

VALUATION SERVICES PTY LTD

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29 December 2010

The Directors
AgriWealth Capital Limited
Level 1, 20 Young Street
NEUTRAL BAY NSW 2089

Dear Sirs

Re: Request for a broad Softwood Land Report.

INSTRUCTIONS

The purpose of this report is to give a general overview of the rural property market for high quality grazing land that is suitable for plantation forestry in the Hume Region and Oberon Regions of New South Wales. The areas targeted are those dominated by high quality grazing and with rainfall in excess of 800mm per annum.

QUALIFICATIONS AND EXPERIENCE

Nicholas Lucas Valuation Services Pty Ltd is a former Senior Valuer for the State Valuation Office. He is a Certified Practising Valuer, Registered Valuer (NSW and QLD) and an Associate of the Australian Property Institute, serving as a Divisional Councillor (NSW) from 1992-2003. He has been valuing property in the Hume and Oberon Regions for the past 41 years.

BRIEF HISTORY OF THE REGIONS

The planting of pines in the Regions was greatly accelerated after the end of World War II, following a review of established planting between 1920 and 1935. This review showed that the cool, moist areas of the Hume and Oberon Regions offered very good growth prospects.

In an effort to reduce dependence on imported supplies, pine plantations began on a large scale. Initially the plantations were on land cleared of relatively unproductive native forests (acquired from private interests specifically for this purpose). Since the introduction of clearing restrictions, land purchases and plantings have been on cleared pastoral country. Today, the pine plantations must compete in the open market for the best- cleared agricultural land.

The plantations increased to such a scale that by the 1980s timber in the Hume Region was supplied to two large sawmills and ply mill complexes, a particle board factory at Tumut, two smaller sawmills near Tumberumba and a larger newsprint mill at Albury.

Today, the Hume Region area is the largest softwood producing area in Australia with all produce value added locally. The fully integrated industry now has in the immediate area 10 sawmills, 2 paper pulp mills, 2 ply manufacturers and 2 wood panel plants which enables every part of the harvested trees to be productively utilised. A total of approximately 90,000 hectares are planted with pine under the control of Forests NSW and over 52,000 hectares under private plantation management.

Planting of commercial pine plantations in the Central Tablelands started in 1923 on Jenolan State Forest. Now there is around 80,000 hectares of plantation in the region covering from Oberon in the East to Orange in the West. These plantations and associated industry directly employ 900 people. In Oberon one in four people is directly employed in the industry. An estimate of the Annual Value of production derived from timber in the Central Tablelands is \$242 Million.

The softwood processing industry in the Central Tablelands is strong and expanding, it covers the full range of products from the large Highland Pine Sawmill and Carter Holt Harvey Medium Density Fibreboard factories in Oberon, through to supplying smaller volumes of logs to the Ausply veneer mill at Wagga Wagga, the Blayney treated timber plant, Penrose Pine near Moss Vale and Austwest Timber Products which will take small sawlogs. The Central Tablelands is a mature forestry region, with opportunities for plantation expansion.

The pine industry has a strong hold in the Regions and a well-developed infrastructure of access roads for heavy haulage, fire prevention strategies and availability to the necessary mill operations.

The increase in private plantings within the Hume and Oberon Regions is in excess of 17,000 hectares since 2005.

VALUATION OBSERVATIONS

The diversity of the country within the Regions is such that any comparison of improved land value between each property is difficult. Typical land in the Regions comprises natural timbered lands, part timbered, improved and partly improved grazing lands to sown pastures and lands with and without structural improvements. The properties within these areas have been typically sold on a livestock capacity basis and each property is assessed on its own merits. Today with the demand from

Forestry interests the two markets must compete in the open market with the Forestry demand valuing the land on a plantable hectare basis.

The land values in the Regions show a steady value growth from 1980 to 1990, a value decline in the early 1990s to coincide with the wool industry price fall and fluctuating cattle export markets, a plateau level and then the price rises in line with high rural commodities prices and low interest rates to today's date. The sales data used to compile this information is taken from past Valuer-General and respective Shire Office records. In forming our view we have excluded the extreme highs in historical sales data as such highs are not in our opinion reflective of typical values in the area.

The demand for good well-presented properties in the Regions is unprecedented at the present time, with fewer listing and increased enquiry. The past years of drought conditions has had little effect on the property market. Such properties attract a premium, with competition from well-established local grazing families, new investors, lifestyle interests, private forests and Forests NSW. This places a solid floor price for good properties within all the Regions.

Current Land Values

Based on research and knowledge of land in the areas, it is my opinion that a current average unencumbered land value of \$7,000 per plantable hectare is fair and reasonable.

Future Land Values

As AgriWealth is to acquire land in the future, namely as late as March 2012, being about 15 months from the date of this report, it is appropriate to provide commentary on the land value price trend for unencumbered plantable land. The recognised land value for a plantable hectare obtained by market forces has risen from \$3,000 per plantable hectare in 2004 to a rate of \$7,000 per plantable hectare around the end of 2010. This is more than a doubling in value over a period of approximately 6 years. Current demand for suitable plantable land is firm with the supply of such land diminishing. In the past few years buyers such as managed investment companies have provided strong demand for suitable land. However, with the reduction of sales by managed investment companies in the financial year ended 30 June 2009 and 2010 it is not expected that market forces will lead to an increase in the current value of land by around June 2011. Please note, a projection is not a forecast nor a guarantee as to what the land's value will be in the future.

DISCLAIMERS

This report has been prepared based upon information made available to us in relation to the Project as at the date of the valuation. We believe that this information is accurate and complete but we have not independently verified all such information.

This report has been prepared for AgriWealth Capital Limited as at 29 December 2010 Nicholas Lucas Valuation Services Pty. Ltd has not been involved in the preparation of any part of an IM and has not been required to approve or express any opinion about any part of an IM other than this letter of summary and any extracts appearing elsewhere in any IM.

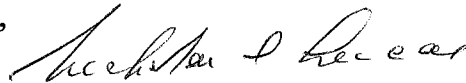
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Nicholas Lucas Valuation Services Pty. Ltd is entitled to receive normal professional fees for services provided in connection with the Project.

Nicholas Lucas Valuation Services Pty. Ltd does not have any other interests (whether pecuniary or not and whether direct or indirect) or any associations or relationships with AgriWealth Capital Limited that might reasonably be expected to be or have been capable of influencing Nicholas Lucas Valuation Services Pty. Ltd in providing this report.

Yours faithfully,



Nicholas D Lucas AAPI
Certified Practising Valuer
Registered Valuer NSW No: 1300

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