

TIMBERCORP PRIMARY INFRASTRUCTURE FUND

ARSN 116 024 830

28 August 2009

ASX Online

TPF Investor Update –

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Further to the announcement issued on 31 July 2009, Align Funds Management Limited (ACN 105 684 231) (**Align**), as the responsible entity of the Timbercorp Primary Infrastructure Fund (ARSN 116 024 830) (**TPF**), wishes to provide a further update to unit holders.

Senior Lender and TPF Bond Holder arrangements – procurement of new working capital funding arrangements

In the absence of receiving rent from the lessee of the TPF properties, Timbercorp Limited (in liquidation) (**Timbercorp**), the directors of Align have canvassed a number of funding options in order to secure working capital to fund the management costs for the almond properties and interest payments on its debt facilities. Discussions have been advanced with a number of prospective investors. However, the ability to finalise arrangements have been hampered because of the uncertainty associated with the continued presence of an insolvent tenant and the Growers occupying the TPF owned almond properties.

On 26 August 2009, an interest payment of \$1.5 million was payable under the Senior Lender's facilities. As TPF does not currently have sufficient funds from which the payment could be satisfied, Align sought and obtained a moratorium in respect of making the interest payment until 4 September 2009. No assurance can be given that the moratorium will be extended by the Senior Lender beyond 4 September 2009 in the event that Align is unable to secure working capital to fund the management costs for the almond properties and interest payments on its debt facilities before that date.

Furthermore, there have been a number of covenant breaches under the Senior Lender's facilities, including breaches of financial covenants, as a consequence of the insolvency of the Timbercorp group and, in particular, as result of the non-payment of rent and revaluation of TPF's properties (the revaluations will be released on Monday, 31 August 2009 following finalisation of the audit of TPF's 2009 financial statements). Align is in discussions with the Senior Lender in connection with these covenant breaches.

If the discussions with the Senior Lender are unsuccessful then the Senior Lender's facilities could be accelerated and the security over the TPF properties could be enforced. In that case, Align

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anticipates that the Senior Lender as the first ranking secured creditor would take possession of the TPF properties itself or appoint a receiver/receiver and manager to do so. If upon realisation of those assets there were sufficient funds to pay out the Senior Lender then any surplus would be for the benefit of creditors of the TPF sub-trusts and TPF Bond Holders.

Align also submitted a proposal to the TPF Bond Holders for a further extension of the standstill agreement with the TPF Bond Holders that expired on 26 August 2009. TPF Bond Holders agreed to extend the standstill agreement until 4 September 2009.

Short-term management arrangements agreed in relation to TPF's almond orchards

Timbercorp's Liquidators have reached agreement with Select Harvests Limited (**SHV**) (the existing agri-manager of the almond orchards conducted on TPF's land) for SHV to continue managing TPF's almond orchards until Friday, 28 August 2009. As part of those arrangements, Align has agreed to extend the moratorium with the Liquidators in relation to the payment of rent under the leases of TPF's almond properties until Saturday, 29 August 2009.

The purpose of these arrangements are to allow the negotiation of an agreement for the on-going management of TPF's almond orchards and for the payment of rent in relation to the leases of TPF's almond properties (which is likely to involve a 2010 crop sale agreement that would assist the procurement of funding for management costs in the interim).

Align will update unitholders as to the outcome of those negotiations in due course.

Supreme Court proceedings and expressions of interest sought by the Liquidators

The Timbercorp Group's Liquidators have called for expressions of interest from interested parties wishing to purchase and/or recapitalise the Timbercorp Almond Orchard MIS Schemes. Expressions of interest must be received by Friday, 28 August 2009.

As part of their current Court application, the Liquidators of Timbercorp Securities Limited (in liquidation) sought and obtained the power to sell assets of the Timbercorp Almond MIS Schemes.

A number of the Timbercorp Almond MIS Schemes are conducted on land owned by TPF. Align will continue to monitor the Liquidators' expression of interests campaign and court application and their impact on TPF's almond properties.

Yours sincerely



TREVOR MOYLE
CHAIRMAN