

IN THE MATTER OF GREAT SOUTHERN MANAGERS AUSTRALIA LIMITED (ACN 083 825 405)
(IN LIQUIDATION)

EX PARTE

**GREAT SOUTHERN MANAGERS AUSTRALIA LIMITED (ACN 083 825 405) (IN LIQUIDATION) IN
ITS CAPACITY AS RESPONSIBLE ENTITY OF THE MANAGED INVESTMENT SCHEMES LISTED
IN SCHEDULE 1**

First Plaintiff

GREAT SOUTHERN OLIVES COMPANY LIMITED (ACN 121 381 208) (IN LIQUIDATION)

Second Plaintiff

GREAT SOUTHERN OLIVE HOLDINGS PTY LIMITED (ACN 111 092 374) (IN LIQUIDATION)

Third Plaintiff

ANDREW JOHN SAKER

Fourth Plaintiff

MARTIN BRUCE JONES

Fifth Plaintiff

DARREN GORDON WEAVER

Sixth Plaintiff

JAMES HENRY STEWART

Seventh Plaintiff

JAMES THACKRAY

First Defendant

TONY MCGRATH

Second Defendant

COLIN NICOL

Third Defendant

THE GROWERS LISTED IN SCHEDULE 8 OF THE APPLICATION

Fourth Defendants

**AFFIDAVIT OF STEPHEN LYNCH IN OPPOSITION TO THE PLAINTIFFS INTERLOCUTORY
PROCESS AND IN SUPPORT OF THE FOURTH DEFENDANTS INTERLOCUTORY PROCESS**

Date of document:
Filed on behalf of:
Prepared by:
Clarendon Lawyers
Level 17, Rialto North Tower
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5 May 2010
Fourth Defendants

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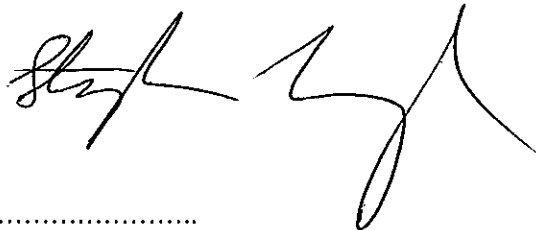
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I, **STEPHEN LYNCH** of 2 Jennings Street, Sandringham, Victoria, 3191, Agribusiness Consultant, make oath and say that:

1. On 13 April 2010 I was engaged by Clarendon Lawyers and Allens Arthur Robinson to prepare an expert opinion on:
 - (a) Whether the interests of the Growers in the Great Southern Olive schemes have a quantifiable value; and
 - (b) If the answer to question (a) is yes, what from the information do I require to enable me to quantify that value.
2. I prepared a report setting out my expert opinion on the matters referred to in paragraph 1 above (**Report**). Now produced and shown to me marked with the letters "**SL-1**" and attached to this affidavit is a copy of the Report. Now produced and shown to me and marked Exhibit "**SL-2**" is the attachments to the Report which are an exhibit to this affidavit, SL-2.
3. In preparing my report I reviewed a number of documents. Those documents are listed on pages 2 and 3 of the Report.
4. The facts stated in the Report are true and the opinions expressed in the Report are opinions held by me.

SWORN by the said **STEPHEN LYNCH**)
at Melbourne in the State of Victoria)
this 5th day of May 2010)



Before me:.....


MICHAEL JOSEPH FERNON
of Clarendon Lawyers Pty Ltd
Level 17, Rialto North Tower
325 Collins St, Melbourne Victoria 3000
an Australian Legal Practitioner within the
meaning of the *Legal Profession Act 2004*



5 May, 2010

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EXPERT REPORT BY STEPHEN LYNCH

GREAT SOUTHERN MANAGERS AUSTRALIA LIMITED (GSMAL) (IN LIQUIDATION) ACN 083 825 405 IN ITS CAPACITY AS RESPONSIBLE ENTITY OF EACH OF THE MANAGED INVESTMENT SCHEMES LISTED IN THE SCHEDULE ATTACHED TO THIS LETTER

Background

- 1.1 My name is Stephen Lynch, of 2 Jennings Street, Sandringham, Victoria.
- 1.2 I am a consultant in agribusiness investments, business planning, and finance and have over 30 years experience in the sector, including Managed Investment Schemes (**MIS**).
- 1.3 I hold a Bachelor of Agricultural Science from University of Melbourne, and Masters in Science (Agricultural Economics) from London University.

2 Instructions

- 2.1 I have been engaged by Clarendon Lawyers as solicitors for Growers in the Great Southern Managed Investment Schemes, and Allens Arthur Robinson, as solicitors for Bendigo and Adelaide Bank, as an expert in olive managed investment scheme viability.
- 2.2 I have been engaged to review material provided to me on the Great Southern olive MIS, and set out my opinion on:
 - (i) Whether the interests of the Growers in the Olive Scheme presently have a quantifiable value, and
 - (ii) If the answer to question (i) is yes, what further information do I require to enable me to quantify that value.

- 2.3 I have read the Expert Witness Code of Conduct provided to me as part of my brief, and I agree to be bound by it.

3 Basis for opinion

- 3.1 In formulating my opinion, I relied on the relevant documents provided to me for this purpose as set out below.
- 3.2 I relied on my experience of 30 years in agribusiness and 11 years in the Managed Investments Industry, including similar matters I examined in the Timbercorp liquidation, and my knowledge of financial assumptions, water, and production.
- 3.3 I have viewed the following documents in forming my opinion, and I have attached them to this report:

	Document	Attachment
a)	Viability and Solvency Reports of the Receiver McGrath Nichol dated 11 December 2009	2
	Independent Olive Expert Report prepared by Mr Paul Miller for the Receiver, dated 11 September 2009	3
	Cash flows for each project prepared by Great Southern Management, assumptions reviewed by Mr Paul Miller, 11 September 2009	4
	All above contained in Exhibit AGM-1 Affidavit of Anthony Gregory McGrath, 23 April 2010	
b)	Australian Agribusiness Group. Independent research. Great Southern 2008 Diversified Olives Income Project Retail Investment Research – May 2008	5
c)	Advisor Edge Independent research. Great Southern 2008 Diversified Olives Income Project	6
d)	Lonsec Agribusiness Research. Independent research . Great Southern 2008 Diversified Olives Project – March 2008	7
e)	Sample Grower Lease and Management Agreement. Affidavit of Andrew John Saker, Exhibit AJS 7	8
f)	Head Leases for properties Supplementary Affidavit of Andrew John Saker, Exhibits AJS 46-55	9
g)	Asset Sale Agreements Confidential affidavit of Andrew John Saker, 7 April 2010 Exhibits AJS-83, AJS-84	10
h)	Liquidators Revised outline of Submissions dated 10 April 2010	11
i)	Property Valuations dated December 2009 Confidential Affidavit of Brian Arthur Miles, 21 April 2010, Exhibits BAM 5 – 9	12
j)	Harvest Financial workbooks Confidential Affidavit of Jerome Clement Gumley sworn 9 March 2010, including Exhibit JCG-2	13

k)	Product Disclosure Statement for Great Southern Organic Olives, 2005 Project	14
l)	Product Disclosure Statement for Great Southern 2006 Organic Olives Income Project and Great Southern 2007 Organic Olives Income Project,	15
m)	Product Disclosure Statement for Great Southern 2007 Diversified Olives Income Project and Great Southern 2008 Diversified Olives Income Project,	16
n)	Sample lease Default Notice Affidavit of Andrew John Saker, 10 March 2010, Exhibit AJS-33	17
o)	ATO Product rulings (PR 2005-009, PR 2005-117, PR 2005-118, PR 2007-044, PR 2008-054)	18
p)	Olive Expert Project Reports dated 31 October 2008, prepared for GSMAL by Ken Bailey	19

Documents I have read, but not specifically referenced in this report are:

q)	Confidential affidavit of Andrew John Saker, 10 March 2010
r)	Confidential affidavit of Mark Peter Kailis, 13 April 2010
s)	Confidential affidavit of Jerome Clement Gumley , 15 March 2010
t)	Affidavit of Jerome Clement Gumley 19 April 2010
u)	GSMAL Circular to Olive Growers 14 April 2010
v)	Supplementary Affidavit of Andrew John Saker 16 March 2010
w)	Orders Regarding 2010 Harvest Costs 16 March 2010
x)	Prospectus of Kailis Organic Olive Groves Limited Affidavit of Mark Peter Kailis 16 April 2010 – Exhibit MPK-37.

4 Opinion

4.1 Executive Summary

On the first question I am asked, (whether the Growers rights have a quantifiable value):

- I assess that the Growers made a substantial contribution to the development costs of the Groves, as well as income earning potential for the Grower.
- I assess the Growers should on a reasonable forecast receive positive cash flow overall in the period of the project.

For the purposes of this initial view, whether the Growers' interest have a value, I calculated a Net Present Value (NPV) (**Attachment 1 b**) of Growers' future forecast earnings. This calculation tool shows whether Growers could

be expected to receive positive returns over the 20 year life of their investment. A positive NPV for Grower income results at a range of discount rates (17.5% – 20%). The resulting value varies depending primarily on the yield and price assumptions, given Great Southern had a mostly fixed cost ratio formula for investors. I adopted the Receivers Great Southern management cash flows which I assume incorporate the revised financial assumptions recommended by the independent expert (Miller). (**Affidavit of Anthony Gregory McGrath AGM-1, Attachment 1a, 3 and 4 of this report**).

- Other considerations in addition to cash flow analysis may be required to quantify the value of the growers' interests. I have not quantified any non cash flow variables in this report.

On the second question, (what further information is required to quantify that value):

- The key further information which I require are:
 - 1) the working papers and detailed assumptions for the various cash flows I have referenced in this report
 - 2) any contracts existing between GSMAL and the olive (oil) buyers, Kailis and Sumich. (Miller refers to olive sale agreements between GSMAL and Kailis and Sumich – I have not sighted these agreements).
- Undertaking a range of scenario assessments to determine a reasonable range of value outcomes will involve detailed spreadsheet modeling. Access to the soft version of excel models used by Great Southern and the receivers and liquidators would expedite this process.

4.2 Background

Some 2,450 ha of olives are planted across 5 projects and 7 properties in Western Australia.

GSMAL was the Responsible Entity (RE), for the MIS projects, established at a number of sites south and north of Perth (and in NSW, which property is not included in this review).

GSMAL had a head lease with related party land owning entities in the Great Southern group of companies. Retail investors (Growers) who participated in the project had sublease and management agreements (LMA) with GSMAL (**Affidavit of Andrew John Saker AJS-7**).

The head leases and subleases were on average 20 years (**Affidavit of Andrew John Saker AJS 5–8, Supplementary Affidavit of Andrew John Saker AJS 46-59**), expiring in or around 2026. (varied slightly for each project depending on project commencement date, but that difference is not material for this preliminary analysis).

The Great Southern entities are all in liquidation, with current purchase offers from two third parties for all the Western Australian olive properties on an unencumbered basis (**Confidential affidavit of Andrew John Saker, 7 April 2010 AJS-83, AJS-84**). The liquidator has applied to the court for approval to sell the assets including the olive groves and all associated assets by winding up the schemes, and terminating the head leases, which has the effect of terminating the Grower subleases, and in so doing terminate any rights of the Growers. (**Liquidator Revised outline of Submissions dated 10 April 2010 ¶15-16**).

The liquidator has assessed the Growers interest as nil (**Revised outline of submissions 10 April 2010 ¶16**).

The liquidator in taking this approach has:

- received valuations, which value the Growers rights at \$nil. (**Confidential Affidavit of Brian Arthur Miles, 21 April 2010, BAM 5 – 9**)
- served notice of default of the leases on the basis of non performance of GSMAL as the lessee under the head lease agreement (**Affidavit of Andrew John Saker, 10 March 2010, ¶56, AJS-33**)

I have considered whether the Growers rights have any value based on two matters:

- whether the Growers contributed to the value of the groves, and
- whether Growers had a likely financial benefit in the future outcome of the projects; i.e. would the projects provide a net cash return to Growers over the project life on an assumption of a valid and continuing lease.

Section 4.3 below details my opinion on those issues in relation to the Growers contribution to the development costs and value of the groves.

Section 4.4 comments on the reported agronomic and management status of the groves.

Section 4.5 provides my opinion on the cash flow outcomes.

4.3 Financial Contribution to Development of the Groves

Grower financial contribution

The Grower fees paid by Growers as contributions to the schemes appear to have contributed substantially to both the grove establishment and income earning potential of the projects, and therefore the future value of the assets and earnings for 20 years. Independent research conducted on the 2008 diversified project assessed the financial input and outcomes for Growers.

Independent Research

Three independent research companies, Australian Agribusiness Group, Advisor Edge, and Lonsec, reviewed the 2008 project, being the latest and only one for which research was available (Great Southern website – Attachments 5 - 7). This research concluded:

1. the 2008 Grower could expect positive cash flow outcomes under a range of sensitivity analyses on key financial assumptions, assuming leases are valid and there is project continuity;
2. the 2008 Grower made a significant contribution to the capital costs of development and assets of the olive grove – in return for the right to income from the assets for 20 years

The research shows:

1. The reviewers all assessed likely returns in the form of an Internal Rate of Return to the Grower in the region of 9%. (The IRR measures the effective yield or rate of return of the investment, so measures financial performance as an annualised return rate).

More importantly than a single outcome, sensitivity analysis resulted in IRR's from 5 – 12% based on a range of assumptions. All of these outcomes, including the lower ones, return a net positive value to the investor.

This analysis provides support to my view that a positive cash outcome would have been achieved by the Growers under a range of performance assumptions (principally yield and price variation), under project conditions.

2. Tables 10.1 and 10.2 (pp 23, 24) of the Lonsec report (Attachment 7), summarized below, detail the source and application of growers funds for the 2008 diversified project.

Use of Grower Funds for development – 2008 Diversified Project (Lonsec)

Activity	Cost (\$/ha)
Site establishment	1,804
Trees	4,136
Land and water costs	3,353
Other capital including irrigation costs	9,496
Overheads and management	13,391
Total Operational Costs	32,179

I compared this table with the application fee paid by Growers (table below) (**Product Disclosure Statements – Attachments 14-16**), to conclude that the Growers make a substantial direct or indirect financial contribution to the capital costs of establishing the grove assets, including trees and irrigation and land and water costs.

I expect the development costs for other projects were comparable to 2008, +/- 20%, with organic projects incurring higher management costs (**Attachment 3, Miller – table in 2005 Organic Olive project report, p11**).

The Growers application fee to the projects (net of GST);

Project	\$/Grovelot (0.1 ha)	\$/Hectare
GSMAL Development/operational cost (2008 diversified project - Lonsec)	\$3,218	\$32,179
2005 Organic	\$8,000	\$80,000
2006 Organic	\$8,000	\$80,000
2007 Organic	\$8,000	\$80,000
2007 Diversified	\$5,750	\$57,500
2008 Diversified	\$5,750	\$57,500

In return the Grower obtains a tax deduction, and has the right to farm the grove and harvest the trees for 20 years. (This right to farm the trees is also recognised by the

ATO, who provided for the Grower (not landowner) in each project as entity in the business of farming the trees, to receive the depreciation deduction for trees on the land). (ATO Product rulings - PR 2005-009, PR 2005-117, PR 2005-118, PR 2007-044, PR 2008-054)

Whether this right has a value can be assessed from the forecast income expected to accrue to Growers over the 20 years.

4.4 Projects

I considered the available reports on the grove agronomic and management status to assess whether the projects were likely to be capable of achieving positive cash flows in future.

The receivers and managers prepared viability and solvency reports based on cash flow forecasts prepared by Great Southern management (**Affidavit of Anthony McGrath, 23 April 2010, Attachment 2**). The assumptions behind those forecasts were reviewed and adjusted by independent olive industry expert, Paul Miller. The reports of Mr. Miller appended to Mr McGrath's affidavit (**AGM-1, Attachment 3**) provide the most comprehensive recent appraisal of the properties and cash flows.

A number of the properties exhibited some agronomic constraints, or were as yet not fully developed. Mr Ken Bailey provided independent agricultural expert reports to investors in order to comply with Great Southern's obligations to report on whether the agricultural services under the various Lease and Management Agreements had been carried out in a proper and efficient manner. The latest reports (late 2008) sourced from the Great Southern website are attached. (**Attachment 19**). They indicate many of the agronomic constraint matters were being addressed as the projects matured.

Miller's conclusions and the cash flows also imply an expectation of moving to full production in coming years under a continuing MIS. The use of experienced external contractors on some properties should have further enhanced this process.

Miller identified capital expenditure still required on all properties (responsibility of the landlord), and in some cases adequate irrigation water supplies not yet fully secured for the long term. An assessment of the Growers value assumes both the agronomic and capital matters would have been remedied, in the event of the projects continuing. Miller prepared revised forward cash flow assumptions which also appear to be premised on the assumption of development to full production.

Yields reported by the valuer (**Confidential Affidavit of Brian Arthur Miles, 21 April 2010, BAM 5 – 9**), and Jerome Gumley (**Confidential Affidavit of Jerome Clement Gumley sworn 9 March 2010 - JCG-2**), indicate some projects are currently performing below expectations – both within and prior to the Administration. It is not uncommon for young horticulture developments to perform below expectation in the developing years. I assume that this performance can be remedied as the project trees mature, and assuming full management, as Miller in 2009 (post administration) provided a range of expected yield outcomes in the future for each project (refer Attachment 1 c).

Summary of Miller Review of Project properties:

Project	Property Comments	Landlord Capital Expenditure Required (\$mill)
2005 Organic	Steep terrain, high rainfall, results in some soil/water issues, water deficiency	\$0.6
2006 Organic	Water deficiency, some risk around increased allocation Waterlogging issues Harvest difficult	\$2.2
2007 Organic	Some waterlogging, mostly now managed.	\$0.5
2007 Diversified	good condition	\$3.5
2008 Diversified	good condition	\$6.2
TOTAL		\$13.0

Source: **Affidavit of Anthony McGrath, 23 April 2010.** GSP Independent olive Expert reports – P Miller, September, 2009

A number of key assumptions were revised by Miller (**Attachment 1a**). Almost all the assumptions revised take a more conservative approach than either the original GSMAL Product Disclosure Statements (**Attachments 14 -16**), or more recent revised GSMAL assumptions summarized in the table in Attachment 1a (also derived from Miller reports).

4.5 Growers Value

I used the cash flows and the IRR outcomes of the sensitivity analysis by the independent researchers, and an NPV calculation using the cash flows issued by the Receiver to consider the question of whether there is a value to the Growers right to farm the trees for 20 years, assuming a valid lease and continuing MIS. (**Attachment 4: Affidavit of Anthony John McGrath 23 April 2010, AGM -1**; Circular to Growers December 2009)

The final process on how the interests are valued may also involve assumptions and considerations other than the cash flows and NPV.

I have considered whether the Growers rights have a value on the basis of treating the original application fee as a sunk cost, so the assessment of whether the investor would have a net positive outcome is from the current 2009/10 financial year.

Ultimately the two key determining factors of whether the future cash flows for growers are positive are yield and price achieved. While cost variations will have some influence, in these olive projects there was generally a fixed formula for costs (being 30 or 35% of income, plus 10% of income as rent, plus minor amounts for administration and insurance). i.e. cost savings did not generally pass on to Growers.

The yield and price outcome is in turn determined by a number of factors, with the following being most pertinent in the material reviewed for the Projects:

- property physical status – the properties exhibit a range of resource type and standard (soils, water, terrain)
- irrigation water availability – the licence volumes per area vary, and further capital works are required on most sites to deliver the required water
- variety mix – the particular variety mix will impact on yield and oil extraction
- management – a high standard of management is assumed for the future, including nutrition and disease management

Cash flows

All cash flows sighted show a net positive overall pre tax outcome for growers over the further life of the projects. (using Net Present Value calculations (NPV)).

Cash flows sighted:

A graphical summary of cash flows is included in the circular to Growers of 11 December 2009 (**Affidavit of Anthony Gregory McGrath, 23 April 2010, Saker AJS – 22**). Detailed cash flows were attached to the circular (**Attachment 4**).

1. The valuer (**Affidavit of Brian Arthur Miles, BAM-3 – 5**) included cash flows in all valuations except the 2005 project. However these do not appear to be (ongoing) project based cash flows. They do not include rent and do not distinguish between Grower and landlord interests.
2. The appended cash flows are the most detailed available for assessment of Grower position and appear to have been constructed in line with the Grower cost clauses outlined in the PDS's and Lease and Management Agreements. They provide a conservative midpoint for a preliminary assessment of the current outlook for the value of the Growers interests.
3. A full NPV analysis would assess a range of yields as well as price assumptions.

Net Present Value Assessment

To determine a current value of the cash flows, I discounted the future Grower earnings in the GSMAL model to an NPV (Attachment 1b). I have used a range of discount rates of 17.5% - 20%, which I consider a reasonable discount rate range for a horticulture enterprise such as olives.

My understanding of the appropriate discount rates comes from my experience of assessing agribusiness investments, and working with valuers who undertake this analysis. A reasonable range for long term discount rates likely to be used by valuers for horticulture such as olive projects appears to be in the range 17.5 – 20%.

The discount rate should provide an alternate valuation methodology, with appropriate risk premium applied. Some historical discount rates I am familiar with are summarized below.

On a normalized basis – prior to the long term drought and in the case of wine the current market oversupply:

- good quality vineyards were being discounted at around 17 – 18 %. (The discount rate shown by analysis of vineyard sales were showing an NPV of 17 – 18%)
- almond analysis discounts were 17 – 18.5% (personal experience, I managed a number of almond properties, with regular review and valuations)
- olives could be argued to be somewhat riskier (more variable) in performance, and with the production systems less mature than vineyards or almonds. (Miller noted that production systems in the GSMAL groves required some improvements in his reports to the Receiver). This might provide argument for a higher discount rate of say 20% for olives. Comparative analysis against the NPV model is difficult due to limited sales of large commercial olive groves in Australia in a non distressed situation.

However there are some mitigating factors to consider for selecting an appropriate discount rate for an NPV calculation of the olive cash flows presented by the Receiver and summarized in Attachment 1b :

- assuming the cash flows do contain the Miller assumptions, some of the risk is already allowed for in the conservative approach recommended by Miller for the assumptions – e.g. lower yields, prices lower than the initial contracts with Kailis and Sumich
- with the operators involved, productivity improvements could be expected over a long term project. The cash flows provide for no increases or productivity improvements assumed from the conservative base
- the projects were mostly some years old (2008 planting only 1 year old at time of Administration), so early establishment risk period had passed. (Additionally many of the projects incorporated older mature groves (overall approximately 22% of groves were 1999 -2003 planted, remainder planted in year of each project).
- cash flows are in nominal dollars - no inflation/CPI adjustments through the 20 years
- particularly in those projects for which the assumed cash flows exhibit negative longer term results, the productivity improvements would expect to be the manager's goal
- a higher discount rate for the negative cash flows reduces the negative impact of the loss at the NPV, thus reversing the notion of a high discount rate for a riskier commodity

The above factors may provide a basis for adopting a mid or lower point of the discount rate range.

The Net Present Values from the Grower future income from the Schemes, on the Receiver cash flows, using discount rates of 17.5%, 18.5%, and 20% are:

Discount rate	17.5%	18.5%	20.0%
	Net Present Value	Net Present Value	Net Present Value
2005 Organic	\$2,497,608	\$2,354,875	\$2,162,308
2006 Organic	\$1,033,912	\$1,013,298	\$982,696
2007 Organic	\$265,713	\$255,091	\$239,908
2007 Diversified	\$4,674,649	\$4,413,789	\$4,059,668
2008 Diversified	\$9,905,097	\$9,217,469	\$8,296,019
TOTAL	\$18,376,980	\$17,254,521	\$15,740,600

Conclusion:

It is my view that the combination of positive cash flow outlooks under a reasonable set of long term assumptions (those recommended by Miller), and the Growers substantial contribution to the development and overall value of the grove assets, results in a value for the Growers.

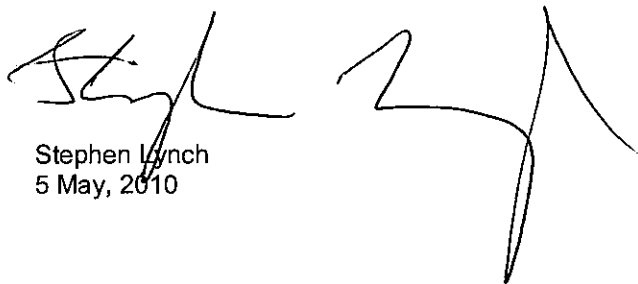
Further Information

The cash flow assumptions reviewed and amended by the expert (**Mr. Miller, in Affidavit of Anthony Gregory McGrath, 23 April 2010 AGM-1**), prepared for the Receiver and Manager in 2009, and cash flows prepared by the liquidator (**Confidential Affidavit of Brian Arthur Miles, 21 April 2010, Appendix F in BAM 5 – 9**) provide me insufficient detail to finalise an opinion on the value of Grower rights. The opinion in this report is provisional on analysing the various project cash flows and their underlying assumptions.

To more fully assess the value and a range of likely value outcomes, more detailed information on the workings and assumptions underlying the summary cash flows sighted is required, preferably in software (spreadsheet) form:

- detailed cash flow models of GSMAL prior to liquidation, and those GSMAL cashflows provided to Miller and prior to Miller adjustments
- detailed cash flow models of GSMAL, with Miller assumptions i.e. the detailed cash flows presented by the Receiver in December 2009
- detailed cash flows and assumptions as presented by the Valuer (**Confidential Affidavit of Brian Arthur Miles, 21 April 2010, Appendix F in BAM 5 – 9**)
- details to include working spreadsheets and/papers covering :
 - . price assumptions
 - . yield assumptions
 - . management cost assumptions
 - . harvest transport and processing costs
 - . oil extraction assumptions, and
- copies of the Kailis and Sumich contracts (price and quality analysis)

I declare that I, Stephen Lynch have made all the inquiries that I believe are desirable and appropriate and that no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Court.

A handwritten signature in black ink, appearing to read 'Stephen Lynch', written in a cursive style. The signature is positioned above the typed name and date.

Stephen Lynch
5 May, 2010

Schedule 1: Managed Investment Schemes subject of this opinion

The Managed Investment Schemes (MIS) subject of this opinion, established and managed by Great Southern Managers Australia Limited (GSMAL), in liquidation, are as follows:

- Great Southern Organic Olives 2005 (ARSN 112 665 157)
- Great Southern 2006 Organic Olives Income Project (ARSN 112 665 308)
- Great Southern Organic Olives 2007 Project (ARSN 115 654 950)
- Great Southern 2007 Diversified Olives Income Project (ARSN 124 197 771)
- Great Southern 2008 Diversified Olives Income Project (ARSN 124 197 897)