

## ONGOING DISCLOSURE REQUIREMENTS

### Additional information regarding the Protection of Scheme Land

Under the Corporations Act 2001 AACL is required to keep investors informed and updated on developments in its Co-Production Projects.

We wish to provide further clarification in regards to statements made in the Product Disclosure Statements for the 2008, 2009 and 2010 Grain Co-Production Projects regarding how AACL secures the land used in the Projects.

Although the land does not form part of the Grain Co-Production Projects property, AACL needs to ensure that it has secured the right to access Project land to harvest the Project grain. AACL is restricted in its ability to register leases over Project land because of the short time-frame that the leases are applicable (the 6 – 8 months of the growing season). The governing state law in Western Australia and Victoria does not allow for the registration of leases for periods of less than three years; South Australia and New South Wales allow for short-term leases to be registered, however, practically the registration process is not able to be completed within a reasonable timeframe to be effective.

For these reasons, AACL in each case undertakes to have a “Land Acknowledgement” letter signed by AACL, the Land Lessor (farmer) and the Land owner if the Land Lessor does not own the land. In signing the Land Acknowledgement” letter, each farmer is consenting and authorising AACL to lodge a “subject to claim caveat” on the land title identifying AACL’s interest as agent for the Grower.

It is important, however, that you as a Grower understand that the “subject to claim caveat” where lodged is not *registered* on the title for the Project land (as technically required by ASIC for agribusiness Managed Investment Schemes). The legal difference between registration of a lease interest on a title and lodging a caveat means that there is an increased risk of challenge to AACL’s leases over Project land and the risk of a third party making a claim on the leased land (a mortgagee for example, where the farmer is in default of mortgage payments).

Therefore it may be considered that the protection that the “subject to claim caveat” and “Land Acknowledgement” letter afford in securing access to the land is less than would have been provided had AACL been able to register leases over Project land.

AACL considers that these risks are significantly mitigated in their overall effect on the Project returns. Since leases are for a period between planting and harvest, the risk is restricted to 6-8 months for each season. A possible dispute would only affect one season’s harvest and, since Project returns are pooled, the effect of the dispute would be significantly diluted by the returns from CPU on non-disputed Project land. Growers with CPUs on land under dispute would remain in the Project and be entitled to a return from the pooled harvest proceeds, proportionate to their total interests. In cases of fraudulent appropriation of Project grain, AACL has recourse to its crime insurance policy covering all current Projects and the proceeds from a successful claim would contribute to the total Project returns pool.

AACL will continue to undertake all reasonable measures to ensure the protection of its right to access Project land and harvest the grain grown on it, and will keep Growers informed of any further developments in this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R Melville', is positioned above the printed name.

**ROBERT MELVILLE**  
Director - Capital Markets