

# TIMBERCORP PRIMARY INFRASTRUCTURE FUND

**Release: 24 October 2007**

**ASX Code: TPF**

**Subject: On-Market Buy-back of Units & Market Update**

The directors of Orchard Investments Management Limited ("OIML"), the responsible entity of the Timbercorp Primary Infrastructure Fund ("TPF"), today announced that ASIC has granted it relief to conduct an on-market buy-back of up to 10% or 5.497 million of the issued units in TPF ("Buy-back").

The directors of OIML consider that the recently traded market price of TPF units does not fairly reflect the underlying net asset value of the Fund as recorded in TPF's 2007 financial accounts, nor valuations of the Fund set out in research reports recently released by two stock broking firms.

Under the terms of the ASIC relief, the Buy-back will commence 21 days after Unitholders receive notice of the Buy-back, being 19 November 2007 and last for a period of up to 12 months ("Buy-back period").

The Buy-back will be funded from TPF's cash reserves which are available from time to time and which currently total approximately \$2 million. OIML may also draw down in the future on any available debt facilities of TPF to fund the Buy-back.

The Buy-back will not necessarily remain open for a fixed period of time, and OIML reserves the right to terminate, or suspend the Buy-back before the Buy-back period has expired. The Buy-back will also close immediately in the event that OIML has acquired the maximum number of TPF units it is permitted to acquire under the ASIC relief.

More detailed information on the Buy-back is set out in the attached copy of a letter being sent today to all TPF unitholders. That letter also includes a market update on both the Fund's strategy and water management.

Also attached is the Appendix 3C (Announcement of buy-back).

END

**Contact:**

ANDREW ASHBOLT, COMPANY SECRETARY  
Orchard Investments Management Limited:  
Ph. 03 8615 1241

**About the Fund**

The Timbercorp Primary Infrastructure Fund was launched in September 2005 to acquire agricultural properties, including associated infrastructure and permanent water rights.

The investment strategy of the Fund is to provide attractive yield and capital growth to investors by investing in agricultural property and infrastructure, underpinned by long term leases to Timbercorp Limited, an S&P/ASX 200 company and one of Australia's leading agribusiness investment managers.

The Fund currently owns three properties with a total value of \$198 million.

Please visit the Fund's website for further information: [www.TPIF.com.au](http://www.TPIF.com.au)

Orchard Investments Management Limited  
ABN 34 105 684 231 AFSL No. 234554

Level 8, 461 Bourke Street, Melbourne, Victoria 3000  
Telephone (03) 8615 1200 Fax (03) 9670 4271 Website [www.tpif.com.au](http://www.tpif.com.au)

# TIMBERCORP PRIMARY INFRASTRUCTURE FUND

24 October 2007

Dear Unitholder

**THIS LETTER IS FOR YOUR INFORMATION ONLY – NO ACTION IS REQUIRED**

## **1. CAPITAL MANAGEMENT - ON-MARKET BUY-BACK OF UNITS**

### ***What is this about?***

The directors of Orchard Investments Management Limited ("OIML"), the responsible entity of the Timbercorp Primary Infrastructure Fund ("TPF" or "Fund"), consider that the current market price of TPF units does not fairly reflect the underlying net asset value of the Fund as recorded in TPF's 2007 financial accounts, nor valuations of the Fund set out in research reports recently released by two stock broking firms.

Accordingly, the directors of OIML have decided to implement a capital management initiative involving the conduct of an on-market buy-back of TPF units. This initiative will seek to optimise the capital structure of TPF, pending any acquisitions by TPF that satisfy the investment criteria outlined in section 2 below.

We are pleased to announce that the Australian Securities and Investments Commission ("ASIC") has granted relief to OIML to conduct an on-market buy-back of up to 10% of the issued units in TPF ("Buy-back") over a 12 month period.

Trading of TPF units on the ASX will continue as usual and the Buy-back will not directly affect your holding in TPF (although your proportional holding will increase slightly if you do not sell your units during the Buy-back).

### ***What do you need to do?***

This is an on-market buy-back, so you do not need to take any action. This letter is for your information only.

If you decide to buy or sell TPF units on the ASX whilst the Buy-back is in progress, you should do so in the normal manner.

### ***How does the Buy-back work?***

The Buy-back will commence from 10:00am on Monday 19 November 2007 and last for a period of up to 12 months ("Buy-back period"). The Buy-back will not necessarily remain open for the full Buy-back period, and OIML reserves the right to terminate, or suspend the Buy-back before the Buy-back period has expired. The Buy-back will also close immediately in the event that OIML has acquired the maximum number of TPF units it is permitted to acquire under the ASIC relief.

The Buy-back will be funded from TPF's cash reserves which are available from time to time and which currently total approximately \$2 million. OIML may also draw down in the future on any available debt facilities of TPF to fund the Buy-back.

The maximum number of TPF units able to be acquired under the Buy-back within the Buy-back period is 5.497 million units. At the market price on 22 October 2007 of \$0.96 per unit TPF presently has cash reserves for approximately 2.083 million TPF units to be acquired.

The ultimate number of TPF units bought-back by OIML during the Buy-back will depend on the on-going market price and availability of TPF units for purchase, and TPF's funding resources.

The Buy-back will be conducted in accordance with the ASX Listing Rules and the ASIC relief, and all units bought back will be acquired in the ordinary course of trading on the ASX by OIML's appointed broker, ABN AMRO Morgans Limited. All units acquired pursuant to the Buy-back will be cancelled.

Should you wish to discuss any aspect of the buy back you should contact your financial adviser or broker. You may also speak to a representative of ABN Amro Morgans Limited by phoning Sam Robinson on (03) 9947 4103.

### ***Buy-back Price***

OIML may purchase TPF units under the Buy-back at the market price from time to time. According to the terms of the ASIC relief, the price at which TPF units are bought back cannot exceed 105% of the average market price of TPF units calculated over the last 5 days in which TPF units were traded on the ASX immediately before the day of the relevant acquisition.

OIML will conduct the Buy-back in accordance with a documented pricing policy, which is available free of charge to Unitholders on request.

### ***Holdings of associates and Timbercorp Limited***

OIML does not hold any units in TPF. Associates of OIML may hold TPF units and may sell those TPF units to OIML under the Buy-back.

The TPF Unitholders set out below have advised OIML that they do not presently intend to sell any of their TPF units during the Buy-back period. They presently have direct or indirect interests in units in TPF as follows:

Timbercorp Limited	24,736,785 units
Sol Rabinowicz (Director of OIML and Timbercorp)	45,000 units
Andrew Ashbolt (Company Secretary of OIML)	38,605 units

## **2. FUND STRATEGY AND OUTLOOK**

The Directors of OIML have reaffirmed their forecast distribution of 10.5 cents per unit for the year ending 30 June 2008.

OIML is currently considering opportunities for further property acquisitions with the fundamental objective of expanding the size of the Fund and increasing trading liquidity in TPF Units.

Any prospective acquisition from Timbercorp will require the approval of Unitholders, given Timbercorp's relationship with, and investment in, TPF. Directors of OIML will not consider making a positive recommendation on any transaction, whether from Timbercorp or another vendor, unless a satisfactory level of benefits can be demonstrated in favour of Unitholders.

Examples of the criteria that would be considered in this regard include the impact on:

- Future earnings of the Fund and the prospects of a positive improvement in distributions per unit (all other things being equal).

- The diversification and quality of portfolio assets, and the consequential prospects for a positive improvement to the net asset value per unit.
- The depth and number of TPF Unitholders and the prospects of an improvement in the liquidity of TPF units.
- The balance sheet structure of the Fund, and in particular the level of debt and gearing ratios.

OIML recognises that at a unit price below the net asset value per unit, it is difficult for TPF to purchase further properties. This is because the equity funding component must be raised at a unit price closer to the existing net asset value to avoid dilution of existing TPF Unitholders.

As indicated above, the directors of OIML consider that the recent trading price of TPF units does not reflect their underlying value. Directors have been made aware of a number of factors that may be affecting investors' views on the value of TPF units, such as the impact of drought and changes to the taxation treatment of non-forestry agricultural managed investment schemes announced by the Federal Government. OIML is committed to promoting the Fund to the market to facilitate a better understanding of the Fund from a wider range of investors.

### **3. WATER MANAGEMENT**

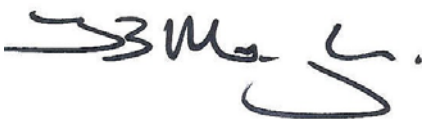
Whilst drought conditions are continuing to be experienced in the Riverland and Sunraysia districts, OIML confirms that the Fund's properties remain well placed to withstand the effects of such drought conditions. The Fund remains the owner of 52,640 megalitres of permanent water licences, which are leased to Timbercorp under long-term leases, and which have significantly increased in value as the current drought conditions have continued.

The manager of the Fund's properties, Timbercorp Asset Management Pty Limited ("TAM"), has in place a comprehensive water management strategy that utilises the state-of-the-art water irrigation systems in place on the Fund's properties. It also has developed a Water Stewardship Program to ensure it achieves best practice in managing this equipment. In short, TAM is capable of managing the Fund's properties through all scenarios that may be faced.

The almond and citrus trees on the Fund's properties are Mediterranean in origin and have a tolerance for dry conditions. Under current conditions these trees will not die and even if the current drought were to affect yields in the short term, it will not compromise their long term productivity.

For further information on the Fund please feel free to visit its website at <http://www.TPIF.com.au>

Yours sincerely



TREVOR MOYLE  
CHAIRMAN

# Appendix 3C

## Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity	ARSN
TIMBERCORP PRIMARY INFRASTRUCTURE FUND ("FUND")	116 024 830

We (the entity) give ASX the following information.

### Information about buy-back

1	Type of buy-back	On-Market
2	<sup>+</sup> Class of shares which is the subject of the buy-back ( <i>eg, ordinary/preference</i> )	Ordinary Units
3	Voting rights ( <i>eg, one for one</i> )	On a poll, each Unitholder has one vote for each dollar of the value of the total Units that they hold in the Fund.
4	Fully paid/partly paid ( <i>and if partly paid, details of how much has been paid and how much is outstanding</i> )	Fully paid
5	Number of shares in the <sup>+</sup> class on issue	54,975,520
6	Whether shareholder approval is required for buy-back	Not required
7	Reason for buy-back	Capital management. The directors of the responsible entity, Orchard Investments Management Limited, consider that the market price of the Fund's units does not fairly reflect the underlying net asset value of the Fund. The buy-back will seek to optimise the capital structure of the Fund, pending any asset acquisitions by the Fund.

### Appendix 3C Announcement of buy-back

---

8	Any other information material to a shareholder's decision whether to accept the offer ( <i>eg, details of any proposed takeover bid</i> )	Nil
---	--	-----

#### On-market buy-back

9	Name of broker who will act on the company's behalf	ABN AMRO Morgans Limited
---	---	--------------------------

10	Deleted 30/9/2001.	
----	--------------------	--

11	If the company intends to buy back a maximum number of shares - that number  <small>Note: This requires a figure to be included, not a percentage.</small>	Up to 5,497,552 units
----	--	-----------------------

12	If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention	From 19 November 2007 to 18 November 2008
----	---	---

13	If the company intends to buy back shares if conditions are met - those conditions	Not applicable
----	--	----------------

#### Employee share scheme buy-back

14	Number of shares proposed to be bought back	Not applicable
15	Price to be offered for shares	Not applicable

---

<sup>+</sup> See chapter 19 for defined terms.

### Selective buy-back


- 16 Name of person or description of class of person whose shares are proposed to be bought back
- 17 Number of shares proposed to be bought back
- 18 Price to be offered for shares

### Equal access scheme

- 19 Percentage of shares proposed to be bought back
- 20 Total number of shares proposed to be bought back if all offers are accepted
- 21 Price to be offered for shares
- 22 <sup>+</sup>Record date for participation in offer   
Cross reference: Appendix 7A, clause 9.

### Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  Date: 24 October 2007  
(Company Secretary)

Print name: Andrew Ashbolt

== == == == ==

---

<sup>+</sup> See chapter 19 for defined terms.