

Explanatory Memorandum

Great Southern 2008 Almond Income Project ARSN 127 947 960

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you do not understand or are in any doubt about the action which you are required to take you should consult your legal, financial or other professional adviser immediately.

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Important dates

Date of this Explanatory Memorandum	25 January 2010
Last time by which proxy forms for the Meeting can be lodged with GSMAL	11am AEDST 22 February 2010
Voting entitlement time for determining entitlements to vote at the Meeting	11am AEDST 22 February 2010
Meeting	12 noon AEDST 24 February 2010

This timetable is indicative only and may change. Any changes to the timetable will be notified to Growers.

Important information

What is the purpose of the Meeting?

The Meeting has been called pursuant to section 252A Corporations Act, by Great Southern Managers Australia Limited (Receivers and Managers Appointed) (In Liquidation) (**GSMAL**) as the responsible entity of the Great Southern 2008 Almond Income Project (**AIP08**). The purpose of the meeting is for GSMAL to explain its reasons for wanting to retire as responsible entity and to consider, and if thought fit, pass the Resolutions. Rural Funds Management Ltd (**RFM**) is proposed to become the responsible entity of AIP08, and to operate AIP08 under amended commercial terms.

Responsibility for information contained in the Notice of Meeting and Explanatory Memorandum

GSMAL has issued the Notice of Meeting and Circular to Growers. A limitation of responsibility is set out in section 14 of this Explanatory Memorandum.

All information provided to Growers in pages 6 to 27 in this Explanatory Memorandum, the Schedule and Annexure B have been prepared by RFM and RFM accepts responsibility for the content of this material.

The technical report in Annexure A was prepared by Lacey Consulting Group Pty Ltd (Lacey Consulting) at the request of RFM and paid for by RFM. Lacey Consulting has consented to the inclusion of its report in the Explanatory Memorandum.

A Proxy Form has been included for use by Growers who are unable to attend the meeting so that they are able to cast a vote on the Resolutions.

Election to Opt-Out of the AIP08

In addition to the documents necessary for the meeting, this Explanatory Memorandum includes a facility which RFM offers for investors who wish to opt-out of the AIP08. Any opt-out election will take effect only if RFM becomes the responsible entity.

The Proxy Form has an additional section that investors may use, at their election, to provide notice to RFM that they wish to cease being an almond grower in relation to some or all of their investment in AIP08. The required notice is given by completing the "Opt-out" section of the Proxy Form. Any Almondlots for which you give an opt-out election will be cancelled for no consideration.

Note that if you do not specify in the election the specific proportion of your investment (number of almond lots), then it will be assumed and the notice will take effect as a notice to RFM given in respect of all of your investment. That is, you will cease completely being an investor in AIP08 and your investment will be cancelled for no consideration.

Who is paying for the Meeting?

The cost of calling and conducting this Meeting will be met by RFM. It will not be met by AIP08 or any Grower of AIP08.

Action required by Growers?

You should read all the information carefully and consult your professional adviser.

Your options:

Option 1 - Remain an almond grower (review the Resolutions and this Explanatory Memorandum – note in particular section 6)

- (a) complete the Proxy Form by:
 - (i) voting 'Yes' to the Resolutions; and
 - (ii) returning it to GSMAL at the address nominated on the Proxy Form so that it is received before 11am AEDST on 22 February 2010; or
- (b) attend the meeting and cast your vote in favour of the Resolutions.

Option 2 – Cease being an almond grower for some or all of your Almondlots (review the Resolutions and this Explanatory Memorandum – note in particular section 8)

- (a) complete the Proxy Form by:
 - (i) marking the 'Yes' box in the Opt out section of the Proxy Form;
 - (ii) select how many Almondlots you would like to Opt Out of (if left blank, it will be assumed that you wish to opt out of all of your Almondlots;
 - (iii) note that by marking the 'Yes' box in the Opt out section of the Proxy Form it also operates as a vote 'Yes' on the Resolutions if you do not complete a voting direction to your proxy holder. Your election will be a direction to your nominated proxy holder (if one is specified, or if no name is stated then to the Chairman of the meeting) to vote Yes on the Resolutions; and
 - (iv) returning it to GSMAL at the address nominated on the Proxy Form so that it is received before 11am AEDST on 22 February 2010; or
- (b) attend the meeting and cast your vote.

GSMAL and RFM recommend that you read all the enclosed information in order to make an informed decision.

Voting information

In the absence of any special circumstances, the register of Growers as at 11am AEDST on 22 February 2010 will determine those Growers entitled to vote.

The meeting will proceed if a quorum of at least two (2) Growers are present in person or by proxy.

If the quorum is not present within 30 minutes of the scheduled time of the meeting, the meeting may be adjourned in the manner prescribed by the Corporations Act.

None of GSMAL, RFM or their associates are entitled to vote their interests on the Resolutions.

For the Resolutions to be approved they must be passed by the following majorities:

- (a) Resolution 1 - if more than 50% of the votes cast by Growers present at the meeting in person or by proxy who are entitled to vote on Resolution 1 are voted in favour;
- (b) Resolution 2 - if at least 50% of the total votes that may be cast by Growers entitled to vote on Resolution 2 are voted in favour;
- (c) Resolution 3 - if at least 75% of the votes cast by Growers present at the meeting in person or by proxy who are entitled to vote on Resolution 3 are voted in favour; and
- (d) Resolution 4 - if at least 50% of the votes cast by Growers present at the meeting in person or by proxy who are entitled to vote on Resolution 4 are voted in favour.

Resolutions 1 and 2 will have no effect unless Resolutions 3 and 4 are also passed. Resolution 3 will have no effect unless Resolution 4 is passed. Resolution 4 will have no effect unless Resolution 3 is passed.

Resolutions 2, 3 and 4 may have effect if each Resolution is passed, notwithstanding that Resolution 1 is not passed.

Explanatory Memorandum

1 Regulatory requirements

- 1.1 This Explanatory Memorandum has been prepared by RFM and is intended to provide AIP08 Growers with information to assess the merits of the Resolutions to be considered at the meeting.
- 1.2 Growers should read this Explanatory Memorandum in its entirety before making any decisions in relation to the Resolutions.

2 Summary

- 2.1 The current responsible entity of AIP08, GSMAL, is now in liquidation and receivership. Without any other viable proposals (such as the recapitalisation of GSMAL), in order for AIP08 to continue to operate as a going concern, a new responsible entity must be appointed. **If no new responsible entity is appointed then the Receivers and Managers have stated they intend to commence proceedings to wind up AIP08. In RFM's view, if the AIP08 is wound up Growers will not receive any distribution.**
- 2.2 Rural Funds Management Ltd (**RFM**), currently a wholly owned subsidiary of Great Southern Limited (Receivers and Managers Appointed) (In Liquidation) (**GSL**), has consented in writing to be the responsible entity of AIP08. RFM holds an appropriate Australian financial services licence (**AFSL**) which enables it to be appointed as the responsible entity of AIP08.
- 2.3 RFM although within the Great Southern Group is **not** in administration, liquidation or receivership and RFM continues to be viable.
- 2.4 The current management team of RFM (who were the previous owners of RFM before it was sold to GSL in September 2007), have agreed with the Receivers and Managers of GSL to buy back RFM from GSL. The sale of RFM to the management team will mean that neither RFM nor the AIP08 will remain connected to the Great Southern Group.
- 2.5 The appointment of RFM as responsible entity is conditional upon the Growers accepting the RFM proposal described in this Explanatory Memorandum and all Resolutions being passed.

3 Background Information

- 3.1 On 16 May 2009, the Administrators were appointed as the administrators of GSL along with many of its subsidiaries, including the current responsible entity of AIP08, GSMAL.
- 3.2 Subsequently, on 18 May 2009, certain secured creditors appointed the Receivers and Managers as receivers and managers of GSL and certain of its subsidiaries, including GSMAL. No receiver, manager, administrator or liquidator has been or is currently expected to be appointed to RFM.
- 3.3 On 19 November 2009, the Administrators were appointed as the liquidators of GSL along with many of its subsidiaries, including the current responsible entity of AIP08, GSMAL.
- 3.4 The Receivers and Managers have taken control of the secured assets of GSMAL. Receivers and managers have not been appointed to the AIP08.

- 3.5 The Receivers and Managers of GSMAL have obligations pursuant to the Corporations Act to act in the best interests of Growers in AIP08. Since their appointment, the Receivers and Managers have assessed the ongoing viability of AIP08 (as with a number of managed investment schemes) to determine whether the scheme can continue in its current form, or should be wound up, or if another responsible entity is prepared to take over the role as responsible entity of the scheme. Further details of the steps taken are set out in the Circular to Growers from the Receivers and Managers accompanying this Explanatory Memorandum.

4 Why should a new responsible entity replace GSMAL as responsible entity?

- 4.1 GSMAL is unable to meet AIP08 expenditure required to maintain the almond orchard. The almond trees in the AIP08 are in the very early years of growth, with no commercial quantities of almonds to be produced for a number of years. Limited expenditure in the short to medium term will not permanently impact the yield productivity of the almond trees however in the long term there will be detrimental effects should the required funding not be made available to meet maintenance and upkeep of the almond groves. This will affect Growers' almond produce.
- 4.2 Urgent restructuring of AIP08 is required to preserve asset value for the Growers who have continued to meet their financial obligations under the Licence and Management Agreement and wish to remain Growers in AIP08. Apart from RFM, the Receivers and Managers have been unable to identify any other party willing to take over the role of responsible entity of the AIP08 or the Great Southern 2007 Almond income Project ARSN 124 998 527 (**AIP07**). RFM has agreed to be appointed the responsible entity of both AIP08 and AIP07.

5 Who is RFM?

- 5.1 RFM was founded by David Bryant in 1997 as Rural Funds Management Limited, in order to provide Australians with an opportunity to invest their funds in agriculture. In September 2007, RFM was acquired by GSL and renamed Great Southern Funds Management Limited. Subsequent to the appointment of Receivers and Managers to GSL, the board of Great Southern Funds Management Limited changed the name of the company back to Rural Funds Management Limited and the board of RFM has been changed to include the following directors, David Bryant, Stuart Waight and Andrea Lemmon.
- 5.2 RFM is an agricultural funds management company with \$300 million of assets under management. RFM is one of the GSL subsidiaries however RFM remains solvent and has not been placed into administration or liquidation or had receivers appointed.
- 5.3 Up until 2007, RFM was owned by David Bryant, RFM Managing Director, other RFM Directors and senior managers. David Bryant is leading a management buy-out of RFM and key senior management will have the opportunity to acquire shares in RFM.
- 5.4 RFM is currently the responsible entity for several agricultural managed investment schemes, including RFM RiverBank, RFM Chicken Income Fund, RFM Diversified Agricultural Fund, RFM Almond Fund 2006, Agricultural Income Trust Fund 1, RFM Ultra Premium Vineyard Fund and the RFM Australian Cotton Fund. RFM has a unique combination of fund and operational management expertise and is well equipped to manage the interests of a wide variety of investors.
- 5.5 The management team of RFM has agreed with the Receivers and Managers of GSL to buy back RFM from GSL thereby removing RFM from the Great Southern Group.

Financial position

- 5.6 A summary of the audited 30 September 2009 statement of financial performance and statement of financial position for RFM is annexed in Annexure B of this Explanatory Memorandum. The sale of RFM to the current RFM management team is not expected to materially alter the net asset position of RFM as disclosed in Annexure B.

Other current transactions involving RFM

- 5.7 In addition to RFM seeking to be appointed the responsible entity of the AIP08:
- (a) RFM is also seeking to be appointed the responsible entity of the Great Southern 2007 Almond Income Project ARSN 124 998 527;
 - (b) the shares in RFM are likely to be sold by GSL to the RFM management team;
 - (c) RFM RiverBank and RFM Diversified Agricultural Fund ARSN 099 573 627 are undertaking discounted rights issues and looking to undertake discounted withdrawal offers to complete the separation of GSL and RFM.
- 5.8 RFM becoming the responsible entity of the AIP08 is not conditional on the ancillary transactions in sections 5.7(a) to 5.7(c) proceeding. Further details of these ancillary transactions are contained in Annexure B.

Operational management of RFM

- 5.9 The operational management of the AIP08 will be led by Daryl Winter, National Manager Almonds and Matt Mitchell, Technical Operations Manager. This team established the orchard at Hillston and are responsible for the ongoing farming performance including budgeting, tree health and production issues.
- 5.10 The senior management team of RFM includes:

David Bryant MAgB, Managing Director and General Manager – Asset Management

David established RFM in February 1997. Over the past twelve years, David has led the RFM team that has acquired over \$300 million in agricultural assets across four states. This includes negotiating the acquisition of more than twenty five properties and over 60,000 mega litres of water entitlements. On a day-to-day level, David is responsible for leading the RFM executive team including recruiting and directing senior farm personnel, sourcing new agricultural opportunities, and the design and implementation of farm development plans and product marketing strategies.

David holds a Diploma of Financial Planning and a Masters of Agribusiness at Melbourne University.

Andrea Lemmon, Executive Director

Andrea has been with RFM since its inception in 1997.

Until August 2007, Andrea led a team responsible for the provision of corporate services including legal and compliance, investor services, adviser services, human resources and OHS. Andrea was Chairperson of the RFM External Compliance Committee and a member of the Unit Pricing and Investment Policy Committee and the RFM Due Diligence Committee.

From August 2007 Andrea led the Asset Management team of National Managers managing the Company's horticultural and poultry assets. Andrea gained a solid understanding of farming practices and ensured each business optimised returns to investors.

Stuart Waight, General Manager – Corporate Services

Stuart joined RFM in 2003. Stuart is a member of the Institute of Chartered Accountants Australia. Stuart brought to RFM extensive financial management experience in the accounting profession and in the commercial sector, including his role as a Chief Financial Officer of a publicly listed company.

As General Manager – Corporate Services, Stuart oversees an accounting & finance team responsible for the management of banking and treasury requirements for RFM and its managed entities, the reporting and analysis of financial results and the supervision and review of corporate and fund statutory obligations. Stuart also oversees the team responsible for delivery of human resources, payroll, compliance, IT, insurance, facilities management, administration and HSE services.

Stuart is a member of the Unit Pricing Committee which is responsible for the calculation, monitoring, review and publication of unit prices and is highly involved with the financial analysis and due diligence of potential acquisitions.

Daryl Winter, National Manager – Almonds

Daryl joined RFM as General Manager of Horticulture in October 2005. Daryl's role includes leadership and overall management of horticultural developments at Hillston in New South Wales.

From the success of his family business, Winter Orchards Pty Ltd, Daryl brings to RFM a wealth of horticultural experience. This includes knowledge of cultivation processes, plant nutrition, micro irrigation systems, soil maintenance and pest and disease management. In 1996 Daryl was influential in the establishment of Stone Fruit Packing Pty Ltd, a specialist fruit packing and delivery company employing up to 50 staff, and was appointed General Manager. In 2002 Daryl assisted in the establishment of OzTaste Pty Ltd, a specialist stone and pome fruit marketing company of which he was a director until 2007.

6 What happens if the Resolutions are passed?

6.1 If Resolutions 2, 3 and 4 are passed:

- (a) the AIP08 Constitution will be amended by RFM with the revised terms as explained below and in the Schedule;
- (b) GSMAL will retire as responsible entity of AIP08; and
- (c) RFM will be appointed as responsible entity of AIP08.

- 6.2 If Resolutions 3 and 4 are passed then the changes to the Constitution and Licence and Management Agreement will authorise RFM as the new responsible entity (if Resolution 2 is also passed) or temporary responsible entity (if Resolution 2 is not passed and the Court orders that RFM is so appointed) to:
- (a) substitute a Grower's current Almondlot for another almondlot on the Moorah Property or the Yilgah Property located in the Hillston area of New South Wales provided the almondlot is at least equivalent or better (in terms of health and maturity of almond trees) than the Grower's current Almondlot; and
 - (b) if necessary reduce the size of the Grower's current Almondlot according to the level of participation as explained in sections 6.15-6.20 below.

AIP08 Structure

Changes to fee structure

- 6.3 In order for the management of the AIP08 to be a commercially viable undertaking, RFM believes that changes are required to the fee structure of the AIP08. If RFM is appointed as the new responsible entity, the changes will apply from 2009-10 onwards (that is, backdated to 1 July 2009).
- 6.4 The structure had been previously based on a revenue share model and RFM is seeking approval to alter the structure of AIP08 to a cost recovery model.
- 6.5 The changes to the fee structure proposed by RFM comprise:

Item	Current Constitution/ Licence and Management Agreements	Adjustments
Scheme termination	+ Investors were granted a 19 year licence over an Almondlot commencing 30 June 2008, and concluding 30 June 2027; AIP08 has a financial year ending 30 June	+ No change
Growers Asset and entitlement	+ The Grower's Proportional Share in the Almond Produce from the Almond Grove. + For each financial year from 1 July 2012, Growers entitlement is the Growers Proportional Share (55% of Total Almond Revenue) less the licence fee equal to \$1,300 (Plus GST) indexed each year at the higher of 2.5% or CPI; and the Growers Proportional Share of the Insurance Costs.	+ No change + Starting FY12 Growers entitlement is 100% of proceeds received from the Almond Produce less Operating Costs and Expenses, Ongoing Management Fees, Insurance Costs, Licence Fees and Performance Fees.
Operating Costs and Expenses	+ For FY09, FY10, FY11 and FY12 operating expenditure included in the ongoing management fee. + For each financial year from 1	+ No change + Post FY12 will be the Growers Proportional Share of the forecast Operating Costs and Expense invoiced on 1 July payable 31

		July 2012, Operating expenses will be paid from the responsible entity's 45% share of Total Almond Revenue subject to a shortfall provision (see Ongoing Management Fee and Shortfall Provision below)	July. Any forecast versus actual adjustments invoiced in July of following year.
Ongoing Management Fee (Payable on a per Almondlot basis)	+ + + + +	<p>For each financial year ending FY09, FY10, FY11 and FY12, \$2,400 (incl GST) plus 100% of Total Almond Revenue. The fee will be invoiced on 1 October of the relevant financial year and payable 31 October of that financial year.</p> <p>For each financial year from 1 July 2012, an Ongoing Management Fee equal to 45% (plus GST) of the Total Almond Revenue for each of the financial years from and including FY13 is due. The fee will be invoiced on 1 October of each financial year, commencing in 2012, subject to any allowable deductions made and due for payment by the Grower on 31 October.</p>	<p>For financial year ending FY09: no change.</p> <p>For FY10: \$2,400 (incl GST) plus \$250 (incl GST) plus 100% of Total Almond Revenue. Invoiced immediately after RFM becomes the responsible entity and payable within 14 days.</p> <p>For FY11: \$2,400 plus \$250 (incl GST) and indexed to CPI from 1 July 2010 plus 100% of Total Almond Revenue. Invoiced 1 July 2010 and payable 31 July 2010.</p> <p>For FY12 \$2,400 (incl GST) plus \$250 (incl GST), indexed to CPI from 1 July 2010. Invoiced on 1 July 2011 and due for payment on 31 July 2011.</p> <p>For each financial year from 1 July 2012 (i.e. FY13 and beyond): \$250 per Almondlot indexed to CPI from July 2010. Invoiced on 1 July of the relevant financial year commencing on 1 July 2012 and due for payment on 31 July of that financial year.</p>
Licence Fee (lease fee) (Payable on a per Almondlot basis)	+ +	<p>For FY09, FY10, FY11 and FY12: the Licence Fee is included in the Ongoing Management Fee.</p> <p>From 1 July 2012: \$1,300 (plus GST) indexed each financial year at the higher of 2.5% or CPI at 30 June 2012. The amounts will be, to the extent possible, deducted from Grower's Percentage Revenue each financial year commencing 1 July 2012, and the balance due will be invoiced each year by 1 October commencing on 1 October 2012 and shall be due for payment on 31 October.</p>	<p>For FY10, FY11 and FY12: no change.</p> <p>From 1 July 2012: Growers Proportional Share of the forecast Lease between RFM as responsible entity and RFM RiverBank. Invoiced on 1 July each year. Any forecast vs actual adjustments invoiced in July of following year. This is not expected to be materially different to the current \$1,299 plus GST indexed each year at the higher of 2.5% or CPI.</p>

Administration Fee	+ An administrative fee of up to \$20 per Grower indexed annually to CPI (Plus GST) may be charged by the RE per annum.	+ No administration fee charged to Grower.
Insurance Costs	<p>+ For financial years ending 30 June 2008, 2009, 2010, 2011 and 2012: Insurance Costs are included in the Ongoing Management Fee.</p> <p>+ From 1 July 2012: a Grower pays the Grower's Proportional Share of the Insurance Costs. This fee is deducted from Total Almond Revenue after the Ongoing Management fee and Licence fee have been deducted from the Total Almond Revenue.</p>	+ RFM will insure the Almond Trees against loss or damage by hail, frost, windstorm and fire. This insurance covers the cost of replanting and maintaining the Almond Trees following an insurable event and this cost will be paid by Growers. The insurance does not extend to any loss or reduction of future produce due to an insured event occurring. Growers may be able to obtain insurance for the almond produce on their own account.
Shortfall Provision	<p>+ Commencing from FY13, if the Total Almond Revenue is not sufficient to meet the Minimum Operating fee, the Licence fee, and Insurance costs of a Growers Almond Business, then a "shortfall" will arise. The amount of the "shortfall" will be amount by which the Total Almond Revenue is less than the Minimum Operating fee, Licence fee, and Insurance costs. Where a shortfall arises in any financial year, the shortfall will be carried forward and deducted from the Grower's Percentage Revenue in the next financial year. If the Grower's Percentage Revenue in the next financial year is not sufficient then the Grower will be invoiced. In the Event that a Grower fails to pay outstanding monies within the required timeframe of an issue of final notice, the Grower will forfeit their interest in the Almondlot(s). In this instance, the RE may resell the Growers interest in the Almondlot to pay</p>	+ No shortfall provision is required as Growers to be charged Growers' Proportional Share of Operating Costs and Expenses. Refer Operating Costs and Expenses above.

outstanding amounts.

Performance Fee	+	N/a	+	From 1 July 2013, the RE may be entitled to 22.5% (plus GST) of any AIP08 revenue above the Notional Distribution Amount which is specified in Item 7 of Schedule 1 to the Licence and Management Agreement.
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- 6.6 RFM considers it to be commercially unacceptable for RFM to accept the risk of paying the Operating Costs and Expenses associated with operating AIP08 and not being able to recover these Operating Costs and Expenses from Growers. It is on this basis that the proposed amendments are requested by RFM as a condition of it being appointed as the new responsible entity. The fee structure for the AIP08 is set out in the AIP08 Constitution which includes the Licence and Management Agreement and separately in the proposed amended Licence and Management Agreement. The proposed amended Licence and Management Agreement is attached in the Schedule to the Explanatory Memorandum.
- 6.7 Under the terms upon which all Growers invested in the AIP08 as set out in the PDS, any variation to the Licence and Management Agreement which, in the opinion of the responsible entity, may adversely affect Growers' interests, must be approved by an Ordinary Resolution at a formal meeting of the Growers.
- 6.8 The standard terms of the Licence and Management Agreement are also annexed to and form part of the Constitution. Therefore, any proposed amendment to the Licence and Management Agreement requires the same amendments to also be made to the Constitution. Under section 601GC(1)(a) of the Corporations Act and clause 41 of the Constitution, any amendment to the AIP08 Constitution which may adversely affect Growers' rights must be approved by Special Resolution of the Growers.
- 6.9 Therefore two Resolutions (in addition to Resolutions 1 and 2 which approve the proposal and appoint RFM as the responsible entity) are included in the Notice of Meeting:
- (a) one Special Resolution amending the Constitution which includes the updated standard terms of the Licence and Management Agreement (Resolution 3); and
 - (b) one Ordinary Resolution which authorises the amendment of each Grower's Licence and Management Agreement being the process which was agreed between GSMAL and Growers under the PDS (Resolution 4).

Fee Example

- 6.10 The table below gives a comparative example of the fees and other costs payable in the Sixth Period per Almondlot onwards once trees are mature, assuming the following variables:
- (a) Grower's Proportional Share of Total Almond Revenue - \$5,688; and
 - (b) Grower's Proportional Share of Operating Costs and Expenses - \$2,873 (including \$10 in Insurance Costs).
- 6.11 Almond Trees generally reach maturity seven years after they are planted.

- 6.12 This example is provided for illustrative purposes only and includes forecast lease costs including future capital expenditure with no CPI indexation applied. The revenue used to generate the profit figure is hypothetical only and is used solely for the purpose of demonstrating the effect the changes in the fee structure.

Fees payable under current Licence and Management Agreement (GST exclusive)	Fees payable under proposed amendments to the Licence and Management Agreement (GST exclusive)
Total Almond Revenue - \$5,688	Total Almond Revenue - \$5,688
Ongoing Management Fee – (\$2,559)	Ongoing Management Fee – (\$227)
Licence Fee – (\$1,300) (no indexation applied)	Licence Fee – (\$1,299)
Insurance Costs – (\$50) (estimate only)	Operating Costs and Expenses – (\$2,873)
Administration Fee – (\$20)	Performance Fee – (\$0*)
Profit to Grower per Almondlot - \$1,759	Profit to Grower per Almondlot - \$1,289

* This example assumes no performance fee is payable as the distributions to Growers did not exceed the Notional Distribution Amount. If the Distribution Amount (excluding the Performance Fee) exceeded the Notional Distribution Amount then RFM would be entitled to 22.5% (plus GST) of the excess calculated on a rolling cumulative basis.

Leases

- 6.13 The almond orchard farmed by AIP08 is situated on the Moorah and Yilgah Properties in Hillston, New South Wales. The Moorah Property is leased by RFM RiverBank, a unit trust also managed by RFM, from the land owner. Under the current lease arrangements, Moorah is leased from RFM RiverBank to GSAH, a wholly owned subsidiary of GSL, and then subleased to GSMAL. Yilgah is owned by RFM RiverBank and is leased to GSAH and subleased to GSMAL. GSAH is in administration.
- 6.14 If AIP08 Growers vote to appoint RFM as responsible entity for AIP08, then RFM will replace GSMAL. Further RFM as the new responsible entity of AIP08, will lease Moorah and Yilgah Properties from RFM RiverBank. This will result in GSAH having no further part in the lease arrangements. This means the Moorah Property will be leased from RFM Riverbank to AIP08 without any subleasing arrangements with GSL subsidiaries.
- 6.15 **The changes to the Constitution and Licence and Management Agreement also authorise RFM as the responsible entity to:**
- (a) **substitute a Grower's current Almondlot for another almondlot on the Moorah Property or the Yilgah Property located in the Hillston area of New South Wales provided the almondlot is at least equivalent or better (in terms of health and maturity of almond trees) than the Grower's current Almondlot; and**
 - (b) **if necessary reduce the size of the Grower's current Almondlot.**
- 6.16 The purpose of including the ability to move Growers and reduce the size of their Almondlot within the current lease arrangements or to a property with almonds trees at an equivalent or more advanced maturity is to reduce the ongoing operating costs of AIP08 and the earlier almond scheme Great Southern 2007 Almond Income Project (**AIP07**). RFM expects a number of growers in both AIP08 and AIP07 will select the Opt-out Option and decide to surrender all or

some of their Almondlots. Therefore to reduce the individual operating costs of each scheme, RFM intends to co-locate the almondlots of both schemes. Both the AIP07 and AIP08 will continue to operate as separate managed investment schemes and there will be no pooling of income or produce between schemes or other financial benefits derived from cost savings. RFM will be able to ensure there is (on an overall basis) a fair allocation between the AIP07 and AIP08 of the operating expenses incurred by RFM on behalf of each scheme.

- 6.17 RFM expects the lease arrangements relevant to either the Yilgah Property or the Moorabool Property may be terminated (with the property sold) and all Growers in both AIP07 and AIP08 will be relocated to either the Yilgah or Moorabool Property.
- 6.18 Because RFM cannot be certain of the total number of Growers in the AIP07 and AIP08 who will elect to continue, it may be that AIP07 and AIP08 Growers will have the size of their Almondlot reduced to less than 0.25 hectares. Any reduction in the size of a Growers Almondlot would also lead to a reduction in both their ongoing costs and any income.
- 6.19 The following table illustrates the impact on Growers Almondlot, size and the scaling on costs and expenses if the overall Grower default rate for AIP07 and AIP08 is less than 50%:

	Scaled for default			
	20%	30%	40%	50%
Grove Size	0.147	0.181	0.226	0.250
Total Almond Revenue per Almondlot	3,345	4,118	5,142	5,688
Cost Per Grove				
Ongoing Management Fee	133	164	205	227
Licence Fee	764	940	1,174	1,299
Operating costs	1,689	2,080	2,597	2,873
Insurance	-	-	-	-
Administration fee	-	-	-	-
Performance fee	-	-	-	-
	758	933	1,165	1,289

Assumptions:

- 1 A consistent default rate was applied to both AIP07 and AIP08.
- 2 No performance fee is payable.
- 3 The Total Almond Revenue is hypothetical and not a forecast. The revenue figure is used solely for the purpose of demonstrating the effect a reduction in Almondlot size will have on revenue, costs and expenses.

- 6.20 Under the current lease arrangements, RFM RiverBank provided a guarantee to Growers that it would deliver 15 megalitres of water per hectare to each hectare of almonds. RFM RiverBank has sufficient water entitlements to meet this obligation however it is possible that at some point in the future, RFM RiverBank's water entitlements may be reduced and under the current arrangement RFM RiverBank would have to secure more water to meet this obligation. Under the new lease arrangement, RFM RiverBank will not bear this risk and under the new lease with RFM

as the new responsible entity if at some point in the future, due to a cut back in its entitlements, there is a need to acquire more water, this will be done at the Growers' expense.

Ongoing Management Agreement

- 6.21 Currently, GSMAL as responsible entity of AIP08 contracts the farm management of the AIP08 almond orchard to RFM Farming Pty Ltd, a wholly owned subsidiary of RFM. If RFM is appointed as the responsible entity of AIP08, then this arrangement will continue with the same team looking after each Growers orchard under contract with RFM. The RFM Farming team has significant expertise in almond orchard design, development and ongoing management and is currently responsible for maintaining 1,814ha of almond orchards at Hillston in New South Wales.

2009-10 Fees

- 6.22 In anticipation of RFM being appointed the responsible entity of AIP08 and it continuing as a managed investment scheme, RFM (with GSMAL's consent) will issue all Growers with a letter advising of all fees for the current financial year.
- 6.23 Immediately after it becomes the responsible entity of AIP08, RFM will issue invoices to all Growers payable 14 days after the date of issue.

Outstanding amounts owed by Growers

- 6.24 Regardless of whether the Resolutions are passed and RFM is appointed the new responsible entity and/or a Grower elects to opt-out of AIP08:
- (a) Growers who have amounts outstanding to GSMAL in the nature of unpaid management fees, unpaid GST amounts, unpaid cost reimbursements or otherwise in respect of the periods ending 30 June 2008 and 2009 (**Unpaid Amounts**) will continue to owe such Unpaid Amounts to GSMAL;
 - (b) RFM and GSMAL have agreed that Growers must, before continuing to participate under AIP08, pay such Unpaid Amounts to GSMAL or RFM. GSMAL will continue to pursue any such Growers for these Unpaid Amounts; and
 - (c) Growers who borrowed from Bendigo and Adelaide Bank Limited or Great Southern Finance Pty Ltd (In Liquidation) to invest in AIP08 will continue to be bound by the terms and conditions of their respective loans. Where Growers have borrowed to invest in the Scheme, they should seek their own professional advice.

Power of Attorney

- 6.25 The purpose of the inclusion of the power of attorney in the Constitution is to authorise GSMAL or RFM as your agent and/or attorney to execute a document containing the changes to your Licence and Management Agreement. The power of attorney may be used if Resolutions 3 and 4 are passed whether you vote for, against, abstain or do not vote on the Resolutions contained in this Explanatory Memorandum.

Borrowings secured over assets of AIP08

- 6.26 RFM has also sought to amend clause 12.2 of the Constitution.
- 6.27 Clause 12.2 has been amended to allow RFM as responsible entity greater flexibility to borrow money secured against the assets of the AIP08. The purpose of any borrowings would be for the benefit of Growers such as obtaining finance secured against the future crop of almonds where the finance is used to fund harvesting costs.

Minor additional changes

- 6.28 Clause 12.3 has been deleted because this section of the Corporations Act has been repealed and no longer exists.

7 Advantages, disadvantages and risks

- 7.1 There are a number of significant issues Growers should consider in deciding whether to vote in favour or against the Resolutions.

Advantages

- 7.2 If the Resolutions are approved it is likely the AIP08 will continue and there is a chance Growers will receive some income in the future. RFM has on the basis of the restructure described in this Explanatory Memorandum agreed to be appointed the responsible entity of AIP08 and AIP07. GSMAL has determined AIP08 is not financially viable in its current state and in the absence of a party willing to become the responsible entity and restructure AIP08, then GSMAL will likely commence steps to wind up the scheme. If AIP08 were wound up, the Growers would lose their licence to operate their Almondlot and their rights to the almonds produced from their Almond Trees. The current leases and licences over the Almondlots would be terminated.
- 7.3 Where a Grower has borrowed money in order to invest in AIP08, any income received and paid to Growers from the sale of Almond Produce could be applied to repay any borrowings which remain outstanding.

Disadvantages

- 7.4 It is likely a significant number of Growers may decide to opt out of the AIP08 and cease being Growers. It is likely the total number of Growers in the AIP08 will be less.
- 7.5 The changes to the Constitution and Licence and Management Agreement authorise RFM as the responsible entity to substitute a Grower's current Almondlot for another almondlot on the Moorral Property or the Yilgah Property located in the Hillston area of New South Wales provided the almondlot is at least equivalent or better (in terms of number, health and maturity of almond trees) than the Grower's current Almondlot.
- 7.6 The purpose of including the ability to move Growers within the current lease arrangements or to a property with almonds trees at an equivalent or more advanced maturity is to reduce the ongoing operating costs of AIP08 and the AIP07. RFM expects a number of growers in both AIP08 and AIP07 will select the Opt-out Option and decide to surrender all or some of their Almondlots. Therefore to reduce the individual operating costs of each scheme, RFM intends to co-locate the almond lots of both schemes. Both the AIP08 and AIP07 will continue to operate as separate managed investment schemes and there will be no pooling of income or produce or other financial benefits derived from cost savings. RFM will be able to ensure there is (on an overall basis) a fair allocation between the AIP08 and AIP07 of the operating expenses incurred by RFM on behalf of each scheme.

RE Risks

- 7.7 RFM's ability to act as responsible entity on an ongoing basis is dependent on its financial viability and its attendant business risks. Annexure B provides a summary of audited financials for the year ended 30 September 2009 including an extract of important risk disclosures. RFM's audited financial statements are lodged with ASIC and are available from RFM on request

Operational Risks

- 7.8 The risks that were disclosed to Growers in the original product disclosure statement dated 21 December 2007 for the AIP08, continue. Whilst the management team of RFM has significant farm management experience, farming and the agricultural industry is by its nature subject to a range of risks beyond the control of any manager.
- 7.9 There is no assurance if the Resolutions are successful that the AIP08 will become profitable or that Growers will receive a return.

Participation Risk

- 7.10 Whilst RFM has sought and agreed to be appointed the responsible entity of the AIP07 and AIP08 Projects, sufficient Growers must agree to continue otherwise the AIP07 and AIP08 will not be of a size to be economically sustainable.
- 7.11 At the date of this Explanatory Memorandum RFM is unable to determine the percentage of Growers (by Almondlot) who are prepared to continue in AIP07 and AIP08. The percentage of continuing Growers will not be known until after the AIP07 and AIP08 meetings as some Growers may select the Opt-out option or decline to pay their contributions under the Licence and Management Agreements.
- 7.12 If Growers representing less than 322 hectares of the total of 1074 hectares (being approximately 30% of AIP07 and AIP08) continue in AIP07 and AIP08 then, RFM, in the absence of an alternate plan, may recommend the winding up of AIP07 and AIP08. In the event RFM recommends the wind up of the AIP07 and AIP08, any contributions received by RFM will be refunded to the relevant Growers.

Legal Risk

- 7.13 The process being adopted to amend the Licence and Management Agreements is a combination of an amendment to the Constitution (because the pro forma Licence and Management Agreement is annexed to the Constitution) and an Ordinary Resolution in the manner set out in the PDS.
- 7.14 The PDS specifically stated that in the case of any variation to be effected to the Licence and Management Agreement which in the opinion of the RE may adversely affect an Applicant's (read Grower's) interests, such variation may only be effected if it has been approved by an Ordinary Resolution at a formal meeting of Growers and then the amendment was executed under hand of the responsible entity acting on behalf of the Growers.
- 7.15 However the PDS disclosure is inconsistent with the pro forma Licence and Management Agreement attached to the Constitution, which provides that any amendment must be made in writing and duly executed by the parties.
- 7.16 A recent decision of the Court of Appeal of the Supreme Court of Western Australia (*Alpha Wealth Financial Services Pty Ltd v Frankland River Olive Co. Ltd* (2008) 66 ACSR 594) may impact on validity of the Resolutions.
- 7.17 In summary, the Court was asked to consider, among other things, whether amendments made to a managed investment scheme's constitution and attached pro-forma licence and management agreement (**LMA**) by special resolution could affect the terms of the LMAs actually executed by investors in the scheme. The Court held that such amendments could not affect or vary the terms of executed LMAs and that the process for amendment of the LMAs as set out in the LMAs must be followed.

- 7.18 The current pro forma Licence and Management Agreements attached to the Constitution provides that any amendment must be made in writing and duly executed by the parties. This is inconsistent with the disclosure in the PDS.
- 7.19 The licence and management agreement annexed to this Explanatory Memorandum proposes that for the future the ability to undertake future amendments to the licence and management agreement which may adversely affect Growers rights provided Growers approve the change by Ordinary Resolution and following the passing of the Ordinary Resolution RFM is authorised as agent of the Grower to amend the licence and management agreement.
- 7.20 On 31 December 2009 Justice J Davies of the Supreme Court of Victoria decided in the case of Re Great Southern Managers Australia Limited (Receivers and Managers Appointed)(in Liquidation) [2009] VSC 627 that:
- (a) the constitutional amendments sought in that case were within the scope of the members' power to pass by special resolution for the purposes of section 601GC of the Corporations Act;
 - (b) the use of a constitutional power of attorney would not be in breach of the grower's agreements (lease and management agreements) as each of the growers' agreements expressly permits modification or amendment subject to the prescription that any such modification or amendment be in writing and duly executed. The use of the constitutional powers of attorney will satisfy that prescription; and
 - (c) it is within the power of the members to effect by force of section 601GC of the Corporations Act an agency and power of attorney that binds all members, whether or not an individual member voted in favour, abstained or voted against the creation of that agency.
- 7.21 Whilst the proposed amendments to the constitution and the Licence and Management Agreements at this Meeting are different to those considered by Justice Davies the process is not dissimilar.
- 7.22 If necessary, RFM intends to apply to the Court to have the issue resolved. If any Court application is unsuccessful and the current Licence and Management Agreements continue, then RFM may determine AIP08 cannot continue and move to wind up AIP08.

Voting Risk

- 7.23 Where a Grower has borrowed to invest in AIP08, their loan documents with their lender may contain a promise by those Growers not to do certain things without the approval of their lender. For example, their loan documents may provide that in certain circumstances such as the insolvency of the responsible entity or a change of responsible entity, an 'Acceleration Event' has occurred. The effect of this 'Acceleration Event' may include the lender having the right to exercise the Grower's votes and/or a right to the immediate repayment of any loan. Growers are encouraged to contact their lender (where applicable) to discuss their position.
- 7.24 Growers who financed their acquisition should note that some loan agreements may provide that the lender will be entitled to vote the Grower's interests on the basis that an 'acceleration event' has occurred. Insofar as in relation to such a Grower the AIP08 property is presently uninsured, then an 'acceleration event' would have occurred.
- 7.25 Growers who obtained a loan in order to enter the AIP08 should refer to their loan documentation and consider consulting with their lender before deciding how, and whether, to vote on the Resolutions. Growers should ask their lender whether or not they have any requirements to follow, or documentation to sign, before they are able to vote.

- 7.26 It is the individual responsibility of Growers who have financed their acquisition to ensure that they comply with any requirements of their lender. Any person, including a lender, seeking to cast a vote for or on behalf of a Grower must ensure that their appointment to do so complies with the AIP08 Constitution and the Corporations Act.

8 What if I do not wish to continue as a Grower?

Opt-out Option

- 8.1 RFM and GSMAL are offering Growers the option to surrender all or some of their Almondlots and terminate their Licence and Management Agreement in exchange for having all current financial year and future financial years obligations to both RFM and GSMAL forgiven. **This forgiveness does not include any Grower loan liabilities or a forgiveness of outstanding invoices owed to GSMAL as responsible entity of AIP08. Growers who borrowed to invest in AIP08 will continue to be bound by the terms and conditions of their loan regardless of whether they continue or exit as Growers. Where a Grower has borrowed to invest in AIP08 that Grower should seek their own professional advice.**
- 8.2 This option is conditional upon RFM being appointed as the responsible entity of the AIP08. **You must vote in favour of RFM being appointed the responsible entity of AIP08 if you want to either continue as a Grower or exit as a Grower and surrender your Almondlot(s).**
- 8.3 To exit AIP08 and surrender your Almondlots you must select this option by marking an 'x' in the 'Yes' box in section 4 of the Proxy Form and returning the Proxy Form to the address nominated on the Proxy Form. If you marked the 'Yes' box to opt out box and have marked the Discretion or not voted on Resolution 1, 2, 3 or 4, then you are by selecting the Opt-out box directing your proxy to exercise your votes and vote in favour of Resolutions 1, 2, 3 and 4.
- 8.4 Please insert the number of Almondlots you wish to Opt-out of by writing the number in the box marked "Number of Almondlots you wish to Opt-out of". If left blank it will be assumed you wish to Opt-out of all Almondlots you currently hold.
- 8.5 The AIP08 Constitutional amendments referred to in Resolution 3 include an amendment which allows RFM to cancel the interest of each Grower in AIP08 who elects to exit AIP08 by marking an 'x' in the 'Yes' box in section 4 of the Proxy Form and returning the Proxy Form to the address nominated on the Proxy Form.

9 What happens if the Resolutions are not passed?

- 9.1 Resolutions 1 and 2 will have no effect unless Resolutions 3 and 4 are also approved. Resolution 3 will have no effect unless Resolution 4 is also passed. Resolution 4 will have no effect unless Resolution 3 is passed. Therefore, if Resolution 2 is not passed, the appointment of RFM as responsible entity of AIP08 will not proceed and GSMAL will remain as the responsible entity of AIP08. GSMAL may, however, then seek the appointment by the Court of RFM as a temporary responsible entity. Note that Resolutions 2, 3 and 4 may have effect if each Resolution is passed, notwithstanding that Resolution 1 is not passed.
- 9.2 GSMAL has been advised by RFM RiverBank as the owner of the Yilgah Property and head lessee of the Moorool Property that because GSAH is in default under the leases, that in the absence of RFM or some other party being appointed as the responsible entity for AIP08 and AIP07, and lease payments immediately resuming, the leases will be terminated. RFM RiverBank has issued

default notices under the leases to GSAH. On termination of the leases ownership of the almond produce will revert to the land owner.

- 9.3 GSMAL has determined that if RFM is not appointed the responsible entity of AIP08, then GSMAL intends to wind up AIP08.

10 Tax implications

- 10.1 As the tax implications for each Grower may vary depending on their specific individual circumstances, each Grower should seek specific tax advice from an appropriately qualified adviser. Where a Grower is registered or required to be registered for GST, advice on the GST consequences of arrangements should also be obtained.
- 10.2 Specific tax implications that are likely to impact growers include the impact of arrangement on the existing Product Ruling issued by the ATO (PR 2007/102) and the impact if the responsible entity substitutes an Almondlot as described in section 6.15.
- 10.3 RFM is in the process of lodging with the Australian Taxation Office a request for an addendum to the existing Product Ruling seeking to have the existing ruling updated to take into account the proposed amendments to the project.
- 10.4 Where a Grower has an Almondlot substituted as described in 6.15, this is likely to constitute a CGT event. As it is not expected that a Grower will have any material cost base in the existing Almondlot, a taxable capital gain may arise if there are valuable capital proceeds for that CGT event. As capital proceeds are not limited to monetary consideration but include property, the value of the replacement Almondlot may be capital proceeds, and capital gain of this or a similar amount may arise.
- 10.5 In determining the value of any replacement Almondlot, in addition to taking into account the expected future returns, the costs and risks of ownership should also be taken into account. Also where a number of Growers surrender their Almondlots and cease to be an almond Grower this may support a position for continuing Growers that the value of an Almondlot is minimal.

11 AIP07 and AIP08 technical report

- 11.1 RFM has arranged for a Technical Report on the AIP07 and AIP08 almond orchard prepared by Andrew Lacey, a director of Lacey Consulting Group Pty Ltd (**Technical Report**), to provide information on the health of the orchard along with forecast costs and yields of the orchard. The Technical Report is attached as Annexure A.
- 11.2 RFM engages the services of Andrew Lacey as an Almond Technical Consultant. Andrew has been employed by RFM since 2006 to provide high level technical advice on the almond orchards it manages in Hillston, New South Wales. Andrew has been involved in almond growing for over 30 years, and manages a 260ha orchard near Renmark, South Australia. Andrew is technical adviser to other almond growers and holds a number of key positions within the almond industry.

12 No investment advice

This Explanatory Memorandum does not take into account individual investment objectives, financial situation or particular needs and should not be considered personal financial product advice. Growers are strongly advised to obtain independent financial, investment, legal and taxation advice before deciding whether or not to attend and vote at the relevant meetings, or to vote in favour of or against the Resolutions.

13 Further information

- 13.1 Growers should make their own enquires regarding the prospects of GSL, its subsidiaries (including GSMAL or GSAH) and associated schemes (such as the AIP07) being wound up and seek appropriate professional advice.
- 13.2 If Growers require more information in relation to the liquidation or receivership process they should contact the Administrators (now the liquidators) or Receivers and Managers at gsl_investors@perth.fh.com.au or fm-gs@mcgrathnicol.com respectively.
- 13.3 In this document, GSMAL expresses no views on the solvency or otherwise of GSL, its subsidiaries or any associated schemes and makes no recommendations as to whether Growers should vote in favour of or against the Resolutions.

14 Limitations in relation to responsibility for meeting documents

- 14.1 The Circular to Growers, the Notice of Meeting and the Proxy Form are issued by the Receivers and Managers (**GSMAL Information**).
- 14.2 The Explanatory Memorandum, the Schedule and the Annexures have been prepared by RFM and its publication has been authorised by RFM (and its related entities) who are solely responsible for its completeness and accuracy (**RFM Information**).

GSMAL Information

- 14.3 The GSMAL Information has been prepared using information provided by, or on behalf of, Great Southern Group representatives (**GS Records**) publicly available information and information separately gathered or compiled by the Receivers and Managers.
- 14.4 To the fullest extent permissible by law, each of the Receivers and Managers, McGrathNicol, any of their officers, employees, agents or advisers and GSMAL (**the Disclosing Parties**) disclaims liability from claims, losses, liabilities and damages (whether arising from negligence or otherwise) for, or based on, or relating to the GSMAL Information to the extent that the GSMAL Information:
- (a) relies on, refers to, or incorporates GS Records or the GS Records are inaccurate, incomplete or contain misleading or deceptive information or omit any information that makes the GSMAL Information misleading or deceptive; or
 - (b) relies on, refers to, or incorporates information provided by RFM (or its related entities) in respect of the proposal by RFM to be appointed the new responsible entity of AIP08 described in the Explanatory Memorandum; or
 - (c) contains a form of notice of election to RFM in the Proxy Form for Growers to provide an irrevocable election to Opt Out of AIP08 by notice to RFM..

RFM Information

- 14.5 The Disclosing Parties are not responsible for the information contained in the RFM Information. That information has been prepared, and its publication has been authorised, by RFM (and its related entities) who are solely responsible for its completeness and accuracy.
- 14.6 None of the Disclosing Parties makes any representation or warranty (express or implied) as to the accuracy, reliability, reasonableness or completeness of the contents of the RFM Information

and disclaims all liability from all claims, losses, liabilities and damages (whether arising from negligence or otherwise) for, or based on, or relating to information contained in the RFM Information, or for any errors in, or omissions from, RFM Information, except to the extent of any liability which cannot be excluded as a matter of law.

- 14.7 Based on the information available to it, RFM considers that the RFM Information contains all information reasonably required by a Grower to make an informed decision on the Resolutions.
- 14.8 Neither RFM nor its officers, employees or agents have authorised any person to make or provide any statement, representation or information to Growers which is inconsistent with the information contained in the Explanatory Memorandum. Any such information is not authorised by them and should not be relied upon by Growers.

Forward looking statements

- 14.9 To the extent any forward looking statements (actual or implied) including forecasts, none of the Disclosing Parties makes any representation or warranty, express or implied as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of those statements. Such statements are by their nature subject to significant uncertainties and contingencies.

15 Voting instructions

Voting at the Meeting

- 15.1 None of GSMAL, RFM, or their Associates are entitled to vote Almondlots they respectively hold on the Resolutions.
- 15.2 Where a Grower has borrowed to invest in AIP08, their loan documents with their lender may contain a promise by those Growers not to do certain things without the approval of their lender. For example, their loan documents may provide that in certain circumstances such as the insolvency of the responsible entity or a change of responsible entity, an 'Acceleration Event' has occurred. The effect of this 'Acceleration Event' may include the lender having the right to exercise the Grower's votes and/or a right to the immediate repayment of any loan. Growers are encouraged to contact their lender (where applicable) to discuss their position.
- 15.3 Growers who financed their acquisition should note that some loan agreements may provide that the lender will be entitled to vote the Grower's interests on the basis that an 'acceleration event' has occurred. Insofar as in relation to such a Grower the AIP08 property is presently uninsured, then an 'acceleration event' would have occurred.
- 15.4 Growers who obtained a loan in order to enter the AIP08 should refer to their loan documentation and consider consulting with their lender before deciding how, and whether, to vote on the Resolutions. Growers should ask their lender whether or not they have any requirements to follow, or documentation to sign, before they are able to vote.
- 15.5 It is the individual responsibility of Growers who have financed their acquisition to ensure that they comply with any requirements of their lender. Any person, including a lender, seeking to cast a vote for or on behalf of a Grower must ensure that their appointment to do so complies with the AIP08 Constitution and the Corporations Act.
- 15.6 The vote on the Resolutions will be conducted by a poll, having regard to section 253J of the Corporations Act. If you hold your interests jointly, only one of the joint holders is entitled to vote.

- 15.7 If all joint holders are present at the meeting, only the vote of the Grower first named in the register will be counted. Voting on the Resolutions is at the discretion of each Grower.
- 15.8 If you have any queries on how to cast your vote call RFM on 1800 026 665 or for overseas callers +61 2 620 3 9700 during Sydney business hours.

Voting in Person

- 15.9 Please arrive at the meeting at least 30 minutes before the starting time so that we can verify your details, confirm the number of votes you are entitled to and issue you with voting papers.

Voting by Corporations

- 15.10 Corporations wishing to vote at the meeting, other than by proxy, must appoint a representative who must bring with them the original document properly authorising their appointment under section 253B of the Corporations Act. A representative should arrive at least 30 minutes before the meeting time so that we can register their attendance and confirm that they have been validly authorised.

Voting by Proxy

- 15.11 If you cannot attend the meeting, you have the right to appoint a proxy to attend and vote for you. The proxy need not be a Grower of AIP08. The Chairman of the meeting can act as your proxy if you wish.

All directed proxies held by the Chairman will be voted as directed.

- 15.12 A Grower who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- 15.13 The Proxy Form must be signed by you or your attorney or, if the Grower is a corporation, must be signed by two (2) directors or by a director and a secretary, or if it is a proprietary company that has a sole director who is also the sole secretary, by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the Grower (e.g. an attorney), then the relevant authority (for example, in the case of proxy forms signed by an attorney, the power of attorney or a certified copy of the power of attorney) must either have been exhibited previously to GSMAL or be enclosed with the Proxy Form.
- 15.14 The notes on the Proxy Form describe how it should be completed. Proxy appointments must be completed, signed and received by the Receivers and Managers at the following address before 11am AEDST, 22 February 2010 for the proxy to be valid:

To the Attention of Vanessa Chase
McGrathNicol
GPO Box 9986
Sydney NSW 2001
or
To the Attention of Vanessa Chase
McGrathNicol
Via facsimile (02) 9338 - 2699

16 Date

This Explanatory Memorandum is dated 25 January 2010.

Glossary

Term	Definition
Administration Fee	means the fee which the RE can charge the Grower as part of the Insurance Costs.
Administrators	means Martin Jones, Andrew Saker, Darren Weaver and James Stewart of Ferrier Hodgson, appointed as Joint and Several Administrators of GSL, GSAH and GSMAL on 16 May 2009.
AIP07	means Great Southern 2007 Almond Income Project ARSN 124 998 527.
AIP08	means Great Southern 2008 Almond Income Project ARSN 127 947 960.
Almondlot	has the meaning contained in the Constitution of AIP08.
Annexure	means any annexure to this document.
ASIC	means the Australian Securities and Investments Commission.
Associates	has the meaning given to it by sections 10 to 17 of the Corporations Act.
ATO	means Australian Taxation Office.
CGT event	has the meaning given to that term by the <i>Income Tax Assessment Act 1997</i> (Cth).
Constitution	means the Constitution of the AIP08.
Corporations Act	means the Corporations Act 2001 (Cth).
Distribution Amount	has the meaning given in the licence and management agreement in the Schedule.
Explanatory Memorandum	means this Explanatory Memorandum, including the Schedule and the Annexures.
Great Southern Group	means GSL and its subsidiaries.
Grower	has the meaning given to that term in the Constitution.
GSAH	means Great Southern Almond Holdings Pty Ltd (In Liquidation) ACN 122 130 652
GSL	means Great Southern Limited ACN 052 046 536 (Receivers and Managers appointed) (In Liquidation)
GSMAL	means Great Southern Managers Australia Limited ACN 083 825 405 (Receivers and Managers appointed) (In Liquidation).
GST	has the meaning given to that term by the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
Licence and Management Agreement or LMA	means the Licence and Management Agreement entered into by GSMAL and each of the Growers.
Meeting	means the meeting described in the Notice of Meeting.
Mooral Property	means the properties in New South Wales comprising Lot 46 in DP1109773, Lot 47 in DP 1109773 and Lots 1 and 2 in DP 1130925.

Term	Definition
Notice of Meeting	means the notice of meeting issued by GSMAL which accompanies this Explanatory Memorandum.
Notional Distribution Amount	has the meaning given in the licence and management agreement in the Schedule.
Opt-out Option	means the option available to Growers to cease their membership of AIP08 and have their Licence and Management Agreement terminated.
Ordinary Resolution	means a resolution passed by greater than 50% of votes cast by members entitled to vote on the resolution.
PDS	means the Product Disclosure Statement issued by GSMAL as the Responsible Entity of AIP08 and dated 21 December 2007.
Proxy Form	means the proxy form and election to opt out accompanying the Notice of Meeting.
Receivers	means Simon Read, James Thackray, Anthony McGrath and Colin Nicol of McGrathNicol, appointed as Joint and Several Receivers and Managers of GSL and GSMAL on 18 May 2009.
Resolutions	means the resolutions as outlined in the Notice of Meeting.
RFM	means Rural Funds Management Limited ACN 077 492 838 previously called Great Southern Funds Management Limited ACN 077 492 838.
RFM Diversified Agricultural Fund	means RFM Diversified Agricultural Fund ARSN 099 573 627.
RFM RiverBank	means RFM RiverBank ARSN 112 951 578, a registered management investment scheme.
Schedule	means any schedule to this document.
Shortfall	has the meaning provided in the licence and management agreement in the Schedule.
Special Resolution	means a resolution passed by at least 75% of votes cast by members entitled to vote on the resolution.
Sixth Period	has the meaning provided in the licence and management agreement in the Schedule.
Technical Report	means the technical report prepared by Andrew Lacey, director of Lacey Consulting Group Pty Ltd, set out in Annexure A of this Notice of Meeting.
Total Almond Revenue	means the amount received by the Responsible Entity (inclusive of GST) in each Financial Year from the sale of almond produce sold in the current year for the crop grown in the previous year.
Yilgah Property	means the properties in New South Wales comprising Lot 4649 in DP 767812, Lot 2361 in DP 764324, Lot 4683 in DP 767847 and Lot 4682 in DP 767847.

Other defined terms have the meaning provided in the attached proposed amended Licence and Management Agreement (see Schedule).

Schedule

Proposed changes to Constitution and Licence and Management Agreement

Constitution Modifications – Resolution 3

1 Amendment to clause 1.1

1.1 The current definition of Almondlot which reads:

Almondlot means that specified part of an Almond Grove comprising an area of approximately 0.25 hectares which is identified individually by a number licenced (or to be licenced) by a Grower pursuant to an Agreement.

Be replaced with:

Almondlot means that specified part of an Almond Grove comprising an area of approximately 0.25 hectares or such other size as notified by the Responsible Entity to the Grower which is identified individually by a number licenced (or to be licenced) by a Grower pursuant to an Agreement.

1.2 The current definition of Power of Attorney which reads:

Power of Attorney means the power of attorney granted by the Applicant or Grower in favour of the Responsible Entity.

Be replaced with:

Power of Attorney means any power of attorney granted by the Applicant or Grower in favour of the Responsible Entity, including:

- (i) any existing power of attorney granted by each Applicant and Grower to the Responsible Entity or a former responsible entity;
- (ii) any power of attorney granted by each assignee or successor of an Applicant or Grower; and
- (iii) the power of attorney contained or to be contained in clause 13.2 of the Constitution.

1.3 The current definition of Proportional Interest which reads:

Proportional Interest means, in relation to:-

- (a) each Applicant, the proportion which the Application Moneys paid by the Applicant in respect of the Applicant's Agreement bears to the Application Fee payable by all Applicants in the Application Fund (excluding any part of the Application Fee which is forfeited pursuant to clause 4.6 or refunded or released pursuant to clause 9 or any Application Moneys held in the Application Fund pending receipt of a completed application form under clause 5.2(a)(2) and any interest on those Application Moneys) for the time being;
- (b) each Grower:
 - (i) the same proportion as that Grower's proportional interest in the insurance proceeds as determined by clause 11.5 of the Grower's Agreement; and
 - (ii) the proportion which the number of Almondlots licenced by that Grower bears to the total number of Almondlots licenced by, all Growers. Where a determination has been made by the Responsible Entity under clause 12.4 of the Agreements of one or more Growers, the reference to Almondlot wherever appearing in this definition shall be a reference to the fractional part of the Almondlot so determined.

Be replaced with:

Proportional Interest means, in relation to each Applicant or Grower, the proportion which the number and size of Almondlots licenced by that Grower bears to the total number and size of Almondlots licenced by, all Growers.

2 **Amendment to Clauses 12.2 and 12.3**

2.1 The current clause 12.2 which reads:

The Responsible Entity may borrow for the purpose of the Project provided that the borrowings are not secured by, or repaid from, property held on trust for Applicants or Growers.

Be replaced with:

The Responsible Entity may borrow or raise money for the purposes of the Project and on security of the assets of the Project except to the extent any money is borrowed or raised for costs or expenses that the Responsible Entity is required to meet from its own funds.

2.2 The current clause 12.3 which reads:

The Responsible Entity may only invest money available for investment under the provisions of the Constitution in another Managed Investment Scheme if that scheme is registered under the Corporations Act.

Be deleted.

3 **Amendment to Clause 13.2**

2.1 The current clause 13.2 which reads:

The Responsible Entity has all the powers of a natural person and all powers that are reasonably necessary for it to carry out its functions and duties under this Constitution including the power to fetter future discretions, such as by the granting of options.

Be replaced with:

- (a) The Responsible Entity has:
 - (1) all the powers of a natural person and all powers that are reasonably necessary for it to carry out its functions and duties under this Constitution including the power to fetter future discretions, such as by the granting of options; and
 - (2) irrevocable power as the agent, representative and attorney of the Grower and, whether in the name of the Grower or the Responsible Entity, to:
 - (i) amend an Agreement including in the manner provided as detailed in and attached to the Explanatory Memorandum to the Notice of Meeting of Growers dated 25 January 2010; and
 - (ii) take any action (including Court action) necessary or desirable to protect or preserve the Grower's right to use, occupy or access land to grow Almond Produce under the Project, should that right be threatened, challenged or compromised, or otherwise if thought fit by the Responsible Entity.
- (b) Each Grower, subject to paragraph (c), to the maximum extent permitted by law irrevocably appoints the Responsible Entity from time to time, and each Director and Company Secretary of the Responsible Entity to be the agent and attorney of the Grower, in the Grower's name, on the Grower's behalf and as the Grower's act and deed, to exercise the powers and do any thing and take any action set out in Schedule 3 to this Constitution on the terms set out below and in that Schedule.
- (c) The Responsible Entity from time to time, may recover all costs properly incurred in exercising its powers under paragraphs 13.2(a)(2) or 13.2(b) (including, without limitation, all legal and litigation costs and costs associated with the preparation of any reports for the purposes of taking the action) from the Proceeds Fund. The Responsible Entity's right of indemnity under this clause applies only in relation to the proper performance of its duties.
- (d) The Grower undertakes to ratify all that the attorney lawfully does or causes to be done under paragraphs 13.2(a)(2) or 13.2(b).
- (e) The powers granted by paragraphs 13.2(a)(2) and 13.2(b) are without prejudice to any power of attorney given to Great Southern Managers Australia Limited ACN 083 825 405 (In Liquidation) (Receivers and Managers Appointed) by a Grower upon submitting an

application for Almondlots in the Project or upon becoming a Grower as an assignee or member by succession (**Original Power**) and the acts and things which the Responsible Entity may do and take under the powers granted in paragraphs 13.2(a)(2) and 13.2(b) are in addition to the acts and things which the Responsible Entity from time to time is empowered to do or take pursuant to the Original Power.

- (f) The Grower acknowledges and agrees that the Original Power is a right of the Responsible Entity in relation to the Project for the purposes of section 601FS(1) of the Corporations Act.
- (g) Each Grower acknowledges that where an Original Power continues in effect, the Responsible Entity may act under either or both the Original Power and the powers granted by paragraphs 13.2(a)(2) or 13.2(b), including in amending an Agreement in the manner provided as detailed in and attached to the Explanatory Memorandum to the Notice of Meeting of Growers dated 25 January 2010.

4 **New clause 13.6.**

3.1 A new clause 13.6 is inserted after clause 13.5.

Clause 13.6 – Cancellation of membership

The Responsible Entity may offer a Grower an opportunity to terminate their membership of the Project (**Cancellation Offer**). If a Grower accepts the Cancellation Offer, then on the date determined by the Responsible Entity, being a date no more than 90 days from receipt by the Responsible Entity of the Growers acceptance of the Cancellation Offer, the Growers:

- (a) interest in the Project; and
- (b) Fractional Interest;
- (c) Rights under the Licence and Management Agreement;
- (d) interest in the Proceeds Fund;
- (e) Proportional Interest,

are cancelled. On cancellation the Grower's name is removed from the Register as a Grower in respect of the Almondlots (the subject of the Grower's acceptance of the Cancellation Offer). Nothing in this clause alters or waives any liability or obligation that the Grower has to Great Southern Managers Australia Limited ACN 083 825 405 (In Liquidation) (Receivers and Managers Appointed) arising from their participation in the Project or investment in Almondlots.

5 **New Schedule 3**

4.1 Insert new Schedule 3 after Schedule 2.

Schedule 3

Power of Attorney

1. The Responsible Entity from time to time and each Director and Company Secretary of the Responsible Entity is appointed by each Grower jointly and severally to be attorney for the Grower, in the Grower's name, on the Grower's behalf and as the Grower's act and deed on the terms specified below and in clause 13.2(b) and to do the following things and take the following actions:
 - (a) to vary an Agreement in the manner provided as detailed in the Explanatory Memorandum to the Notice of Meeting of Growers and to make, execute and deliver and submit for registration all deeds, agreements and other instruments as to the attorney seem necessary or desirable for making such variations;
 - (b) to vary the provisions of an Agreement from time to time, provided that the variation:
 - (i) in the opinion of the Responsible Entity is not likely to be to the detriment of the Grower's interests in the Licence and Management Agreement;
 - (ii) will in the opinion of the attorney enable the Agreement to be better administered and managed in the interests of the Project;
 - (iii) is in the opinion of the Responsible Entity required as a matter of continuing compliance with relevant statutory requirements;
 - (iv) is in the opinion of the Responsible Entity required to correct a factual error in the documents; or
 - (v) is agreed between the Grower and the Responsible Entity;
 - (c) to take any action (including Court action) necessary or desirable to protect or preserve the Grower's right to use, occupy or access land to grow Almond Produce under the Project, should that right be threatened, challenged or compromised, or otherwise if thought fit by the Responsible Entity;

- (d) to enter into and execute on the Grower's behalf, an agreement to sell the almond produce on such terms as the Responsible Entity considers appropriate;
 - (e) to date the agreement to sell and complete the blank spaces in the schedule to that agreement;
 - (f) to make and initial necessary alterations to the agreement to sell which are not prejudicial to the Grower's interests in the considered opinion of the attorney;
 - (g) to make, do and sign all such acts, deeds and things as may be necessary to procure the stamping of the agreement to sell with power to instruct the attorney's solicitors to assist them in this regard;
 - (h) to vary the provision of the agreement to sell the almond produce provided that the variation:
 - (i) will, in the opinion of the attorney, enable the agreement to sell to be better administered and managed in the interests of the Project;
 - (ii) is, in the opinion of the Responsible Entity, required as a matter of continuing compliance with relevant statutory requirements;
 - (iii) is, in the opinion of the Responsible Entity, required to correct a factual error in the documents; or
 - (iv) is agreed between the Grower and the Responsible Entity.
2. In the case of any variation to be effected to an Agreement which, in the opinion of the Responsible Entity, may adversely affect the Grower's interests, such variation may only be effected if it has been approved by an ordinary resolution at a formal meeting of Growers of the Project.
 3. Any person, including the Registrar of Titles, or any other registration authority in Australia or elsewhere, dealing with the attorney or a person purporting to be an attorney under this power is entitled to rely on the execution of any document by that person as conclusive evidence that:
 - (a) the person holds the office set out in the power;
 - (b) the power of attorney has come into effect;

- (c) the power of attorney has not been revoked;
- (d) the right or power being exercised or being purported to be exercised is properly exercised and that the circumstances have arisen to authorise the exercise of that right and power; and
- (e) they are not required to make any enquires in respect of any of the above matters.

5 Amendment to Schedule 2

- 5.1 The current Licence and Management Agreement Standard Terms contained in Schedule 2 of the Constitution be replaced with the terms of the Licence and Management Agreement Standard Terms, which accompany this Explanatory Memorandum, a copy of which is attached.

New Licence and Management Agreement Standard Terms – Resolution 4

Attached is a copy of the proposed amended standard terms of the Licence and Management Agreement. A replacement deed, containing the new Licence and Management Agreement standard terms and particulars of Almondlot(s) held by the Grower will be prepared and executed by RFM, for itself and as attorney for each Grower, should RFM be appointed the responsible entity of AIP08.

Annexure A

Technical Report

LACEY CONSULTING GROUP PTY LTD

4 Moger Lane
Adelaide S.A. 5000.
15/1/2010

Technical Report on Great Southern 2007 & 2008 Almond Income Projects.

Andrew Lacey visited the Hillston orchards during both the years' planting operations and was able to observe that:

- Thorough soil preparation works including deep ripping and mound forming were completed prior to planting
- Trees were planted in a professional manner into the prepared soil and then staked and pruned.
- A water cart watered the trees soon after planting to remove air pockets around the roots and provide sufficient water for the young trees.

The trees were then watered with the dripper system that was installed at that time as a single dripper line on the surface. Both the 2007 planting (286.75 hectares) and the 2008 planting (781 hectares) grew well and in a uniform pattern. During the growing season pruning took place to encourage good tree structure.

For each planting, at the end of its first growing season the trees had grown well with good uniformity, especially considering the large areas planted. Tree health has been maintained with application of both water and fertilizer via the drip irrigation system.

The irrigation system has been completed with the installation of a second dripper line down each tree row. This system is designed to deliver up to 16mm per day, which is considered sufficient for mature trees in extended hot conditions and is greater than anticipated average daily use in summer. The basic layout of the orchard and installed pump houses and filtration systems have been done in a professional manner. Soil moisture monitoring equipment has been installed to assist in precise scheduling of water and fertilizer applications.

It is understood that entitlements for irrigation water equal to 15 Megalitres per Hectare of irrigation have been secured. This quantity is sufficient to enable the trees to carry large crops and maintain tree vigour.

The management in place at Hillston includes a mix of tree professionals and agronomy. Daryl Winter has many years experience with stone fruit growing and has a good understanding of disease control in orchards and of tree cycles and pruning methods

Matt Mitchell is an agronomist and has grown other crops in the area. He understands the soils in the area and the relationship between water and fertilizer applications.

Daryl and Matt and the team assisting have done a good job in establishing the orchard and appear capable of managing it to maturity. Weed and disease control has been good, assisted by the good standard of machinery provided for these tasks.

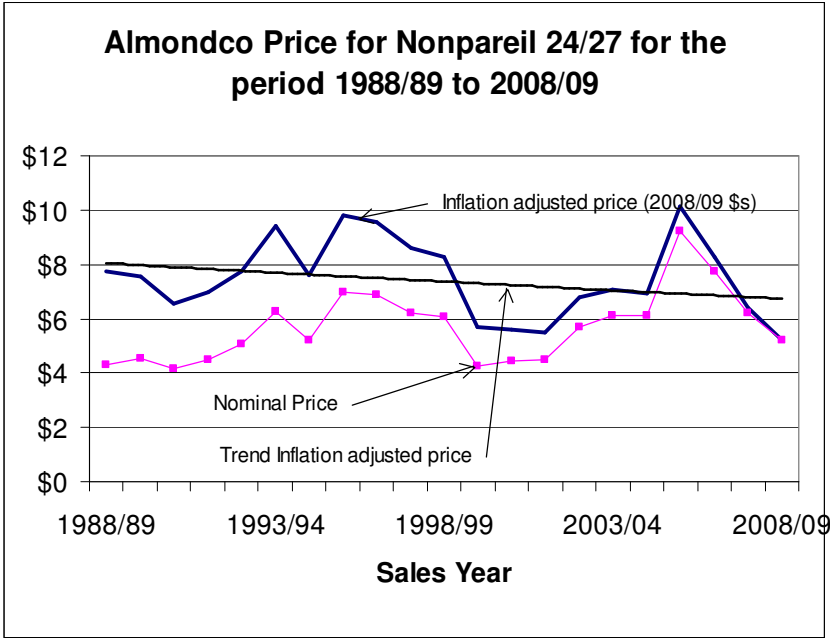
Harvesting of the 2006 project has been completed, providing the staff with experience in harvesting ground preparation and in harvesting operations.

The Great Southern estimates of future yield used for the Hillston plantings are 500kg H/a at year three, 1520 kg H/a year four, 2320 kg H/a year five, 3100 kg H/a year six and 3500 at maturity. Yields achieved in the industry have been increasing over time, in part in response to improved irrigation and fertilizer regimes. The mature yield estimate of 3500kg per hectare compares with the industry benchmark¹ of "best average three year yields consistently above 3.2 tonnes per hectare" and is significantly below yields achieved in industry trials² aimed at establishing best practice irrigation and fertilizer use. The basic tree structure has been developed to carry high yields and subject to weather conditions (particularly at bloom) yields of the predicted size are considered realistic.

In any agricultural enterprise, market price of for output will fluctuate over time. Future prices cannot be known, but past pricing provides one basis for consideration.

The following chart provides some perspective on historical and current prices. It provides data for pool price to grower (for nonpareil 24/27) achieved by Almondco over the last 20 years. It can be seen that price has fluctuated significantly during this period, with periods of below and above trend price.

The price achieved in 2008/09 (for the 2008 crop) for this variety and specification was around 23% below its long term trend over the last 20 years. This trend value in 2008/09 for nonpareil 24/27 was approximately \$6.75 per kilogram.



¹ Pocock, D.R., 2007, *Economics of almond production in southern Australia*, Almond Board of Australia, Berri, South Australia

² Horticulture Australia Limited, Project AL06004, *Developing optimal nutritional and irrigation requirements for almonds*, 2008

Annexure B

1 RFM Financial Statements and Summary of Ancillary Transactions

Rural Funds Management Limited (RFM)
 ABN 65 077 492 838
 Balance Sheet and commentary
 30 September 2009

		Consolidated		
		Restated/		
		Audited	Audited	Audited
		2009	2008	2008
		000's	000's	000's
Note		\$	\$	\$
ASSETS				
Current assets				
	Bank balances	6,127	3,889	3,889
	Trade and other receivables	9,117	8,524	5,808
	Inventories	158	219	219
	Biological assets	-	920	920
	Other assets	193	50	50
	Total current assets	15,595	13,602	10,886
Non-current assets				
	Trade and other receivables	1,800	2,100	-
	Property, plant and equipment	937	1,242	1,242
	Other financial assets	1,483	455	455
	Intangible assets	-	377	377
	Deferred tax assets	2,493	1,985	1,985
	Total non-current assets	6,713	6,159	4,059
	TOTAL ASSETS	22,308	19,761	14,945
LIABILITIES				
Current liabilities				
	Trade and other payables	6,371	3,410	3,410
	Borrowings	-	302	302
	Short-term provisions	1,991	1,514	69
	Total current liabilities	8,362	5,226	3,781
Non-current liabilities				
	Other long-term provisions	6,905	6,740	6,740
	Total non-current liabilities	6,905	6,740	6,740
	TOTAL LIABILITIES	15,267	11,966	10,521
	NET ASSETS	7,041	7,795	4,424
EQUITY				
	Issued capital	3,403	3,403	3,403
	Reserves	120	108	108
	Retained earnings	3,518	4,284	913
	TOTAL EQUITY	7,041	7,795	4,424

Notes:

General note

Due to the non recognition of one-off establishment and operation fee income (relating to work performed for Great Southern Limited (GSL)) for the financial period ended 30 September 2008 , revenue was understated by \$4,814,000 in that period. The non recognition of establishment and operation fee income has had the effect of understating consolidated trade and other debtors by \$4,814,000, understating consolidated liability for income tax by \$1,444,000, understating consolidated retained earnings by \$3,370,000 and consolidated equity by \$3,370,000 in prior period. This has been corrected by restating each of the affected financial statement line items for the prior period. This has resulted in a higher net asset position of \$3,370,000 which has been reflected in the Balance Sheet for the previous period and consequently the current financial year.

1. The 30 September 2009 balance includes \$4,573,000 owed by growers participating in the Almond Fund 2006 (AF06) relating to the orchard maintenance expenditure carried out by RFM on their behalf. The balance is net of a \$934,000 provision relating to potential grower doubtful debts.
2. Relates to a one-off wheat crop harvested and sold in the current year.
3. Relates to a loan to RFM Riverbank of \$1.8m (2008: \$2.1m) which was reclassified from current assets to non-current assets due to a restructure of the loan arrangements.
4. RFM invested in an additional 1.4m units in the RFM Diversified Agricultural Fund (DAF) in current year, which relates to a manager's repurchase facility designed to give investors some liquidity. The units in DAF reflect an additional reduction in written down value of \$375,000. This arises from the requirement to value the DAF units at the most recently or likely transacted value. The DAF is currently seeking to raise equity under a Product Disclosure Statement (PDS) dated 4 November 2009 at an issue price of \$0.6929; with the main purpose of the capital raising to replace GSL as the DAF's controlling unitholder. The Directors have adopted a unit price of \$0.6929. The issue price is at a 30% discount to the 1 July 2009 Net Asset Value (NAV) per unit; reflecting the discount required to replace the quantum of the GSL capital in the required timeframe. The GSL redemption price is at the greater discount of 55% to the 1 July 2009 NAV. The estimated NAV immediately following the equity raising and GSL redemption is expected to be higher than the 1 July 2009 NAV.
5. Relates to water licences which were sold in the current year.
6. Relates to the National Australia Bank term loan which was fully repaid in the current year.
7. Other long-term provisions consist of the following:

	Audited	Audited/ Restated
	2009	2008
	000's	000's
	\$	\$
a) Provision for commodity price commitments	2,906	3,308
b) Provision for related party commitment	3,953	3,432
Provision for employee entitlements	46	-
	6,905	6,740

- a) Provision for commodity price commitments

In 2006, RFM offered a tax effective almond project and sold 266 hectares under the terms of the product disclosure statement. One commitment given by RFM was to give almond price support where the almond price achieved to the Grower was under \$8.20 per kilogram. The commitment is to pay the Grower an amount of up to a maximum of \$3.50 per kg on top of the sale price achieved from the sale of the Almonds on the Growers behalf, if the sale price received is less than \$8.20 per kg. For example, if the sale price received is \$4.00 per kg, RFM will pay an additional \$3.50 per kg. The total amount payable by RFM from its own funds over

the term of the Price Management Plan (PMP) is capped at \$16,500 per hectare or a total of \$4,389,000. The PMP terminates upon this limit being reached, on termination of the Almond Fund, or after the 10 year term has expired on 30 June 2016 whichever is earlier.

b) Provision for related party commitment

The RFM Chicken income Fund (CIF) is in dispute with a shed supplier relating to collapsed sheds. RFM has committed to meet the costs of temporary rectification of these sheds in the event that legal action is not successful. The provision includes: loss of revenue, costs of rectification and other building contract performance issues. The CIF management agreement has been adjusted to include a reduction to management fees paid to RFM should this be required to fulfil the obligation.

Rural Funds Management Limited (RFM)
 ABN 65 077 492 838
 Income statement and commentary
 30 September 2009

Notes:

1. As a result of the non recognition of establishment and operation fee income for the financial period ended 30 September 2008 , revenue was understated by \$4,814,000 in that period. This has been amended and the result has been a restatement of the prior period's consolidated losses from \$3,200,000 to a prior period consolidated profit of \$167,000.
2. The increase in the cost of sales is due to the cropping costs of the wheat harvest in the current year.
3. In prior year, the provision for related party commitment of \$3.5m was taken up in its entirety (see Balance Sheet note 7(b) for further commentary).

The impact of the provision increased costs by the following:

	Audited 2009 000's \$	Audited/ Restated 2008 000's \$
Long term liabilities	521	3,432
Short term liabilities	18	69
Net cost included in Administrative costs	539	3,501

The nature of this item is one-off. Although prudent accounting requires the provision, legal opinion is that a favourable outcome is expected in this case.

The following notes have been extracted from the financial statements of Rural Funds Management as at 30 September 2009.

3 Going Concern

(a) Going Concern

RFM is a wholly owned subsidiary of Great Southern Limited (Receivers & Managers appointed) (In Liquidation) (GSL). GSL entered voluntary administration on 16 May 2009 and receivership on 18 May 2009. RFM is neither in administration nor receivership, and its

operating and financial affairs are largely autonomous to GSL. RFM has achieved full separation from the GSL Group at an operational level and expects that the receivers will divest RFM within the next four months. RFM continues to meet all of its Australian Financial Services Licence requirements, both financial and otherwise, and fulfil its responsible entity obligations though uncertainty will remain while RFM is controlled by the GSL receivers. The 30 June 2009 accounts of DAF, ACF, UPVF, LFL, AIT, AF'06 and RBK (entities in which RFM acts as RE), all contained an emphasis of matter with regard to significant uncertainty as to going concern or underlying asset values, predominantly due to exposure to the GSL group. As RFM's ability to generate income is dependent on the underlying assets it manages and develops, it too is exposed to uncertainty regarding going concern. The period ahead presents RFM with an opportunity to consolidate and strengthen the business. Plans include:

- The divestment of RFM by GSL
- The change of financial year from September to June
- The return to a normalised profit
- Detailed plans to stabilise the financial prospects of the DAF and RBK
- Becoming the Responsible Entity of the 2007 and 2008 GSL almond projects
- The further diversification of the DAF with the establishment of a cropping fund
- The expansion of the CIF fund asset base and associated equity raising

RFM is economically dependent on its managed funds, particularly the DAF, RBK and the CIF. The DAF has a controlling interest in RBK and is exposed to asset valuation and cash flow risk from this fund.

RBK is affected by the GSL receivership having leased the majority of its almond orchards to GSMAL and these leases are in default. GSMAL licenced these orchards to the 2007 and 2008 almond projects. RFM is pursuing the following options to secure the financial prospects of RBK:

- The re-establishment of the leasing and licencing arrangement through RFM becoming the Responsible Entity of the 2007 and 2008 projects
- The raising of equity, through the current DAF and RBK offers, to recapitalise RBK and enable it to operating the semi mature almond orchards in its own right at least until they can be tenanted or sold.
- The sale of the almond assets

Should RFM not succeed with these objectives then RBK, DAF and RFM are exposed to going concern risk. RFM is confident that its plans will be successful and its accounts are prepared on a going concern basis.

3(b) Inherent uncertainty regarding the carrying value of available for sale financial assets and loans to related parties

The balance sheet of the consolidated RFM entity at 30 September 2009 includes the following investments in available for sale financial assets:

RFM Diversified Agricultural Fund	\$989,077
Lachlan Farming limited	\$491,357

The 30 June 2009 audit reports of both entities referred to inherent uncertainties regarding the carrying value of the investments. The balance sheet of the consolidated DAF entity at 30 June 2009 included investments in UPVF and AIT, with the consolidated group including the subsidiary RBK.

RBK's 30 June 2009 audit report referred to inherent uncertainties regarding the entity's ability to continue as a going concern as detailed in Note 3(a) above. If the entity cannot continue as a going concern there would be uncertainty as to the value of the underlying net assets.

Additionally, attention is drawn to the RFM long term receivable from RBK of \$1,800,000.

Recoverability of this amount would be uncertain if RBK is not to continue as a going concern.

UPVF's 30 June 2009 audit report referred to inherent uncertainties regarding economic dependency to GSMAL due to the lease of its vineyards, and the default on that lease effective 4 September 2009. The UPVF has resumed grape growing, harvesting and sales activities, and has prepared budgets for 2010 on that basis. The cash flow budgets indicate that the UPVF will require approximately \$700,000 over two years to continue trading and its current banker has

indicated that the current facility will not be increased. RFM plans to meet this requirement through a loan arrangement with the DAF on commercial terms and on this basis, the Directors of RFM have determined that the UPVF is a going concern and will be able to pay its debts as and when they fall due.

AIT has incurred a net loss attributable to unitholders of \$4,115,989 for the year ended 30 June 2009. In addition, the Directors of RFM, the Responsible Entity of AIT, have determined that in the absence of the potential mitigating factors outlined below, AIT has a funding requirement over two years at \$500,000 in excess of current bank facility limits. RFM plans to meet this requirement through a loan arrangement with the DAF on commercial terms.

LFL's 30 June 2009 financial report included an uncertainty regarding the carrying value of Lachlan Farming Limited's assets. This is due to LFL having both a lease of a major property to and a receivable due from RFM RiverBank. RFM RiverBank's 30 June 2009 independent auditor's report contains reference to a significant uncertainty on RFM RiverBank's ability to continue as a going concern. As such, there exists an inherent uncertainty regarding the carrying value of the investment in LFL as at 30 June 2009.

Conclusion

If issues referred to as inherent uncertainties cannot be resolved by the matters noted above, there would be significant uncertainty as to the recoverability of the carrying value of RFM's investment in DAF and LFL. The financial report of RFM does not include any adjustment relating to the recoverability of the carrying value of RFM's investment in its available for sale financial assets that might be necessary should the matters described above occur.

29 Events after the end of the reporting period

On 19 October 2009 a RiverBank Product Disclosure Statement (PDS) was released. This was followed by the release of a DAF PDS on 4 November 2009. RFM is seeking to raise a total of \$25m under the two offers. The monies raised will be used to maintain the orchards on the Moorall and Yilgah properties at Hillston, complete the acquisition of the Moorall property and redeem all of the DAF units owned by GSL.

There are five conditions precedent that must be satisfied prior to the allotment the funds raised under this offer. They are:

- The appointment of RFM as responsible entity of the Great Southern 2007 & 2008 almond projects
- The approval of unitholders for the redemptions that need to occur to redeem all of the DAF units owned by GSL
- The appointment of external directors
- The approval of the NAB finance facility
- The divestment of RFM from GSL.

RFM's current estimates are that the minimum subscription of \$8m will be achieved and is assessing whether the specified conditions precedent have been met and other considerations including the need for a Supplementary Product Disclosure Statement prior to the allotment of units under offer.

As contemplated in the PDS, the level of inflow may not be sufficient to enable RBK to retain both properties and management are actively pursuing property sale options.

30 Economic Dependence

RFM is economically dependent on its managed funds, particularly the DAF, RBK and the CIF. The DAF has a controlling interest in RBK and is exposed to asset valuation and cash flow risk from this fund.

RBK is affected by the GSL receivership having leased the majority of its almond orchards to GSMAL and these leases are in default. GSMAL licenced these orchards to the 2007 and 2008 almond projects. RFM is pursuing the following options to secure the financial prospects of RBK:

- The re-establishment of the leasing and licencing arrangement through RFM becoming the Responsible Entity of the 2007 and 2008 projects.
- The raising of equity, through the current DAF and RBK offers, to recapitalise RBK and enable it to operate the semi mature almond orchards in its own right at least until they can be tenanted or sold.

- The sale of the almond assets.
Should RFM not succeed with these objectives then RBK, DAF and RFM are exposed to going concern risk. RFM is confident that its plans will be successful and its accounts are prepared on a going concern basis.

The financial statements are available from RFM upon request.

2 Ancillary Transactions

- 2.1 RFM, as responsible entity of each of RFM RiverBank and RFM Diversified Agricultural Fund, is currently undertaking discounted rights issues seeking to collectively raise a minimum of \$8 million and a maximum of \$25 million. The discount is approximately 30% to the net asset value of units in RFM RiverBank and RFM Diversified Agricultural Fund as at 1 July 2009 (**Offers**).
- 2.2 The proceeds of the Offers will be respectively used to fund a special withdrawal offer by RFM RiverBank of 24.6 million units held in RFM RiverBank by RFM Diversified Agricultural Fund at \$0.5700 per unit with the total redemption proceeds totalling \$14 million. RFM Diversified Agricultural Fund in turn will use these redemption proceeds, together with \$1 million from its own resources, to redeem GSL's investment in RFM Diversified Agricultural Fund for \$0.4315 per unit. GSL's investment in RFM Diversified Agricultural Fund had a net asset value of \$33.4 million, or \$0.9602 per unit, at 1 July 2009. Both redemption offers can only proceed if the unitholders in each fund approve the process. Both redemption offers are at a discount to the net asset value of the units as at 1 July 2009 of approximately 50% (**Special Withdrawal Offers**).
- 2.3 In conjunction with the Special Withdrawal Offers, certain other transactions have been agreed, which in the opinion of RFM are on arm's length terms but in any case are disclosed below.
- 2.4 RFM RiverBank, has agreed to pay an amount of money to GSL for its assistance in encouraging growers in the AIP07 and AIP08 to continue to participate in those projects if RFM is appointed the responsible entity of the AIP07 and AIP08 . It is for the benefit of RFM RiverBank that as many Growers continue as their continuation means additional licence payments to RFM RiverBank.
- 2.5 In return for this assistance, RFM RiverBank has agreed to pay GSL a once only fee equivalent to 18.75% of payments made by the continuing growers in AIP07 and AIP08 in the current financial year (**Facilitation Payment**). The fee is contingent on a grower continuing in either AIP07 and AIP08. The fee is payable by RFM RiverBank and not out of the scheme property of the AIP07 and AIP08.
- 2.6 Based on the current number of Growers in AIP07 and AIP08 this fee would range from:

10% of growers continue	40% of growers continue	60% of growers continue	100% of growers continue
\$0.194m	\$0.775m	\$1.162m	\$1.937m

- 2.7 A significant portion of RFM RiverBank's income is generated from the receipt of lease payments from GSAH in relation AIP07 and AIP08 which operate on Moorah and Yilgah. Lease payments by GSAH are now in arrears and RFM RiverBank has been required to meet the cost of orchard maintenance which would normally have been met by GSAH in order to protect the value of the properties. GSAH owes \$1.9 million on its leases to RFM RiverBank which in the opinion of RFM can be collected. On the basis the conditions precedent detailed below are satisfied or waived, RFM RiverBank has agreed to waive the \$1.9 million liability in exchange for:

- (a) GSL waiving the Facilitation Payment;

- (b) the receivers and managers of GSL and GSMAL waiving reimbursement of costs incurred in connection with RFM, AIP07 and AIP08 since their appointment on 18 May 2009; and
 - (c) RFM making a cash payment to RFM RiverBank of \$700,000 on release of the liability owed by GSAH.
- 2.8 If the conditions precedent are not met, then RFM RiverBank is entitled to seek to recover the \$1.97 million in lease payments from GSAH.
- 2.9 The conditions precedent that are required to be satisfied or waived by the relevant party before the transactions contemplated in clause 2.7 above will proceed are as follows:
- (a) RFM RiverBank and RFM Diversified Agricultural Fund collectively raising at least \$8 million and issuing units pursuant to the Offers;
 - (b) GSL entering into a binding contract for the sale of all the shares in RFM to a person or persons who are not currently directors or shareholders of GSL or its related bodies corporate (excluding RFM). This condition has been satisfied;
 - (c) the appointment of RFM as responsible entity of AIP07 and AIP08;
 - (d) the receipt of all RFM Diversified Agricultural Fund and RFM Riverbank unitholder approvals as are required to facilitate and give effect to the Special Withdrawal Offers; and
 - (e) National Australia Bank Limited providing a \$30 million facility to RFM Riverbank, on terms reasonably acceptable to RFM, with a loan to security ratio covenant of up to 35% in order for RFM Riverbank to proceed with the Special Withdrawal Offers and to maintain the capacity to fund orchard operations and development requirements..
- 2.10 RFM and GSMAL have also agreed that GSMAL will retain the right to outstanding amounts owed by growers in AIP07 and AIP08 to GSMAL (**Outstanding Amounts**) notwithstanding RFM becoming the responsible entity of AIP07 and AIP08 and/or growers electing to 'opt-out' pursuant to the Opt-Out Option. Growers must pay any Outstanding Amounts before continuing to participate in AIP07 and AIP08. RFM has agreed to provide to GSMAL all such reasonable assistance as GSMAL requires in order to collect the Outstanding Amounts.

Great Southern 2008 Almond Income Project
Standard Terms for Licence and Management
Agreement

1 Interpretation

1.1 Definitions

In this Deed (including the Recitals and the Schedules) unless the contrary intention appears, the following terms have the following meanings:-

Accounting Period has the same meaning ascribed to it under the Constitution;

almond grove means an Almond Grove within the Project;

Almond Grove means the land described in Item 3 of Schedule 1 or as amended;

Almond Grove Infrastructure means the almond infrastructure located, or to be located, on the Almond Grove in accordance with clause 9.4, including but not limited to the Fixtures;

Almond Grove Owner means the owner (or lessor) of the Almond Grove, the Almond Trees and the Almond Grove Infrastructure, being Rural Funds Management Limited as trustee of the RFM Riverbank ARSN 112 951 578 and its successors and permitted assigns;

Almondlot means areas of land on an almond grove of approximately 0.25 hectares in size or such other size as notified by the Responsible Entity to the Grower

as identified by the Responsible Entity to the Grower and licensed pursuant to this Deed, and where the context requires means all almondlots licensed by a Grower;

almondlot means any Almondlot that relates to the Project;

almond produce means the almond produce from the almond trees grown on each almondlot within the Project from time to time;

Almond Produce means the almond produce from the Almond Trees grown on the Almondlot;

Almond Trees means the almond trees of an Almond Variety planted on the relevant Almondlot in accordance with this Deed;

Almond Variety means one or more varieties of almonds for an Almondlot which have been determined by an Independent Almond Expert to be appropriate for the Almondlot;

Applicant means a person whose application to enter into this Deed has been accepted by the Responsible Entity;

Application means the form on which offers to enter into a Licence and Management Agreement in respect of one or more Almondlots are made;

Application Fund means the Application Fund that relates to the Project and has the same meaning ascribed to it under the Constitution;

Application Fee has the same meaning ascribed to it under the Constitution;

Commencement Date means the date of execution of this Deed;

Common Areas means those parts of the Almond Grove provided by the Licensor from time to time for common

use by the Grower and other growers of the Almond Grove;

Constitution means the constitution executed and lodged with Australian Securities and Investments Commission on 20 December 2007 made by Great Southern Managers Australia Limited for the Project, as amended, varied or supplemented from time to time;

CPI means the index published by the Australian Bureau of Statistics as the consumer price index for Perth for all groups or if that index is suspended or discontinued, the index substituted for it by the Australian Statistician;

Distribution Amount is calculated as the Total Almond Revenue received by the Responsible Entity in a year (**Current Year**) (for the almond crop in the preceding year) less all fees charges, costs and expenses (excluding Performance Fees) payable by the Growers under this Deed and the Constitution in the Current Year;

Distribution Date has the same meaning ascribed to it under the Constitution;

Encumbrance means those encumbrances listed in Item 5 of Schedule 1;

Extraordinary Resolution (in relation to a meeting of growers) has the same meaning as set out in the Corporations Act;

Fifth Period means with respect to each Grower, the period commencing on the expiration of the Fourth Period, up to and including 30 June 2012;

Financial Year means in relation to the Project:

- (a) in the case of the first Financial Year, the period from the Commencement Date until the next following 30 June;
- (b) thereafter the period of twelve months ending on 30 June in each year and commencing on the then previous 1 July; and
- (c) in the case of the last Financial Year, the period ending with the date of the termination of the Project and commencing on the then previous 1 July;

Fixtures means all fences, pipes, conduits, drains, water courses, wires and equipment, leading through, over, into or situated upon the Almond Grove as required from time to time for the purpose of conducting proper and efficient cultivation of almonds;

Fourth Period means with respect to each Grower, the period commencing on the expiration of the Third Period, up to and including 30 June 2011;

Fractional Interest has the same meaning ascribed to it under the Constitution;

Grower means the grower specified in Item 2 of the Schedule, including Joint Venturers, the Grower's successors and permitted assigns or, being a person, the Grower's executors, administrators and permitted assigns and where not repugnant to the context the Grower's employees, agents and contractors, and for the avoidance of doubt, where the Grower consists of Joint Venturers, a reference to the Grower is to be taken to be a reference to either or both Joint Venturers;

growers means those persons (including the Grower) who have entered into Licence and Management Agreements in relation to the Project;

Grower's Covenants means the covenants and agreements contained or implied in this Deed to be observed and performed by the Grower;

Grower's Proportional Share means the proportion which the size and number of Almondlots licenced by the Grower bears to the total size and number of almondlots held by all growers for the time being;

GST means a goods and services tax or similar value added tax;

Head Lease means the lease or leases made between the Almond Grove Owner as lessor and Rural Funds Management Limited as lessee for the lease of the Almond Grove the Almond Trees and the Almond Grove Infrastructure and the acquisition of the Water;

Independent Almond Expert has the same meaning ascribed to it under the Constitution;

Indexed means adjusted by the percentage change in the higher of 2.5% and the CPI as most recently published for the previous 12 months;

Initial Management Period means, with respect to each Grower, the period commencing on the Commencement Date up to and including 30 June 2008;

Initial Management Services means the services listed in Schedule 2 to be performed by the Responsible Entity;

Insurance Costs means the annual cost of insuring the Almond Grove and Almond Grove Infrastructure. Notwithstanding any other provision in this Deed, the Responsible Entity will only insure the Almond Trees against hail, frost, fire and windstorm. The Responsible Entity will not insure the almonds or the almond produce on the Almond Trees or during/post harvest;

Joint Venturers has the meaning given to that term in the Constitution;

Lease means the lease made between RFM RiverBank as lessor and the Licensor as lessee for the Almond Grove;

Lease Costs means any rent, outgoings or other amounts payable by the Responsible Entity under each lease under which it leases or subleases any of the Almond Groves, Almond Trees, the Almond Grove Infrastructure and the Water that relate to the Project;

Licence means the licence of the Almondlot granted pursuant to this Deed;

Licence and Management Agreement has the same meaning ascribed to it under the Constitution;

Licence Fee means the annual licence fee payable in respect of an Almondlot by the Grower to the Licensor under clause 3;

Licensor means the Licensor, the Licensor's successors and permitted assigns, and where not repugnant to the context the Licensor's employees, agents and contractors;

Licensor's Covenants means the covenants and agreements contained or implied in this Deed to be observed and performed by the Licensor;

Net Grower Return means, in relation to a Financial Year, the Total Almond Revenue subtract the following amounts payable by the Grower:

- (a) the Ongoing Management Fee; and
- (b) the Licence Fee; and

- (c) in relation to the Sixth Period, the Operating Costs and Expenses; and
- (d) the Performance Fees; and
- (e) any other financial obligations imposed under this Deed or in the Constitution;

New means, in relation to Almond Trees, trees which have been newly planted as at the Commencement Date which are no older than 1 year old;

New Area means a part of the Almond Grove upon which New Almond Trees have been planted as at the Commencement Date, comprising an area equal to 0.25 hectares minus the area of the Young Area;

Notional Distribution Amounts means the amounts specified in Item 7 of Schedule 1;

Ongoing Management Fee means the fees payable per Almondlot for each Financial Year (other than that part of the first Financial Year to which the Application Fee relates) calculated in accordance with clause 21;

Ongoing Management Services means all commercial activities for the cultivation, harvesting and sale of almonds to be carried on by the Grower on the Almondlot to manage and maintain an Almond Grove according to good industry practices for the cultivation of almonds, including but not limited to the services listed in Schedule 3 to be performed by the Responsible Entity;

Operating Costs and Expenses means all operating costs and expenses (including GST and any interest on these amounts) reasonably incurred or accrued by the Responsible Entity, or a person acting on behalf of the Responsible Entity, in relation to the Project including, but not limited to, all costs and expenses of:

- (a) providing the Ongoing Management Services from the start of the Sixth Period;
- (b) minimising soil erosion and maintaining soil quality on the Almond Grove;
- (c) vermin, vegetation, insect and disease control;
- (d) maintaining and cultivating the Almond Trees including watering, weeding, selecting, procuring and applying appropriate fertilisers, nutrients, fungicides and herbicides;
- (e) all labour and sub-contractors;
- (f) Insurance Costs;
- (g) hulling, shelling and sorting the almond produce;
- (h) harvesting, transporting and delivering the almond produce to the hulling and shelling facility and the point of sale and all administration, transportation and management charges incurred in connection with the same;
- (i) marketing and selling the almond produce;
- (j) managing, operating, maintaining, repairing, leasing, hiring and insuring of the assets and Plant and Equipment utilised in the Project and of obtaining valuations in relation to the same;
- (k) obtaining and supplying water to the Almond Grove including fixed and variable water charges and the costs of fuel and oil used for pumping water to the Almond Grove;

- (l) all rates, taxes, levies, charges, assessments and impositions in respect of the almond grove, water and the sale of the almond produce or otherwise in connection with the performance of the Responsible Entity's duties under this Deed;
- (m) all services supplied to the Almond Grove, including but not limited to electricity, gas, water oil, sewerage and telephone;
- (n) maintaining the Fixtures and the Almond Grove Infrastructure, including providing and maintaining the irrigation system which services the Almond Grove; and
- (o) maintaining the Common Areas;

Ordinary Resolution means a resolution that has been passed at a meeting of Growers in the Project called in accordance with the Corporations Act and Constitution by at least 50% of the votes cast by Growers entitled to vote on the resolution.

Performance Fee means the fees potentially payable per Almondlot for each Financial Year from and including the Financial Year ending 30 June 2014 calculated in accordance with clause 21.7;

Permitted Activities means the cultivating, management, maintenance and harvesting of the Almond Trees;

Plant and Equipment means all plant and equipment used in relation to the Almond Grove including but not limited to spray units, harvesting equipment, loading equipment, motor vehicles (including tractors), GPS system steering units, frost damage prevention and avoidance equipment, airplanes and fencing;

Proceeds Fund means the Proceeds Fund that relates to the Project and has the same meaning ascribed to it under the Constitution;

Product Disclosure Statement means the Product Disclosure Statement that relates to the Project and has the same meaning ascribed to it under the Constitution;

Project means the "*Great Southern 2008 Almond Income Project*" ARSN 127 947 960 and has the meaning given to that term in the Constitution;

Rate means the rate of 5% per annum above the Australian Merchant Bankers Bill Rate for bills of tenure of 180 days published in The Australian Financial Review or similar newspaper on each relevant day or such other rate as may be substituted for that Australian Merchant Bankers Bill Rate from time to time;

Report means a written report to be prepared by the Independent Almond Expert and which is to comment on the following matters in relation to the Almond Grove:-

- (a) a review of the operations relating to the Project since the previous Report, and the results of those operations;
- (b) particulars of any significant changes in the Responsible Entity's policy as outlined in the previous Report relating to the almond business; and
- (c) whether or not the Responsible Entity has during the period since the last Report carried out the Ongoing Management Services in a proper and efficient manner;

Responsible Entity means the responsible entity of the Project;

RFM means Rural Funds Management Limited ACN 077 492 838 in its capacity as responsible entity of the RFM RiverBank ARSN 112 951 578;

Schedule means a schedule to this Deed;

Second Period means with respect to each Grower, the period commencing on the expiration of the Initial Management Period, up to and including 30 June 2009;

Shortfall means, in relation to a Financial Year, the amount being:

- (a) the Ongoing Management Fee; plus
- (b) the Licence Fee; plus
- (c) the Insurance Costs;

in relation to the Sixth Period, the Grower's Proportional Share of the Operating Costs and Expenses; minus

- (d) the Total Almond Revenue;

If this calculation results in a figure that is less than \$0.00 (i.e. the Total Almond Revenue is greater than the costs listed in (a) to (e)), then there is deemed to be no Shortfall;

Shortfall Distribution Amount means:

- (a) for the Financial Year ending 30 June 2013, zero; and
- (b) for a Financial Year from but excluding the Financial year ending 30 June 2013, the amount (if any) by which the Notional Distribution Amount for that Financial Year exceeds the Distribution Amount for that Financial Year plus:
 - 1) if the Responsible Entity was entitled to a Performance Fee for the previous Financial Year, zero; or
 - 2) if the Responsible Entity was not entitled to a Performance Fee for the previous Financial Year, the Shortfall Distribution Amount for the previous Financial Year;

Sixth Period means with respect to each Grower, the period commencing on the expiration of the Fifth Period, up to and including the Termination Date;

Stocking Guarantee means the guarantee with regard to the average number of Almond Trees per hectare on the Almond Grove on that date being 12 months after the Commencement Date, provided by the Responsible Entity to each Grower in the Project on terms set out in the Product Disclosure Statement;

Term means the period commencing on the Commencement Date and ending on the Termination Date;

Termination Date means whichever date is the earlier of:-

- (a) 19 years from the date of expiration of the Initial Management Period;
- (b) the date on which the Project is terminated pursuant to the provisions of the Constitution; or

(c) the date of payment to the Grower of the final distribution of the Proceeds Fund;

Third Period means with respect to each Grower, the period commencing on the expiration of the Second Period, up to and including 30 June 2010;

Total Almond Revenue means the amount received by the Responsible Entity (inclusive of GST) in each Financial Year from the sale of almond produce sold in the current year for the crop grown in the previous year;

this Deed means the licence and management agreement comprised in this deed including any schedules and annexures to this deed;

Water means entitlements to use water, or to access pumps, bores and other infrastructure to enable exercise of such entitlements, where the entitlements or infrastructure are owned or leased by or entitled to be used by the Responsible Entity for use on the Almond Grove;

Young means, in relation to Almond Trees, trees which have been established for at least 1 year as at the Commencement Date; and

Young Area means a part of the Almond Grove upon which Young Almond Trees have been established, comprising an area equal to the total area of land forming part of the Almond Grove upon which Young Almond Trees have been established, divided by the total number of Almondlots as at the Commencement Date.

1.2 Singular, Plural, Persons

Words importing the singular number include the plural, and the masculine gender the feminine or neuter and vice versa, and words importing persons include corporations and vice versa.

1.3 Joint and Several Liability

Any covenant or agreement on the part of two or more persons will be deemed to bind them jointly and severally.

1.4 Headings

Headings have been inserted for convenience only and will not be taken into account in interpreting the provisions of this Deed.

1.5 References to Recitals, Parts and clauses etc

References to recitals, parts, clauses, paragraphs, schedules, annexures or items by letter or number are references to recitals, parts, clauses, paragraphs, schedules, annexures or items contained in this Deed.

1.6 Bodies and Associations

References to institutes, associations, bodies and authorities whether statutory or otherwise will if that institute, body, association or authority ceases to exist or is reconstituted, renamed or replaced or its powers or functions are transferred to any other institute, association, body or authority be deemed to refer respectively to the institute, association, body or authority established or constituted in place thereof or as nearly as may be which succeeds to the powers or functions of the institute, association, body or authority referred to.

1.7 Statutes and Regulations

References to statutes regulations and by-laws includes reference to all statutes, regulations and by-laws which amend consolidate or replace the statutes, regulations or by-laws referred to and also include any notices ordinances or orders issued under any statute regulations or by-laws for the time being in force.

1.8 Moratorium not to Apply

Unless application is mandatory by law, any statute, proclamation, order, regulation or moratorium present or future will not apply to this Deed so as to abrogate, extinguish, impair, diminish, fetter, delay or otherwise prejudicially affect any rights, powers, privileges, remedies or discretions given or accruing to the Licensor.

1.9 Contra-proferentum

In the interpretation of this Deed no rules of construction will apply to the disadvantage of one party on the basis that that party put forward the agreement or any part thereof.

PART I

2 Grant

2.1 Grant of Licence

The Licensor grants to the Grower and the Grower takes from the Licensor a licence of the Almondlot together with all improvements on the Almondlot, including but not limited to the Almond Trees, the Almond Grove Infrastructure and the Water, for the Term upon and subject to the Encumbrances, terms, conditions, covenants, reservations and provisions set out in this Deed.

2.2 Access over Almondlot

For the avoidance of doubt, the rights granted to the Grower pursuant to this Deed do not prevent the Licensor, or any person claiming through the Licensor, from using the Almondlot for any purpose, including but not limited to the Licensor and other growers gaining access to any other almondlot or other land adjoining the Almondlot, provided that such use causes as little disruption and interference as possible with the interest and the rights granted to the Grower under this Deed.

2.3 No warranty

The Responsible Entity gives no warranty (and none is to be implied) that there will be sufficient water available to enable supply to the Almondlot of sufficient quantities of water to satisfy the requirements of operating the Almond Grove.

2.4 Substitution

The Licensor may at any time by notice to the Grower substitute the Growers Almondlot, Almond Trees and Almond Grove with another almondlot, almond grove and almond trees provided the almondlot, almond grove and almond trees are at least equivalent or better (in terms of number, health and maturity of almond trees) than the Growers current Almondlot, Almond Grove and Almond Trees

3 Licence Fee

3.1 Licence Fee payable

The Licence Fee payable by the Grower to the Licensor in respect of the Almondlot is specified in Item 6 of Schedule 1.

3.2 Payment of Licence Fee by Responsible Entity

The Grower agrees and acknowledges that the Responsible Entity may pay all or part of the Licence Fee on behalf of the Grower out of the Total Almond Revenue received by the Responsible Entity on behalf of the Grower pursuant to clause 20.3 of this Deed at the time the Total Almond Revenue (if any, less any deductions permitted under this Deed or the Constitution) are paid or due to be paid by the Responsible Entity to the Grower however this authority in no way limits or negates the obligation of the Grower to pay the Licence Fee in accordance with the requirements of clause 3.1 upon request or demand by the Licensor.

3.3 Lease costs

The Responsible Entity will pay from the money received from the Growers under this clause 3, the payments required under the Head Lease.

4 Use of Almondlot

4.1 Carrying out of Permitted Activities

The Grower:

- (a) may only exercise its rights under the Licence to carry out the Permitted Activities; and
- (b) in carrying out the Permitted Activities, must comply with the provisions of this Deed.

4.2 Cultivate

The Grower must at all times during the Term manage, cultivate and work the Almondlot so as to maintain and develop the Almondlot for the purpose of the long term commercial cultivation of almonds in a proper and skilful manner and according to approved methods.

4.3 Good Condition

The Grower must at all times during the Term:

- (a) keep the Almondlot reasonably free of noxious weeds; and
- (b) keep the Almond Trees and the Almond Grove Infrastructure in good and substantial repair order and condition and at the expiration or sooner determination of the Licence yield up to the Licensor the Almondlot, the Almond Trees and the Almond Grove Infrastructure.

4.4 Insurance

The Responsible Entity may pay annually such insurance premiums as are applicable to the Almond Trees and the Almond Grove Infrastructure on the Almondlot each Financial Year in accordance with clause 11.

4.5 Not Void Insurances

The Grower must not at any time during the Term do, permit, or suffer to be done any act, matter or thing upon the Almondlot whereby any insurances in respect of the Almondlot, Almond Trees or the Almond Grove

Infrastructure may be vitiated or rendered void or voidable.

4.6 No Storage of Inflammable Material

The Grower must not store nor permit to be stored or used inflammable or dangerous substances upon the Almondlot (except as may be necessary for the ordinary conduct of commercial cultivation of almonds) and in the event of any such necessary use, the Grower must give to the Licensor prior written notice of the substances in question and of the proposed method of storage or use.

4.7 Prevent Fire

The Grower must do all things necessary to prevent the outbreak or spread of fire upon, from or to the Almondlot and will comply with any applicable bushfires legislation and all reasonable directions of the Licensor in relation to the prevention and control of fire.

4.8 No Nuisance

The Grower must not do or permit to be done on the Almondlot anything which in the opinion of the Licensor may become a nuisance, disturbance, obstruction or cause of damage whether to the Licensor, to the growers of other land within the Almond Grove or to the Almond Trees, the Almond Grove Infrastructure or to users of the Almondlot nor to use the Almondlot in or for any noisy, noxious, offensive or illegal manner or purpose.

4.9 Pest Control

The Grower must use all reasonable measures by dressing, fumigating and poisoning or other approved methods to control rabbits or other vermin on the Almondlot and must comply with the provisions of any applicable legislation.

4.10 Requirements of Public Authorities

The Grower must promptly comply with all statutes, ordinances, proclamations, orders and regulations present or future affecting or relating to the Almondlot or the use thereof or to the Almond Trees, the Almond Grove Infrastructure, any machinery, plant, equipment, or other fixtures and fittings thereon, and with all requirements which may be made or notices or orders which may be given to the Grower (or to the Licensor provided that the Licensor duly notifies the Grower) by any governmental, semi-governmental, shire, municipal, health, licensing or other authority having jurisdiction or authority in respect of the Almondlot or the use thereof or in respect of the Almond Grove Infrastructure or any machinery, plant, equipment, or other fixtures and fittings therein.

4.11 No Installation or Removal of Almond Trees or Almond Grove Infrastructure

The Grower must not install or remove, agree to or permit the installation or removal on or from the Almondlot any of the Almond Trees, the Almond Grove Infrastructure, earth, gravel, stones, sand or minerals or any fittings and improvements without first obtaining the written consent of the Licensor which consent the Licensor may in its absolute discretion withhold.

4.12 Notice of Defect

The Grower must give to the Licensor prompt notice in writing of any accident to, or defect or want of repair in any services or fixtures, fittings, plant or equipment on

the Almondlot and of any circumstances causing or likely to cause any danger, risk or hazard to the Almondlot or the remainder of the Almond Grove.

5 Maintenance, repair and alterations

5.1 To Keep in Repair

The Grower must during the Term and otherwise so long as the Grower remains in possession or occupation of the Almondlot, when, where and so often as needed, maintain, replace, repair and keep the Almond Trees and the Almond Grove Infrastructure situated on the Almondlot in good and substantial repair, order and condition (having regard to the condition of the Almondlot at the Commencement Date), damage by explosion, earthquake, aircraft, riot, civil commotion, fire, flood, lightning, storm, tempest, reasonable wear and tear, act of God and war damage only excepted unless any insurance moneys are irrecoverable through the neglect, default or misconduct of the Grower or its invitees.

5.2 The Licensor May Issue Notices

The Licensor, the Responsible Entity or any person having any estate or interest in the Almondlot superior to or concurrent with the Licensor may serve upon the Grower a notice in writing of any defect for the repair of which the Grower may be responsible hereunder requiring the Grower within a reasonable time to repair the Almondlot, the Almond Trees or the Almond Grove Infrastructure.

5.3 The Licensor May Repair

The Licensor or any person having any estate or interest in the Almondlot superior to or concurrent with the Licensor, and their respective advisers, workmen and others, may at reasonable times, enter upon the Almondlot with all necessary materials for the purpose of complying with any request, requirement, notification or order of any authority having jurisdiction or authority over or in respect of the Almondlot for which the Grower is not liable under this Licence or for the carrying out of repairs, renovations, maintenance, modifications, extensions or alterations to the Almond Trees and the Almond Grove Infrastructure on the Almondlot deemed necessary or desirable by the Licensor PROVIDED ALWAYS that in carrying out such works the Licensor or other person aforesaid must do all things practicable to ensure that no undue inconvenience is caused to the Grower.

6 Assignments, sub-licences etc.

6.1 Restrictions on Assignment and Sub-licencing

Subject to clause 6.2, the Grower must not during the Term assign, sub-licence or transfer the interest or any of the rights granted under this Deed or grant any licence affecting the Almondlot, the Almond Trees, the Almond Grove Infrastructure or the Water or by any act or deed procure any of the foregoing.

6.2 Consent for Assignment, Sublicence, Grant or Transfer

Any assignment, sublicence, grant or transfer will be deemed not to be in breach of the provisions of clause 6.1 if prior thereto the Grower either has not

committed any default under this Deed or has committed a default under this Deed which has been waived or satisfied and prior thereto and:

- (a) the proposed assignee, sublicense, grantee or transferee (called "the Ingoing Party") has entered into a covenant with the Licensor in the form required by the Licensor that the Ingoing Party will duly perform and observe the covenants and agreements on the Grower's part contained in this Deed;
- (b) the Grower and the Ingoing Party have entered into a deed in the form required by the Licensor under which the Grower releases the Licensor from all claims against the Licensor in respect of or in any way arising from this Deed;
- (c) the Grower paying to the Responsible Entity a fee of that amount being \$50.00 plus GST indexed by the CPI from 1 July 2008.

6.3 Grower's Obligations Affected by Approved Assignment, Sublicence, Grant or Transfer

The Grower will be released from the Grower's liability under this Deed by reason of any transfer or assignment of this Licence approved pursuant to clause 6.2.

7 Rights cease on termination

At the expiration or sooner determination of the Term:

- (a) the Grower's interests in the Almondlot together with all improvements on the Almondlot (including but not limited to the Almond Trees, Almond Grove Infrastructure and the Water); and
- (b) the rights of the Grower to carry out the Permitted Activities on the Almondlot granted to the Grower under this Deed,

will cease, but without affecting the rights of the Licensor or the Grower relating to any breach of this Deed occurring prior to the expiration or earlier determination of the Term.

8 Default and termination

Without limiting clause 7, the Grower hereby covenants and agrees with the Licensor that if the Grower is not a Joint Venturer:

- (a) that if the Grower breaches any of the Grower's Covenants, and if the breach is capable of remedy but the Grower fails to remedy the breach within 21 days of being given written notice of such breach by the Licensor, the Licensor may terminate this Deed and the rights of the Grower to carry out the Permitted Activities on the Almondlot and any right of the Grower to the Almondlot and all improvements on the Almondlot (including without limitation the Almond Trees, the Almond Grove Infrastructure and the Water) will cease;
- (b) notwithstanding anything contained in this Deed, termination of this Deed under clause (a), will not prejudice any action or remedy available to the Licensor for breach of covenant or damages, and the Licensor will be discharged from any action, claim or demand by or obligation to the Grower under or by virtue of this Deed; and

- (c) upon termination of the licence created pursuant to this Deed under clause 8(a) all the right, title and interest of the Grower in the seedlings, shrubs, plants and trees situated upon the Almondlot will, if they are not already owned by the Licensor in law, be deemed to be assigned and transferred to the Licensor, and

if the Grower is a Joint Venturer:

- (d) that if the Grower breaches any of the Grower's Covenants, and if the breach is capable of remedy but the Grower fails to remedy the breach within 21 days of being given written notice of such breach by the Licensor, the Licensor may assign the Grower's Fractional Interest in this Deed to any person nominated by the Licensor and the rights of the Grower to carry out the Permitted Activities on the Almondlot and any right of the Grower to the Almondlot and all improvements on the Almondlot (including without limitation the Almond Trees, the Almond Grove Infrastructure and the Water) will cease;
- (e) notwithstanding anything contained in this Deed, assignment of the Grower's Fractional Interest in this Deed under clause 8(a), will not prejudice any action or remedy available to the Licensor for breach of covenant or damages, and the Licensor will be discharged from any action, claim or demand by or obligation to the Grower under or by virtue of this Deed; and
- (f) upon assignment of Grower's Fractional Interest in the licence created pursuant to this Deed under clause 8(a) all the right, title and interest of the Grower in the seedlings, shrubs, plants and trees situated upon the Almondlot will, if they are not already owned by the Licensor in law, be deemed to be assigned and transferred to the assignee.

9 The Licensor's Covenants

9.1 Not used

9.2 Common Areas

The Grower and the Grower's invitees will be entitled to use the Common Areas in common with the Licensor and other persons entitled to use the Common Areas for purposes incidental to the use of the Almondlot as permitted by this Deed.

9.3 Mining

- (a) The Licensor covenants that:
- (1) to the best of the Licensor's knowledge, there are no mining claims or tenements over the Almondlot which will adversely affect the interests of the Grower; and
 - (2) if it receives notice of any application by any person for a mining tenement over the Almondlot or any part thereof, or any notice of intention to mine a mining tenement on the Almondlot or any part thereof it will sign and lodge a notice of objection at the office of the warden of the mineral field or the district within the time and in the manner prescribed by any relevant legislation.

- (b) The Licensor must not consent to the grant to any person of a mining tenement in respect of the Almondlot or any part of the Almondlot nor suffer or permit any person to enter into the Almondlot or any part of the Almondlot with any machinery or to conduct any mining or mining operations.

- (c) In any negotiations pursuant to this clause 9, the Licensor must act on behalf of the Grower and have due regard to the interests of the Grower.

9.4 Almond Grove Infrastructure

- (a) The Licensor agrees with the Grower that the Licensor will:
- (1) on or before the Commencement Date procure the construction and installation of, the Almond Grove Infrastructure; and
 - (2) ensure that all Almond Trees have been planted in the ground, and all associated irrigation and trellising has been installed for those Almond Trees, on or before the Commencement Date;

on the Almondlot.

- (b) In carrying out its obligations under clause 9.4(a), the Licensor:
- (1) must conduct itself in accordance with good industry practices for the cultivation of almonds; and
 - (2) reserves the right to delegate all or any of those services to such persons as it may from time to time determine.

9.5 Propagation material

Notwithstanding any other term of this Deed, the Licensor may enter onto the Almondlot and remove any cuttings and propagation material from the Almond Trees.

10 General

10.1 The Licensor's Interest in the Almond Grove

The Licensor covenants and agrees with the Grower and the Responsible Entity that any licence interest granted by the Licensor to any person of any part of the Almond Grove will be in or to the effect of the form of this Deed.

10.2 Registration and caveats

Subject to the law and practice of the land titles office in New South Wales (or equivalent governmental body in any other state or territory), the Grower may not lodge a caveat in respect of the Licence unless that caveat only prevents the registration of any dealing with the Almondlot if that dealing is not expressed to be subject to the claim specified in the Grower's caveat, or until notice of the intended dealing has been served on the caveator.

10.3 Grower's right to Almond Produce

Subject to the terms of this Deed, the Grower will at all times have full right, title and interest in the Almond Produce and the right to have the Almond Produce sold for the benefit of the Grower and be paid the Growers Proportional Share of the Net Grower Return.

10.4 Planning Approval and consents

The Licensor must before execution of this Deed have obtained any necessary planning approval and consents necessary.

11 Insurance

11.1 Responsible entity to arrange insurance

The Responsible Entity, on behalf of the Grower, must use its reasonable endeavours to arrange insurance in relation to the Almondlot, (noting the interest of the Responsible Entity as beneficiary for and on behalf of the Growers) annually so as to provide cover in respect of the interest and obligations of the Grower with one or more reputable insurers against destruction or damage to the Almondlot, the Almond Trees and the Almond Grove Infrastructure by fire, hail, frost, wind and/or other usual risks in accordance with good industry practices for the cultivation of almonds.

11.2 Additional insurance

The Grower will be at liberty to take out such additional insurance cover as the Grower may require from time to time at the Grower's own cost and expense. The Responsible Entity is not required to obtain or offer Almond Produce (crop) insurance.

11.3 Public risk insurance

The Responsible Entity at its own expense must insure the Grower against public risk for an amount of not less than FIVE MILLION DOLLARS (\$5,000,000.00) for any single event in the names of the Licensor and the Grower for their respective rights and interests for the time being for the duration of this Deed.

11.4 Insurance proceeds for Almondlot, Almond Tree and Almond Grove Infrastructure

The Responsible Entity must ensure that the Responsible Entity or the Almond Grove Owner (as applicable) applies all insurance proceeds in respect of a successful claim made pursuant to a policy of insurance in respect of loss or damage to the Almondlot, the Almond Trees or the Almond Grove Infrastructure entered into under clause 11.1, towards:

- (a) reinstating the Almondlot and the Almond Grove Infrastructure; and
- (b) re-planting the Almond Trees, on the Almondlot in accordance with clause 12.1.

12 Destruction or reduction in the viability of the Almondlot

12.1 Damage or destruction due to insured risks

If:

- (a) all or any part of the Almond Trees or the Almond Grove Infrastructure on the Almondlot are damaged or destroyed by fire or any other risk in respect of which a policy of insurance has been entered into under clause 11.1 so as, in the opinion of the Responsible Entity, to render the Almondlot unsuitable for further cultivation of the Almond Trees; and
- (b) the insurance policy has not been vitiated or

rendered void or voidable due to any reason beyond the control of the Responsible Entity,

then:

- (c) the Responsible Entity may reinstate the Almond Grove Infrastructure and re-plant the Almond Trees on the Almondlot (as necessary) or may amend this Deed by granting the Grower a new Licence to another almondlot; and
- (d) this Deed will continue to apply.

12.2 Complete destruction due to uninsured risks

If:

- (a) all or substantially all of the Almond Trees or the Almond Grove Infrastructure on the Almondlot are damaged or destroyed by fire or any other cause so as, in the opinion of the Responsible Entity, to render the Almondlot unsuitable for further cultivation of the Almond Trees; and
- (b) the damage or destruction is not covered by a policy of insurance that has been entered into under clause 11.1,

then:

- (c) the Responsible Entity is not obliged to reinstate the Almondlot or the Almond Grove Infrastructure, or to re-plant the Almond Trees;
- (d) this Deed will terminate with effect from the time the event causing the destruction or damage occurs; and
- (e) the Grower will no longer be a grower for the purpose of this Deed or the Constitution.

12.3 Partial destruction due to uninsured risks

If:

- (a) the Almond Trees or the Almond Grove Infrastructure on part only of the Almondlot are damaged or destroyed by fire or any other cause so as, in the opinion of the Responsible Entity, to render the Almondlot unsuitable for further cultivation of the Almond Trees; and
- (b) the damage or destruction is not covered by a policy of insurance that has been entered into under clause 11.1,

then:

- (c) the Responsible Entity is not obliged to reinstate the Almond Grove Infrastructure or re-plant the Almond Trees on that part of the Almondlot on which the Almond Trees or Almond Grove Infrastructure have been destroyed or damaged;
- (d) this Deed will continue to apply to such fractional part of the Almondlot determined by the Responsible Entity to be the relevant part of the Almondlot on which the remaining Almond Trees and Almond Grove Infrastructure stand;
- (e) the Grower's Proportional Share under this Deed will be reduced by such amount as is considered by the Responsible Entity to be reasonable at its absolute discretion to reflect the smaller quantity of Almond Produce to be produced and sold, by the Responsible Entity on the Grower's behalf; and

- (f) in calculating the Proportional Share of the Grower under paragraph (b) of the definition of "Proportional Share" in clause 1.1 of the Constitution, it will only be the fractional part of the Grower's Almondlot (as determined by the Responsible Entity pursuant to this clause) which will be taken into account, and where a determination by the Responsible Entity under this clause of one or more other Growers has been made, it will only be the fractional part of each such Grower's Almondlots, which will be taken into account.

12.4 Destruction of other Almondlots

If:

- (a) no part of the Almond Trees or the Almond Grove Infrastructure on the Almondlot are, in the opinion of the Responsible Entity, rendered unsuitable for the continued operation of the Almond Grove;
- (b) the Almond Trees or the Almond Grove Infrastructure on one or more other grower's almondlots have been damaged or destroyed by fire or any other cause so as, in the opinion of the Responsible Entity, to render the whole or part of those almondlots unsuitable for further cultivation; and
- (c) the damage or destruction is not covered by a policy of insurance that has been entered into under clause 11.1 of a grower's Licence and Management Agreement,

then:

- (d) the Grower's Proportional Share under this Deed will be increased by such amount as is considered by the Responsible Entity to be reasonable at its absolute discretion taking into account the proportion the Grower's Almond Produce bear to all undamaged almond produce; and
- (e) in calculating the Proportional Share of the Grower under paragraph (b) of the definition of "Proportional Share" in clause 1.1 of the Constitution, where one or more of the growers are growers in relation to which a determination by the Responsible Entity has been made pursuant to clause 12.3 of such grower's Licence and Management Agreement, it will only be the fractional part of the Almondlots of those growers which will be taken into account.

12.5 Alternative

Notwithstanding any other provision in this clause, in the event of the partial or total destruction of a Grower's Almond Trees or the Almond Grove Infrastructure on the Almondlot the Responsible Entity may amend this Deed by granting the Grower a new Licence to another almondlot in which case this Deed will continue to apply.

PART II

13 Appointment of Responsible Entity and fees

13.1 Appointment of Responsible Entity

The Grower hereby appoints the Responsible Entity to manage the Grower's almond business of the commercial

cultivation of almonds by performing the Initial Management Services and the Ongoing Management Services on the terms and conditions contained in this Deed.

13.2 Acceptance of appointment

The Responsible Entity hereby accepts the appointment upon the terms and conditions in this Deed.

13.3 Fees

In consideration of the Responsible Entity performing the Initial Management Services and the Ongoing Management Services, the Grower agrees to pay the Responsible Entity the fees in accordance with clause 21.

14 Duration of Appointment of Responsible Entity

14.1 Duration of appointment

The Responsible Entity's term of appointment commences on the Commencement Date and will expire on the Termination Date.

14.2 Termination of appointment by Grower

Notwithstanding clause 13.1 or that on a former occasion or occasions it has waived its rights to terminate its Deed with the Responsible Entity, the Grower may by written notice to the Responsible Entity terminate its Deed with the Responsible Entity at any time after any of the following events:-

- (a) breach (of a substantial nature) by the Responsible Entity of Parts II or III of this Deed or any part thereof and, if the breach is capable of remedy, failure by the Responsible Entity to remedy the breach within twenty eight (28) days upon receiving written notice from the Grower to do so; or
- (b) the Responsible Entity committing an act of bankruptcy or going or being placed into liquidation (otherwise and solely for amalgamation or reconstruction) or if there are any meetings, arrangements or compositions with creditors or if a receiver, or a receiver and manager, is appointed over any part of the Responsible Entity's assets or undertaking and is not removed or withdrawn within 30 days of the appointment; or
- (c) the Responsible Entity commits a material breach of a condition of its Australian Financial Services Licence granted under the Corporations Act or a corresponding law.

15 The Initial Management Services and the Ongoing Management Services

15.1 Performance of Initial Management Services and Ongoing Management Services

The Responsible Entity must perform the Initial Management Services and the Ongoing Management Services in a proper and efficient manner in accordance with good industry practices for the cultivation of almonds, and the Responsible Entity warrants to the Grower that it either has or has access to, and covenants that it will maintain access to, such staff, personnel, consultants and other specialist services as may be reasonably necessary for it to perform the Initial

Management Services and the Ongoing Management Services.

15.2 Timing of performance of Initial Management Services and Ongoing Management Services

The Responsible Entity may determine the most appropriate time for it to carry out the Initial Management Services and the Ongoing Management Services, provided that the Responsible Entity completes the Initial Management Services on or before 30 June 2008.

16 Delegation

16.1 Delegation by Responsible Entity

The Responsible Entity may, for the better performance of its obligations under this Deed, employ agents, contractors, professional advisers and other consultants notwithstanding that such persons are: -

- (a) related bodies corporate of the Responsible Entity within the meaning of the Corporations Act;
- (b) directors or officers of the Responsible Entity;
- (c) directors or officers of any related body corporate of the Responsible Entity; or
- (d) are in any way associated with the Responsible Entity,

provided that the appointment is permitted under Part 5C.7 of the Corporations Act.

16.2 Release of liability

Delegation by the Responsible Entity of any of its functions pursuant to this Deed will not release it from liability under this Deed or the Constitution except to the extent that the Responsible Entity is entitled to rely upon any advice which it may receive from agricultural consultants or other experts or professional advisers.

17 Harvesting

17.1 Timing for harvest

Commencing from the date of the first harvestable almond crop, or at such other time or times as the Responsible Entity in its absolute discretion considers appropriate, the Responsible Entity will harvest, or arrange for the harvest of, the Almond Produce at such times or times as, in the opinion of the Responsible Entity, is appropriate, having regard to all relevant factors including the requirements of any contract for the sale of the Almond Produce.

17.2 Transport of Almond Produce

The Responsible Entity must deliver the Almond Produce to transport vehicles for transport to an almond processing facility by the Responsible Entity or any purchaser of the Almond Produce.

18 Sale of Almond Produce by Responsible Entity

18.1 Responsible entity to arrange sale

The Responsible Entity must use its best endeavours to arrange for the sale of all Almond Produce.

18.2 Appointment of Responsible Entity to sell Almond Produce

The Grower is deemed to have irrevocably appointed the Responsible Entity to the exclusion of itself and other persons (which appointment the Responsible Entity hereby accepts) as the Grower's agent for the purpose of negotiating and making at the maximum practicable price available, having regard to relevant factors such as marketable volumes, terms of contract and stability of purchaser, sales of its Almond Produce including entering into any sale agreement with a purchaser on such terms and conditions as the Responsible Entity considers appropriate, whether prior to or after the planting of the Almond Grove occurs.

18.3 Compliance with Corporations Act

When arranging for the sale of Almond Produce in accordance with clause 18.1, the Responsible Entity must at all times comply with its duties in accordance with section 601FC of the Corporations Act and the Constitution.

18.4 Purchase of Almond Produce by Responsible Entity

Notwithstanding the foregoing, nothing in this Deed will preclude the Responsible Entity or any person associated with the Responsible Entity from purchasing all or some of the harvested Almond Produce if the purchase price to be paid by the Responsible Entity is the maximum practicable price available at the date of sale, having regard to relevant factors such as marketable volumes, terms of contract and stability of purchaser, and the sale will not breach any other sale agreement entered into by the Responsible Entity as the Grower's agent for sale of the Almond Produce and is otherwise permitted under Part 5C.7 of the Corporations Act.

19 Rights of Grower to almond produce

The payment of the Total Almond Revenue into the Proceeds Fund will be taken to be full satisfaction and discharge of the Grower's rights in relation to the almond produce.

20 Total Almond Revenue

20.1 Payments into the Proceeds Fund

- (a) The Responsible Entity must ensure that the Total Almond Revenue is paid into the Proceeds Fund.
- (b) The Responsible Entity must direct any purchaser of almond produce to pay the Total Almond Revenue into the Proceeds Fund.

20.2 Reimbursement and payment of costs and fees

Subject to clause 20.4, the Responsible Entity will make the following payment out of the Proceeds Fund to the appropriate party:

- (a) the Ongoing Management Fee,
 - (b) the Licensee Fee payable to the Licensor under clause 3;
 - (c) Insurance Costs; and
- in the Sixth Period, the Grower's Proportional Share of the Operating Costs and Expenses

Any shortfall in relation to the payment of the amounts referred to above being invoiced to the Grower under clause 22.2. The balance of (if any) in the Proceeds Fund will be held on trust for the Growers in accordance with the provisions of the Constitution.

20.3 Postponement of payments from Proceeds Fund

The Responsible Entity may postpone the payment of any amount from the Proceeds Fund for such time (up to 6 months after receipt of the first payment in respect of the sale of almond produce) as it considers necessary or desirable to manage the operations relating to the Project in an orderly fashion.

20.4 Almond Proceeds

- (a) For the avoidance of doubt, the Responsible Entity is entitled to retain all money received for the sale of Almond Produce up to and including the almonds harvested in the period ended 30 June 2011 notwithstanding when those proceeds are received.
- (b) Each Grower is entitled to that Growers Proportional Share of the Total Almond Revenue from the sale of Almond Produce harvested after 31 July 2011 after having deducted all fees, costs and other charges owing by a Grower under this Deed or the Constitution.

21 Fees

21.1 Initial Management Period

- (a) The Application Fee payable by the Grower for the provision of services by the Responsible Entity for the Initial Management Period is the amount set out in Item 6.1 of Schedule 1.
- (b) The Application Fee for the Initial Management Period must be paid by the Grower to the Responsible Entity and accompany the Application by an Applicant and be paid into the Application Fund.

21.2 Second Period

- (a) The Ongoing Management Fee payable by the Grower for the provision of Ongoing Management Services by the Responsible Entity for the Second Period is the amount set out in Item 6.2 of Schedule 1.
- (b) The Ongoing Management Fee for the Second Period must be paid by the Grower to the Responsible Entity on or before 28 February 2009.

21.3 Third Period

- (a) The Ongoing Management Fee payable by the Grower for the provision of Ongoing Management Services by the Responsible Entity for the Third Period is the amount set out in Item 6.3 of Schedule 1.
- (b) The Ongoing Management Fee for the Third Period must be paid by the Grower to the Responsible Entity on or before 31 December 2009.

21.4 Fourth Period

- (a) The Ongoing Management Fee payable by the Grower for the provision of Ongoing Management

Services by the Responsible Entity for the Fourth Period is the amount set out in Item 6.4 of Schedule 1.

- (b) The Ongoing Management Fee for the Fourth Period must be paid by the Grower to the Responsible Entity on or before 31 July 2010.

21.5 Fifth Period

- (a) The Ongoing Management Fee payable by the Grower for the provision of Ongoing Management Services by the Responsible Entity for the Fifth Period is the amount set out in Item 6.5 of Schedule 1.
- (b) The Ongoing Management Fee for the Fifth Period must be paid by the Grower to the Responsible Entity on or before 31 July 2011.

21.6 Sixth Period and onwards

- (a) Subject to clause 21.6(e) below, the Ongoing Management Fee payable by the Grower for the provision of Ongoing Management Services by the Responsible Entity for the Sixth Period is an amount being the amount set out in Item 6.6 of Schedule 1.
- (b) The Ongoing Management Fee and the Grower's Proportional Share of the Operating Costs and Expenses for the Sixth Period will be paid out of the Total Almond Revenue in accordance with clause 20.2.
- (c) The Licence Fee payable by the Grower for the Sixth Period pursuant to clause 3.1 is an amount being the amount set out in Item 6.6 of Schedule 1.
- (d) The Licence Fee for the Sixth Period will be paid out of the Total Almond Revenue in accordance with clause 22.4 at the time the balance of the Total Almond Revenue is paid or payable by the Responsible Entity to the Grower.
- (e) If, in the Financial Year of 1 July 2012 to 30 June 2013 or in any other following Financial Year during the Sixth Period up to but not including the Termination Year, the amount of a Shortfall is greater than zero, then the Responsible Entity will invoice the Grower's Proportional Share of the Operating Costs and Expenses as set out in Item 6.6 of Schedule 1.

21.7 Performance Fee

The Performance Fee is payable by the Grower for each Financial year from and including the Financial Year commencing 1 July 2013 and is an amount being the amount (if any) to which the Responsible Entity is entitled to receive for the relevant Financial year under the following calculation plus GST:

If $(B - C - D) > 0$ then $A = (B - C - D) \times E$

If $(B - C - D) < 0$ then $A = 0$

Where:

A = Performance Fee

B = Distribution Amount

C = Notional Distribution Amount

D = Shortfall Distribution Amount

E = 22.5%

21.8 Application Price

- (a) The Application Price which must be paid by the Grower to the Responsible Entity and accompany the Application by an Applicant and be paid into the Application Fund, are the amounts specified in Items 6.1(a) of Schedule 1.
- (b) The Responsible Entity will release the Application Fee together with the application moneys paid by all other growers from the Application Fund in accordance with clause 9 and 10 of the Constitution.

21.9 Notification of Grower's Proportional Share

On or before the Distribution Date following the end of each Financial Year during the Second Period, the Third Period, the Fourth Period, the Fifth Period and the Sixth Period, the Responsible Entity will notify each Grower of their Grower's Proportional Share of the Total Almond Revenue (subject to all deductions from the Total Almond Revenue in accordance with the Constitution and this Deed) for that Financial Year.

22 Costs and Expenses Recovery**22.1 Costs and Expenses – Initial Management Services**

In consideration of the provision of the Initial Management Services and the Ongoing Management Services by the Responsible Entity to the Grower, the Grower will pay the Responsible Entity the fees including as provided in Item 6 of Schedule 1 and reimburse the Responsible Entity for the Grower's Proportional Share of the Operating Costs and Expenses.

22.2 Costs and Expenses – Ongoing

The Grower's Proportional Share of the Operating Costs and Expenses incurred in respect of each Financial Year commencing from the Financial Year ending 30 June 2013 will be invoiced each Financial Year by 1 July commencing on 1 July 2012 and shall, subject to any deduction made in relation to the same from the Proceeds Fund pursuant to clause 20.2, be due for payment by the Grower on 31 July each Financial Year commencing on 31 July 2012. The annual invoice for the Operating Costs and Expenses will cover twelve months of estimated Operating Costs and Expenses. A reconciliation of the estimated and actual Operating Costs and Expenses will be undertaken at the end of each Financial Year and any necessary adjustment will be made in the invoice for the Operating Costs and Expenses for the following Financial Year. Where the Responsible Entity or its agent has borrowed funds to meet the interim Costs and Expenses then the Responsible Entity is entitled to charge the Grower interest equivalent to that paid on the borrowings.

22.3 Failure to Pay Costs and Expenses

In the event any Grower fails to pay the Grower's Proportional Share of any fees payable under this Deed, or in the case of a Joint Venturer, fails to pay that proportion of the fees as is payable under clause 23, then the Responsible Entity in addition to any other remedy available to it at law is entitled to recover compound interest at the Rate and:

- (a) to retain proceeds from the Total Almond Revenue from any Financial Year; or

- (b) sell the Grower's Almondlot or in the case of a Joint Venturer, sell the Fractional Interest of the Joint Venturer in the Almondlot and account to the Grower for the surplus after satisfying payment of all fees, including costs incurred in exercising its rights to sell the Almondlot (or the Fractional Interest of the Joint Venturer in the Almondlot, as the case may be), on behalf of the Grower.

22.4 Payment of Licence Fees

The Grower authorises and directs the Responsible Entity to pay from the Total Almond Revenue of all Licence Fees and other monies (including any GST payable on such fees or monies) as may from time to time be owing to the Licensor and the Responsible Entity by the Grower under this Deed or the Constitution. The Grower acknowledges that notwithstanding the direction to the Responsible Entity under this clause, the Responsible Entity does not accept, and will not be deemed to accept, any responsibility or liability for payment of Licence Fees, Performance Fees, Operating Costs and Expenses or any other monies or obligations which may from time to time be owing by the Growers to the Licensor, the Responsible Entity or any other party.

22.5 No Limitation

Notwithstanding anything to the contrary contained or implied by this Deed, the Responsible Entity's ability to recover or deduct monies payable to the Responsible Entity for any Licence Fees, Performance Fees, Ongoing Management Fee, Operating Costs and Expenses, Insurance Costs, from the Total Almond Revenue does in no way limit or alter the obligations of the Grower to pay such moneys pursuant to this Deed or the ability of the Responsible Entity to pursue the Grower personally for any outstanding monies.

23 Joint Ventures

Where the Grower consists of Joint Venturers, each Joint Venturer is liable to pay that proportion of the Licence Fee, Application Fee and Ongoing Management Fee and Insurance Costs as is specified in the Constitution.

24 Removal of Responsible Entity

The Responsible Entity may be removed from its appointment under this Deed by an Extraordinary Resolution of Growers passed at a meeting of Growers duly convened in accordance with clause 30 of the Constitution.

25 Appointment of new Responsible Entity**25.1 Appointment of new Responsible Entity**

On the removal of the Responsible Entity by the Growers pursuant to clause 24, the Growers may appoint a new Responsible Entity in accordance with section 601FM of the Corporations Act and until the appointment is complete the Responsible Entity may perform the Initial Management Services or the Ongoing Management Services (as the case may be) and exercise all the powers conferred on the Responsible Entity under this Deed.

25.2 Execution of deed by new Responsible Entity

The corporation or person appointed as new Responsible Entity must execute a deed in such form as the

Responsible Entity may require whereby such corporation or person undertakes to the Responsible Entity and the Grower all obligations of the retiring Responsible Entity pursuant to this Deed and the Constitution. The new Responsible Entity must and may thereafter exercise all the powers and enjoy all the rights and will be subject to all the duties and obligations of the Responsible Entity under this Deed as fully as though such new Responsible Entity had been originally named as a party to this Deed.

25.3 Apportionment of Annual Payments

The amounts payable to the Responsible Entity pursuant to clauses 21 and 22 will be apportioned pro rata between the retiring Responsible Entity and the new Responsible Entity and if there are more than two Responsible Entities during the Term between each of the Responsible Entities. The pro rata apportionment of the amounts payable to each Responsible Entity will be based on the length of time that the relevant Responsible Entity's appointment under this Deed bears to the Term.

26 Retirement of Responsible Entity

The Responsible Entity may retire in accordance with clause 26 of the Constitution.

27 Nature of relationship

Nothing in this Deed will be construed as creating any association or partnership between the Grower, the Responsible Entity and the other persons having interests in the Almond Grove as growers or any two or more of them (the Grower, the Responsible Entity and other growers).

28 Performance by Responsible Entity of Grower's covenants

Except for the payment of Licence Fee and GST, the Responsible Entity agrees to duly and punctually observe and perform all and every one of the covenants, duties and obligations contained in the Licence to be observed and performed by the Grower (other than the covenants, duties and obligations contained in clauses 7 and 9), and without prejudice to the foregoing, the Responsible Entity agrees to indemnify and keep indemnified the Grower against and in respect of all consequences of any failure by it to observe and perform any of the said covenants, duties and obligations.

29 Power of attorney

The Grower irrevocably appoints the Responsible Entity or a director of the Responsible Entity as its attorney (and attorneys) with full power in the name of the Grower and on its behalf or otherwise to do the Ongoing Management Services and all such acts and things and execute all such deeds, instruments, or documents and things which are necessary or which the Responsible Entity considers necessary or expedient for the Grower to comply with any duty or obligation imposed upon the Grower by this Deed or for giving to the Responsible Entity the right on any default on the part of the Grower to do or execute any act matter thing or document on behalf of the Grower in the Grower's name.

30 Authority to complete

The Grower authorises the Responsible Entity and every officer individually of the Responsible Entity to date this Deed and to complete any of the blank spaces in Schedule 1 and to sign on behalf of the Grower as attorney of the Grower such other amendments to this Deed where the amendment has been approved in accordance with clause 35.1.

PART III

31 Proper law and jurisdiction

This Deed will be governed by and construed in accordance with the laws of Western Australia and where applicable the Commonwealth of Australia, and the parties submit to the non-exclusive jurisdiction of the courts of Western Australia, and if applicable of the Commonwealth of Australia and courts hearing appeals therefrom.

32 Notices

Any notice, demand or other communication required to be given or made under this Deed must, unless otherwise expressly provided, be in writing and be deemed duly given or made if executed by the party giving or making the same (or signed on behalf of such party by any duly authorised representative thereof) and delivered or sent by security post as follows:-

Responsible Entity: Rural Funds Management Limited
Level 2, 2 King Street
DEAKIN ACT 2600
Telephone: (02) 6203 9700
Facsimile: (02) 6281 5077

Licensor: Rural Funds Management Limited
Level 2, 2 King Street
DEAKIN ACT 2600
Telephone: (02) 6203 9700
Facsimile: (02) 6281 5077

the Grower: The address set out in Item 2 of Schedule 1.

Any party may change its or their address for the purpose of this Deed by giving notice of such change to the others of them pursuant to the provisions of this clause. Any notice, demand or other communication sent by mail will, subject to proof of mailing, be deemed to have been received by the party to whom it was sent at the time when the envelope or wrapper containing the same in the ordinary course of post would have reached such address and notwithstanding that it may never do so. Any notice, demand or other communication sent by facsimile will be deemed, in the absence of proof to the contrary, to have been received by the party to whom it was sent on the date of dispatch.

33 Payment of stamp duty, registration fees and GST

33.1 Stamp duty and registration fees

The Responsible Entity must pay all stamp duties, registration fees and legal costs payable in respect of the preparation, execution, stamping and registration (if necessary) of this Deed.

33.2 GST

The Grower must pay any goods and services tax payable in respect of:

- (a) the Licence Fee payable by the Grower to the Licensor pursuant to clause 3.1;
- (b) the fees payable by the Grower to the Responsible Entity pursuant to clause 21; and
- (c) any other payment or services provide to the Grower pursuant to the terms of this Deed, on receipt of a tax invoice.

34 Force majeure

The Responsible Entity will be excused from performance of any of its duties and obligations under this Deed whenever and to the extent that such performance is prevented or interrupted or delayed by reason of any action or requirement of any government authority or by any wars, public disorders, acts of enemies, sabotage, strikes, lockouts, labour or employment difficulties, accidents, breakdowns, fires, storms, tempest or events of nature or acts of God or any other causes beyond the control of the Responsible Entity, but the Responsible Entity must at all times use all reasonable endeavours to overcome or alleviate the effect of any such events as specified above.

35 Miscellaneous provisions**35.1 Amendment**

In the case of any variation to be effected to this Deed which in the opinion of the Responsible Entity may

adversely affect the Growers interests, such variation may only be effected if it has been approved by an Ordinary Resolution at a formal meeting of Growers of the Project in the manner provided in the Project Constitution for holding meetings of members and the change is consented to by the Responsible Entity.

35.2 Waiver

No waiver of any provision of this Deed nor consent to any departure therefrom, by any of the parties to this Deed will be effective unless the same is in writing and then such waiver or consent will be effective only in the specific instance and for the purpose for which it is given. No default or delay on the part of any of the parties in exercising any rights, powers or privileges under this Deed will operate as a waiver thereof or of any other right hereunder, nor will a single or partial exercise thereof or the exercise of any other right, power or privilege hereunder.

35.3 Time of essence

Time is of the essence in all respects.

35.4 Reasonable endeavours

The parties must execute and do all such acts and things as are necessary or desirable in order to implement and give full effect to the provisions and purposes of this Deed.

35.5 Severance

This Deed so far as possible will be construed to give validity to all of its provisions. Any provision found to be prohibited by law will be ineffective so far as prohibited without invalidating any other part of this Deed.

Schedule 1**Item 1 – Date of Deed****Item 2 - Description of Grower**

If Grower IS NOT a Joint Venturer

Name:	
Address:	
Allotment Number(s):	

If Grower IS a Joint Venturer

Name of First Joint Venturer:	
Address of First Joint Venturer:	
Name of Second Joint Venturer:	
Address of Second Joint Venturer:	
Allotment Number(s):	

Item 3 - Description of Almond Grove

Name of Almond Grove:	
Total Area of Almond Grove:	
Title Description	

Item 4 - Description of Almondlot

Number of Almondlots:	
Almondlot Numbers:	
New Area Numbers:	
Young Area Numbers:	

Item 5 - Encumbrances**Item 6**

	<i>Period</i>	<i>Fee</i>
6.1	Initial Management Period: (Commencement Date to 30 June 2008) Due for payment on the Commencement Date	(a) \$5,500 (including GST) being the Application Fee payable for the Initial Management Services on or before the Commencement Date.
6.2	Second Period (1 July 2008 to 30 June 2009) Invoiced by 1 February 2009 and shall be due for payment on 28 February 2009	Ongoing Management Fee equal to: (a) \$2,400 (including GST); plus (b) 100% of the Total Almond Revenue (inclusive of GST) from the sale of Almond Produce harvested during the Second Period, payable for the Ongoing Management Services for the Second Period. The Ongoing Management Fee includes the Licence Fee and Insurance Costs for the Second Period.
6.3	Third Period (1 July 2009 to 30 June 2010) Invoiced immediately after RFM becomes the responsible entity and payable within 14 days.	Ongoing Management Fee equal to: (a) \$2,400 (including GST); plus (b) \$250 (including GST); plus (c) 100% of the Total Almond Revenue (inclusive of GST) from the sale of Almond Produce harvested during the Third Period, payable for the Ongoing Management Services for the Third Period. The Ongoing Management Fee includes the Licence Fee and Insurance Costs for the Third Period.
6.4	Fourth Period (1 July 2010 to 30 June 2011) Invoiced by 1 July 2010 and shall be due for payment on 31 July 2010	Ongoing Management Fee equal to: (a) \$2,400 (including GST); plus (b) \$250 (including GST), indexed to the CPI from 1 July 2010; plus (c) 100% of the Total Almond Revenue (inclusive of GST) from the sale of Almond Produce harvested during the Fourth Period, payable for the Ongoing Management Services for the Fourth Period. The Ongoing Management Fee includes the Licence Fee and Insurance Costs for the Fourth Period.
6.5	Fifth Period (1 July 2011 to 30 June 2012) Invoiced by 1 July 2011 and shall be due for payment on 31 July 2011	Ongoing Management Fee equal to: (a) \$2,400 (including GST); plus (b) \$250 (including GST), indexed to the CPI from 1 July 2010 (c) 0% of the Total Almond Revenue from the sale of Almond Produce harvested during the Fifth Period, payable for the

	<i>Period</i>	<i>Fee</i>
		Ongoing Management Services for the Fifth Period. The Ongoing Management Fee includes the Licence Fee and Insurance Costs for the Fifth Period.
6.6	<p>Sixth Period</p> <p>(Each Financial Year after the Fifth Period to Termination Date)</p> <p>Invoiced on 1 July of each Financial Year commencing from 1 July 2012, subject to any allowable deduction made, and due for payment by the Grower on 31 July of each Financial Year commencing on 31 July 2012. Any adjustments of forecast to actuals will be invoiced in July of the following year.</p>	<p>(a) Ongoing Management Fee for each of the Financial Years during the sixth period from 1 July 2012 equal to:</p> <p style="padding-left: 40px;">(i) \$250 (including GST), indexed to the CPI from 1 July 2010; plus,</p> <p style="padding-left: 40px;">(ii) 0% of the Total Almond Revenue from the sale of Almond Produce harvested during the Sixth Period.</p> <p>(b) Licence Fee equal to Grower's Proportional Share of the forecast Lease between the Responsible Entity and RiverBank; and</p> <p>(c) the Grower's Proportional Share of the Operating Costs and Expenses and Insurance Costs.</p> <p>(d) Performance Fee equal to 22.5% (plus GST) of any scheme revenue above a specified threshold.</p>

Item 7 – Notional Distribution Amounts

Year	Notional Distribution Amount
2013/2014	\$538
2014/2015	\$1,940
2015/2016	\$2,021
2016/2017	\$2,200
2017/2018	\$2,266
2018/2019	\$2,320
2019/2020	\$2,397
2020/2021	\$2,501
2021/2022	\$2,588
2022/2023	\$2,695
2023/2024	\$2,805
2024/2025	\$2,926
2025/2026	\$2,985
2026/2027	\$3,073
2027/2028	\$3,206
2028/29	\$9,079

Schedule 2 – Initial Management Services

All services to be provided to Growers during the Initial Management Period, including but not limited to:

- (a) all inspection, supervision and management activities as necessary from the Commencement Date in respect of the Initial Management Services that are carried out by subcontractors;
- (b) the obtaining of formal verification by 30 June in the relevant year from an Almond Expert that the Almondlot is of an appropriate standard and all required services have been performed and to an appropriate standard;
- (c) tend to the Almond Trees in the Almondlot in a proper and workmanlike manner, as required,
- (d) use its best endeavours to minimise soil erosion and maintain soil quality on each Almond Grove, as required;
- (e) use its best endeavours to keep the Almondlot free from vermin and vegetation, as required;
- (f) use its best endeavours to keep the Almond Trees free from insects and diseases, which might damage or inhibit the growth of the Almond Trees, as required;
- (g) maintenance and cultivation of the Almond Trees including watering, weeding, selecting, procuring and applying appropriate fertilisers, nutrients and herbicides and doing all other things reasonably necessary for the purpose of maintaining and cultivating the Almond Trees in accordance with good and proper agricultural practices, as required;
- (h) procuring the use of all necessary plant, equipment, machinery, goods and materials for the purposes of performing the Management Services and procuring the use on each Almond Grove of suitable irrigation, fencing, drainage and shelter for the Almond Trees and any other necessary fixtures or improvements required for the purposes of performing such services, as required;
- (i) pay (on behalf of the Grower) if the Responsible Entity considers it appropriate any moneys owing under this Deed or any other agreement to which the Responsible Entity and the Grower are a party, as required;
- (j) obtaining professional services and advice which the Responsible Entity may consider necessary or desirable in connection with the maintenance and cultivation of the Almond Trees or the harvesting, processing and marketing of the Almonds, as required;
- (k) diligently carry out quality control and other reasonable practice procedures to ensure the production of high quality Almonds and thereafter use its reasonable endeavours to market the Almonds effectively and manage the Business efficiently to increase revenues and returns to the Grower, as required;
- (l) use its best endeavours to maintain any windbreaks, access roads or tracks on the Almond Grove in good repair, as required;
- (m) prepare accurate records of all fertilisers, nutrients and other chemicals applied to the Almond Grove, the Almonds or the Almond Trees and make those records available to the Grower, as required; and
- (n) do all other acts or things which are or may be necessary or desirable, to cultivate, maintain and manage the Almond Trees, the Almondlot and the Almond Grove in a condition consistent with responsible agricultural practice.

Schedule 3 - Ongoing Management Services

All commercial agronomy activities required to be carried on to manage and maintain the Almond Trees according to good agronomy and Almond Grove practice, including but not limited to:

- (a) all inspection, supervision and management activities as necessary from the Commencement Date in respect of the Ongoing Management Services that are carried out by subcontractors;
- (b) tend to the Almond Trees in the Almondlot in a proper and workmanlike manner, as required;
- (c) use its best endeavours to minimise soil erosion and maintain soil quality on each Almond Grove, as required;
- (d) use its best endeavours to keep the Almondlot free from vermin and vegetation, as required;
- (e) use its best endeavours to keep the Almond Trees free from insects and diseases, which might damage or inhibit the growth of the Almond Trees, as required;
- (f) use its best endeavours to destroy, abandon or leave to rot any Almond Trees which a reasonable agriculturalist would destroy, abandon or leave to rot, as required;
- (g) maintenance and cultivation of the Almond Trees including watering, weeding, selecting, procuring and applying appropriate fertilisers, nutrients and herbicides and doing all other things reasonably necessary for the purpose of maintaining and cultivating the Almond Trees in accordance with good and proper agricultural practices, as required;
- (h) acquiring and planting Almond Trees to replace any Almond Trees pursuant to the Stocking Guarantee, as required;
- (i) procuring the use of all necessary plant, equipment, machinery, goods and materials for the purposes of performing the Management Services and procuring the use on each Almond Grove of suitable irrigation, fencing, drainage and shelter for the Almond Trees and any other necessary fixtures or improvements required for the purposes of performing such services, as required;
- (j) harvest the Almond Trees and process the Almonds on each Almond Grove in such manner and at such time as will maximise the yield from the Almond Trees, as required;
- (k) pay (on behalf of the Grower) if the Responsible Entity considers it appropriate any moneys owing under this Deed or any other agreement to which the Responsible Entity and the Grower are a party, as required;
- (l) market and sell the Almonds (including the Almonds harvested from each Almondlot) in such manner so as to achieve the maximum reasonable price therefore, and account to the Grower, as required;
- (m) obtaining professional services and advice which the Responsible Entity may consider necessary or desirable in connection with the maintenance and cultivation of the Almond Trees or the harvesting, processing and marketing of the Almonds, as required;
- (n) diligently carry out quality control and other reasonable practice procedures to ensure the production of high quality Almonds and thereafter use its reasonable endeavours to market the Almonds effectively and manage the Business efficiently to increase revenues and returns to the Grower, as required;
- (o) use its best endeavours to maintain any windbreaks, access roads or tracks on the Almond Grove in good repair, as required;
- (p) prepare accurate records of all fertilisers, nutrients and other chemicals applied to the Almond Grove, the Almonds or the Almond Trees and make those records available to the Grower, as required;
- (q) obtaining a Report from the Independent Almond Expert within six months after the Commencement Date, at least six monthly for the first year thereafter and then annually, to be provided to the Grower;
- (r) do all other acts or things which are or may be necessary or desirable, to cultivate, maintain and manage the Almond Trees, the Almondlot and the Almond Grove in a condition consistent with responsible agricultural practice.