent in accordance with increases in CPI. In Project Year 5 and for each subsequent Project Year of the Grower Project Term, the rent will be calculated as

dedicated and  
experienced orchard  
management team  
with a hands on  
approach to  
their task



described in the Sublease Fees subsection of the Fees and Other Costs section on page 21 of this PDS. In general, the rent will increase if the Responsible Entity of the Asset Trust acquires an increased volume of Temporary Water Allocations and/or the price of Temporary Water Allocations increases.

During the Grower Project Term, AIL as Responsible Entity of the Asset Trust will record the income attributable to each class of Units separately, calculate the fees payable in respect of each class of Units separately and allocate expenses to each class of Units separately. However expenses may be shared between both classes of Units if AIL considers that it cannot allocate the expenses to a particular class of Units.

Each 2009 Orchard Asset Owner is entitled to receive a proportion of the Distributable Income of the Asset Trust from 1 July 2009. Fees and expenses are payable and deducted from the income of the Asset Trust before distributions are made, as are principal and interest repayments and expenses relating to the sourcing of the bank loan referred to above.

After the end of the Grower Project Term, AIL as Responsible Entity of the Asset Trust will continue to calculate the fees payable in respect of a particular class of Units separately, but the gross income and the expenses of the Asset Trust will be pro rata shared between the Units.

After the end of the Grower Project, whether by expiry or termination, the Allotment sublease arrangements terminate and the Asset Trust will no longer receive rental income. However, the operation of the Orchard and any profits from Almond sales revert from the Grower Project to the Asset Trust.

The factors affecting almond prices, almond yields (and therefore returns) and orchard operating costs for the Grower Project (as outlined in the previous section) are also relevant to the returns to Orchard Asset Owners in these years. Prior to this, these factors may also affect the viability of the Grower Project and its capacity to pay rent under the Head Lease.

Upon the termination of the Asset Trust, Orchard Asset Owners may also benefit from any increase in the value of the Land and Water Rights and, subject to the limited productive life of the Almond Trees, the Asset Trust may be able to utilise these assets in future projects. (Please see page 13 for further details).

## FINANCE ARRANGEMENTS

### FINANCE ARRANGEMENTS FOR GROWER PROJECT

Finance is available to help Growers fund the amount payable on application and some of the ongoing fees and costs payable up to Project Year 5. The relationship between Growers using finance and the lending institution will be based on the lending institution's normal commercial terms.

For more information about the finance facilities that are governed by the relevant Product Ruling, please ask your financial adviser or contact AIL.

These finance facilities are optional. Any applicant that elects to use a finance facility should take into account the costs of that finance when assessing the financial impact on the applicant. Applicants should note that information in this PDS relating to returns to Growers does not take into account the cost of finance as this will depend on the terms of the finance facility selected.

This does not constitute a recommendation that investors should use these finance facilities.

By choosing to fund your investment with a finance facility, or through any other financing arrangement, you are gearing your investment. Gearing is a powerful investment tool as it has the potential to multiply both profits and losses. You should ensure that you understand your obligation to make ongoing payments of interest and principal on your loan, regardless of the performance of the Project, and that your obligation to repay interest and principal is not limited in recourse (that is, the lender can require you to fund the payments from your other assets).

Investors should seek their own advice as to the consequences of funding their investment with a finance facility or through any other financing arrangement in light of their particular financial and taxation circumstances.

### FINANCE ARRANGEMENTS FOR ASSET TRUST

AIL will act as a temporary lender to the Asset Trust for the land and tree acquisitions. AIL will provide funding to allow for the purchase of Land, associated land works and Almond Trees via an 8 year principal and interest facility at a fixed Interest rate of 7.5%. AIL proposes to take security over the Land and Almond Trees at this time.

At some stage, the Asset Trust will borrow moneys in order to fund the purchase of the Water Rights and reimburse AIL for temporarily funding the acquisition of the Land and the Almond Trees. At this time there is no formal bank loan documentation in place. It is expected that AIL as Responsible Entity of the Asset Trust will be required to make a number of financial covenants to the bank as a prerequisite for the funding, including relinquishing the security over the Land and Almond Trees.

To secure these borrowings it is expected that AIL, in its own capacity and as the Responsible Entity of the Asset Trust, will give security over the Project Assets and AIL's own assets.

This is likely to be in the form of a fixed and floating charge over all the Project Assets and AIL's own assets, a first registered mortgage over the Land and a mortgage over Water Rights held.

## TAXATION TREATMENT

### THE AUSTRALIAN TAXATION OFFICE (ATO) PRODUCT RULING FOR THE GROWER PROJECT

#### PRODUCT RULING APPLICATION FOR GROWER PROJECT

The ATO has issued Product Ruling 2009/28 which applies to 2009 Growers in the Grower Project as described in this PDS and the Product Ruling. The Product Ruling will be made available to any person upon request or can be read/downloaded from the ATO's website [www.ato.gov.au](http://www.ato.gov.au).

Intending applicants should note that a Product Ruling:

- will only apply to 2009 Growers who are accepted into the Grower Project under this PDS on or before 15 June 2009;
- will not constitute an endorsement or guarantee by the Commissioner of Taxation or the ATO as to the commercial viability of the Grower Project or the reasonableness or otherwise of any fees charged in connection with the Grower Project;
- will only be binding on the Commissioner of Taxation if the Grower Project is implemented in the specific manner described in the Product Ruling;
- may be superseded by legislative changes to taxation laws (refer to the Significant Risks section of this PDS).

AIL will use its best endeavours to carry out the Grower Project in the specific manner described in the Product Ruling and in any relevant information provided to the ATO during the Product Ruling process.

#### DEDUCTIONS

2009 Growers should be entitled to an immediate taxation deduction for the Grower Application Fee that is payable on application\*. The Irrigation Charge payable on application is one third deductible in Project Year 0 (and one third deductible in each of the following two Project Years)\*. 2009 Growers should also be entitled to deductions for ongoing annual and other costs relating to the Grower Project when they are incurred. These costs include Growing Fees, Management Fees, Sub-Lease Fees, Processing and Marketing Fees and Performance Fees.

The deductibility of interest incurred by 2009 Growers entering into finance facilities will be governed by terms set out in the Product Ruling.

In addition, each 2009 Grower will be entitled to claim a write off at a rate of 13% per annum for the costs associated with the establishment of Almond Trees on the Orchard, starting from the first year of commercial production.

\*Refer to the Fees and Other Costs section of this PDS on pages 19 and 20.

#### ALMOND PROCEEDS

All proceeds that you derive as a Grower from the sale of Almonds will be assessable income in accordance with s6-5 of the Income Tax Assessment Act 1997 ("ITAA 97") in the income year in which it is derived.

#### GOODS AND SERVICES TAX (GST)

As a Grower in the Grower Project you will be carrying on an enterprise. Growers who register for GST will be able to claim input tax credits for any GST charged to them. If you are not registered for GST or not required to be registered, any GST paid in relation to the fees you pay will be a cost and may be deductible as an expense (but will not be recoverable as an input tax credit).



## ASSET TRUST

Orchard Asset Owners receive income via distributions from the Asset Trust. These distributions will be assessable income under s6(1) of the ITAA 97 to the Orchard Asset Owners. A payment by AIL, as Responsible Entity of the Asset Trust, of any amount to the Orchard Asset Owner which is a non assessable amount may have the effect of reducing the cost base of a Unit for any future calculations for capital gains tax purposes under Division 100 ITAA 97.

## ORCHARD ASSET OWNERS TAX FILE NUMBERS/WITHHOLDING TAX

Collection of Tax File Numbers ("TFN") in connection with your investment in the Asset Trust is authorised and their use and disclosure is strictly regulated under Australian tax laws and the Privacy Act 1988 (Cth). By quoting your TFN, you authorise us to apply it to your investment and disclose it to the Australian Tax Office.

Providing your TFN is not compulsory. However, if you do not provide your TFN or appropriate TFN exemption, tax may be taken out of your distributions at the highest marginal tax rate plus the Medicare levy.

If you invest in the Asset Trust in the course of a business or carrying out an enterprise that has an Australian Business Number ("ABN"), you may quote the ABN of that enterprise rather than the TFN.

## TAXATION ADVICE

Applicants should seek advice with respect to their own particular financial and taxation circumstances from a suitably qualified professional, as to the income tax and GST implications of becoming a Grower and Orchard Asset Owner and the deductibility of interest on borrowings to finance an interest in the Project, before submitting their application.

## PROJECT SITE AND LAND

AIL has identified land for the Project close to the land used by AIL in its 2004, 2005, 2006, 2007 and 2008 Projects.

The land has suitable soil conditions for almonds. It is also close to quality water to be supplied from the Murray River.

Sophisticated harvesting and irrigation systems will be available to the Project to maximise returns.

## OPTIONS TO ACQUIRE LAND

AIL has secured the Land under the following arrangement.

Almond Investors Land Pty Ltd, a wholly owned subsidiary of AIL, has entered into options for it or its nominees to acquire certain land (the options are summarised on page 48 of the Summary of Material Documents), which can be exercised at any time until 15 June 2010. It is intended

that Almond Investors Land Pty Ltd will nominate AIL as Responsible Entity of the Asset Trust (through its Custodian) to acquire the Land on which the Orchard is to be established. Almond Investors Land Pty Ltd may allocate the Land, or parts thereof, to projects other than the Project.

Under the terms of the option granted to Almond Investors Land Pty Ltd, Almond Investors Land Pty Ltd is entitled to enter into an Interim Head Lease with the landowner. The Interim Head Lease (which is summarised on page 49 in the Summary of Material Documents) permits Almond Investors Land Pty Ltd to sublease any part of the land to certain parties (including AIL as Responsible Entity of the Asset Trust) by way of an Interim Sub-Lease. The Interim Sub-Lease is summarised in the Summary of Material Documents on page 49. It is intended that Almond Investors Land Pty Ltd will sublease the Land to AIL as Responsible Entity of the Asset Trust, until AIL as Responsible Entity of the Asset Trust acquires the Land.

The Interim Head Lease and Interim Sub-Lease allow AIL as Responsible Entity of the Asset Trust to prepare the Land for the Grower Project, including by planting the Almond Trees and installing any necessary irrigation and other infrastructure. The Interim Head Lease and Interim Sub-Lease also allows AIL as Responsible Entity of the Asset Trust, pending the acquisition of the Land, to grant a lease of the Land to, and fulfil its obligations to, the Grower Project by way of the Head Lease which is summarized on page 40 in the Summary of Material Documents.

Both the Interim Head Lease and the Interim Sub-Lease will automatically be surrendered with effect from midnight on the day immediately before the Land is acquired by AIL as Responsible Entity of the Asset Trust. At such time, the lease to AIL as Responsible Entity of the Grower Project will become the Head Lease (which is summarised on page 50 in the Summary of Material Documents).

## PROJECT SITE AND DEVELOPMENT

Almonds are suited to extensive planting programs. The Project site seeks to take advantage of the economies of scale offered by such programs with the acquisition of land near AIL's 2004, 2005, 2006, 2007 and 2008 Projects which are close to the Murray River. Following harvest it is expected that the almonds will be taken to a state of the art cracking plant located at Renmark, South Australia. After the Almonds are cracked the almond kernel will be transported to a modern processing facility, operated by Almondco Australia Limited, also in Renmark. At Almondco, the almond kernel is sized, graded, packed and warehoused along with other member growers' almonds and sold to customers nationally and internationally.

## LOCATION

An essential prerequisite to the success of any almond development is the selection of the site. Soils that the trees are planted in are surveyed on a 75 x 75 metre grid for a number of parameters important to ensuring that the soil can sustainably produce commercial almond crops for the life of the Orchard. Almond trees are expected to remain economically viable for in excess of thirty years. The soils that the trees will be planted in have been independently surveyed and assessed suitable for commercial almond production with appropriate amelioration works, which will be undertaken.

It is important that August rainfall is sufficiently low to enable the adequate pollination of almond flowers by bees introduced to the orchard for this purpose. Rainfall during harvest (from mid-February to mid-April each year) also needs to be low to enable the almond crop to be harvested without any losses and to achieve the highest kernel quality possible. Past rainfall during these periods has been sufficiently low in the Swan Hill area to enable the pollination of the crop and the harvest of mature almonds to occur each year without material losses to the crop or kernel quality.

Please refer to the Independent Almond Orchard Expert's Report on page 39 of this PDS for more details on the land and soil relating to the Project.

## THE WATER SUPPLY AND IRRIGATION SYSTEM

The development site is situated approximately 4.5km from the water supply at the closest point. Water will be pumped from the Murray River using modern infrastructure.

A water budget has been determined for each year of the Orchard's development. Mature Almond Trees have been budgeted to require 1.56 megalitres per Allotment per annum.

The Orchard will be watered using a drip system capable of applying 10.8mm per day, which is sufficient to produce commercial almond crops.

Two dripper lines will be used per row to water mature trees. Drip irrigation systems are recognised as efficient water application systems. The irrigation system has been designed to match, within practical limits, the moisture holding capacity and drainage characteristics of the soil types identified. This is done to ensure that the cropping potential and the longevity of the Almond Trees are maximised. The Schedule of irrigation applications will be professionally determined by the installation of soil probes that monitor soil moisture in the root zone. The data produced by these probes will be radio linked back to a central computer and interpreted using irrigation monitoring software. The maintenance of optimum soil moisture levels is critical to achieve commercially competitive yields with good kernel size and will be a major

focus of the Orchard management team. Water will reach the Land from the Murray River via pipelines.

For more information on the availability of water for the Project, and AIL's policy for securing Water Rights, please refer to page 34 in the Significant Risks section of this PDS.

## ORCHARD ESTABLISHMENT

Almond tree varieties to be planted in the Orchard are Non Pareil (50%) and the pollinator Carmel (50%). These varieties are well received in the market place with Non Pareil, being the preferred variety. A pollinator is planted in an orchard because the crop requires cross-pollination to produce almonds. AIL intends to ensure that for applications received under this PDS, all trees will be planted prior to the end of September 2009.

## ALMOND HARVEST

Non Pareil and Carmel are harvested from mid-February to mid-April each year. The nuts are covered with a shell and husk that has to be removed in a cracking plant. Trees are shaken by machine so the almonds fall onto the ground. The almonds are left to dry in the Orchard for three to ten days depending on weather conditions. Once the almonds have reached a moisture content of approximately 5% they are mechanically swept into the centre of the tree row and mechanically picked up and transported to a field elevator. Trucks take the almonds from the field to the cracking shed where they are processed ready for sorting and packing to customer specifications.



## SIGNIFICANT RISKS

The Project is a long-term agricultural project that involves a number of significant risks. The purpose of this section is to inform you of the types of risks that may impact on the profitability of the Project. You should carefully consider the risks detailed below before making an application to participate in the Project.

### RISKS SPECIFIC TO THE PROJECT

#### GENERAL RISKS OF HORTICULTURAL OPERATIONS

All horticultural operations are subject to seasonal and climatic conditions. The performance of the Project may be affected by natural events such as fire, drought, unseasonal rainfall, frost, windstorm, hail, flood, wind or other extreme weather conditions. Interruption of water supply, variations in soil types, pests, disease and vermin may also cause fluctuations in the harvest. Yields may also fluctuate due to the effects of biennial bearing.

These factors may result in reduced almond yields or damage to the Almond Trees. As a consequence, the income generated by the Orchard in any year could be less than the total fees and costs payable by you, in which case you will be required to fund the shortfall from your own resources.

The horticultural risks may impact the Grower Project during the Grower Project Term. These risks may directly affect the Asset Trust during the Asset Trust Orchard Management Period and indirectly during the Grower Project Term as horticultural risks may affect the viability of the Grower Project and its capacity to pay rent under the Head Lease.

AIL has selected land to produce optimum yields and as far as possible to avoid frost susceptible areas that could have a material effect on the profitability of the development. In addition RMONPRO Developments Pty Ltd, as Orchard Manager, brings extensive horticultural experience to the Project. Quality horticultural techniques will be adopted to minimise, to the extent possible, the impact of the general horticultural risks outlined above. RMONPRO Developments Pty Ltd will prepare a horticultural management plan annually so that the best horticultural and industry practices are used to manage risk and maximise returns.

#### NO INSURANCE

It should be noted that AIL does not intend to insure the Orchard against fire or extreme weather conditions such as hail and frost. The Board has determined by undertaking a cost versus risk analysis and obtaining independent advice from horticulture consultants that crop insurance is currently cost prohibitive. AIL's policy regarding crop insurance reflects current practice in the almond managed investment scheme industry.

### AVAILABILITY OF WATER

An adequate supply of water from the Murray River is vital to the development and yield potential of the Orchard. The Project will have an estimated water requirement of 1.56 megalitres per Allotment per annum when the trees reach maturity. Shortages in water supply to the Almond Trees may reduce yields and may adversely affect the performance of the Project.

AIL as Responsible Entity of the Asset Trust ultimately intends to acquire the Water Rights that the Growers will have the right to use under the Allotment Sublease Agreements as Water Shares as set out below. A Water Share is a State granted legally recognised right to a share of water available for use in a water system (expressed in megalitres). At various stages throughout the water season (which commences on 1 July each year), the water authorities allocate the percentage of Water Shares that can be used (known as seasonal allocations), based on water availability in the system. In years of low inflows (that is, the amount of water that reaches the storage catchments), the regulating water authorities can reduce these seasonal allocation in respect of Water Shares from the full 100% allocation to a lesser amount (or, in extreme conditions, to zero). At all times an allocation bank account is maintained for each holder of Water Shares which indicates the amount of water that they can use or trade as a Temporary Water Allocation. Therefore, trade in Temporary Water Allocations is certain, in the sense that it is the trade of a water allocation that has been approved by the Authorities.

Once a Water Share is acquired, the owner has the right to draw water in accordance with the seasonal allocations (provided it has the appropriate water use licence and works licence). The prices and availability of Water Shares are subject to change and influenced by demand within the system and water allocations which are affected by climatic conditions.

Historically, the Victorian water authorities start the beginning of an irrigation season with a low allocation and increase the seasonal allowance during the season as inflows increase. The authorities take into consideration current rainfall, water levels in the storage dams and historical data. Goulburn/ Murray allocation has been at 100% allocation in 95 years out of the last 101 years. However, recent inflows into the Goulburn/Murray systems have been at very low levels and allocations are considerably lower than in previous years. Current water allocations for the Goulburn/Murray systems can be viewed at the Goulburn Murray Water website at [www.g-mwater.com.au](http://www.g-mwater.com.au). In light of current climatic conditions, we recommend that you view the Goulburn Murray Water website for current water allocations for the Goulburn/Murray systems.

AIL as Responsible Entity of the Asset Trust ultimately intends to acquire the required 1.56 megalitres of water rights per allotment for 2009 investors.

Due to the seasonal variation in the price of Water Shares it may be advantageous to the Asset Trust for the Responsible Entity of the Asset Trust to delay the purchase of Water Shares for a period of time. That is, it may be in the Asset Trust's best interests for the Responsible Entity of the Asset Trust to acquire Temporary Water Allocations to satisfy its obligations to make Water Rights available to 2009 Growers in the Grower Project and then later purchase Water Shares when it is more economical to do so. Alternatively, if there are insufficient Water Shares available for purchase it may be necessary for the Responsible Entity of the Asset Trust to acquire Temporary Water Allocations to satisfy its obligations to make Water Rights available to the 2009 Growers in the Grower Project and then later purchase Water Shares when they are available for purchase. In any event, AIL as Responsible Entity of the Asset Trust intends to acquire 1.56 megalitres of Water Shares per Allotment, being the amount of water necessary to operate a mature almond orchard on an Allotment in a water season with a seasonal allocation of 100%, by not later than Project Year 17 (i.e. by the end of the Grower Project).

Any shortage in available Water Shares or Temporary Water Allocations at reasonable prices may impede AIL's ability to acquire enough water for the Orchard or increase the cost of acquiring such water.

As noted above, AIL as Responsible Entity of the Asset Trust may acquire Temporary Water Allocations to satisfy its obligations to make Water Rights available to the Grower Project, the cost of which may be wholly or partly recovered from the 2009 Growers by the Sublease Fee (as described in the Sublease Fee section on page 21).

You should note, however, that if AIL, as Responsible Entity of the Asset Trust, has acquired Water Shares to satisfy its obligations to make Water Rights available to the Grower Project but water allocations are less than 100%, the cost of acquiring additional Temporary Water Allocations will form part of the cost of operating the Orchard.

### INCREASED WATER COSTS

Trading of Water Shares and Temporary Water Allocations results in price fluctuations and changes in seasonal demand and availability. AIL has budgeted to spend approximately \$5,300 per Unit in 2009 cost terms to acquire the Water Shares, Almond Trees and their planting, Land, buildings and development (see the influence on Project Returns as an Orchard Asset Owner section on page 28). There is a risk that if the cost of Water Shares and Temporary Water Allocations increases, then AIL as the Responsible Entity of the Asset Trust may not be able to purchase sufficient water within this budget. Where AIL on behalf of the Asset Trust is unable to borrow further funding it requires from a reputable lender on commercial terms that are reasonably acceptable

to AIL, then AIL may call for further funds from each 2009 Orchard Asset Owner up to a cap of \$2,000 per unit.

From and including Project Year 5, increased costs of Temporary Water Allocations may also increase the Sublease Fee for 2009 Growers.

### SALINITY

Water for the Project will be drawn from the Murray River. Current salinity levels are not a risk to this Project. However, there is a risk that this may change over time.

### INFRASTRUCTURE AND ORCHARD ESTABLISHMENT

The Project needs access to infrastructure, including irrigation, fertigation, transport and machinery. Power is also fundamental to the Project. Any power failure or infrastructure damage may impact your investment. RMONPRO Developments Pty Ltd closely monitors and maintains Project infrastructure and the Project's power requirements.

There is also a risk that irrigation infrastructure and water facilities may not be completed in time to ensure planting from June to September.

### ALMOND TREES

There is a risk that the Almond Trees may not be of the quality required by the Project or that some of the plantings may fail in their first season. Any Almond Tree which fails in the first year after planting will be replaced by AIL at its own cost. That is, at no cost to the investor.

In conjunction with our nursery suppliers, seed and root stock are ordered 1-2 years in advance to ensure that sufficient quality trees are delivered to the Project. An over supply of trees is contracted to ensure that quality trees are available for the size of the offering and to meet the obligation to investors for trees that do not survive in the first year being replaced.

### INCREASED GROWING COSTS

Growing costs to 2009 Growers are fixed for Project Years 0 to 3. Thereafter, 2009 Investors meet the actual costs incurred by the Orchard growing function. These costs may unexpectedly increase, which may affect the returns to investors. In any year, the costs incurred may be greater than the income generated by the Orchard. In such cases, you will be required to fund the shortfall amount from your own resources.

Management will use its wide industry knowledge and ongoing discussions with major suppliers to ensure that, as far as possible, operating costs are minimised.

### POLLINATION

Almond trees are not self-pollinating and commercial orchards require the importation of bee hives to enable pollination to occur. There is a risk that the services of commercial hives may not be able to be secured during this

period. As the demand for bees increases, the price of hives for pollination services is likely to increase. The Australian almond industry is currently working with the Australian bee keeping industry to ensure that there is an adequate supply of bee hives for pollination in the expanding Australian almond industry.

## SETTLEMENT OF LAND

The arrangements that have been implemented in relation to the acquisition by AIL (as Responsible Entity of the Asset Trust) of Land for the purposes of the Project are described on page 12. The Options to Acquire Land, the Interim Head Lease, the Interim Sub-Lease and Head Lease are also summarised on pages 48-50.

These arrangements give rise to the risk that, if for any reason, settlement of the Land under the Options does not occur and the Asset Trust does not become the owner of the Land. In the event that, for any reason, settlement of the Land is unable to occur, AIL will act in the best interests of 2009 Orchard Asset Owners to ensure that their interests are protected.

As described on page 12, until AIL as Responsible Entity of the Asset Trust acquires the Land, it has the right to lease all or part of the Land from Almond Investors Land Pty Ltd by entering into an Interim Sub-Lease.

## APPROVALS RELATING TO LAND USE AND WATER SUPPLY

There are approvals relating to land use and water supply to the Project site that need to be obtained in order for the Project to proceed. The approvals are expected to be granted well before the scheduled closing date of the offer under this PDS (that is, 15 June 2009). The funds received from investors will not be expended on the Project until such approvals are in place.

## GEARING LEVELS OF ASSET TRUST

It is intended that the Asset Trust will ultimately obtain finance from a major Australian bank. Accordingly, the Asset Trust will be highly geared. To secure these borrowings it is expected that AIL, in its own capacity and as the Responsible Entity of the Asset Trust, will give security over the Project Assets and AIL's own assets. The loan repayments will be met out of the income of the Asset Trust. There is a risk that the Asset Trust may default on the loan if there is not sufficient income to service the debt. In the event that this occurs, the bank may enforce its rights in relation to the Project Assets and AIL under the terms of the loan documentation (please refer to page 30 for more details).

## OTHER RISKS

### ALMOND PRICES

The world price for almonds is strongly influenced by the size of the Californian crop as California produces approximately

80% of the world supply. Returns will be influenced by world prices and prevailing market conditions during the life of the Project. Price fluctuations could result in the income generated in any year being less than the total costs payable by you in that year. In such cases, you will be required to fund the shortfall amount from your own resources.

## CURRENCY RISK

Almonds in world markets are priced in US\$, thus trends in the US\$/A\$ exchange rate will influence Grower returns during the Grower Project and thereafter returns to Orchard Asset Owners. If the Australian dollar appreciates in value against the US dollar, the Australian dollar price that you receive for your Almonds will decrease. Lower prices caused by currency movements could result in the income generated in any year being less than the total costs payable by you in that year. In such cases, you will be required to fund the shortfall amount from your own resources.

## CONSUMER DEMAND

There is a risk that local and overseas consumer preference for almonds and almond related products may change during the life of the Project.

## LOCAL COMPETITION

There is a risk that the Project's financial performance could be negatively affected if domestic competition increases for the supply of almonds to Australian and export markets.

## CHANGES IN THE LAW AND REGULATORY ENVIRONMENT

The returns that may be achieved by investors are always subject to the result of changes in legislation and the regulatory environment affecting the operation of horticultural projects. These may include the imposition of significant levies, taxes or other imposts or additional requirements relating to the approvals and licences necessary to carry on agricultural projects such as the Project.

## CHANGES TO TAXATION TREATMENT OF GROWER PROJECT AND ASSET TRUST

Product Ruling 2009/28 protects 2009 Growers regarding income taxation deductions and other taxation matters on the condition that the Grower Project is carried out in accordance with the information provided to the Australian Taxation Office and in the specific manner described in the Product Ruling. The Product Ruling provides advice on the availability of tax benefits to the class of entities specified in PR 2009/28 for the income tax years up to 30 June 2011.

The Commissioner's interpretation of relevant taxation law as set out in Taxation Ruling TR 2000/8 which provides for the taxation position as set out in the Product Ruling, has been affirmed in a recent "test case": *Hance v Federal Commissioner of Taxation*; *Hannebery v Federal Commissioner of Taxation* 2008 ATC 20 085. In the Decision Impact Statement issued by the ATO on 5 February 2009 it is stated that:

“The Commissioner considers that the decision of the Full Federal Court provides greater certainty in relation to the application of the law to deductions for contributions to registered agricultural managed investment schemes.”

However, Growers should be aware that the timing and ability to claim tax deductions, or the form or timing of derivation of assessable income, in connection with the Grower Project may be adversely affected by changes in taxation law, even though a Project is covered by a Product Ruling. This is because although a Product Ruling constitutes a binding public ruling in respect of the Grower Project it may be superseded by legislative changes to taxation laws.

AIL does not, nor does any other person, firm or corporations associated with the issue of this PDS guarantee the amount or timing of any tax deduction or the form or timing of the derivation of any assessable income for participants in the Grower Project, Asset Owners or any related entities under any current or future provision of the Income Tax Assessment Act 1936 or 1997.

There remains the risk that due to legislative or other changes the ATO may disallow any claim or reassess the basis of any income derived (irrespective of whether a Product Ruling is issued). If income tax deductions are disallowed, for Growers or Orchard Asset Owners of the Asset Trust, penalty tax and interest may be levied.

## **DEFAULT BY GROWERS AND ORCHARD ASSET OWNERS**

Growers' failure to pay annual fees could adversely impact the Grower Project and the Asset Trust. AIL will take action to ensure that fees are paid when they are due.

Furthermore, there are serious consequences for Growers and Orchard Asset Owners who default in the payment of ongoing fees and other costs. Default provisions are contained in the Allotment Management Agreement, Allotment Sublease Agreement, the Grower Project Constitution and the Asset Trust Constitution, which are summarised in the Summary of Material Documents section of this PDS.

## **LIABILITY OF ORCHARD ASSET OWNERS AND GROWERS**

Under the Asset Trust Constitution, the liability of Orchard Asset Owners is limited to the amounts payable under the Constitution in respect of their Units and the assets of the Asset Trust (see Summary of Material Documents on page 45 for more details). However, no absolute assurance can be given regarding the liability of Orchard Asset Owners as the enforcement of such provisions is subject to the determination of the Courts.

It is not anticipated that Growers will be liable under the Grower Project for any payments beyond the aggregate fees and other costs set out in this PDS. However, no absolute

assurance can be given that Growers can never incur liability to, or as a consequence of the actions of, other parties.

## **LIQUIDITY AND SECONDARY MARKET**

Interests in the Project should be viewed as being for a term of approximately 29 years for 2009 Investors and are not intended to be a short term venture. Grower Allotments and Units will not be able to be traded on a financial market. There is no established secondary market and the investment should be considered as a long-term illiquid investment. AIL is not required to purchase from any Grower any Grower Allotment issued pursuant to this PDS nor is it required to purchase any Units from Orchard Asset Owners.

There is no redemption facility available to investors once an investment has been made and cooling-off rights do not apply.

## **LOSS OF KEY MANAGEMENT**

There is a risk that key personnel and management associated with the Project may cease to be involved in the Project in the future. The Orchard Manager and AIL have succession plans in place involving the training of the Orchard Management Team to implement and develop Orchard operational plans to ensure that the Project and its participants have the technical expertise over the long-term to deliver sound returns to investors without reliance on existing key management.

## **REVENUE AND ECONOMIC RISKS**

The financial performance of the Project will be influenced by general economic factors, economic and fiscal policies, business confidence, exchange rates, interest rates, share and capital factors and industrial disputes, particularly if they affect the almond industry.

## **COUNTERPARTY RISK**

Any of the parties appointed by AIL under an agreement to carry out management or other duties in relation to the Project may fail to perform their obligations. A suitable replacement may not be found or additional costs may be incurred.

## **INSOLVENCY RISK**

An adverse change in the financial position of AIL may affect its ability to properly manage and maintain the Orchard. This has the potential to affect the returns on your investment.

Asset trusts in some of AIL's previous almond orchard projects are also geared and AIL has given the financier a fixed and floating charge over all Project and AIL assets as security. If any asset trust were to be unable to repay its loan, AIL's financial position may be negatively impacted.

## RISK MANAGEMENT

AIL is the Responsible Entity of the Grower Project and Asset Trust. As Responsible Entity, AIL is required to manage and perform the functions conferred on it by each Constitution and the Corporations Act.

AIL has the power to engage outside parties to carry out growing, processing and management functions on behalf of Growers and remains responsible for anything those agents do.

AIL has appointed Sandhurst Trustees Limited, a subsidiary of Bendigo & Adelaide Bank Limited, as Custodian of both the Asset Trust and the Grower Project. The Custodian (as custodian for the Asset Trust) holds the legal title to the Project Assets beneficially owned by the Asset Trust. Sandhurst Trustees Limited (as custodian of the Grower Project) may engage Sandhurst Nominees (Victoria) Limited (as a Sub Custodian) to hold the legal title as tenant under the Head Lease in order to facilitate registration of the Head Lease with the Land Titles Office. Sandhurst Nominees (Victoria) Limited is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited and under a sub-custody deed, Sandhurst Trustees Limited remains responsible for all the actions of Sandhurst Nominees (Victoria) Limited. Subscription moneys and almond sales proceeds will also be held by the Custodian.

## COMPLIANCE MEASURES

The Compliance Plans for each of the Grower Project and the Asset Trust describe the procedures the Responsible Entity will apply in operating the schemes in accordance with the Corporations Act and the Constitutions.

## COMPLIANCE COMMITTEE

In order to meet the Compliance Plans and other statutory obligations, AIL has established a Compliance Committee. The Committee is required to meet on a regular basis to assess the adequacy of the Compliance Plans and report any breaches to the Board. The Committee comprises two external members and one representative of AIL.

### EWAN MACDONALD

Ewan MacDonald has been a solicitor of the NSW Supreme Court since 1994 and is currently special council at Freehills. Ewan's primary areas of practice include managed funds, AFS licensing, investment management and custody.

### HENRY (SANDY) GILBERT, FCA (EXTERNAL MEMBER)

Henry (Sandy) Gilbert practices as a Chartered Accountant and Auditor and has over 40 years experience in the accounting industry. He is currently a consultant to Rundles Chartered Accountants.

### KEITH WOODHEAD (AIL REPRESENTATIVE)

Keith Woodhead is a Director of AIL. With 20 years in the property funds management sector, Keith has substantial experience in business planning, profit maximisation, financial management and marketing strategy and property funds related management strategies.



# INDEPENDENT ALMOND ORCHARD EXPERT'S REPORT

## PREPARED FOR THE 2009 PIANGIL ALMOND ORCHARD PROJECT

By Kym Luitjes

[Bachelor of Applied Science Natural Resource Management, Univ.Adel.]

Sunraysia Environmental Pty Ltd

19 February 2009

## INTRODUCTION

This independent expert's report has been commissioned by Almond Investors Limited and has been prepared by Mr Kym Luitjes of Sunraysia Environmental Pty Ltd. The report is to be included in the 2009 Piangil Almond Orchard Project's Product Disclosure Statement (PDS). The PDS describes the cultivation and management of the planned almond orchard project at the Piangil site, near the town Piangil in the North West region of Victoria ('Project').

Kym Luitjes, Bachelor of Applied Science Natural Resource Management, studied irrigation and soil management in the Volcani Centre Israel and has twenty years of horticultural experience across a broad range of crops in South Australia and Victoria. Mr Luitjes is a Director of Sunraysia Environmental Pty Ltd, a company providing expertise in the areas of: soil surveying, land capability assessment and environmental approvals for horticultural development, agronomic advice and soil moisture monitoring advice. This report has been prepared, based on information supplied to Sunraysia Environmental Pty Ltd by Almond Investors Limited, various government and regulatory authorities, companies and individuals associated with the Project and on-site inspections.

The evaluation of the Project has been made after consideration of:

1. Site maps locating the properties on which the development is proposed.
2. Soil Survey results prepared by Yandilla Park Agribusiness.
3. Climatic data from the Bureau of Meteorology for the Swan Hill region of Victoria.
4. Irrigation system design parameters supplied by Yandilla Park Agribusiness.
5. Information sourced from an on site inspection of the proposed site for development.
6. Almond yield estimates sourced from the almond industry.
7. Salinity data supplied by Goulburn-Murray Rural Water Authority at Tatura.

Sunraysia Environmental Pty Ltd has, however, had prior knowledge of the quality of the land. Sunraysia Environmental Pty Ltd was involved in the earliest stages of the Project, as the entity which undertook the pre-purchase land capability assessment, as a foundation for development planning.

## GENERAL DESCRIPTION OF THE ALMOND ORCHARD DEVELOPMENT

The site selected for the Project is named Piangil. The land has historically been used for dry land cereal cropping and grazing and is situated approximately 4km south-east of Piangil and 45km north-west of Swan Hill by road, in the north-west region of Victoria, Australia. Orchards at the Piangil site are to be supplied with water from the Murray River. Hayward Road, a sealed road frontage at the eastern end of an earlier stage of the orchard provides good access in all weather conditions.

The Piangil development runs parallel to the Murray Valley Highway, with the closest (eastern) boundary located approximately 3.0 km from the Murray River. The topography consists of jumbled dunes with interspersed swales and depressions, with up to 12m relief between high and low.

Almond Investors Limited proposes developing up to 231 hectares of almonds in 2009 on the title: Volume 8060 Folio 660.

Successful almond production within approximately 40km of the Piangil site is well established.

## CLIMATE EVALUATION

At approximately 35° 06' 00" S Latitude and 143° 18' 00" E Longitude and an elevation of approximately 77m the Piangil site is well positioned for almond production. The area is subject to a Mediterranean semi-arid climate, with a mean annual rainfall of approximately 348mm, which is well suited to almond production.

Mean monthly rainfall varies between approximately 21mm and 38mm, with maximum rainfall falling in October. The low monthly mean rainfall for the Piangil site is important, as at critical periods of the year, crop losses can occur with high rainfall. Minimal rainfall is required in August during flowering when pollination of the crop occurs, from mid January when hull split starts, to prevent the occurrence of Hull Rot, and from late February to late April during the harvest period.

At this site, although there is minimal risk of rain having a significant economic impact on the almond crop in most years, it is possible that when the highest monthly rainfall is received in critical months, some crop loss could occur. However, there are management practices that can minimise potential crop losses in high rainfall situations. The hulling and cracking plant at Simarloo, the facility where the Project's almonds will be cracked, has drying facilities that should allow significant economic losses resulting from large rainfall events to be avoided.

During August when almonds flower, bees are used to cross-pollinate the crop. Bee flights as well as the physiological processes of nut set are affected by temperature. With a mean daily maximum temperature for August of 16.5°C, the temperature is high enough to allow all these processes to occur successfully. During harvest, temperatures in excess of 20°C are required to allow the kernel to dry in the field prior to being harvested. Mean daily maximum temperatures in the area for the months of harvest, which are February, March and April, are 32.4°C, 27.9°C and 23.6°C respectively, ensuring that there is generally sufficient drying time available during the harvest period at the proposed site.

Bee flight is restricted when wind speed below tree level is above 24 km/hour. Swan Hill Post Office weather data suggests that the mean number of days of strong wind during the month of August, when bee flight is critical, is 0.4 days. Reduced bee flight caused by excessive wind speed is not likely to affect crop pollination at the Piangil site.

Frost or hail damage presents the most serious risk of all climatic factors to profitability at the Piangil site. Frosts are most likely and can be severe in low-lying areas where cold air accumulates. The critical period for frost risk is from August to late October. During this period the mean number of days in which temperatures are below 0 degrees Celsius and nuts are at risk of frost damage at the Piangil site, is 6.1 days.

To mitigate risk to the development from frost damage, all low-lying areas without cold air drainage pathways leading off-site, have been precluded from planting. Even so, as frosts vary in severity, and behaviour, it is recognised that there will be some years during the life of the development when frosts will reduce yield in that year in some areas of the orchard. However, frosts are not likely to cause significant economic losses in most years over the life of the development. It is also important to recognise that frost tends to affect the nut and not the tree and that one year's crop loss does not necessarily mean a recovery period extending beyond the immediate season.

Hail can cause damage to an almond crop if the hail stones are large or fall for prolonged periods. As with frosts, hail usually affects the nut rather than the tree. Hail in the district tends to fall in bands. This means that hail damage is most likely to occur in parts of the orchard rather than affect the whole. Mean numbers of days with hail at the Swan Hill Post Office from August to October inclusive are recorded as 0.4 days. Therefore, it is reasonable to assume that damage to orchards from hail would be infrequent, and localised when it did occur, and would not represent a high economic risk during most years of the life of the development.

## PIANGIL SITE

A soil survey and land capability assessment was undertaken by Yandilla Park Agribusiness. The survey grid was 75m by 75m grid across the entire site, during which the soils were evaluated for the major properties that influence root growth, water movement, water storage, crop suitability and drainage characteristics.

Soil samples from a representative number of soil profiles were taken for laboratory analysis to determine pH, Salinity and Boron levels. Laboratory results identified the majority of soil tested to be satisfactory for the proposed almond development, although several areas across the surveyed area were found to have elevated soil salinity and/or boron levels and dispersive layers. These areas have been either excluded from the development, or will be improved by the proposed soil amelioration program.

As is common in the region, there are parts of the site where shallow depth of potential rootzone and/or impeded drainage caused those soils to be assessed as marginal to unsuitable for development to almonds. A soil amelioration program is proposed for this property to improve the soils in many of those areas so that they become suitable for sustainable high-level almond production. This soil amelioration program will include mounding (increasing the depth of the soil profile along the planting line by harvesting soil from the inter-row space), scraping soil from deeper areas and filling shallower ones, applying gypsum, pre-planting leaching irrigations, ripping and intensive irrigation management. These practices are not uncommon and will readily achieve the desired result.

Following soil amelioration, the majority of the land examined will be rated as meeting or exceeding the minimum criteria considered suitable for growing commercial almond crops. The Project's management is aware of the soils that are not suitable for almond production and will be excluding these soils from planting. The Project management team is also aware of the soils identified as requiring amelioration before planting and has indicated these soils will only be planted after the recommended amelioration has been completed.

On completion of the soil amelioration, the potential rootzone will have a readily available water storage capacity exceeding 20mm to 25mm in the shallower soil areas, to above 65mm in the deeper areas. This means that during summer, these soils will provide at least two days of soil water storage. Maintenance of these soil water reserves by the high quality irrigation system being used in the Project is adequate for effective irrigation scheduling.

Irrigation management units have been designed to take account of soil management requirements, to ensure management can irrigate the orchard efficiently while minimising drainage past the rootzone.

## WATER SUPPLY

Water to the Project will be supplied from the Murray River. A mainline will deliver water to a 300 megalitre capacity dam on the property that the Project will have access to. Three hundred megalitres is sufficient reserve for approximately 4 days usage at tree maturity.

The water budget from year 1 through to year 6 is consistent with other developments in the region, having approximately 4.0 megalitres per hectare budgeted in year 1 through to 12.5 megalitres per hectare from year 6 onwards. Periods of hot weather could affect the water budget, which would mean additional water would need to be purchased or temporarily leased during seasons with sustained hot weather and low rainfall.

In response to the current constrained financial situation with lenders, the Responsible Entity intends to purchase the first and possibly next two years water as temporary trade water (under specified conditions) as required. It is the Orchard Manager's intention, that according to a specified set of conditions, sufficient water will be purchased to ensure the growth targets for the trees are met for the first five years and for tree maintenance after that. The conditions and trigger points relating to water purchase are described in detail in the PDS.

This strategy is a positive step towards the realisation of orchard potential, but no comment can be made on the potential outcome as the ultimate availability of water will be determined by market forces and the occurrence of rainfall in the Murray River catchments.

At the town of Swan Hill, which has similar salinity levels as the water supply at the extraction point downstream near Piangil, the salinity of the Murray River ranges between 450 EC and 500 EC units (Micro Siemens per centimetre) at varying times of the year. The salinity levels of the current and expected future water supply, is well below salinity levels that would result in a yield loss in almonds. Hence, irrigation water salinity is not expected to affect the yield of almonds during the Project.

## IRRIGATION SYSTEM AND FERTIGATION

The orchard will be irrigated with a drip irrigation system. A drip system designed to the high standard used in this Project is consistent with other modern orchards that have high application efficiencies. This efficiency results in reduced water requirements that lower the initial capital investment in water purchases, allows savings in ongoing water applications and reduces drainage losses.

The disadvantage of drip irrigation systems is that the drippers only wet a percentage of the available soil volume that roots could occupy and therefore, the tree can have limited reserves of soil moisture. Therefore the system needs to be monitored to allow management to be able to apply water and fertiliser in a precise and timely manner. Recent results from industry trial work have demonstrated that pulsing drip irrigation systems can significantly increase the wetted soil

area and therefore the soil volume occupied by tree roots.

The installation of constant logging soil moisture probes, radio linked to the site computer will assist accurate irrigation management. Constant data logging soil moisture monitoring systems allow regular readings to be taken throughout the day, at various depths in the root zone, allowing fast response to soil moisture deficits. This assists with achieving optimum tree growth rates and yields.

A weather station on the property will enable even more accurate irrigation scheduling and improve the timing and effectiveness of cultural practices, such as orchard spraying. The control of irrigation events will be achieved using programmable irrigation control equipment and a Class A pan.

Water will be applied to the trees using two in-line drip laterals per row with one lateral on each side of the tree row. Dripper outputs will be 2.0 litres per hour with drippers spaced 0.61m along the lateral. The irrigation system will be fitted with pressure sustaining pressure check valves, and following installation and an appropriate period of operation, will be retrofitted with inline total control non-leakage valves.

These system design parameters will enable adequate wetted soil volume to meet the tree daily water requirements for commercial almond production. High-level primary and secondary filtration is planned, together with regular maintenance and system flushing to maintain system performance over time. The design application rate for the system is a maximum of approximately 10.8mm per day, which is a similar application rate to other successful commercial almond growing developments in North West Victoria.

Orchards experiencing very high daily temperatures and strong winds can extract at least 15mm of water from the soil per day. However, the almond orchard would not be subject to economic losses caused by moisture stress, as water reserves held in the soil will be used to meet daily water requirements in excess of 10.8mm per day during hot periods.

The irrigation valve units will be approximately 4ha to 8ha hectares in area, to enable irrigation units to be matched to soil types with similar characteristics. This means the irrigation blocks have been grouped, within practical limits, according to soil water holding capacities and drainage characteristics. Each irrigation block can water Non Pareil and pollinating varieties separately, which is important in the management of tree health during harvest.

Fertigation of large areas of drip irrigated orchards needs to be done efficiently, accurately and evenly across the orchard. This is important to help ensure trees grow well and evenly and the labour costs associated with fertigation are minimised. The professionally designed fertigation system to be installed at the Piangil site would be expected

to be capable of efficiently applying the orchard's nutrient requirements.

### ORCHARD GEOMETRY AND VARIETIES

Most large commercial almond orchards in Australia are planted with three different almond varieties (Non Pareil, Carmel and Price). The higher yielding Non Pareil usually constitutes 50% of an orchard, with the pollinators (Carmel and Price) occupying approximately 33% and 17% respectively. Carmel is a higher yielding variety than Price and is often equivalent in its yield to Non Pareil.

This Project will be planted with a 50% Non Pareil/50% Carmel ratio as the Orchard Manager will aim to achieve higher yields than those that would likely be obtained with the three varieties. Due to its lower yields than Carmel, it is considered reasonable to expect that by not planting Price, higher orchard yields could be achieved in most years than if Price was planted.

However, since the Project will only be planted with Non Pareil and Carmel; there is a risk that pollination in some years may not be as efficient or as effective as an orchard containing Price. A lack of pollination would have a negative impact on yields.

Trees will be planted 7.25m between the rows and 4.29m down the row. This spacing will allow orchard machinery to travel down the rows without damaging the crop. This planting pattern gives approximately 321 trees per planted hectare, which is designed to give sufficient tree density in the orchard to achieve high early yields, while ensuring there is enough space to avoid overcrowding at tree maturity.

### ORCHARD YIELDS

The target yield assumed for the Project is 3,944 kg per hectare (1.59 metric tonnes per acre) in year seven. Yields of 3,208 kg per ha (1.3 metric tonnes per acre) have been achieved regularly in well-managed Australian almond orchards.

The Orchard Manager has undertaken to employ the latest growing techniques generated from ongoing industry trials conducted by the Almond Board of Australia (ABA) and Horticulture Australia. It is recognised that the trials are still in their relative infancy and the commercial application of management practices and the long term sustainability of such yields are yet to be proven. However, based on growth rates achieved in the Almond Investors Ltd. 2005 and 2006 Projects, a crop of almonds has been produced in their fourth and third years of growth which are estimated by the Orchard Manager to be above PDS targets.

On that basis the Orchard Manager believes he is capable of achieving the yields outlined in the PDS using the technology developed in the ABA Optimisation Trial and the experience gained over the last three years applying that technology at Almond Investors Ltd. Orchards at Piangil.

However, such performance is not guaranteed by either

the Orchard Manager or the Project Manager. Achieving the estimated growth rates and yields will be contingent on being supplied commercially acceptable almond trees by the nursery supplier and provision of sufficient water and nutrients throughout the first seven years of tree development.

A yield of 3,944 kg per hectare is a reasonable production target to be aimed for in the future.

Almond trees in this Project have been planted at 321 trees per ha. The orchard density of 321 trees per hectare is acceptable and the yield estimates in Table 1 are a reasonable target to be aimed for in the future.

The production figures presented in the 2009 Piangil Almond Orchard Project reflect long term averages that will be subject to annual fluctuations due to climatic factors and the effects of biennial bearing.

**Table 1: Almond Yield Estimates**

| Year ended 30 June | Kilograms per 0.125 Ha Allotment | Kilograms per hectare |
|--------------------|----------------------------------|-----------------------|
| 2012               | 100                              | 800                   |
| 2013               | 251                              | 2,008                 |
| 2014               | 412                              | 3,296                 |
| 2015               | 458                              | 3,664                 |
| 2016 onwards p.a.  | 493                              | 3,944                 |

Yields are likely to diminish towards the end of the Project as the almond trees reach the end of their productive life.

One important factor that significantly influences early yields in almonds is weed control. A policy of stringent weed control has been budgeted for and programmed in the orchard operational plan by the management team.

### ORCHARD MANAGEMENT

The Orchard Manager has had extensive experience in the development, operational and technical management of almond orchards. This experience has been clearly demonstrated by the orchard manager with a successful track record established over more than twenty five years in the Australian Almond Industry.

The Orchard Manager reports that during the past year, he has been very successful in increasing the efficiency of both water use and fertiliser uptake across previous years' plantings. As a consequence, even though the cost of both water and fertiliser has increased significantly, he has been able to grow crops that meet or exceed PDS targets while remaining within budget.

### REPORT SUMMARY

In North West Victoria there are a number of large mature almond orchards that are high yielding. The location for the Project has been well selected and has the potential to produce well. The water supply to the Project is of high quality. The soil survey has identified areas to be planted and excluded, which minimises the risk of tree

and production losses associated with poor soil types. The Project manager has undertaken to ameliorate those areas that require it prior to planting, in accordance with the recommendations of the soil survey.

The nationally accredited irrigation designers have stated that they have designed the drip irrigation system to ensure that the trees can be supplied with sufficient water to produce commercial yields given the site's climatic conditions. The topography of the site has been reviewed to avoid planting large areas with high frost risk that could have a significant impact on the profitability of the Project.

The decision by Almond Investors Limited to contract a highly experienced and professional team to develop and manage the almond orchards, crack the almonds produced and process and market each crop, brings considerable experience and expertise to areas of the Project that will be critical to its success.

Consistent demand has existed for almonds nationally and internationally for many years and given the increasing awareness of the health benefits of almonds and the diversified range of uses for almonds, it is reasonable to assume this situation will continue for the foreseeable future.

It is to be expected that production will vary from long-term PDS estimates with the occurrence of biennial crops and climatic events.

## DISCLOSURES

Sunraysia Environmental Pty Ltd is not operating under an Australian Financial Services Licence in providing this report. Sunraysia Environmental has received a fee of \$4,400 inclusive of GST and expenses for the preparation and delivery of this report for inclusion in the PDS. This fee was agreed to in advance of the report being prepared and delivered.

Sunraysia Environmental has been previously engaged by AIL to assess the quality of the land the subject of this report on a fee for service basis. Sunraysia Environmental Pty Ltd and Kym Luitjes may be engaged to provide independent consulting services to AIL or the Project in the future on a fee for service basis.

Other than receiving a fee for the preparation and delivery of this report and the provision of consulting services, neither Sunraysia Environmental Pty Ltd nor its directors, employees or shareholders has any interest in the Project, AIL or its related entities.

**Kym Luitjes**

*Director*

*Sunraysia Environmental Pty Ltd*



## LEGAL STRUCTURE

|                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>STATUS</b>                          | The Project will consist of two managed investment schemes registered under the Corporations Act. These are: the Piangil Grower Project - 2008 ARSN 128 581 644 & the Piangil Asset Trust - 2008 ARSN 128 581 662                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>RESPONSIBLE ENTITY</b>              | Almond Investors Limited ACN 102 342 870 AFSL No. 224 314                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>ALLOTMENTS/UNITS IN THE PROJECT</b> | <p>This PDS constitutes an offer to subscribe for 1,850 Grower Allotments in the Grower Project and 1,850 Units in the Asset Trust with an option for AIL, in its discretion, to accept oversubscriptions.</p> <p>This PDS relates to offers of interests in the Project to be acquired on or before 15 June 2009.</p> <p>Applications will be accepted from the date of this PDS until 15 June 2009. Application moneys will be held in application accounts pending the issue of the Grower Allotments and Units. AIL is entitled to retain any interest earned on application moneys held in the application accounts during this period. Grower Allotments and Units will be issued no later than 15 June 2009.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>GROWERS</b>                         | Engage AIL as Responsible Entity of the Grower Project to maintain each of their Allotments under an Allotment Management Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>THE GROWER ALLOTMENTS</b>           | <p>Each Grower Allotment comprises:</p> <ul style="list-style-type: none"> <li>(a) a sublease to use one Allotment to carry on the business of growing, maintaining, harvesting, processing and selling Almonds on the terms set out in the Allotment Sublease Agreement between the Custodian, the Responsible Entity of the Grower Project and the Grower;</li> <li>(b) the Grower's rights and obligations under an Allotment Management Agreement between the Responsible Entity of the Grower Project and each Grower;</li> <li>(c) the Grower's business of carrying on the primary production enterprise of growing, maintaining, harvesting, processing and selling Almonds from that Allotment; and</li> <li>(d) the net proceeds that each Grower derives from carrying on that business.</li> </ul> <p>A Grower holds a separate interest in each Allotment.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>ORCHARD MANAGEMENT</b>              | The Responsible Entity of the Grower Project will enter into an Orchard Management Agreement with RMONPRO Developments Pty Ltd under which RMONPRO Developments Pty Ltd will be responsible for the management of Growers' Allotments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>ORCHARD ESTABLISHMENT</b>           | The Responsible Entity of the Asset Trust will enter into an Orchard Establishment Agreement with Horticultural Development Services Pty Ltd under which Horticultural Development Services Pty Ltd will be responsible for the establishment of Growers' Allotments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>MARKETING</b>                       | AIL will enter into an Almond Crop Supply Agreement with Almondco Australia Limited under which Almondco Australia Limited will be responsible for processing, packing, marketing and selling the Almonds grown on the Growers' Allotments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>THE UNITS</b>                       | <p>Each Unit is held by a unit holder in the Asset Trust (also referred to as an Orchard Asset Owner). The Asset Trust has two classes of Units, one class of units was issued to 2008 Orchard Asset Owners and the other will be issued to 2009 Orchard Asset Owners. During the Grower Project Term the Responsible Entity will record the income attributable to each class of Units separately, calculate the fees payable in respect of each class of Units separately and allocate expenses to each class of Units separately, except where AIL considers that it cannot allocate an expense to either class of Units in which case the expense will be shared by all of the unit holders proportionately. After the end of the Grower Project Term, the income and expenses of the Asset Trust will be shared pro rata between each unit holder. However, AIL as Responsible Entity of the Asset Trust will continue to calculate the fees payable in respect of each class of Units separately.</p> <p>At the time of the application the unit holder can be the Grower or a nominee of the Grower. After the Units are issued, they can be transferred and need not be held by the nominee of a Grower. Project Assets to be held by the Asset Trust comprise:</p> <ul style="list-style-type: none"> <li>(a) Land; (b) Almond Trees; and (c) Water Rights.</li> </ul> <p>Title to the Project Assets will be held by Sandhurst Trustees Limited in its capacity as custodian or Sandhurst Nominees (Victoria) Limited as sub-custodian.</p> |

## SUMMARY OF MATERIAL DOCUMENTS

The following are summaries of the principal terms of the material agreements relating to the Piangil Asset Trust - 2008 and the Piangil Grower Project - 2008.

The agreements are:

1. Constitution of the Piangil Asset Trust - 2008;
2. Options to Acquire Land;
3. Interim Head Lease;
4. Interim Sub-Lease;
5. Head Lease;
6. Allotment Sublease Agreement;
7. Constitution of the Piangil Grower Project - 2008;
8. Orchard Management Agreement;
9. Orchard Establishment Agreement;
10. Almond Crop Supply Agreement;
11. Allotment Management Agreement;
12. Custodian Agreement; and
13. Grower Representative Service Agreement.

Each Grower/Orchard Asset Owner has the right to inspect and copy any of the above documents, provided that on each occasion on which a Grower/Orchard Asset Owner seeks to exercise such right, the Grower/Orchard Asset Owner will sign a suitable undertaking to keep such information and document confidential.

This section is a summary only and does not set out all the provisions of these agreements. The rights and obligations of investors will be governed by the Corporations Act, each Constitution, the Allotment Management Agreement and the Allotment Sublease Agreement. To fully understand the rights and obligations under the agreements investors should read each document and seek independent advice.

For the purpose of this Summary of Material Documents:

Grower Project Responsible Entity means AIL as responsible entity of the Grower Project.

Asset Trust Responsible Entity means AIL as responsible entity of the Asset Trust.

Unless otherwise defined in this PDS, capitalised terms and expressions used in the Summary of Material Documents have the meanings given to them in the relevant document.



## 1. CONSTITUTION OF THE PIANGIL ASSET TRUST - 2008

### PARTIES

The Asset Trust Responsible Entity, Wayne Douglas Overall as the initial unit holder and each Orchard Asset Owner.

### ESTABLISHMENT

The Constitution establishes the Asset Trust. It operates as a Deed and is binding on the Asset Trust Responsible Entity and the Orchard Asset Owners (as constituted from time to time).

### ASSET TRUST PROPERTY

The Asset Trust Responsible Entity holds all the property of the Asset Trust ("Asset Trust Property") on trust for the Orchard Asset Owners from time to time for the term of the Asset Trust. The beneficial interest in the Asset Trust Property is divided into Units. Subject to the rights conferred on a particular Class, each Unit entitles an Orchard Asset Owner to an equal undivided interest in the Asset Trust Property, but does not entitle an Orchard Asset Owner to any particular asset comprised in the Asset Trust Property.

The Asset Trust Responsible Entity may appoint a Custodian to hold the Asset Trust Property, on terms to be determined by the Asset Trust Responsible Entity so long as the terms are consistent with the Constitution. The Asset Trust Responsible Entity must direct the Custodian to hold Asset Trust Property in accordance with this Constitution.

### UNITS IN THE ASSET TRUST

Wayne Douglas Overall as the initial unit holder has contributed \$10.00 for the purposes of establishing the Asset Trust and has been issued one Unit (the "Initial Unit"). The initial unit holder may elect to have his Initial Unit cancelled with effect from the time the first Units are issued to investors. If the Asset Trust is liquid, the Asset Trust Responsible Entity is not required to pay any amount to the initial unit holder. If it is not cancelled, the initial unit holder will not have any voting rights or a right to receive income or other proceeds or to participate in a winding up. The initial unit holder has no obligation to pay any fees or contributions (other than the initial amount of \$10.00).

Apart from the Initial Unit, the Asset Trust Responsible Entity may at any time and from time to time in its absolute discretion issue additional Units in the Asset Trust. Any Unit issued on or before 15 June 2008 shall be classified as a Pre 15 June 2008 Class Unit. Any Unit issued after 15 June 2008 shall be classified as a Post 15 June 2008 Class Unit. Each Unit in a Class will confer identical rights on each Orchard Asset Owner in that Class. Notwithstanding the price for which a Unit in a Class is issued, all fully paid Units of that Class are of equal value.

### CONTRIBUTIONS

Each applicant for a Unit must pay the Subscription Price specified in the Fees and Other Costs section of this PDS. Until an applicant's application is accepted the Asset Trust Responsible Entity or the Custodian will hold this amount on trust for the applicants for Units in an account to be known as the Orchard Asset Owners' Application Account (an account to be opened with the Custodian, an Australian bank or other financial institution).

The Subscription Price (plus any interest earned less any tax or bank charges) is refunded if the application is refused or the applicant is not issued a Unit within the time specified in the Constitution.

## TRANSFER OF MONEY FROM THE ORCHARD ASSET OWNERS APPLICATION ACCOUNT

The Asset Trust Responsible Entity may only accept applications, issue Units and direct the Custodian to transfer moneys from the Orchard Asset Owners' Application Account where:

- the Asset Trust Responsible Entity is ready, willing and able to perform its duties under the Constitution, this PDS and any other disclosure document issued by the Asset Trust Responsible Entity; and
- there are no outstanding material breaches of the Constitution or the Corporations Act 2001 detrimental to the interests of applicants.

The Asset Trust Responsible Entity may transfer to itself the interest component from the Orchard Asset Owners' Application Account (other than interest payable to applicants whose applications are rejected).

Upon acceptance of an application, the Unit is issued and the Subscription Price forms part of Asset Trust Property and may be applied or invested in accordance with the Constitution. Without limiting the generality of the foregoing the Subscription Price may be applied to purchase the Land and pay all associated expenses, pay fees of consultants, experts and other persons in relation to the purchase of the Land, the establishment of the Asset Trust and preparation of the PDS, purchase the Water Rights and the Almond Trees (and pay all associated costs).

Until the Subscription Price is so applied, an applicant has a proportional interest in the Orchard Asset Owners' Application Account.

## SUBSCRIPTION PRICE

As set out in the Fees and Other Costs section of the PDS, the Asset Trust Subscription Price is \$540, and the Asset Trust Responsible Entity has the right to call for further funds of up to \$2,000 for post 15 June 2008 class units.

## RESPONSIBLE ENTITY'S POWERS AND DUTIES

The Asset Trust Responsible Entity has all of the powers of a natural person to invest the Asset Trust Property in any form of investment and vary or otherwise deal with any investments at any time including the power to acquire the assets referred to in this PDS. The Asset Trust Responsible Entity will have the power to, amongst other things: –

- develop, hold, maintain, subdivide, petition, lease, let or license any real property;
- enter into any agreement with respect to the development of real or personal property and the construction of buildings;
- do all things necessary to facilitate the purchase of the Land;
- borrow on behalf of the Asset Trust; and manage the Asset Trust in a competent and professional manner.

## REAL PROPERTY

The Asset Trust Responsible Entity may not acquire real property (other than real property contemplated in this PDS) unless the purchase is approved by a Special Resolution of Orchard Asset Owners.

The Asset Trust Responsible Entity must sell the Land at the expiry of the term of the Asset Trust (between the 79th and 80th anniversary of commencement of the Asset Trust) or if the Asset Trust is wound up earlier, the Land must be sold as part of the winding up process. The Asset Trust Responsible Entity may also sell the Land prior to the end of the Asset Trust term where the Asset Trust Responsible Entity considers it in the best interest to do so and the sale is approved by a Special Resolution of Orchard Asset Owners.

If the Land comprises more than one saleable lot then each lot may be sold separately where the Orchard Asset Owners direct the Asset Trust Responsible Entity to do so by Ordinary Resolution.

Further if the Land does comprise more than one saleable lot and each lot is surplus to the requirements of the Asset Trust and is not the subject of the lease to the Grower Project Responsible Entity then the Asset Trust Responsible Entity may sell such surplus lot without the consent of Orchard Asset Owners.

The net proceeds from the sale of Land (after all Loans are repaid, all expenses of the Asset Trust are met and provisions for future expenditure are made) must be distributed to Orchard Asset Owners as soon as possible, but within 3 months of the sale.

## POWER TO BORROW FOR THE ASSET TRUST

The Asset Trust Responsible Entity may borrow or raise funds for the purposes of the Asset Trust. The Asset Trust Responsible Entity may pledge all or part of the Asset Trust Property as security for borrowings but is not authorised to enter into financial arrangements under which the lender has recourse to assets of an Orchard Asset Owner other than the Asset Trust Property or which has the effect of making the Asset Trust Responsible Entity or any Orchard Asset Owner liable for payment to the lender of any amount in excess of the Asset Trust Property.

## DEALINGS IN THE ASSET TRUST BY THE RESPONSIBLE ENTITY

The Asset Trust Responsible Entity may be interested in any contract with itself and act in the same or similar capacity in relation to other managed investment schemes.

## FEES AND EXPENSES

The Responsible Entity is entitled to be paid fees from Trust Property as set out in the Fees and Other Costs section of this PDS, provided that the fees payable for the Pre 15 June 2008 Class Units shall be paid from the income attributable to the Pre 15 June 2008 Class only; and the fees payable for the Post 15 June 2008 Class Units shall be paid from the income attributable to the Post 15 June 2008 Class only. The 'Performance Fee' set out in the Fees and Other Costs section of this PDS is referred to as the 'Incentive Fee' in the Asset Trust Constitution.

The Asset Trust Responsible Entity is entitled to be paid fees as set out in the Fees and Other Costs section of this PDS. The Asset Trust Responsible Entity is also entitled to recover all costs, charges and expenses which are incurred by the Asset Trust Responsible Entity in establishing, managing, administering, winding up or doing anything in respect of the Asset Trust.

The rights to fees and recovery of costs are subject to the Asset Trust Responsible Entity properly performing its role.

## INCOME OF THE ASSET TRUST

The Asset Trust Responsible Entity will collect all income to which the Asset Trust is entitled and pay it into the Orchard Asset Owners' Proceeds Account. The Asset Trust Responsible Entity will determine the Distributable Income for each Distribution Period.

AIL as Responsible Entity of the Asset Trust will distribute to the 2008 Orchard Asset Owners that amount of the distributable income of the Asset Trust which it determines is properly referable to the Units held by the 2008 Orchard Asset Owners, taking into account:

- the income attributable to the Pre 15 June 2008 Units;
- the fees payable in respect of the Pre 15 June 2008 Units (as described in this PDS);
- during the Grower Project Term, any costs which AIL as Responsible Entity of the Asset Trust has attributed to Pre 15 June 2008 Units and the 2008 Orchard Asset Owners' pro rata share of any costs which AIL as Responsible Entity of the Asset Trust has designated as Common Costs;
- during the Orchard Management Period, 2008 Orchard Asset Owners' pro rata share of any costs of the Asset Trust; and
- any indemnity payments from the Asset Trust which are properly referable to the Pre 15 June 2008 Units.

AIL as Responsible Entity of the Asset Trust will distribute to the 2009 Orchard Asset Owners that amount of the distributable income of the Asset Trust which it determines is properly referable to the Post 15 June 2008 Units, taking into account:

- the income attributable to the Post 15 June 2008 Units;
- the fees payable in respect of the Units held by the Post 15 June 2008 Units (as described in this PDS);
- during the Grower Project Term, any costs which AIL as Responsible Entity of the Asset Trust has attributed to the Post 15 June 2008 Units, and
- the 2009 Orchard Asset Owners' pro rata share of any costs which AIL as Responsible Entity of the Asset Trust has designated as Common Costs;
- during the Orchard Management Period, the 2009 Orchard Asset Owners' pro rata share of any costs of the Asset Trust; and
- any indemnity payments from the Asset Trust which are properly referable to the Post 15 June 2008 Units.

For each Unit, the Orchard Asset Owner will not be entitled to a distribution of Distributable Income for the financial year in which the Unit is first issued (i.e. Project Year 0). The right of each Orchard Asset Owner to receive Distributable Income will commence in relation to Distribution Periods commencing on 1 July after the date that the Unit is first issued and all subsequent Distribution Periods (i.e. Project Year 1 onwards).

The Distributable Income of the Asset Trust for a Distribution Period may be transferred to a separate account, and after payment of all tax, the Distributable Income attributable to a Class will be distributed to Orchard Asset Owners who hold Units in the relevant Class who are entitled to participate in the Distributable Income for that Distribution Period and who are registered as the holders of Units at the close of business on the last day of the period to which the distribution relates in proportion to their Units in the relevant Class.

## DEDUCTIONS FROM DISTRIBUTIONS

The Asset Trust Responsible Entity may deduct any tax paid or payable by the Asset Trust Responsible Entity in respect of any Orchard Asset Owner from the amounts payable to that Orchard Asset Owner.

## MONEY OWING BY ORCHARD ASSET OWNERS

An Orchard Asset Owner who owes money to the Asset Trust Responsible Entity on behalf of the Asset Trust or on its own account will pay interest on that outstanding amount at the rate charged by the Asset Trust Responsible Entity's bank on overdrafts of more than \$100,000.

If an Orchard Asset Owner does not pay any amount owing to the Asset Trust Responsible Entity or the Asset Trust, the Asset Trust Responsible Entity may:

- deduct those moneys from the distributions which would otherwise be paid to the Orchard Asset Owner until such time as the amount (together with accrued interest) is paid in full; or
- after giving notice in writing demanding payment of the amounts, sell the Units of a defaulting Orchard Asset Owner at whatever price the Asset Trust Responsible Entity sees fit and the proceeds of sale will be applied to recover amounts owing with the balance (if any) being paid to the Orchard Asset Owner.

## TRANSFER AND TRANSMISSION OF UNITS

The Constitution provides details of the rights to transfer an Orchard Asset Owner's Units. In summary, an Orchard Asset Owner may transfer Units if the Orchard Asset Owner delivers a stamped transfer form, the transferee agrees to be bound by the Constitution, all fees which are due and payable have been paid, the Asset Trust Responsible Entity approves the identity of the transferee (taking into account the capacity to meet any future obligations) and the requirements imposed by any lender to the Asset Trust have been met.

The Constitution also provides for the transmission of Units on the death or bankruptcy of an Orchard Asset Owner.

## WITHDRAWAL RIGHTS

There are no withdrawal rights under the Constitution.

## TERM AND WINDING UP

The Asset Trust has commenced and will continue until the Asset Trust is wound up following the date on which the Land is sold, or is wound up for any other reason, or the date 80 years after commencement (whichever is earlier).

Before the expiry of the term, the Asset Trust may be wound up if:

- the Asset Trust is without a responsible entity;
- the Orchard Asset Owners resolve by Extraordinary Resolution to wind up the Asset Trust;
- the Orchard Asset Owners resolve by Extraordinary Resolution to remove the responsible entity but do not at the same meeting appoint a new responsible entity;
- the Asset Trust Responsible Entity notifies the Orchard Asset Owners that it believes the purpose of the Asset Trust has been or has not been accomplished and the Orchard Asset Owners do not call a meeting within 28 days of that notice to consider the proposed winding up;
- the Asset Trust is wound up following the meeting of Orchard Asset Owners to be held at the end of the productive life of the Almond Trees (see below); or
- a court orders the winding up of the Asset Trust.

If AIL as Responsible Entity of the Asset Trust distributes capital to the Orchard Asset Owners, then:

- during the Orchard Management Period, the amount distributed must be distributed pro rata to each Unit; and
- during the Grower Project Term, the amount distributed must be distributed pro rata to each Unit, except that any amount derived from a Water Right must be (i) distributed pro rata amongst the Pre 15 June 2008 Units if the relevant Water Right was acquired in connection with the Allotments held by the 2008 Growers, and (ii) distributed pro rata amongst the Post 15 June 2008 Units if the relevant Water Right was acquired in connection with the Allotments held by the 2009 Growers.

## ASSET TRUST ORCHARD MANAGEMENT PERIOD

After the end of the Grower Project Term, or the expiry or termination of the Head Lease, the Asset Trust Responsible Entity will manage the Orchard on the Land for the benefit of Orchard Asset Owners.

The Asset Trust Responsible Entity will be entitled to the fees payable during the Asset Trust Orchard Management Period outlined in the Fees and Other Costs section of this PDS.

At the time the Asset Trust Responsible Entity believes the Almond Trees are reaching the end of their productive life, but no later than 30 June 2038, the Asset Trust Responsible Entity will call a meeting of Orchard Asset Owners. The Asset Trust Responsible Entity will make a proposal for the future operation of the Asset Trust. Where that proposal or other proposal acceptable to the Responsible Entity is approved by a Special Resolution of Orchard Asset Owners, then the Asset Trust Responsible Entity will act in accordance with that Special Resolution. Where no such proposal is so approved by 30 June 2038 the Asset Trust will be wound up.

## INDEMNITY AND LIABILITY

The Asset Trust Responsible Entity has a right of indemnity from the Asset Trust Property for any liabilities properly incurred in the performance of its duties, together with fees and costs recoverable by the Asset Trust Responsible Entity under the Constitution.

The Asset Trust Responsible Entity has entered into the Constitution as responsible entity and not in its personal capacity.

## UNCONTROLLED EVENTS

To the extent permitted by law, if the Asset Trust Responsible Entity is prevented from performing its duties under the Constitution or the Law due to the occurrence of an Uncontrolled Event, then the Asset Trust Responsible Entity is not liable to the Orchard Asset Owners nor is the Asset Trust Responsible Entity liable for any loss or decrease in the value of Asset Trust Property. "Uncontrolled Event" is defined in the Glossary.

## LIMITATION OF LIABILITY OF ORCHARD ASSET OWNERS

The liability of Orchard Asset Owners is limited to the amounts payable under the Constitution in respect of their Units and the assets of the Asset Trust. The Asset Trust Responsible Entity, or any creditor or agent of the Asset Trust Responsible Entity, do not have any claim of any nature against any Orchard Asset Owner for any liabilities incurred by those parties in the management of the Asset Trust.

However, this limitation of liability does not apply in relation to the amounts payable under the Constitution in respect of Units or where an Orchard Asset Owner has a direct contractual relationship with the Asset Trust Responsible Entity as a consequence of being an Orchard Asset Owner (other than through the Constitution). In these circumstances, the Orchard Asset Owner is bound by those contractual obligations.

No absolute assurance can be given regarding the liability of Orchard Asset Owners as the enforcement of such provisions is subject to the determination of the Courts.

## REGISTER OF ORCHARD ASSET OWNERS

The Asset Trust Responsible Entity will maintain a register of Orchard Asset Owners. The Constitution provides for inspection of the register, obtaining copies of the register, closure of the register and noting encumbrances on the register. If Units are registered in the name of more than one Orchard Asset Owner, then they hold the Units as joint tenants. The Asset Trust Responsible Entity is not required to register more than two persons as holders of Units.

## MEETINGS OF ORCHARD ASSET OWNERS

The Constitution provides for the rules relating to meetings of Orchard Asset Owners.

## COMPLAINTS HANDLING

The Asset Trust Responsible Entity must appoint a complaints handling officer.

An Orchard Asset Owner may make a complaint about any aspect of the Asset Trust in writing to the Asset Trust Responsible Entity.

The Asset Trust Responsible Entity must within 5 business days either acknowledge the complaint or respond fully.

The Asset Trust Responsible Entity must attempt to respond fully to the complainant within 14 days and, if the complaint cannot be resolved within 14 days contact the complainant regularly until the complaint is resolved.

The Asset Trust Responsible Entity must communicate its decision to the complainant together with reasons for the decision.

If the complainant remains dissatisfied the Asset Trust Responsible Entity must provide information about further avenues open to the Orchard Asset Owner to pursue the complaint, including an external complaints resolution body of which the Asset Trust Responsible Entity is a member.

## CHANGING THE CONSTITUTION

The Constitution may be modified, repealed or replaced with a new Constitution by a Special Resolution of the Orchard Asset Owners or by the Asset Trust Responsible Entity if the Asset Trust Responsible Entity reasonably considers the change will not adversely affect the Orchard Asset Owners' rights.

# 2. OPTIONS TO ACQUIRE LAND

## PARTIES

Almond Investors Land Pty Ltd, a wholly owned subsidiary of AIL, has entered into or is in the process of entering into option deeds in respect of separate but adjoining parcels of land in the surrounding districts of Swan Hill with the right to exercise the options and enter into a contract of sale to purchase each block of land. Each option must be exercised no later than 15 June 2010.

Almond Investors Land Pty Ltd has the right to nominate any other party as the purchaser at the time of exercise of the option under each option deed. For each option exercised, Almond Investors Land Pty Ltd intends to nominate the Custodian (on behalf of the Asset Trust Responsible Entity) as the entity that will enter into each contract of sale of land and purchase the land.

## THE LAND

The land in the surrounding districts of Swan Hill, Victoria is described in Certificate of Title Vol 8060 Folio 660. The Asset Trust Responsible Entity will only acquire so much of this land as is necessary for the Grower Project (based on the number of applications received for Grower Allotments).

## PROJECT PREPARATION AND INTERIM HEAD LEASE

If the Asset Trust Responsible Entity wishes to carry out Development Works, including survey works, planting and irrigation, on all or part of the land at any time before an option is exercised, it may elect to do so by giving written notice to the vendor.

On receipt of such notice, the vendor must give the Asset Trust Responsible Entity and the Custodian (on behalf of the Asset Trust Responsible Entity) reasonable access to the land for the purpose of carrying out the Development Works. The Asset Trust Responsible Entity may be required to pay the vendor compensation for the vendor's loss of use of the land if the vendor has prepared any part of the land for the sowing or harvesting of any farming crops or for damage sustained to the crop due to the Development Works.

The vendor must also grant to Almond Investors Land Pty Ltd or its nominee an Interim Head Lease (the terms of which are summarised on page 49) over the land until such time as the option to acquire the land is exercised.

## SETTLEMENT

At the time of exercising each option, the Custodian (on behalf of the Asset Trust Responsible Entity) may nominate the settlement date for each contract (provided it is no later than 15 June 2010, being the last date for exercising the option).

Under each option, the Asset Trust Responsible Entity may require that settlement occur in a short period of time (eight business days) after exercising an option. If the Custodian (on behalf of the Asset Trust Responsible Entity) chooses to rely on this right it must inform the vendor in advance of its intention to do so and provide the vendor with certain documents in order to enable the vendor to prepare for settlement. If the option is not then exercised, the Asset Trust Responsible Entity must pay the vendor's costs of preparing for settlement.

The Asset Trust Responsible Entity may be required to pay certain penalties to the vendor if it has not exercised all of the options by 15 June 2010.

### 3. INTERIM HEAD LEASE

#### PARTIES

Almond Investors Land Pty Ltd (as lessee) and the registered owner of Land on which the Grower Project is to be conducted (as lessor).

Almond Investors Land Pty Ltd has entered into a Interim Head Lease with the registered owners of the Land on which the Grower Project is to be conducted.

The parties acknowledge that the Interim Head Lease is entered into for the purpose of enabling amongst other things:

- Almond Investors Land Pty Ltd to grant to the Custodian on behalf of the Asset Trust Responsible Entity, the Interim Sub-Lease of the Land (or part of the Land); and
- the Custodian to grant further sub-leases, such as the Head Lease, until such time as the Option to Acquire the Land is exercised by the Custodian, on behalf of the Asset Trust Responsible Entity, or, if for any reason settlement of the Land does not occur and the Custodian, on behalf of the Asset Trust Responsible Entity, does not become the registered owner of the Land, to secure leasehold tenure to the Land for the full term of the Head Lease and the Allotment Sublease Agreements.

#### RENT

Almond Investors Land Pty Ltd must pay to the lessor the following payments:

- If the settlement date under the contract of sale for the Land is in the 12 month period from the commencement date of the Interim Head Lease, rent of \$1 is payable on the settlement date.
- In all other instances, Almond Investors Land Pty Ltd must pay to the lessor \$1 for the period from the commencement date of the Interim Head Lease to the first 7 July following the commencement date and thereafter until the settlement date, pay an amount per acre (as specified under the Interim Head Lease).

#### CHARGES FOR SERVICES AND RATES AND TAXES

For the term of the Interim Head Lease, Almond Investors Land Pty Ltd is responsible for paying the rates, taxes and service charges (including but not limited to electricity, gas, water, oil and telephone charges) incurred in relation to the leased Land.

#### PERMITTED USE

Almond Investors Land Pty Ltd may use or allow the Land to be used:

- for the purposes of granting the Interim Sub-Lease, the Head Lease and the Allotment Sublease Agreements;
- for the purposes of planting the Trees;
- for the purposes of carrying out all works in connection with preparing the Land (or any part of it) for the Grower Project, including survey works, the planting of Almond Trees and installing any necessary irrigation and other infrastructure; and
- for any purpose in connection with the Grower Project.

#### OBLIGATIONS OF ALMOND INVESTORS LAND

After receipt of prior written reasonable notice, Almond Investors Land Pty Ltd must allow the lessor, its agents, contractors and employees, together with all necessary equipment, access to the Land at all reasonable times as may be required in order for the lessor to comply with its obligations under the Interim Head Lease.

#### INSURANCE

Almond Investors Land Pty Ltd must at its own cost keep and maintain insurance against public risk and occupiers liability in an amount of \$20 million.

#### ASSIGNMENT AND SUB-LETTING

Almond Investors Land Pty Ltd may assign, sub-let and grant licences or other interests in the Land without the lessor's consent in connection with the Grower Project. The lessor consents to the granting of the Interim Sub-Lease, the Head Lease and the Allotment Subleases on such terms and conditions as Almond Investors Land Pty Ltd sees fit from time to time in its absolute discretion.

#### SURPLUS LAND

By no later than the first 10 May following the commencement date of the Interim Head Lease, Almond Investors Land Pty Ltd may notify the lessor that a certain portion of the leased Land is not required for development works and, if requested by the lessor, must grant a licence to the lessor to use all or part of such surplus Land upon payment of a nominal licence fee (if requested by Almond Investors Land Pty Ltd as licensor). Almond Investors Land Pty Ltd or the lessor may terminate the licence at any time. The licence will automatically end if the Interim Head Lease ends or is surrendered in relation to the licensed land. Where Almond Investors Land Pty Ltd has entered into an Interim Sub-Lease, it may not grant a licence over that land after the commencement date of the Interim Sub-Lease without the consent of the sublessee under the Interim Sub-Lease.

#### SURRENDER

Provided that settlement of the Land occurs, the Interim Head Lease is automatically surrendered as to that part of the Land the subject of the contract of sale, with effect from midnight on the day immediately before the settlement date.

As at the first 7 July following the commencement date, the Interim Head Lease is automatically surrendered as to that part of the Land that is not, relevantly:

- the subject of a Contract of Sale;
- the subject of an Allotment Sublease Agreement; or
- the Compensated Area (that is, certain Land in relation to which crop compensation is payable to the land owner under the Option to Acquire Land).

#### TERMINATION

Almond Investors Land Pty Ltd may terminate the Interim Head Lease at any time by giving written notice to the lessor.

The lessor acknowledges that security of tenure to the Land is paramount to Almond Investors Land Pty Ltd for the purposes of, among other things, the Grower Project. The lessor has no power to terminate the Interim Head Lease and expressly waives all its rights at law and in equity to terminate the Interim Head Lease. Damages are the only remedy available to the lessor for a default by Almond Investors Land Pty Ltd in the performance of its obligations under the Interim Head Lease.

### 4. INTERIM SUB-LEASE

#### PARTIES

Almond Investors Land Pty Ltd (as sub-lessor), Sandhurst Trustees Limited in its capacity as Custodian of the Asset Trust (as sub-lessee) and the Responsible Entity of the Asset Trust.

The Responsible Entity of the Asset Trust agrees that it is bound by all of the Custodian of the Asset Trust's obligations as lessee under the Interim Sub-Lease. To the extent that only the Custodian of the Asset Trust can perform the relevant obligation, the Responsible Entity of the Asset Trust will properly instruct the Custodian of the Asset Trust to comply with that obligation.

The Custodian of the Asset Trust will only exercise its rights under the Interim Sub-Lease to the extent properly instructed by the Responsible Entity of the Asset Trust or required by the Custodian Agreement.

The parties acknowledge that the Interim Sub-Lease is entered into for the purpose of enabling:

- the Custodian of the Asset Trust to grant to Sandhurst Nominees (sub-custodian of the Grower Project) the Head Lease; and
- Sandhurst Nominees to then grant Allotment Sub-Lease Agreements in relation to the Grower Project.

## RENT

The Responsible Entity of the Asset Trust must pay to the sub-lessor the following payments:

If the settlement date under the contract of sale for the Land is in the 12 month period from the commencement date of the Interim Head Lease, then for the period from the commencement date of the Interim Sub-Lease to the settlement date, rent of \$1 is payable on the settlement date.

In all other instances, the Responsible Entity of the Asset Trust must pay to the sub-lessor \$1 for the period from the commencement date of the Interim Sub-Lease to the first 7 July following the commencement date and thereafter until the settlement date, pay an amount per acre (as specified under the Interim Sub-Lease).

## CHARGES FOR SERVICES AND RATES AND TAXES

For the term of the Interim Sub-Lease, the Responsible Entity of the Asset Trust is responsible for paying the rates, taxes and service charges (including but not limited to electricity, gas, water, oil and telephone charges) incurred in relation to the leased Land.

## PERMITTED USE

The Responsible Entity of the Asset Trust may only use or allow the Land to be used:

- for the purposes of granting the Head Lease and the Allotment Sub-Lease Agreements;
- for the purposes of planting the Trees;
- for the purposes of carrying out all works in connection with preparing the Land (or any part of it) for the Grower Project, including survey works, the planting of almond trees and installing any necessary irrigation and other infrastructure; and
- for any purpose in connection with or to properly carry out the Grower Project.

## OBLIGATIONS OF THE CUSTODIAN OF THE ASSET TRUST

On prior written reasonable notice, the Responsible Entity of the Asset Trust must allow the sub-lessor, its agents, contractors and employees, together with all necessary equipment, access to the Land at all reasonable times as may be required in order for the sub-lessor to comply with its obligations under the Interim Sub-Lease.

The Responsible Entity of the Asset Trust must also comply with all laws relating to the Land or use of the Land.

## INSURANCE

The Responsible Entity of the Asset Trust must at its own cost keep and maintain insurance against public risk and occupiers liability in an amount of \$20 million.

## ASSIGNMENT AND SUB-LETTING

The Responsible Entity of the Asset Trust may assign, sub-let and grant licences or other interests in the Land without the sub-lessor's consent, provided that it is in connection with the Grower Project. The sub-lessor expressly consents to the granting of the Head Lease and the Allotment Sublease Agreements on such terms and conditions as the Responsible Entity of the Asset Trust sees fit from time to time in its absolute discretion.

## SURRENDER

Provided that settlement of the Land occurs, the Interim Sub-Lease is automatically surrendered as to that part of the Land the subject of the contract of sale, with effect from midnight on the day immediately before the settlement date.

As at the first 7 July following the commencement date of the Interim Sub-Lease, the Interim Sub-Lease is automatically surrendered as to that part of the Land that is not:

- the subject of a Contract of Sale;
- the subject of an Allotment Sublease Agreement; or
- the Compensated Area (that is, certain Land in relation to which crop compensation is payable to the land owner under the Option to Acquire Land).

## TERMINATION

The Responsible Entity of the Asset Trust may terminate the Interim Sub-Lease at any time by giving written notice to the sub-lessor.

The sub-lessor acknowledges that security of tenure to the Land is paramount to the Responsible Entity of the Asset Trust for the purposes of the Grower Project. The sub-lessor has no power to terminate the Interim Sub-Lease and expressly waives all its rights at law and in equity to terminate the Interim Sub-Lease. Damages are the only remedy available to the sub-lessor for a default by the Responsible Entity of the Asset Trust in the performance of its obligations under the Interim Sub-Lease. The sub-lessor may not terminate a relevant Interim Head Lease whilst the Interim Sub-Lease is valid and subsisting.

# 5. HEAD LEASE

## PARTIES

Sandhurst Trustees Limited (in its capacity as Custodian of the Asset Trust) as lessor, the Asset Trust Responsible Entity, Sandhurst Nominees (Victoria) Limited (in its capacity as sub-custodian of the Grower Project) as lessee and the Grower Project Responsible Entity.

The Custodian of the Asset Trust grants a lease of the Land and the Almond Trees, and the right to use the Water Rights to the Custodian of the Grower Project.

The Responsible Entity of the Asset Trust agrees that it is bound by all of the Custodian of the Asset Trust's obligations as lessor under the Head Lease. To the extent that only the Custodian of the Asset Trust can perform the relevant obligation, the Responsible Entity of the Asset Trust will properly instruct the Custodian of the Asset Trust to comply with that obligation.

The Responsible Entity of the Grower Project agrees that it is bound by all of the Custodian of the Grower Project's obligations as lessee under the Head Lease. To the extent that only the Custodian of the Grower Project can perform the relevant obligation, the Responsible Entity of the Grower Project will properly instruct the Custodian of the Grower Project to comply with that obligation.

The Custodian of the Asset Trust and the Custodian of the Grower Project will only exercise their rights under the Head Lease to the extent properly instructed by the relevant Responsible Entity or as required by the Custodian Agreement.

## RENT

The Responsible Entity of the Grower Project must pay to the Responsible Entity of the Asset Trust, in respect of each financial year during the term, an annual rent equal to the aggregate of rent payable to the Responsible Entity of the Grower Project under each current Allotment Sublease Agreement in that financial year. Rent is payable annually.

## VERIFICATION OF ANNUAL ALLOTMENT SUBLEASE RENT

The Responsible Entity of the Grower Project shall during each financial year submit to the Responsible Entity of the Asset Trust written notice of any subleases granted and details of the rent payable by the Grower throughout the term of the sublease. The Responsible Entity of the Asset Trust is entitled to verify that information. The Responsible Entity of the Asset Trust must notify the Responsible Entity of the Grower Project of the amounts the Responsible Entity of the Asset Trust is required to calculate under the Allotment Sublease Agreement and such other information as the Responsible Entity of the Asset Trust requires to calculate the rent under the Allotment Sublease Agreement.

## CHARGES FOR SERVICES

The Responsible Entity of the Grower Project must pay for all services consumed by it in its use of the Land.

## PERMITTED USE

The Responsible Entity of the Grower Project may only use or allow the Land to be used for the purposes of the Grower Project.

## LESSEE'S OBLIGATIONS

The Responsible Entity of the Grower Project must perform all the obligations required to be performed on the Land by it under the Allotment Management Agreement in accordance with Best Agricultural Practice (being agricultural practices generally recognised in Australia as best practice for the growth of high yield premium quality almond trees consistent with all applicable legislation).

The Responsible Entity of the Grower Project must also comply with all laws relating to the Land or use of the Land.

## INSURANCE

The Responsible Entity of the Grower Project must at its own cost keep and maintain insurance against public risk and occupiers liability in an amount of \$20 million.

## TERMINATION

The term of the lease is 17 years unless terminated earlier in accordance with the following paragraph.

The Responsible Entity of the Asset Trust may, by giving written notice, terminate the lease if:

- any rent or other amount payable to the Responsible Entity of the Asset Trust is not paid in full or the Responsible Entity of the Grower Project defaults in the performance of any of its obligations under the Head Lease and the rent or other money is not paid or the default is not remedied within 1 month after receipt of a default notice; or
- the Grower Project is terminated in accordance with its Constitution.

## SURRENDER OF PART OF LAND

The Responsible Entity of the Asset Trust may require that any part of the Land that is not subject to an Allotment Sublease Agreement be surrendered so that it ceases to be subject to the Head Lease. Such surrender will be effective on the next 30 June following the request for the surrender.

Where a part of the Land becomes subject to an Allotment Sublease Agreement, and that Allotment Sublease Agreement expires in accordance with its terms, the Land that was subject to the Allotment Sublease Agreement must be surrendered to the Custodian of the Asset Trust.

## IRRIGATION

The Responsible Entity of the Asset Trust authorises the Responsible Entity of the Grower Project to install the Irrigation System on the Land. At the expiry or termination of the Head Lease, the ownership of the Irrigation System is transferred to the Responsible Entity of the Asset Trust in exchange for the payment of the irrigation fee of \$1.00 per Allotment to the Custodian of the Grower Project.

# 6. ALLOTMENT SUBLEASE AGREEMENT

## PARTIES

The Grower Project Responsible Entity, Sandhurst Nominees (Victoria) Limited (in its capacity as sub-custodian of the Grower Project) and the Grower. An Allotment Sublease Agreement will be entered into with each Grower in relation to the land demised under the Head Lease and the rights granted in respect of the Almond Trees and Water Rights.

## GRANT OF SUBLEASE

The Custodian, on behalf of the Grower Project Responsible Entity, grants to the Grower a sublease of the Grower's Allotment and 40 Almond Trees to be used for the purpose of growing, maintaining and harvesting the Almond Trees.

## ESTABLISHING THE ORCHARD

The Custodian, on behalf of the Grower Project Responsible Entity, has agreed to grant the right to use the Water Rights, as necessary, for the proper use of the Grower's Allotment.

The Grower Project Responsible Entity must obtain all necessary government approvals, licences and permits for the maintenance and management of the Almond Trees.

## RENT

The Allotment Sublease Agreement provides for the rent payable by Growers as set out in the Fees and Other Costs section of this PDS.

## GROWER'S RIGHTS AND OBLIGATIONS

The Grower must, at its expense:

- use the Allotment solely for the purpose of developing, maintaining and harvesting the Almond Trees;
- comply with the terms of all permits, consents and authorizations required in relation to the Irrigation System;
- comply with sound horticulture practices;
- subject to the Grower Project Responsible Entity's obligations above, comply with all relevant laws and regulations relating to the use and occupancy of the Allotment as a reasonable sublessee;
- promptly repair any damage caused by the Grower or its employees, agents or contractors to roads, tracks or fences on the Allotment or on neighbouring land;
- take all reasonable steps to avoid interfering with activities on neighbouring land;
- take all reasonable measures to prevent and combat land degradation on the Allotment;
- remove structures on the Allotment when they are no longer required for the bona fide management of the Grower's Allotment;
- permit the Grower Project Responsible Entity and each of its employees, agents and contractors to have access to the Allotment for the purpose of performing the Grower Project Responsible Entity's obligations under the Allotment Sublease Agreement, the Constitution of the Grower Project or the Allotment Management Agreement;
- comply with the Allotment Management Agreement;
- allow access to occupiers of adjoining allotments to existing roads, pathways and firebreaks where necessary for the proper use and enjoyment of those lots as an almond orchard.

The Grower must not –

- store dangerous substances on the Allotment which is likely to result in damage to the Grower's Allotment or any neighbouring land;
- erect structures on the Allotment except to the extent necessary for the management of the Allotment.

## RESPONSIBLE ENTITY'S OBLIGATIONS

The Grower Project Responsible Entity must –

- procure that the Asset Trust Responsible Entity plants 40 Almond Trees per Allotment;
- For applications received by 15 June 2009, plant a minimum of 40% of Almond Trees by 23 June 2009 with the balance by 30 September 2009;
- ensure the Grower has access to the Allotment;
- erect adequate fencing to restrain livestock from straying onto the Allotment;
- pay rates and taxes;
- comply with laws and regulations relating to the use and occupancy of any neighbouring land occupied by the Grower Project Responsible Entity or other Growers;
- not store dangerous substances on the Allotment which are likely to cause damage; and
- procure that the Asset Trust Responsible Entity acquires Water Rights to be used to water the Grower's Allotment for the following volumes of water:
  - (a) Project Year 0 – the volume required to properly irrigate the Allotment (but no more than 0.5 megalitre);
  - (b) Project Year 1 – 0.5 megalitres;
  - (c) Project Year 2 – 0.7 megalitres;
  - (d) Project Year 3 – 1 megalitre;
  - (e) Project Year 4 – 1.26 megalitres; and
  - (f) Project Year 5 – 1.56 megalitres.

## ENDING THE AGREEMENT

The term of the Allotment Sublease Agreement commences on the date the Grower Project Responsible Entity accepts the Grower's application, and ends on 15 June 2026 (unless terminated earlier).

Either party may terminate the agreement in respect of a Grower if the other party defaults under the agreement and fails to either remedy the default or pay reasonable monetary compensation within 30 days of receiving written notice of the default. The Grower Project Responsible Entity may terminate the agreement if the Grower Project ends or is wound up under its Constitution, if the Grower or its permitted successors or assigns ceases to be a registered Grower, or if the Head Lease terminates.

The terms of the Allotment Sublease Agreement are subject to the Constitution of the Grower Project. Where the Grower Project Responsible Entity is entitled to terminate an Allotment Sublease Agreement the Grower Project Responsible Entity may deal with the Grower's Allotment as set out in the Constitution of the Grower Project.

## IRRIGATION

The Grower Project Responsible Entity authorises the Grower to install the Irrigation System on the Land. At the expiry or termination of the Allotment Sublease Agreement, the ownership of the Grower Irrigation shall revert to the Grower Project Responsible Entity in exchange for the payment of \$1.00 by the Grower Project Responsible Entity.

## INDEMNITY

Subject to the term of the Grower Project Constitution, the Grower Project Responsible Entity must indemnify the Grower against all claims which may be brought against the Grower by (a) subcontractors, agents or employees of the Grower Project Responsible Entity; and (b) any other person in connection with any act or omission of the Grower Project Responsible Entity in relation to the performance of its obligations under the Allotment Sublease Agreement.

# 7. CONSTITUTION OF THE PIANGIL GROWER PROJECT – 2008

## PARTIES

The Constitution of the Grower Project is binding on the Grower Project Responsible Entity and each Grower.

## APPOINTMENT

AIL is appointed as the Responsible Entity of the Grower Project. The Grower Project Responsible Entity may appoint a Custodian.

## CONTRIBUTIONS

Each applicant for a Grower's Allotment must pay, with their completed application, the amount specified in the Fees and Other Costs section of this PDS as being payable by each Grower on application ("Grower Contributions"). Until an applicant's application is accepted the Grower Project Responsible Entity or the Custodian will hold the Grower Contributions on trust for the applicants in an account to be known as the Growers' Application Account (an account to be opened with the Custodian, an Australian Bank or other financial institution).

The Responsible Entity may refuse any application in whole or in part in its absolute discretion. The Responsible Entity may determine a minimum number of Grower's Allotments for which an applicant may apply in its absolute discretion.

Grower Contributions (plus any interest earned less any tax or bank charges) are refunded if the application is refused or the applicant is not issued a Grower's Allotment within the time specified in the Constitution.

Growers accepted on or before 15 June 2008 will be treated as a different class to Growers accepted after 15 June 2008 for the purpose of calculating fees (including Growing Fees) and when pooling almonds for harvest and sale and sharing and distributing the proceeds of sale under the terms of the Constitution of the Grower Project.

## TRANSFER OF MONEY FROM THE GROWERS' APPLICATION ACCOUNT

The Grower Project Responsible Entity may only accept Applications and direct the Custodian to transfer moneys from the Grower's Application Account where:

- the Grower Project Responsible Entity is ready, willing and able to perform its duties under the Constitution, this PDS or any other disclosure document; and
- there are no outstanding material breaches of the Constitution or the Corporations Act 2001 detrimental to the interests of applicants.

The Grower Project Responsible Entity may transfer to itself the interest component from the Growers' Application Account (other than interest payable to applicants' whose applications are rejected).

Until the Grower Contribution is so applied, an applicant has a proportional interest in the Growers' Application Account.

When the Grower Project Responsible Entity accepts an application, the Grower Project Responsible Entity must designate the Allotment for the Grower, complete and execute an Allotment Management Agreement and Allotment Sublease Agreement as attorney on behalf of the applicant, deposit those agreements with the Custodian for safekeeping and enter the details of the Grower's Allotment in the register of Growers.

## INTERESTS IN THE PROJECT

The Grower Project Responsible Entity may issue such number of Grower's Allotments that it sees fit.

Each Grower's Allotment comprises:

- a sublease to use one Allotment to carry on the business of operating an Orchard on the Allotment;

- the Grower's rights and obligations under an Allotment Management Agreement;
- the Grower's business of carrying on a primary production enterprise; and
- the net proceeds that the Grower derives from carrying on that business.

The Responsible Entity has the power to create different Grower Groups. The Responsible Entity must appoint a different Grower Representative in respect of each Grower Group.

Each Grower's Allotment will be issued in a particular Grower Group. The Responsible Entity intends to determine the Grower Group in which to issue a Grower's Allotment from the financial product distribution group that introduces the Grower to the Project. Therefore, the Responsible Entity intends to have a Grower Group for each financial product distribution group that introduces Growers to the Project.

### GROWER REPRESENTATIVE

The Responsible Entity will appoint a Grower Representative in respect of each Grower Group of Grower Allotments. The Grower Representative will monitor the Responsible Entity's performance under the Allotment Management Agreements and liaise with the Responsible Entity to protect and promote the interests of Growers who hold Grower's Allotments in the Grower Group in respect of which they were appointed.

The Responsible Entity will pay any fees payable to the Grower Representative out of its own property and not out of the assets of the Grower Project.

### SCHEME PROPERTY

The Grower Project Responsible Entity holds the scheme property of the Grower Project on trust for the Growers. The Grower Project Responsible Entity must clearly identify the scheme property of the Grower Project and hold it separately from the assets of the Grower Project Responsible Entity.

The Grower Project Responsible Entity may appoint a Custodian to hold scheme property.

### REGISTER OF GROWERS

The Grower Project Responsible Entity will maintain a Register of Growers. The Constitution provides for inspection of the register, obtaining copies of the register, closure of the register and noting encumbrances on the register. If Grower Allotments are registered in the name of more than one person then those persons hold the Grower Allotments as joint tenants. The Grower Project Responsible Entity is not required to register more than two persons as holders of a Grower Allotment.

### TRANSFER AND TRANSMISSION OF GROWER ALLOTMENTS

The Constitution provides details of the rights to transfer a Grower Allotment. In summary, a Grower may transfer its Grower Allotment if the Grower delivers stamped transfer documentation, the transferee agrees to be bound by the Constitution, the Allotment Management Agreement and the Allotment Sublease Agreement, all fees which are due and payable have been paid and the Grower Project Responsible Entity approves the identity of the transferee (taking into account the capacity to meet any future obligations).

The Constitution also provides for the transmission of Grower Allotments on the death or bankruptcy of a Grower.

### WITHDRAWAL RIGHTS

There are no withdrawal rights available under the Grower Project.

### ALLOTMENT SUBLEASE AGREEMENTS AND ALLOTMENT MANAGEMENT AGREEMENTS

The Grower Project Responsible Entity will arrange for the Allotment Sublease Agreement and the Allotment Management Agreement to be held in safe custody. A Grower may obtain a copy of the Allotment Sublease Agreement and Allotment Management Agreement by written request to the Grower Project Responsible Entity.

If an Allotment Sublease Agreement or Allotment Management Agreement is terminated the Constitution provides ongoing rights to the Grower Project Responsible Entity in relation to that Allotment to allow the Grower Project Responsible Entity to fulfil its obligations to other Growers (including rights of access etc). If, in exercising any of its rights, the Grower Project Responsible Entity causes damage to any Grower's Allotments, then the Grower Project Responsible Entity must make good that damage. Similarly, if any Grower's actions cause damage to any Allotments and the performance of the Grower Project, then the Grower must make good that damage.

Where the Grower Project Responsible Entity is entitled to terminate an Allotment Sublease Agreement or Allotment Management Agreement, then the Grower Project Responsible Entity may serve a notice requiring the sale of the Grower Allotment. The Grower Project Responsible Entity will use reasonable endeavours to sell the Grower Allotment for the best terms reasonably obtainable by the Grower Project Responsible Entity. Where the Grower Allotment is sold the Grower Project Responsible Entity may deduct from the proceeds all amounts payable by the Grower and all reasonable costs and expenses. Where the proceeds are sufficient to cover these amounts the balance is paid to the Grower, and where insufficient the Grower must make good the difference. If the Grower Project Responsible Entity cannot sell the Grower Allotment after three months of the date of the first offer of sale the Grower Project Responsible Entity may terminate the Grower Allotment or the Grower Project Responsible Entity may purchase the Grower Allotment for \$20.00 and the Constitution specifies how income from that Grower Allotment will be applied.

### MODIFICATION TO ALLOTMENT MANAGEMENT AGREEMENT AND ALLOTMENT SUBLEASE AGREEMENT

The Constitution allows the Grower Project Responsible Entity to vary the Allotment Management Agreement and Allotment Sublease Agreement in certain circumstances but only where the amendment does not adversely affect the rights of Growers.

### POWERS OF THE RESPONSIBLE ENTITY

The Grower Project Responsible Entity will have all the powers in respect of the Grower Project that it is possible to confer on a responsible entity including the power to, amongst other things:

- borrow, raise money or incur obligations and liabilities as Responsible Entity of the Grower Project;
- delegate powers to an agent;
- enter guarantees or give an indemnity; and
- create new groups of Grower's Allotments as described above.

### THE RESPONSIBLE ENTITY'S RIGHTS AND RESPONSIBILITIES

The Grower Project Responsible Entity and its associates may hold interests in the Grower Project in any capacity.

The Grower Project Responsible Entity may deal with itself in various capacities, be interested in any contract or transaction with itself and act in a similar capacity in relation to any other managed investment schemes.

The Grower Project Responsible Entity may rely on advice from professional service providers.

### LIMITATION OF LIABILITY IN FAVOUR OF THE RESPONSIBLE ENTITY

If the Grower Project Responsible Entity acts in good faith and without negligence it is not liable to the Grower. The Grower Project Responsible Entity is entitled to be indemnified from the scheme property of the Grower Project for any liability properly incurred.

The liability of the Grower Project Responsible Entity to any person other than a Grower in respect of the Grower Project is limited to the Grower

Project Responsible Entity's ability to be indemnified from the assets of the Grower Project.

### UNCONTROLLED EVENTS

To the extent permitted by law, if the Grower Project Responsible Entity is prevented from performing its duties under the Constitution or the Law due to the occurrence of an Uncontrolled Event, then the Grower Project Responsible Entity is not liable to the Growers nor is the Grower Project Responsible Entity liable for any loss or decrease in the value of Project Assets. "Uncontrolled Event" is defined in the Glossary.

### COMPLAINTS HANDLING

The Grower Project Responsible Entity must appoint a complaints handling officer.

A Grower may make a complaint about any aspect of the Grower Project in writing to the Grower Project Responsible Entity.

The Grower Project Responsible Entity must within 5 business days either acknowledge the complaint or respond fully.

The Grower Project Responsible Entity must attempt to respond fully to the complainant within 14 days of acknowledging the complaint and, if the complaint cannot be resolved within 14 days contact the complainant regularly until the complaint is resolved.

The Grower Project Responsible Entity must communicate its decision to the complainant together with reasons for the decision.

If the complainant remains dissatisfied the Grower Project Responsible Entity must provide information about further avenues open to the Grower to pursue the complaint, including an external complaints resolution body of which the Grower Project Responsible Entity is a member.

### MEETINGS OF GROWERS

The Constitution provides for the rules relating to meetings of Growers.

### COLLECTIONS AND PAYMENTS

The Grower Project Responsible Entity must open a Growers' Proceeds Account at an Australian bank and pay all moneys generated from the Grower Project into that account (other than moneys received from Growers such as Grower Contributions and fees payable under the Grower Project Constitution, Allotment Management Agreement or Allotment Sublease Agreement).

The Grower Project Responsible Entity must pay certain expenses from its own assets.

### GROWER'S INCOME AND PAYMENTS

The Grower Project Responsible Entity may store, market and sell the almond crop from the Grower Allotments without having regard to the quantity or quality of almonds produced. In accordance with the Allotment Management Agreement, the Grower Project Responsible Entity must reduce a Grower's share of proceeds where there is a partial or total destruction of the Grower's Allotment or there is a material difference in production compared to other Allotments. The Grower Project Responsible Entity will apply the Grower's proportional share of any insurance proceeds obtained as the result of any successful claim made under a policy of insurance.

Each Grower has an interest in the Growers' Proceeds Account based on the proportion of the Almonds in that production period that are attributable to that Grower's Allotment. The Grower is entitled to that proportion of the money in the Growers' Proceeds Account, after deduction of fees and other amounts payable by the Grower. To the extent the gross income is insufficient to meet the fees and other amounts the Grower Project Responsible Entity may accrue the unpaid portion of the fee or other amount for up to 2 financial years until the gross income is sufficient to pay the unpaid portion of the fee or other amount. The Grower Project Responsible Entity may also, by notice in writing, require the unpaid portion of the fee or other amount to be paid within 14 days of the notice.

The Grower Project Responsible Entity may deduct tax or duty from

amounts otherwise payable to the Grower. The Grower Project Responsible Entity is indemnified for such tax or duty by each person who was at any time a Grower.

The Grower Project Responsible Entity is entitled to the payment of interest on outstanding amounts payable by a Grower.

### FEES AND EXPENSES

The Grower Project Responsible Entity is entitled to the fees and rent as outlined in the Fees and Other Costs section of this PDS.

### THE DURATION OF THE PROJECT

The Grower Project commences on the date the Grower Project is registered as a managed investment scheme and ends on the earlier of:

- the termination of the Head Lease;
- the Grower Project being wound up; and
- the last of the Allotment Management Agreement and Allotment Sublease Agreement expiring or terminating.

Upon the termination of the Grower Project all rights and obligations under the Allotment Management Agreement and Allotment Sublease Agreement cease. However, any rights that have accrued under those agreements prior to termination will remain.

Before the expiry of the term, the Grower Project must be wound up if:

- the Grower Project is without a responsible entity;
- the Growers by Extraordinary Resolution resolve to wind up the Grower Project;
- the Growers resolve by Extraordinary Resolution to remove the responsible entity but do not at the same meeting appoint a new responsible entity;
- the Grower Project Responsible Entity notifies the Growers that it believes the purpose of the Grower Project has been or has not been accomplished and a meeting is not called within 28 days of that notice to consider the proposed winding up;
- a court orders the winding up of the Grower Project.

### CHANGING THE CONSTITUTION

Under the Corporations Act, the Constitution may be modified, repealed or replaced with a new Constitution by a Special Resolution of the Growers or by the Grower Project Responsible Entity if the Grower Project Responsible Entity reasonably considers the change will not adversely affect the Growers' rights.

## 8. ORCHARD MANAGEMENT AGREEMENT

It is proposed that the Grower Project Responsible Entity will appoint RMONPRO Developments Pty Ltd to manage the Orchard. It is expected that the agreement will, when entered into, be substantially on the following terms.

### PARTIES

RMONPRO Developments Pty Ltd (Orchard Manager) and the Grower Project Responsible Entity.

### ENGAGEMENT OF THE ORCHARD MANAGER

The Grower Project Responsible Entity engages the Orchard Manager as an independent contractor to provide the Orchard Services including to ensure that the Initial Services are provided to a Grower as required by the Allotment Management Agreement, and to cultivate and manage the Orchard once it has been established.

Subject to compliance with the Management Plan and the Orchard Management Agreement, the Orchard Manager has complete discretion in

the performance of the services.

The Orchard Manager must arrange adequate insurances in respect of the harvested and processed almonds and public liability insurance in relation to the Land.

## MANAGEMENT PLAN

The Orchard Manager must prepare a Management Plan for the Orchard each financial year.

The plan must provide for the management of the Orchard in accordance with advanced horticultural practice, together with a budget for the anticipated costs and expenses.

There is provision for amending the Orchard Manager's Management Plan and for changes during the year.

The Orchard Manager will provide half-yearly reports on the Orchard Services performed in the preceding six months.

## SERVICES

Orchard management services comprising:

- irrigation and fertilisation;
- weed control;
- vermin control;
- insect and disease control;
- maintenance of spray fertiliser and other chemicals diaries;
- advising the Grower Project Responsible Entity of any deterioration or impurity in the almonds;
- destruction of Almond Trees where appropriate;
- fulfilling an agreed Management Plan consistent with best horticultural practice;
- preparing an annual Operational Plan and annual budgets;
- leasing machinery;
- employment of staff.

Harvesting services comprising:

- testing the maturity of Almonds;
- commencing harvesting at the most appropriate time;
- transferring almonds to processing facilities;
- weighing Almonds after delivery to the processing facilities;
- protecting the stored Almonds.

The Manager must make an assessment of harvest. The Grower Project Responsible Entity has an opportunity to review the results of the assessment.

## POSSESSION AND ACCESS

The Orchard Manager must have access to the Land to perform its duties.

The Grower Project Responsible Entity and the Growers will have access to the Land for inspection purposes.

The Grower Project Responsible Entity is responsible for taking security measures as it considers appropriate.

## ORCHARD MANAGER'S FEE

The Manager is entitled to management and growing fees as set out in Schedule 2 of the Orchard Management Agreement.

## TERMINATION AND DEFAULT

Either party may terminate the agreement if the other defaults in the performance of a material obligation, which is not rectified (if capable of being rectified), within 30 days of written notice.

The Orchard Manager may terminate the agreement if the Grower Project Responsible Entity fails to pay the Orchard Manager's fees or other amount properly payable within 30 days of the date of an invoice or the liquidation of the Grower Project Responsible Entity.

## EXCUSES FOR NON-PERFORMANCE

No party will have any obligation to observe or comply with the terms of the Orchard Management Agreement to the extent that the observance of, or compliance with, those terms is prevented by Force Majeure. A party's failure to observe or comply with the terms of the Orchard Management Agreement will not give rise to any liability to that party for any direct or indirect consequential or special loss or damage of any kind, to the extent that the failure to observe or comply with those terms is attributable to Force Majeure. "Force Majeure" has the meaning given to "Uncontrolled Event" in the Glossary.

## 9. ORCHARD ESTABLISHMENT AGREEMENT

It is proposed that the Asset Trust Responsible Entity will appoint Horticultural Development Services Pty Ltd to establish the Orchard. It is anticipated that the agreement will, when entered into, be substantially on the following terms.

### PARTIES

Horticultural Development Services Pty Ltd (HDS) ("Orchard Establisher") RMONPRO Developments Pty Ltd and the Asset Trust Responsible Entity.

### ENGAGEMENT OF THE ORCHARD ESTABLISHER

The Asset Trust Responsible Entity intends to engage HDS as a contractor to establish the Orchard. The Asset Trust Responsible Entity may request HDS to oversee the design and installation of the Irrigation System, the planting of the Almond Trees and the provision of services as agreed.

Subject to compliance with the Establishment and Capital Management Plan and the Orchard Establishment Agreement, HDS has complete discretion in the performance of the services.

The Grower Project Responsible Entity must arrange adequate insurance including public liability insurance in relation to the Land and theft or damage of machinery, vehicles or any other equipment used in establishing the Orchard.

### ESTABLISHMENT PLAN

HDS must prepare an Establishment and Capital Management Plan for the Orchard each relevant financial year.

The plan must provide for a broad overview of the services to be provided for the management of the Orchard in accordance with advanced horticultural practice together with a budget for the anticipated costs and expenses.

There are provisions for amending the Establishment and Capital Management Plan, and for changes during the year.

### SERVICES

Orchard establishment services are those services required only with respect to the establishment of an Orchard and will include, but are not limited to:

- clear the Orchard site in preparation for the planting of seedlings;
- survey and layout the site;
- plant suitable seedlings at a rate to ensure 320 trees per hectare;
- oversee the design and installation of the Irrigation System on the Orchard;
- vermin, insect and disease control;
- maintenance of spray fertiliser and other chemicals diaries;
- fulfilling an agreed Establishment and Capital Management Plan consistent with best horticultural practice;

- leasing machinery;
- employment of staff.

### POSSESSION AND ACCESS

The Asset Trust Responsible Entity must ensure that HDS has sufficient access to the Land to perform its duties.

The Asset Trust Responsible Entity and its agents, representatives and nominees will have access to the Land for inspection purposes or to fulfil any of its obligations.

The Asset Trust Responsible Entity may take security measures for the Orchard as it considers appropriate.

### FEES PAYABLE TO HDS

HDS is entitled to establishment fees in consideration for the performance of the services, as set out in Schedule 2 to the Orchard Establishment Agreement.

### TERMINATION AND DEFAULT

Either party may terminate the agreement if the other defaults in the performance of material obligations, which is not rectified (if capable of being rectified) within 30 days of written notice or the liquidation of the Asset Trust Responsible Entity.

HDS may terminate the agreement if the Asset Trust Responsible Entity fails to pay HDS's fees or other amounts payable within 30 days of the date of an invoice.

### EXCUSES FOR NON-PERFORMANCE

No party will have any obligation to observe or comply with the terms of the Orchard Establishment Agreement to the extent that the observance of, or compliance with, those terms is prevented by Force Majeure.

A party's failure to observe or comply with the terms of the Orchard Establishment Agreement will not give rise to any liability to that party for any direct or indirect consequential or special loss or damage of any kind, to the extent that the failure to observe or comply with those terms is attributable to Force Majeure. "Force Majeure" has the meaning given to "Uncontrolled Event" in the Glossary.

## 10. ALMOND CROP SUPPLY AGREEMENT

### PARTIES

Almondco Australia Limited ("Almondco") and AIL.

AIL agrees to supply its entire almond crop to Almondco and Almondco agrees to market the total crop.

### TERM

The agreement commenced on 1 July 2003 with an initial period of five years.

The expiry date extends automatically by one year on each anniversary date (the current expiry date is 30 September 2014).

### DELIVERY

The agreement sets out the terms on which AIL delivers the almond crop to Almondco, including quality standards.

### TERMINATION OF AGREEMENT

Almondco may terminate the agreement on 14 days notice if, within any one season, AIL has three or more deliveries validly rejected by Almondco on the grounds that the almonds fail to meet the prescribed quality standards.

The agreement may also be terminated if AIL becomes insolvent, its almond producing property is sold or there is a change of control of AIL without Almondco's consent, or if Almondco becomes insolvent, is sold or if there is a change of effective control of Almondco's shares.

### MORTGAGE OR SALE OF THE ALMOND PRODUCING PROPERTY

The Grower Project Responsible Entity may mortgage the almond-producing property providing that the supply of almonds under the agreement is not adversely affected.

### FEES

The agreement provides for Almondco's fees.

### DELAYS DUE TO CAUSES BEYOND REASONABLE CONTROL

Neither party shall be liable for any damages or penalty for delay in the performance of any provision of the Almond Crop Supply Agreement when such delay is due to causes beyond the reasonable control of the delaying party, and without limitation including the elements, acts of God, acts of the other party, acts of civil or military authority, fires, floods, epidemics, quarantine restrictions, war, riots, strikes, industrial disputes, accidents to machinery, delays in transportation and terrorism. The date for performance of any obligation under the agreement shall, at the option of the delaying party, be extended for such period of time lost due to any such delay. If the delay extends for an unreasonable period then the party other than the delaying party has the option of terminating the agreement by notice in writing.

## 11. ALLOTMENT MANAGEMENT AGREEMENT

### PARTIES

The Grower Project Responsible Entity and each several Grower.

### APPOINTMENT

The Grower engages the Grower Project Responsible Entity as an independent contractor to manage the Grower's Allotment.

### TERM OF AGREEMENT

The agreement commences on the date the Grower Project Responsible Entity accepts the application for a Grower's Allotment, and ends 17 years later unless the agreement ends earlier in accordance with its terms.

### RESPONSIBLE ENTITY'S DUTIES

During Project Year 0, the Grower Project Responsible Entity must carry out the duties that are usual or necessary for operating an almond orchard on the Grower's Allotment, including infrastructure and orchard management and administrative services. The Grower Project Responsible Entity must carry out those duties in a manner according to advanced horticultural and environmental practices as well as in accordance with the industry practices for similar orchards.

During Project Year 1 and subsequent Project Years the Grower Project Responsible Entity must carry out the duties that are usual or necessary for carrying on the business of operating an Orchard on the Allotment including irrigation and orchard maintenance, marketing and all relevant administrative and incidental services.

As required under this agreement, the Grower Project Responsible Entity will test for, amongst other things, the maturity, grade and size of the Almonds and arrange for the harvest, storage and delivery of the Almond crop in each relevant year to the relevant processing facilities.

### THE FEES

The Allotment Management Agreement provides for the Fees payable by Growers as set out in the Fees and Other Costs section of this PDS.

### IRRIGATION

The Grower Project Responsible Entity must cause the Irrigation System to be installed and provide the Grower access to the Irrigation System. In consideration for the Irrigation Charge the Grower will own the Grower Irrigation.

## GOVERNMENT APPROVALS

The Grower Project Responsible Entity must use all reasonable endeavours to obtain the necessary government approvals.

## INSURANCES

The Grower Project Responsible Entity must insure or cause to be insured the Grower, the Custodian, itself and such other persons as it deems necessary against public liability risk for an amount of not less than \$5,000,000.

The Grower Project Responsible Entity and the Grower must not do anything to invalidate insurance.

## DELEGATION

The Grower Project Responsible Entity may delegate the duties under the agreement but remains liable for their performance.

## DEFAULT AND TERMINATION

Either party may terminate the agreement if the other party defaults in an obligation under the agreement, receives notice of the default and fails to remedy the default within 30 days of receiving notice (or in the case of a default in paying money by the Grower, within 14 days of the notice). The Grower may also terminate the agreement if the Grower Project Responsible Entity goes into liquidation.

Where the Grower Project Responsible Entity is entitled to terminate the Allotment Management Agreement, the Grower Project Responsible Entity may deal with the Grower's Allotment as set out in the Constitution of the Grower Project.

## EVENTS BEYOND THE CONTROL OF THE GROWER PROJECT RESPONSIBLE ENTITY

All parties to the Allotment Management Agreement are excused from the performance of any of their duties and obligations under the agreement whenever and to the extent that such performance is prevented or interrupted or delayed by reason of an Uncontrolled Event. A party claiming the benefit of this clause must notify the other party of the Uncontrolled Event and must take all reasonable steps without delay to overcome or alleviate the effect of the Uncontrolled Event. "Uncontrolled Event" is defined in the Glossary.

# 12. CUSTODIAN AGREEMENT

This agreement is between AIL and Sandhurst Trustees Limited.

## PARTIES

AIL has entered into a contract with Sandhurst Trustees Limited, for the provision of custody services to the Grower Project and to the Asset Trust.

## APPOINTMENT

The Responsible Entity appoints the Custodian as the custodian of the Assets.

## DUTIES OF THE CUSTODIAN WITH RESPECT TO THE ASSETS

The Custodian:

- will be registered as the holder of each Scheme's assets;
- will provide and maintain safe custody records concerning each Scheme and in the name of the Scheme and will ensure that Scheme property is held separately from assets of AIL and the Custodian;
- will, on request, provide to AIL, information and records relating to the Scheme;
- will co-operate with any audit conducted by an auditor or ASIC and provide access to accounts, information and records;
- will deliver money of the Responsible Entity to a third party, to be held on deposit for the Responsible Entity, pursuant to the receipt of proper instructions;

- will collect income and other payments with respect to particular assets as agreed from time to time to which a Scheme is entitled;
- will in certain circumstances pay out certain Scheme moneys, upon receipt of proper instructions from AIL;
- will transmit all written information to AIL received from the Custodian by its sub-custodians or issuers within 2 business days of receipt of the written information; and
- will exercise any right or power in connection with the assets if the Custodian has received proper instructions.

## RESPONSIBILITY OF CUSTODIAN

The Custodian must exercise due care and act honestly in good faith without negligence or default in carrying out the obligations under the Agreement. The Custodian will be liable to AIL and to the relevant Scheme for failure to comply with this standard of care.

## INTERNAL CONTROLS

The Custodian will have in place at all times, effective internal control processes to ensure compliance with applicable laws including the Corporations Act, ASIC Policy and the agreement. The Custodian will provide certificates certifying that the internal control processes are adequate and effective and that compliance has been met and that the Custodian complies with the relevant requirements of ASIC Policy relating to the holding of scheme property.

## INSURANCE

The Custodian will hold appropriate insurance cover for a custodial services provider. A certificate of currency will be sent to AIL at annual or other intervals agreed by the parties.

## INDEMNITY FROM THE RESPONSIBLE ENTITY

AIL will keep the Custodian indemnified in respect of any liability incurred by the Custodian by reason of acting in accordance with the authorised directions given by AIL or performing its other duties under the Custodian Agreement as AIL's agent. The indemnity does not apply where there has been any negligence, deceit, breach of duty or fraud on the part of the Custodian or its sub-custodians.

## SUB-CUSTODIANS

The Custodian may (with the written prior notification and approval of AIL) appoint a sub-custodian to carry out such of the provisions of the Custodian Agreement as the Custodian may from time to time direct.

The manner of appointment will be in line with ASIC Policy.

The agreement includes a series of provisions that must be included in any written agreement between the Custodian and sub-custodian.

## WARRANTIES

The Responsible Entity makes various warranties in respect of the Project and the Custodian Agreement.

The Custodian represents and warrants amongst other things, that it holds such licences and authorities as are necessary to perform its obligations under the Custodian Agreement and it has net tangible assets of not less than the amount prescribed by ASIC Policy.

## FEES

Details of fees payable are set out in the agreement.

## TERMINATION OF AGREEMENT

The agreement will continue unless terminated by either party on not less than 60 days notice. The agreement may also be terminated by written notice by AIL where in the reasonable opinion of AIL, an act or omission of the Custodian constitutes or is likely to constitute a fraud, wilful default, negligence, breach of the Custody Agreement, law, ASIC Policy, failure to meet the capital adequacy requirements or an insolvency event.

## 13. GROWER REPRESENTATIVE SERVICE AGREEMENT

The Grower Project Responsible Entity will enter into a Grower Representative Service Agreement with each Grower Representative.

### PARTIES

The Grower Project Responsible Entity and a Grower Representative.

### ENGAGEMENT

The Grower Project Responsible Entity engages the Grower Representative as an independent contractor to provide services described in the agreement for the benefit of the Growers in the Grower Group.

### TERM

Unless terminated earlier, the agreement will terminate on the date on which the last Allotment Management Agreement between the Grower Project Responsible Entity and a Grower in the Grower Group terminates.

### SERVICES

The Grower Representative will liaise with AIL to promote and protect the interests of the Growers in the relevant Grower Group and monitor AIL's compliance with its obligations under the Allotment Management Agreement. The Grower Representative Service Agreement gives the Grower Representative certain rights to access information from the Grower Project Responsible Entity, access the Land and meet with representatives of the Grower Project Responsible Entity. The Grower Representative is also required to provide certain reports to Growers in the Grower Group.

### FEES

Details of fees payable by the Grower Project Responsible Entity to the Grower Representative are set out in the agreement.

### TERMINATION

Either party may terminate the agreement if the other party breaches the agreement and does not rectify the default within 30 days of receiving written notice of that default, or the other party goes into liquidation or becomes bankrupt.

### CONFIDENTIAL INFORMATION

Subject to certain exceptions set out in the agreement, the Grower Representative agrees to keep confidential certain information provided to it in respect of the Grower Project.



## ADDITIONAL INFORMATION

### REGISTERS

AIL will maintain the principal register of Growers and Orchard Asset Owners at its registered office at Suite 7, Level 3, 470 Collins Street, Melbourne, Victoria. The registers may be inspected by investors in the Project between 9.00am-5.00pm on Monday-Friday, excluding public holidays.

### COST OF THE ISSUE

All costs relating to the issue of this PDS including commissions to advisers, legal costs, and experts' fees will be paid out of AIL's own funds and AIL will not be reimbursed out of the Grower Project or the Asset Trust.

### REPURCHASE AND SECONDARY MARKET

The investment should be considered as long-term and illiquid. There is no established secondary market. AIL is not required to purchase from any Grower/Orchard Asset Owner any Grower Allotment/Unit issued pursuant to this PDS.

### LABOUR STANDARDS, ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

AIL does not generally take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments, except to the extent that these decisions affect the profitability of the Project.

#### ENVIRONMENTAL

AIL will adhere to all applicable environmental laws and regulations as well as the practices prescribed by them. In particular, AIL will ensure that the planting of Almond Trees and the installation of Orchard infrastructure will be carried out in accordance with the law and under government and other applicable regulatory permits. AIL will also comply with directions of the Environmental Protection Authority as they apply to the Irrigation System and the Project Assets.

#### LABOUR

AIL will comply with the applicable labour laws including the Workplace Relations Act (Cth) and Occupational Health and Safety Act (Cth). AIL will meet relevant industry standards and industry awards that are applicable to its employees.

#### SOCIAL AND ETHICAL

AIL does not generally take into account social and ethical considerations except to the extent that these affect the profitability of the Project. However, AIL will at all times seek to deal with Growers, employees, subcontractors and other persons associated with the Grower Project ethically and responsibly and will endeavour to act in the best interests of Growers at all times.

## REPORTING

As a Grower, you will receive:

- Annual taxation information to assist in the preparation of your annual income tax return; and
- Annual audited financial statements for the Grower Project.

As an Orchard Asset Owner you will receive:

- Asset Trust distribution statements from Project Year 1 onwards; and
- Annual audited financial statements for the Asset Trust.

## CONSENTS

Written consents to the issue of this PDS have been given by the following persons and to the following effect:

- Almondco Australia Limited has given its consent to be named in this PDS in the form and context in which it is named and to the inclusion of statements attributed to it in this PDS in the form and context in which they are included. Almondco expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name and the material attributed to it in this PDS.
- RMONPRO Developments Pty Ltd has given its consent to be named in this PDS in the form and context in which it is named and to the inclusion of statements attributed to it in this PDS in the form and context in which they are included. RMONPRO Developments Pty Ltd expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name and the material attributed to it in this PDS.
- Horticultural Development Services Pty Ltd has given its consent to be named in this PDS in the form and context in which it is named and to the inclusion of statements attributed to it in this PDS in the form and context in which they are included. Horticultural Development Services Pty Ltd expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name and the material attributed to it in this PDS.
- Sunraysia Environmental Pty Ltd has given its consent to be named in this PDS, to the inclusion of the Independent Almond Orchard Expert's Report in the form and context in which it is included and to the inclusion of statements attributed to it in this PDS in the form and context in which they are included. Sunraysia Environmental Pty Ltd expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name and the material attributed to it in this PDS.
- Sandhurst Trustees Limited and Sandhurst Nominees (Victoria) Limited have each given their consent to be named in this PDS in the form and context in which they are named and expressly disclaim and take no responsibility for any part of this PDS other than the references to their respective names.

- BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd has given its consent to be named in this PDS in the form and context in which it is named and expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name.
- McMahon Clarke Legal has given its consent to be named on page 2 of this PDS in the form and context in which it is named. McMahon Clarke Legal has advised AIL on the PDS and has not advised on the structure of the Project, taxation matters or the Product Ruling. McMahon Clarke Legal expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name.

None of the above persons:

- has authorised or caused the issue of this PDS; or
- makes or purports to make any statement in this PDS, other than in relation to any report or statement included in this PDS and expressly attributed to that person.

## DISCLOSURE OF INTERESTS

In addition to any other interests disclosed in this PDS:

- Graham Johns, a Director of AIL, is also a director of and has a beneficial shareholding in RMONPRO Developments Pty Ltd. RMONPRO Developments Pty Ltd did not receive a separate fee for the calculation referred to on page 27. RMONPRO Developments Pty Ltd will receive fees for its role as Orchard Manager.
- Graham Johns, a Director of AIL, is also a director of and has a beneficial shareholding in Horticultural Development Services Pty Ltd. Horticultural Services Pty Ltd will receive fees for its role as Orchard Establisher.
- Sunraysia Environmental Pty Ltd has prepared the Independent Almond Orchard Expert's Report included in this PDS, for which a fee of \$4,000 (plus GST) was paid.
- AIL has 1,000 shares in Almondco Australia Limited which equates to 0.05% of the equity in Almondco Australia Limited.

All Directors of AIL beneficially hold shares in AIL.

## CONTINUOUS DISCLOSURE

If Grower Allotments or Units are ED Securities (enhanced disclosure securities), the Grower Project and/or the Asset Trust will be subject to regular and continuous reporting and disclosure obligations.

Grower Allotments or Units are ED Securities if 100 or more people hold Grower Allotments or Units (as the case requires).

If the Grower Allotments or Units are ED Securities, copies of documents lodged with ASIC in relation to the Grower Project and/or the Asset Trust may be obtained from, or inspected, at an ASIC office.

## ENQUIRIES AND COMPLAINTS

Enquiries and complaints can be directed to AIL, either by:

- Telephone: (03) 9629 2777
- Fax: (03) 9629 1944
- E-mail: [melbourne@ailfunds.com.au](mailto:melbourne@ailfunds.com.au)
- Post: Suite 7, Level 3, 470 Collins Street, Melbourne 3000.

The Constitutions of the Grower Project and Asset Trust set out a process for complaints received from Growers or Orchard Asset Owners. Complaints should be made in writing and include the name and contact details of the complainant and the details of the complaint in sufficient detail to enable AIL to deal with the complaint. All complaints will be acknowledged in writing within five business days. In that acknowledgment AIL will set out the full procedure for handling complaints. If you are not satisfied with the resolution of your complaint, you may contact the Financial Ombudsman Service on 1300 780 808 quoting membership number F-3245. This external body is independent from AIL.

## NO COOLING OFF RIGHTS

Once Units and Grower Allotments are issued to the investor, neither the Units nor the Grower Allotments can be returned (that is, there is no cooling off period). This is because the Asset Trust will not be a liquid managed investment scheme and, upon the issue of Grower Allotments, any cooling off rights with respect to the Grower Project will be extinguished.

## PRIVACY

Your personal information is used to administer your investment. In certain circumstances we may disclose your personal information to other organisations or persons (for example the ATO or other regulatory bodies, our auditors, accountants or lawyers) as required by law.

By signing the application form you also consent to us disclosing your personal information to your financial adviser or dealer group.

We will always take appropriate steps to ensure that your personal information is protected.

## ANTI-MONEY LAUNDERING

AIL is required to collect certain customer identification information and verify that information is in compliance with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 ("AML/CTF Act") and AML/CTF Rules before it can issue Units or Allotments to the applicant.

Customer identification information may include detailed know your customer ("KYC") information in relation to the applicant such as:

- for an individual applicant: name, address, and date of birth;

- for an applicant that is a business entity: details of directors and beneficial owners; and
- for an applicant that is a trustee: details of the trust and beneficiaries.

AIL may require further KYC information such as information concerning business activities, structure and source of funds of applicants and from time to time may require an investor to provide updated or additional information.

What information must be collected and what material must be provided to verify that information is set out in the Application Form.

AIL may refuse an application or decline to issue Units or Allotments in respect of an application until it has satisfactorily concluded a customer identification procedure in relation to the applicant. Further, AIL may delay or refuse any request or transaction, including suspending the issue or redemption of Units or Allotments in the Project if AIL is concerned that the request or transaction may cause AIL to contravene the AML/CTF Act. AIL will incur no liability to the applicant if it does so.

## HOW TO APPLY

You should read the entire PDS before completing and signing the Application Form.

You should complete the form by inserting: –

- your details (see below);
- the number of Grower Allotments and Units you are applying for (the number of Grower Allotments you apply for must be equal to the number of Units you apply for);
- the amount payable on application for that number of Grower Allotments and Units.

Please then ensure that the form is signed by the applicant for Grower Allotments and the applicant for Units. Each Application must be signed by the applicant personally. Joint applicants must each sign the application. Please note that by signing the Grower application form you irrevocably appoint AIL as your Attorney.

## YOUR DETAILS

Applicants can be one or more individuals, a company, a trust or, in relation to the Asset Trust, a superannuation fund.

Joint applicants will be deemed to hold their Grower Allotments/Units as joint tenants.

All communications from AIL will be sent to the address shown. For joint applicants, only one address is required.

Please provide your telephone, facsimile, email and mobile telephone details in case we need to contact you quickly.

## PAYMENT OPTIONS

You may make your payment by electing to use one or more of the following options.

### DIRECT DEBIT

Please complete and sign the enclosed Direct Debit Authority, allowing AIL to direct debit your nominated account for moneys due to AIL. You may elect to use this facility for amounts due on application and/or ongoing Grower payments.

### CHEQUE

Cheques for moneys due on application should be made payable to Sandhurst Trustees Limited ACF Piangil Grower Project – 2008 and crossed “not negotiable” and sent to: –

Almond Investors Limited  
Suite 7, Level 3  
470 Collins Street  
MELBOURNE VIC 3000

### TERMS PAYMENT OPTION

AIL reserves the right, at its own discretion, to allow some Growers to pay all or part of their application moneys (that is, the Grower Application Fee and Irrigation Fee) by 12 monthly instalments (payable in arrears). A terms administration fee of \$50 per Allotment applies to this facility.

AIL may charge interest on any amounts that are overdue under the facility. As security for the payment of amounts due to AIL, the Grower charges in favour of AIL all of its present and future rights, title, interest, assets and undertakings in the Grower Project.

Please contact AIL if you would like further information regarding this facility.

Please note: The amounts referred to in the Application Form are the amounts payable on application for each Grower Allotment and Orchard Asset Owner Unit. Further amounts are payable at later dates as set out in the Fees and Other Costs section of this PDS.

## GLOSSARY

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2008 Growers</b>                             | Growers that applied for Grower Allotments on or before 15 June 2008 under the PDS dated 17 March 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>2009 Growers</b>                             | Growers that apply for Grower Allotments under this PDS during the period from the date of this PDS to 15 June 2009.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>2008 Investors</b>                           | 2008 Growers and 2008 Orchard Asset Owners collectively.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>2009 Investors</b>                           | 2009 Growers and 2009 Orchard Asset Owners collectively.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>2008 Orchard Asset Owners</b>                | Orchard Asset Owners that applied for Units in the Asset Trust on or before 15 June 2008 under the PDS dated 17 March 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>2009 Orchard Asset Owners</b>                | Orchard Asset Owners that apply for Units in the Asset Trust under this PDS during the period from the date of this PDS to 15 June 2009.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>AIL</b>                                      | Almonds Investors Limited ACN 102 342 870.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Allotment</b>                                | An area of the Orchard of 0.125 plantable hectare.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Allotment Management Agreement</b>           | An agreement so called to be made between AIL as Responsible Entity of the Grower Project and each Grower setting out the terms on which the Grower appoints AIL to manage the business the Grower conducts on the Allotment which will be substantially in the form summarised in this PDS.                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Allotment Sublease Agreement</b>             | An agreement so called to be made between AIL as Responsible Entity of the Grower Project, the Custodian and each Grower setting out the terms on which the Grower subleases an Allotment, which will be substantially in the form summarised in this PDS.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Almonds</b>                                  | The almonds grown in the Orchard.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Almond Trees</b>                             | Trees planted or to be planted in the Orchard from seedlings allocated to each Grower and attended to in a nursery.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>ANZ 90-day Bank Bill Rate</b>                | On any day, the bid rate quoted by the Australian and New Zealand Banking Group Limited to AIL for bills of exchange which are accepted by an Australian bank and which have a 90 day tenor, expressed as a percentage per annum.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Asset Trust</b>                              | The Piangil Asset Trust - 2008 ARSN 128 581 662                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Asset Trust Orchard Management Period</b>    | The period for which AIL as Responsible Entity of the Asset Trust manages all or part of the Orchard on the Land commencing from the time at which the first Allotment Sublease Agreement expires and until the future of the Asset Trust is determined by a Special Resolution of Orchard Asset Owners (no later than 30 June 2038).                                                                                                                                                                                                                                                                                                                                      |
| <b>Asset Trust Property</b>                     | All money, property, investments and income, which becomes subject to the Asset Trust from time to time (including, once acquired, the Land, the Almond Trees and the Water Rights).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>ATO</b>                                      | The Australian Taxation Office                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Average Seasonal Cost of Temporary Water</b> | The average price per megalitre of all Temporary Water Allocations traded in the irrigation region in which the Allotments are located (or any irrigation regions from which Temporary Water Allocations may be traded into the local irrigation region) with an exchange date between 1 July and 30 September of the relevant Project Year. The trade information to be used in the calculation of the Average Seasonal Cost of Temporary Water will be the information recorded by Watermove Pty Ltd on the website <a href="http://www.watermove.com.au">www.watermove.com.au</a> , or such other website specified by AIL as Responsible Entity of the Grower Project. |
| <b>Constitution</b>                             | The Constitution of the Asset Trust which governs the relationship between AIL as Responsible Entity and the Orchard Asset Owners and the Constitution of the Grower Project which governs the relationship between AIL as Responsible Entity and the Growers, as the case may be.                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Corporations Act</b>                         | The Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth), as amended from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>CPI</b>                                      | The Consumer Price Index (All Groups) for the Weighted Average of Eight Capital Cities as published by the Australian Bureau of Statistics or if that index is no longer published, such other replacement or substitute for this index as is used by the Australian Bureau of Statistics as the measure of inflation in Australia.                                                                                                                                                                                                                                                                                                                                        |
| <b>Custodian</b>                                | Sandhurst Trustees Limited or, where appropriate, one of its wholly owned subsidiaries appointed as a sub custodian to hold specific assets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Distributable Income</b>                     | Any amount determined by AIL as Responsible Entity of the Asset Trust from time to time to be distributed to Orchard Asset Owners in accordance with the Constitution of the Asset Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Distribution Period</b>                      | Each 12-month period ending on 30 June during the term of the Asset Trust, commencing on and from 1 July 2009 or such other period as determined by AIL as Responsible Entity of the Asset Trust and notified to Orchard Asset Owners.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Extraordinary Resolution</b>                 | A resolution of which notice has been given in accordance with the relevant Constitution and the Corporations Act and that has been passed by at least 50% of the total votes that may be cast by Orchard Asset Owners or Growers (as the context requires) entitled to vote on the resolution (including Orchard Asset Owners or Growers who are not present in person or by proxy).                                                                                                                                                                                                                                                                                      |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Gross Proceeds</b>        | For a Grower, in respect of a Project Year, means the total proceeds of sale of the Almonds attributable to the Grower's Allotment as determined in accordance with the Constitution of the Grower Project. For the Asset Trust, in respect of a Project Year, means the total amount received by the Asset Trust during that Project Year for the sale of Almonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Grower</b>                | An investor in the Grower Project including both 2008 Growers and 2009 Growers. A Grower holds Grower Allotments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Grower Allotments</b>     | The interest of a Grower in the Grower Project outlined on page 13.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Grower Representative</b> | Means a person or entity appointed by AIL as Responsible Entity of the Grower Project for a Grower Group to liaise with AIL to promote and protect the interests of the Growers in the relevant Grower Group and monitor AIL's compliance with its obligations under the Allotment Management Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Grower Group</b>          | Means a group of Growers created by AIL as Responsible Entity of the Grower Project. AIL as Responsible Entity of the Grower Project will allocate Growers to Grower Groups by reference to the financial product distributor who introduces the Grower to the Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Grower Irrigation</b>     | Means:<br>(a) that part of the Irrigation System to be installed on the Grower's Allotment; and<br>(b) the Grower's Proportion of that part of the Irrigation System that is not situated on the Grower's Allotment or any other Grower's Allotment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Grower Project</b>        | The Piangil Grower Project - 2008 ARSN 128 581 644.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Grower Project Term</b>   | The term of the Grower Project, which will end, unless wound up earlier in accordance with the Constitution of the Grower Project or the Head Lease expires, on the date the last of the Allotment Sublease Agreements and Allotment Management Agreements fully expires or terminates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Grower's Proportion</b>   | The proportion (expressed as a percentage) equal to the proportion that the Irrigation Charge paid by the Grower represents as a proportion of the total amount paid by AIL for the Irrigation System (on its own behalf and on behalf of Growers).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>GST</b>                   | As defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Head Lease</b>            | An agreement so called to be made between AIL, as Responsible Entity of the Asset Trust (through its custodian), and AIL, as Responsible Entity of the Grower Project (through its custodian), setting out the terms on which the Responsible Entity of the Grower Project leases from the Asset Trust the Land and Almond Trees and has the right to use the Water Rights.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Hurdle Net Proceeds</b>   | The hurdle Net Proceeds before tax, specified on page 22, which are used for the purposes of calculating the Performance Fee.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Initial Period</b>        | For each Grower Allotment issued pursuant to an application made by a 2009 Grower and accepted on or before 15 June 2009, the period from the date the application is accepted to 30 June 2009.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Interim Head Lease</b>    | The interim head lease described on page 12 of this PDS, the principal terms of which are summarised on page 49 of the Summary of Material Documents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Interim Sub-Lease</b>     | The interim sub-lease described on page 12 of this PDS, the principal terms of which are summarised on page 49 of the Summary of Material Documents.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Irrigation Charge</b>     | The Irrigation Fee specified on page 19 of the Fees and Other Costs section of this PDS, together with the \$1,000 component of the Grower Application Fee specified on page 19 of the Fees and Other Costs section of this PDS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Irrigation System</b>     | The irrigation system installed, or to be installed, on the Land for the purpose of delivering water to the Allotments and may include the mainline pipe that will run from the Murray River to the Land.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Land</b>                  | Land located in the surrounding districts of Swan Hill, Victoria on which the Almond Trees are to be planted.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Net Proceeds</b>          | In the case of a 2009 Grower, in respect of a Project Year, means the Gross Proceeds less all costs incurred by AIL on the 2009 Grower's behalf and all fees or other amounts payable to AIL under the Constitution of the Grower Project, the Allotment Management Agreement and the Allotment Sublease Agreement.<br><br>In the case of a 2009 Orchard Asset Owner, in respect of a Project Year, means the 2009 Orchard Asset Owners' share of the Gross Proceeds less the 2009 Orchard Asset Owners' share of all costs incurred by AIL as Responsible Entity of the Asset Trust and all fees payable to AIL under the Constitution of the Asset Trust during that Project Year attributable to 2009 Orchard Asset Owners (excluding any Performance Fee attributable to 2009 Orchard Asset Owners), such amount to be expressed on a per Unit basis (by dividing the total Net Proceeds of the Asset Trust attributable to the class of units held by the 2009 Orchard Asset Owners by the number of Units then on issue in that class). |
| <b>Orchard</b>               | The almond orchard to be established on the Land on which Growers will each carry on the business of primary production.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Orchard Asset Owner</b>   | Each holder of Units in the Asset Trust, including both 2008 Orchard Asset Owners and 2009 Orchard Asset owners.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Orchard Manager</b>       | RMONPRO Developments Pty Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ordinary Resolution</b>        | Of Orchard Asset Owners or Growers (as the context requires) means a resolution passed at a meeting of Orchard Asset Owners or Growers duly convened and held in accordance with the provisions of the relevant Constitution and the Corporations Act by a majority of the persons voting at the meeting (whether present in person, or by attorney, proxy or representative) upon a show of hands, and if a poll is validly demanded, then by a majority of the votes passed on such a poll.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Performance Fee</b>            | The performance incentive fee that may be payable to AIL, as described on page 22 in the Fees and other Costs section of this PDS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Product Ruling</b>             | A product ruling issued by the ATO in relation to the 2009 Growers in the Grower Project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Project</b>                    | The Grower Project and the Asset Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Project Assets</b>             | Those assets of the Asset Trust that will be used in the Grower Project including the Land, the Water Rights and the Almond Trees (all of which are or will become assets of the Asset Trust), except for the Irrigation System which will be owned by the Growers for the Grower Project Term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Project Year</b>               | <p>For each 2009 Investor (2009 Grower or 2009 Orchard Asset Owner) means the periods ascertained as follows:</p> <p>(a) Project Year 0 is:</p> <p>(i) for each 2009 Orchard Asset Owner, the period from the date the Orchard Asset Owner's application is accepted up until the next 30 June; and</p> <p>(ii) for each 2009 Grower is the Initial Period for that 2009 Grower;</p> <p>(b) Project Year 1 is the period commencing on the date following Project Year 0 and ending on the following 30 June; and</p> <p>(c) subject to paragraph (d), each subsequent Project Year is the period of 12 months from 1 July to 30 June; and</p> <p>(d) the last Project Year:</p> <p>(i) for a 2009 Grower, is the period ending on the date the Grower Allotment comes to an end and commencing on the previous 1 July; and</p> <p>(ii) for a 2009 Orchard Asset Owner, is the period ending on the date the Asset Trust comes to an end and commencing on the previous 1 July.</p> <p>Accordingly, for 2009 Investors who apply on or before 15 June 2009, Project Year 0 ends 30 June 2009, Project Year 1 is 1 July 2009 to 30 June 2009 and Project Year 2 is 1 July 2010 to 30 June 2011 etc.</p> |
| <b>Responsible Entity</b>         | AIL is the Responsible Entity under both the Constitution of the Piangil Asset Trust - 2008 and the Piangil Grower Project - 2008.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Special Resolution</b>         | Of Orchard Asset Owners or Growers (as the context requires) means a resolution passed at a meeting of Orchard Asset Owners or Growers of which notice has been given in accordance with the relevant Constitution and the Corporations Act and that has been passed by at least 75% of votes actually cast by Orchard Asset Owners or Growers entitled to vote on the resolution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Temporary Water Allocation</b> | An assignment of a water allocation from one person to another which entitles the assignee to receive water under that water allocation in a particular water season.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Uncontrolled Event</b>         | An act of God, lock out or other interference with work, war declared or undeclared, blockage, disturbance, lightning, fire, drought, earthquake, storm, flood, explosion, government or quasi-government restraint, exploration, prohibition, intervention, direction, embargo, unavailability or delay in availability of equipment or transport, inability or delay in obtaining governmental or quasi-governmental approvals, consents, permits, licences, authorities or allocations, or any other cause whether of the kind specifically set out above or otherwise which is not reasonably within the control of the person relying on the uncontrolled event.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Unit</b>                       | Each unit in the Asset Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Water Rights</b>               | State granted rights to draw and use water for the Project, including Water Shares, water use licences, works licences, and (at the discretion of the Responsible Entity of the Asset Trust) may include Temporary Water Allocations, up to a maximum of 1.56 megalitres per Grower Allotment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Water Shares</b>               | State granted permanent rights to draw water annually from the Murray River.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

|                           |                       |
|---------------------------|-----------------------|
| Dealership/Adviser Group: |                       |
| AFSL No:                  |                       |
| Adviser Name:             |                       |
| Adviser Address:          |                       |
| Adviser Email:            | Adviser Telephone No: |

## PROJECT APPLICATION DETAILS

### GROWER APPLICATION

Full Name \_\_\_\_\_

\_\_\_\_\_

Date of Birth        /        / \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Mailing or Email address for notices \_\_\_\_\_

\_\_\_\_\_

ACN /ABN (if Company) \_\_\_\_\_

Contact Name (if Company) \_\_\_\_\_

\_\_\_\_\_

Telephone Details \_\_\_\_\_

---

**Joint Applicant (if applicable):**

Full Name \_\_\_\_\_

\_\_\_\_\_

Date of Birth        /        / \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Mailing or Email address for notices \_\_\_\_\_

\_\_\_\_\_

ACN /ABN (if Company) \_\_\_\_\_

Contact Name (if Company) \_\_\_\_\_

\_\_\_\_\_

Telephone Details \_\_\_\_\_

### ORCHARD ASSET OWNER APPLICATION

I am / we are exactly the same entity as the Grower

☐ If so, please tick the box

**If not please complete your details below**

Full Name \_\_\_\_\_

\_\_\_\_\_

Date of Birth        /        / \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Mailing or Email address for notices \_\_\_\_\_

\_\_\_\_\_

ACN /ABN (if Company) \_\_\_\_\_

TFN or Exemption \_\_\_\_\_

Contact Name (if Company) \_\_\_\_\_

Telephone Details \_\_\_\_\_

---

**Joint Applicant (if applicable):**

Full Name \_\_\_\_\_

\_\_\_\_\_

Date of Birth        /        / \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

Mailing or Email address for notices \_\_\_\_\_

\_\_\_\_\_

ACN/ABN (if Company) \_\_\_\_\_

TFN or Exemption \_\_\_\_\_

Contact Name (if Company) \_\_\_\_\_

Telephone Details \_\_\_\_\_

|                                                                                                                                             |                                                                                                                                            |                                                                                                                                                                                                                                                   |                                           |                          |            |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------|------------|
| <p><b>I/We</b></p> <p>The Grower listed above</p><br><p><b>I/We</b></p> <p>The Orchard Asset Owner listed above</p> <p><b>apply for</b></p> | <p><b>INSERT NUMBER OF ALLOTMENTS/UNITS</b></p> <div style="border: 1px solid black; width: 60px; height: 60px; margin: 10px auto;"></div> | TOTAL GROWER ALLOTMENT COST IS <b>\$7,600</b> PER ALLOTMENT                                                                                                                                                                                       |                                           | I INTEND TO FINANCE      |            |
|                                                                                                                                             |                                                                                                                                            | Grower Application Fee<br>\$5,600 per Allotment                                                                                                                                                                                                   | \$ _____<br>(No. of Allotments x \$5,600) | <input type="checkbox"/> | (Pls Tick) |
|                                                                                                                                             |                                                                                                                                            | Irrigation Fee<br>\$2,000 per Allotment                                                                                                                                                                                                           | \$ _____<br>(No. of Allotments x \$2,000) | <input type="checkbox"/> | (Pls Tick) |
|                                                                                                                                             |                                                                                                                                            | Orchard Asset Owner amount payable at \$540 per Orchard Asset Owner Unit<br>Orchard Asset Owner payments are not collected at this time. They will be paid by instalments from distributions of income or capital commencing from Project Year 1. | \$ _____<br>(No. of Units x \$540)        |                          |            |

## GROWER DECLARATIONS

By signing below you make the following declarations:

- I/We hereby apply for the number of Grower Allotments specified in this Application Form.
- I/We have read and understood the PDS to which this Application Form relates.
- I/We agree to be bound by the Constitution of the Grower Project as amended from time to time. By signing this Application I/We irrevocably appoint Sandhurst Trustees Limited in its capacity as Custodian of the Grower Project and AIL severally, as my/our Attorney to enter into an Allotment Management Agreement and Allotment Sublease Agreement for each Grower Allotment and if I/We are granted a Terms Payment Agreement with AIL, then the Terms Payment Agreement, on the terms set out on the following page.
- I/We understand that by becoming a party to the Constitution of the Grower Project and the Allotment Management Agreement I/We irrevocably appoint AIL as my/our Attorney to enter into any agreement for the sale of the Almonds.
- I/We acknowledge that no person, firm or corporation associated with the issue of the PDS to which this Application Form relates guarantees the performance of the Grower Project or any particular return or taxation consequences of any investment in the Grower Project.
- I/We consent to providing AIL with personal information and for AIL to use that personal information in accordance with the Privacy section on page 60 of this PDS.
- I/We acknowledge that acceptance of this Application will occur when AIL or Sandhurst Trustees Limited executes the Allotment Management Agreement and Allotment Sublease Agreement for each Grower Allotment on my/our behalf, and that I/We will be bound by such execution notwithstanding that I/We have not been notified of the acceptance.
- I/we give AIL authority to deal with my/our financial adviser directly

## GROWER SIGN HERE

**SIGNED:**

Grower 1 or Director 1 or Trustee 1

Grower 2 or Director 2 or Trustee 2

If the applicant is a Company the application is executed in accordance with the company's constitution.

If the applicant is a Trust the application is executed by a duly appointed Trustee.

**Witness**

**Date**

## ORCHARD ASSET OWNER DECLARATIONS

By signing below, I/We make the following declarations.

- I/We hereby apply the number of Units specified in this Application Form.
- I/We have read and understood the PDS to which this Application Form relates.
- I/We agree to be bound by the Constitution of the Asset Trust as amended from time to time.
- I/We acknowledge that no person, firm or corporation associated with the issue of the PDS to which this Application Form relates guarantees the performance of the Asset Trust or any particular return or taxation consequences of any investment in the Asset Trust.
- I/We consent to providing AIL with personal information and for AIL to use that personal information in accordance with the Privacy section on page 60 of this PDS.
- I/We acknowledge that acceptance of this Application will occur when AIL issues the Units, notwithstanding that I/We have not been notified of the acceptance.
- I/we give AIL authority to deal with my/our financial adviser directly.

### Please Note:

#### Tax File Number (TFN) or Australian Business Number (ABN)

- Collection of your TFN by the Responsible Entity of the Asset Trust is authorised and its use and disclosure are strictly regulated by the tax laws and Privacy Act. Quotation is not compulsory but tax may be taken out of your distributions if you do not quote your TFN or claim an exemption.
- An ABN may be used as an alternative to a TFN if your investment is undertaken in the course of a registered business.
- For more information about the use of your TFN, please phone your nearest Tax Office.

## ORCHARD ASSET OWNER SIGN HERE

**SIGNED:**

Asset Owner 1 or Director 1 or Trustee 1

Asset Owner 2 or Director 2 or Trustee 2

If the applicant is a Company the application is executed in accordance with the company's constitution.

If the applicant is a Trust the application is executed by a duly appointed Trustee.

**Witness**

**Date**

## ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCE LAW REQUIREMENTS

THE FOLLOWING SECTION SHOULD ONLY BE COMPLETED BY INVESTORS NOT INVESTING IN THE PROJECT THROUGH A DEALERSHIP OR ADVISER GROUP.

### FOR INDIVIDUALS

Full Name \_\_\_\_\_  
 Date of Birth                /                / \_\_\_\_\_  
 Residential Address \_\_\_\_\_

Please provide a certified copy of your current driver's licence or passport with your application.

### FOR AUSTRALIAN COMPANIES

Full Name as Registered by ASIC \_\_\_\_\_  
 \_\_\_\_\_  
 Full Address of the Registered Office \_\_\_\_\_  
 \_\_\_\_\_  
 Full Address of the Principal Place of Business (if any) \_\_\_\_\_  
 \_\_\_\_\_  
 ACN \_\_\_\_\_  
 Whether the company is Registered by ASIC as a Proprietary or Public Company \_\_\_\_\_  
 \_\_\_\_\_  
 If the Company is Registered as a Proprietary Company, each Director of the Company \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### FOR TRUSTS

Full Name \_\_\_\_\_  
 Full Business Name (if any) of the Trustee in the respect of the Trust \_\_\_\_\_

\_\_\_\_\_ Type of Trust \_\_\_\_\_  
 \_\_\_\_\_ Country in which the Trust was established \_\_\_\_\_

Please provide a certified copy of the Trust deed with this application.

### IF ANY OF THE TRUSTEES IS AN INDIVIDUAL OR COMPANY THEN IN RESPECT OF:

#### ONE OF THOSE INDIVIDUALS

Full Name \_\_\_\_\_  
 Date of Birth                /                / \_\_\_\_\_  
 Residential Address \_\_\_\_\_

Please provide a certified copy of the individual's current driver's licence or passport with this application.

### OR

#### ONE OF THOSE COMPANIES

Full Name as Registered by ASIC \_\_\_\_\_  
 \_\_\_\_\_  
 Full Address of the Registered Office \_\_\_\_\_  
 \_\_\_\_\_  
 Full Address of the Principal Place of Business (if any) \_\_\_\_\_  
 \_\_\_\_\_  
 ACN \_\_\_\_\_  
 Whether the company is Registered by ASIC as a Proprietary or Public Company \_\_\_\_\_  
 \_\_\_\_\_  
 If the Company is Registered as a Proprietary Company, each Director of the Company \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

## AIL POWER OF ATTORNEY

I/we the undersigned appoint Sandhurst Trustees Limited (ACN 004 030 737) of Level 5, 120 Harbour Esplanade, Docklands in its capacity as Custodian of the Piangil Grower Project - 2008 and Almond Investors Limited (ACN 102 342 870) of Suite 7, Level 3, 470 Collins Street Melbourne Victoria 3000, ("Attorney") severally to be my/our Attorney and in my/our name and on my/our behalf to:

- enter into and execute on my/our behalf an Allotment Management Agreement and an Allotment Sublease Agreement for each Grower Allotment relating to the Piangil Grower Project - 2008 for which I/we have applied and which application is accepted by Almond Investors Limited pursuant to the Constitution of the Piangil Grower Project - 2008 and if I/ we are granted a Terms Payment Agreement with AIL then the Terms Payment Agreement (the "Project Agreements");
- appoint one or more substitute Attorneys to exercise the powers granted to the Attorney and to revoke any appointment of any substitute Attorney or Attorneys made under this document; ("Attorney" includes a substitute attorney so appointed);
- to do all things necessary or expedient to give effect to those documents including but not limited to dating and completing any blanks in the Project Agreements, making any variations, replacements and cancellations to the documents, which the Attorney considers not contrary to the interests of the Applicant.
- execute and deliver any other documents or do any other acts referred to in the Project Agreements which are ancillary or related to them, including but not limited to documents relating to the provision of access to water and related facilities, or the transactions contemplated by them, in the absolute discretion of the Attorney; and if applicable, stamp and register this Power of Attorney.

I/We confirm that we grant this Power of Attorney on the following terms:

1. I/We will ratify and confirm whatever the Attorney does in the exercise of the power granted by me/us.
2. I/We will indemnify and keep indemnified the Attorney against all claims, demands, costs, damages, losses and expenses, however arising, consequent upon the exercise of the power granted by me/us except in the event of gross neglect, fraud or wilful default by the Attorney.
3. The Attorney may, and where required, will stamp and register this instrument at the cost of me/us.
4. Any person or corporation dealing with the Attorney in good faith may accept a written statement signed by the Attorney to the effect that this Power of Attorney has not been revoked as conclusive evidence of that fact.
5. This Power of Attorney is irrevocable until the expiration of the Piangil Grower Project - 2008 under the Constitution.
6. The authorisation in writing of any variations, replacements or cancellations referred to above may be by facsimile or any other form of written confirmation.
7. This Power of Attorney will be governed by and construed in accordance with the laws of Victoria.
8. Words and expressions used in this Power of Attorney have the same meaning as in the Product Disclosure Statement to which this Application form and Power of Attorney is attached, unless the contrary is specified.



## DIRECT DEBIT REQUEST

### PIANGIL GROWER PROJECT – 2008 ARSN: 128 581 644

#### REQUEST TO ESTABLISH DEBIT AUTHORITY WITHIN THE DIRECT DEBIT SYSTEM

#### PLEASE REFER TO THE DIRECT DEBIT SERVICE LEVEL AGREEMENT ON THE FOLLOWING PAGE

ALMOND INVESTORS LIMITED ABN 13 102 342 870  
AUSTRALIAN FINANCIAL SERVICES LICENCE NO. 224 314

(To be completed by customer)

|                                                                          |  |       |          |
|--------------------------------------------------------------------------|--|-------|----------|
| Financial Institution Name:<br>(ie Institution the account is held with) |  |       |          |
| Institution Address:<br>City, State and Postcode:                        |  |       |          |
| I/We                                                                     |  |       |          |
| Customer Name(s) giving Direct Debit Request                             |  |       |          |
|                                                                          |  |       |          |
| Customer Residential Address                                             |  |       |          |
|                                                                          |  | State | Postcode |
| Suburb/Town                                                              |  |       |          |

Authorise **Almond Investors Ltd (AIL)**  
User ID Number **358154**

to arrange for funds to be debited from my/our account, held with the Financial Institution identified above, as described in The Schedule below.

#### PAYMENT DETAILS:

The payment is for Grower Payments as outlined in the Product Disclosure Statement (PDS) for the Piangil Grower Project – 2008.

##### APPLICATION AMOUNT PAYABLE

Select this box for debiting your account for **upfront** application moneys due ☐ \$7,600 per allotment less any amount provided directly to AIL by the preferred finance provider on behalf of the client.  
This amount will be debited from your account **upon receipt of your application.**

##### ONGOING AMOUNTS PAYABLE

Select this box for debiting **ongoing** grower payments due 1 November each project year, where you have elected to pay **via 12 monthly instalments** ☐ Grower payments due 1 November each year as per the PDS for the Piangil Grower Project – 2008 less any amount provided by a finance provider on behalf of the client.  
**Payable in 12 monthly instalments commencing July of the applicable project year.**

Select this box for debiting the **ongoing** grower payments due 1 November each project year, where you have elected to pay **via 1 annual instalment** ☐ Grower payments due 1 November each year as per the PDS for the Piangil Grower Project – 2008 less any amount provided by the preferred finance provider on behalf of the client.  
**Payable in 1 annual instalment on 1 November of each project year.**

Identified by Reference Information :

#### THE SCHEDULE

##### DETAILS OF ACCOUNT TO BE DEBITED:

|                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Account held in the name(s) of: |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Financial Institution's BSB :   | <input type="text"/> | <input type="text"/> | <input type="text"/> | -                    | <input type="text"/> | <input type="text"/> | <input type="text"/> |                      |                      |                      |
| Account Number :                | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

(Please check with your Financial Institution to ensure the account nominated will facilitate direct debiting. See attached Service Agreement Clause 6. )

#### DIRECT DEBIT REQUEST AUTHORISATION

I/We have read and understood the "Service Agreement" overleaf and acknowledge and agree to it.

I/We request this Arrangement remain in force in accordance with The Schedule described above and in compliance with the "Service Agreement" overleaf.

|                        |       |
|------------------------|-------|
| Customer(s) Signature: | Date: |
|                        | Date: |

## SERVICE AGREEMENT

1. Almond Investors Ltd (AIL) (the “Debit User”) will debit the BSB/Account nominated in The Schedule of this Direct Debit Request as specified i.e. upon receipt of application or on an ongoing basis. The funds will be deposited into the Sandhurst Trustee Ltd ACF Piangil Grower Project –2008 (2009) Account as per the custodian arrangement with Sandhurst Trustee’s Limited dated 18 January 2006.
2. For ongoing direct debits AIL will provide you with an “AIL Ongoing Direct Debit Schedule” which will advise the ongoing drawing arrangements (including monthly amount, and commencement date), at least 28 days prior to the first drawing. Ongoing direct debits will be processed on the 27th day of each month.
3. AIL will not change the amount or frequency of the drawing arrangements without prior approval and will give not less than 14 days written notice to the customer should it propose to vary the arrangements of this Direct Debit Request.
4. The customer(s) may request AIL (AIL) to defer, stop or alter the payment amounts specified in the Product Disclosure Statement offering interests in the Piangil Grower Project – 2008 or the Ongoing Direct Debit Schedule and arrange an alternate payment method. Requests authorising these changes may be made by written advice to AIL or through the customers financial institution and must be made at least 28 days prior to drawing date. Customer(s) may change the account details. Customer(s) wishing to vary the drawing account details specified in The Schedule of this Direct Debit Request must provide signed authority for such changes to be effected at least 28 days prior to the scheduled drawing.
5. In compliance with the Industry’s Direct Debit Claims Process, AIL will assist customer(s) disputing any payment amount drawn on the nominated BSB/Account in The Schedule of this Direct Debit Request. AIL will endeavour to resolve this matter within the Industry agreed timeframes. Claims may also be lodged through the customers financial institution.
6. AIL advises that some Financial Institution accounts do not facilitate direct debits and as such the customer(s) must check with their Financial Institution to ensure the account nominated in The Schedule of this Direct Debit Request enables direct debiting.
7. It is the customer(s) responsibility to ensure;
  - at all times there is sufficient cleared funds available, at the due date of the debit drawing, to enable payment from the BSB/Account as nominated in The Schedule of this Direct Debit Request.
  - 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.
  - AIL is advised if the account nominated in the schedule is transferred or closed.
8. AIL advises the debit drawing will be made upon receipt of application or on the 27th day of each month for ongoing direct debits. When the due date is a closed business day, AIL will initiate the debit drawing on the next open business date. Customer(s) may direct processing inquiries to their financial institution. A closed business day is defined as any calendar day on which the customer(s) financial institution is not open for direct debit processing. That is
  - Weekends
  - Public Holiday – State
  - Public Holiday – National
9. Where an unpaid debit item is returned by the customer(s) financial institution, AIL have the right to charge any Dishonour/Return banking fee(s). AIL reserves the right to cancel the ongoing direct debit schedule if three or more drawings are returned unpaid by your nominated Financial Institution and to arrange with you an alternate payment method.
10. Customer(s) who wish to cancel this Direct Debit Request must notify AIL in writing not less than 28 days before the next scheduled debit drawing. This request may be directed to our financial institution.
11. AIL requests the customer(s) to direct all inquiries, dispute requests for payment changes or cancellation directly to AIL.
12. AIL agrees to keep confidential all customer(s) records and account details contained in The Schedule of this Direct Debit Request unless authorised to release such information pursuant to a debit item dispute or similar event where the customer(s) has provided prior consent to do so.

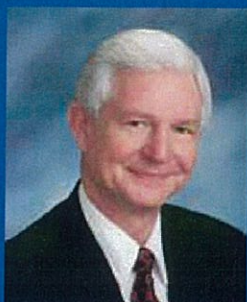
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**[www.ailfunds.com.au](http://www.ailfunds.com.au)**

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## PRESIDENT'S CORNER



Doug Youngdahl

The following is the text and charts used during my presentation as chairman of the 2009 Almond Working Group at the International Nut & Dried Fruit Congress in Monaco May 31st.

Good Morning.

My name is Doug Youngdahl from Blue Diamond Growers and I am the Chairman of the 2009 INC Almond Working Group. Thank you for attending this session.

Distinguished members serving on the 2009 almond panel are Mr. Antonio Pont, Jr. of Borges Company and Mr. Stewart Resnick of Paramount Farms. And, joining us on the stage for the first time are Mr. Craig Duerr of Campos Brothers and Mr. Bill Morecraft of Blue Diamond Growers.

The almond industry continues to astonish the world. Despite the biggest financial crisis since the Great Depression, worldwide consumption of almonds continues to accelerate.

Over the years, our amazing industry has continually demonstrated that as almonds become available, global consumption readily follows.

This morning I will be discussing with you the important topics of **Supply and Demand, Market Dynamics and Pricing, and The Future of the Industry**. In each case we have a positive upbeat message. Big crops are needed, prices are poised to rise, and the future is promising for our industry.

### Supply and Demand

So, let's begin with Supply and Demand. Economists often refer to the "invisible hand" that causes commodity markets to be self-regulating.

As just mentioned, increases in almond supply have a history of being met by new demand. The past three years of record crops and record shipments are perfect examples.

#### Chart 1

##### Estimated World Almond Production – 2008 & 2009

After three record bumper crops in a row, the 2009 California almond crop is forecast to decline by 10%. This decline will be partially offset by the 2009 Spanish almond crop that is forecast to nearly double.

Overall then, total 2009 world almond production is projected to decline by 4%, however world almond supply will still increase by 6%, largely due to the California carry-in inventory from the 2008 bumper crop.

In spite of the global financial crisis which abruptly overshadowed all other events last fall, global almond consumption is on track to increase by 7% by the end of the 2008 crop marketing year. Momentum is expected to expand this increase in consumption to at least 10% during the 2009 marketing year.

#### Chart 2

##### World Almond Supply & Consumption

Returning to the topic of supply, the 6% increase in 2009 world almond supply will support the estimated 10% increase in consumption, and this will be made easier by the projected 440 million pounds of California carry-in inventory. Because the California industry usually operates at full capacity during the harvest season (packing and shipping as fast as possible), the larger carry-in inventory will enable the industry to continue to support record demand throughout the fall.

Of course, this assumes that early rains will not negatively impact harvest conditions. Those in the audience who have experienced rain on the harvest can confirm it is not a pretty sight – growers competing for drying capacity, delays in shipments, and the prospect of concealed damage due to the rapid application of heat to wet almonds.

### The El Niño Effect

Current weather models are predicting a strong El Niño effect for the latter part of 2009 and early 2010, calling for wetter than normal

#### Chart 1

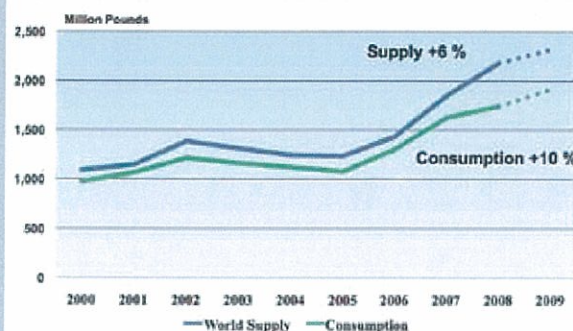
##### Estimated World Almond Production 2008 & 2009

| ORIGIN       | 2008 Crop Year    |              |                  |             | 2009 Crop Year    |              |                  |             |
|--------------|-------------------|--------------|------------------|-------------|-------------------|--------------|------------------|-------------|
|              | Carry-in Aug. '08 | 2008 Crop    | Total Net Supply | Crop %      | Carry-in Aug. '09 | 2009 Crop    | Total Net Supply | Crop %      |
| U.S.*        | 231               | 1,858        | 1,788            | 82%         | 440               | 1,407        | 1,848            | 86%         |
| Spain        | 0                 | 77           | 77               | 4%          | 0                 | 152          | 152              | 7%          |
| Australia    | 0                 | 32           | 32               | 1%          | 0                 | 99           | 99               | 4%          |
| Greece       | 0                 | 20           | 20               | 1%          | 0                 | 18           | 18               | 1%          |
| Italy        | 0                 | 23           | 23               | 1%          | 0                 | 13           | 13               | 1%          |
| Tunisia      | 0                 | 22           | 22               | 1%          | 0                 | 28           | 28               | 1%          |
| Iran         | 0                 | 22           | 22               | 1%          | 0                 | 22           | 22               | 1%          |
| Turkey       | 0                 | 21           | 21               | 1%          | 0                 | 30           | 30               | 1%          |
| Chile        | 0                 | 20           | 20               | 1%          | 0                 | 18           | 18               | 1%          |
| Morocco      | 0                 | 18           | 18               | 1%          | 0                 | 20           | 20               | 1%          |
| Syria        | 0                 | 15           | 15               | 1%          | 0                 | 11           | 11               | 0%          |
| Other        | 0                 | 68           | 68               | 3%          | 0                 | 88           | 88               | 3%          |
| <b>TOTAL</b> | <b>231</b>        | <b>1,958</b> | <b>2,185</b>     | <b>100%</b> | <b>440</b>        | <b>1,892</b> | <b>2,321</b>     | <b>100%</b> |

\*Call based on 3% available & previous loss for both 2008 & 2009 crops

#### Chart 2

##### World Almond Supply & Consumption



conditions during the latter part of harvest. For those not familiar with El Niño, it is one of nature's most powerful weather phenomena and it involves the climate of the Pacific Ocean in the region around the equator. It affects both the ocean and the atmosphere and it generally results in a wet winter in the Southwestern U.S. and drought in Indonesia and Australia. The weather models used are very complex and designed to predict El Niño's 12 to 18 months in advance.

Ironically, even one heavy rain season may not break California's self-imposed drought for the Westside of the San Joaquin Valley. Regulations and the Endangered Species Act will continue to affect the quantity of water that can be shipped south where it is badly needed for years to come. In addition, competing interests from urban population centers are ever-present.

### Chart 3 California Almond Shipment Trends

Returning to the topic of shipments, 2008 crop year California shipments are expected to end the year up 7%. This equates to 1.35 billion pounds. It is worthwhile to expand our focus beyond these statistics because taken alone they do not emphasize the industry's current robust shipping momentum.

While cumulative shipments from August 2008 through January 2009 were flat compared to the prior year, shipments during the final six months (February through July 2009) are expected to exceed the prior year by a phenomenal 16%.

Given this momentum, the forecasted 9% growth in shipments during the 2009 crop year to 1.475 billion pounds may well be conservative.

### Chart 4 CA Almond Carry-In as Percent of Prior Year Shipments

As already noted, the 2008 crop carry-in or working inventory as of August 1, 2009 is estimated to be approximately 440 million pounds.

While this carry-in amount as a percent of prior year shipments is forecast to be the peak for this decade, it remains considerably lower than comparative levels twenty years ago.

The smaller 2009 California crop will provide time for market demand to catch-up with supply. This will reduce the carry-in going forward and evidence of this can be seen in the lower carry-in shown on this chart for 2010.

### Price Dynamics

Turning now to the topic of price dynamics – the 2008 crop year has been characterized by most observers as a two-tier market in which the entire spectrum of almond prices represent excellent value for customers.

### Chart 5 Historical Almond Pricing

Reflected on this chart are market prices over the last seven years for "California Select Sheller Run" almonds in both US dollars and Euros.

As a result of three record California crops in a row, supply has temporarily outpaced the increase in demand. This is because the double-digit consumption increases normally expected in a bumper crop year were held to 7% by the global financial crisis.

As a result, market prices have fallen to levels not seen since the beginning of the decade. Prices in Euros are at historical lows.

– Continued on next page

Chart 3

### California Almond Shipment Trends

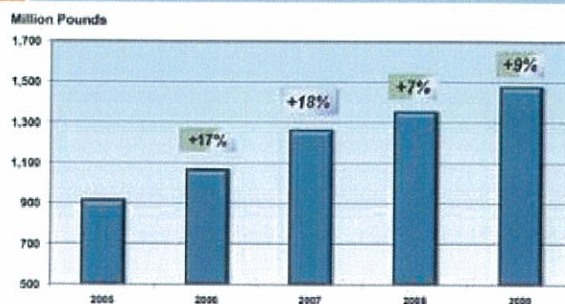


Chart 4

### California Almond Carry-In as Percent of Prior Year Shipments

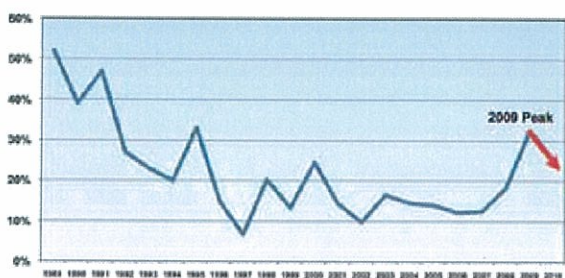
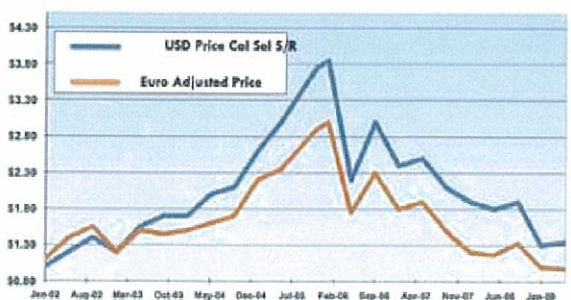


Chart 5

### Historical Almond Pricing



## Chart 6

### Widening Two-tier Market

The market differential between Nonpareil Supreme and “Blanchable Standard Sheller Run” has never been greater than it is today. This price differential reflects the tight balance between supply and demand that exists for the Nonpareil variety versus generic blanchable small count almonds that are less in balance.

Given that the 2009 Nonpareil crop is expected to decline even more than other varieties, the price differential is expected to continue or even grow in the coming year.

Consequently, upward price pressure on other varieties can be expected as buyers look for alternatives to Nonpareil Supreme.

## Chart 7

### Tree Nut Price/Lb.

Almond prices today represent a bargain compared to other tree nuts. Even the premium Nonpareil Supreme almonds, shown separately from California SSR almonds, are competitively attractive. 2009 crop generic small count blanchable almonds would, if shown on this chart, be at a level around \$1.10/lb. Unquestionably, almonds overall are a fantastic value.

## Future

Now let's focus on future events affecting our industry.

## Chart 8

### California Almond Bearing Acreage

The 65,000 bearing acres planted in 2006, less acreage pullouts, have caused total bearing acres to increase from 680,000 to 710,000 acres for the 2009 crop year as reported by the National Agricultural Statistics Service (NASS).

Bearing acres are anticipated to increase again in 2010 although the increase should not be as significant because 20,000 fewer acres were planted in 2007 than in 2006.

Thereafter, bearing acreage may well decline as pullouts are expected to exceed the rate of new plantings as evidenced by the next slide.

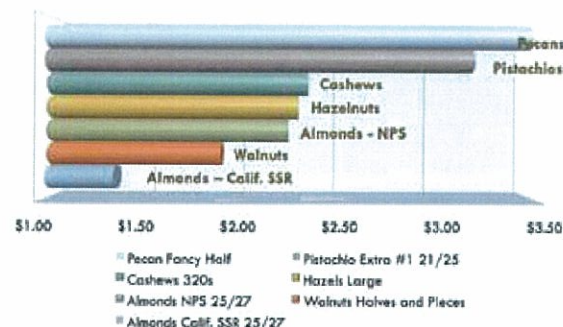
## Chart 6

### Widening Two-tier Market



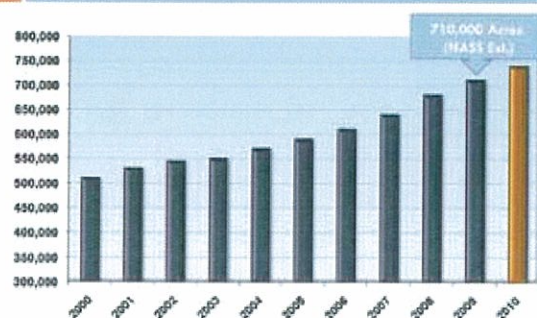
## Chart 7

### Tree Nut Price / Lb.



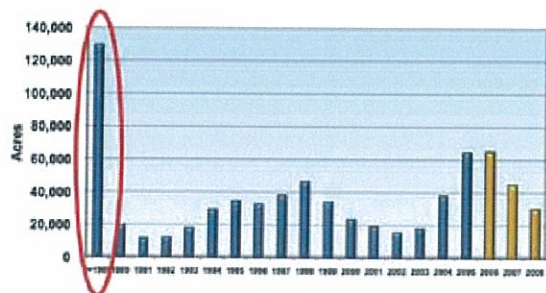
## Chart 8

### California Almond Bearing Acreage



## Chart 9

### California Almond Orchards Estimated Age of Acreage



## Chart 9

### California Almond Orchards – Estimated Age of Acreage

Currently there are 130,000 acres over 20 years old. This is a significant percentage of orchards in California. The recent decline in market prices will accelerate the removal of these orchards that are rapidly becoming non-economical.

In the near term, new plantings will decline dramatically until demand catches supply and market prices support sustainable returns to growers.

## Chart 10

### California Almond Production/Shipment Trend

Larger California almond crops have supported a greater global consumption growth rate trend during the past five years that has been tracking at 8.5% compounded annually.

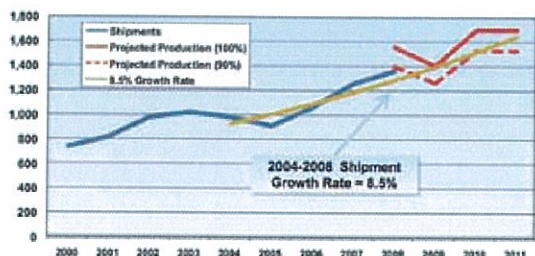
In accordance with this trend, shipments for the 2009 crop year are expected to increase by 9%. This shows low-to-high production estimates with the expected shipment growth trend, illustrating that supply and demand come into balance in future years.

## Chart 10

### California Almond Production/Shipment Trend



Million Pounds



## Chart 11

### Estimated 2008 Per Capita Consumption in World Markets

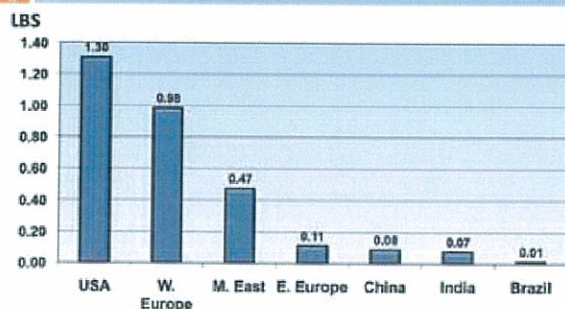
Compared to 1.3 pounds per capita consumption in the United States, the weighted average in emerging markets is only .07 pounds – representing huge growth opportunities for the almond industry.

For example, during the current year, China has more than doubled their imports of California almonds, India has increased by almost 12%, and in addition the Middle East has increased their imports by 45%.

It is worth noting that China, should they repeat recent increases in consumption, may soon become the number one export market for California almonds. It is even conceivable that by the time we all come together in Beijing next year, China will have reached that landmark.

## Chart 11

### Estimated 2008 Per-capita Almond Consumption



### Outlook Summary

In closing, let's return to the assertions made in my opening statement.

#### Big crops are needed...

- ❖ Consumption in India, the Middle East and China will continue to accelerate, supporting record worldwide growth.

#### Prices are poised to rise...

- ❖ As demand catches supply, market prices will rise from near-historic lows.

#### The future of our industry is promising...

- ❖ Global consumption will continue to increase, sustaining the long-term growth of our industry. This will be driven by a powerful and ever-growing consumer awareness of the great taste and nutritional benefits of almonds.

This concludes my remarks, thank you for your kind attention. 🌰