



Rewards Group Ltd Industry Update

As you are aware, Timbercorp and Great Southern recently entered into voluntary administration and receivership respectively. Due to the large market presence of these two managers within the agribusiness sector these events have been a cause for concern for some Advisers and their clients.

While these events are unfortunate for the agribusiness sector, we are of the firm belief that the majority of Grower's underlying Timbercorp or Great Southern agribusiness investments remain firm even though the original manager will be replaced. An example of this scenario was demonstrated in 2003, when investment manager Australian Plantation Timber was replaced by Integrated Tree Cropping in managing their extensive eucalypt estate.

We are writing to provide you with the assurance that Rewards Group Ltd remains well funded and is committed to successfully growing its strong forestry, horticultural and viticultural divisions around Australia.

Australian agriculture and forestry assets remain strong and continue to be highly sought after by domestic and international investors. This interest stems from the strong long term outlooks for the growth and prosperity of the greater Asia region. This is evidenced by the strong demand for forestry commodities in Asia which continue to strengthen as a result of continued demand. Such high demand timbers in Asia include teak and sandalwood.

It is business as usual at the Rewards Group as we near the end of the 2008/09 financial year. June has always been Rewards' main period for receiving subscriptions in its timber plantation projects. Rewards remains very confident about the acceptance of the Rewards Group Premium Timber and Vineyard 2009 Projects, which have been well supported by a very strong allocation process amongst Advisers throughout Australia.

Advisers enquire about the differences between the Rewards Group and Great Southern and Timbercorp. The key points of differentiation with the Rewards Group can be summarised as follows:

- Rewards Group is a private company focused on ensuring its agribusiness projects are as successful as possible for Growers. Rewards Group is focussed on Grower distributions, not shareholders.
- Rewards Group has a very low and prudent debt level.
- Rewards Group's assets are appreciating in value, such as those located in Kununurra, Childers, Dandaragan, and north Queensland and the Western Australian wheatbelt. This is due to the careful selection of rural assets over the past 10 years. The Rewards Group has no assets in the drought affected Murray Darling basin.
- Individual projects developed by the Rewards Group are cash flow positive for the Rewards Group, including the payment of corporate tax and land acquisition. This ensures the successful operation of the Project without the need for alternative capital sources (such as undertaking continuous new equity raisings or having a high reliance on debt).
- The ongoing management of Rewards' horticultural projects is paid for by the projects' ongoing farm maintenance fees. These are either paid for by Growers in the project or by the project's harvest income on an annual basis.
- The Rewards Group now performs 18 individual harvests each calendar year throughout Australia across its entire horticultural and viticultural divisions. Rewards is Australia's single largest producer of strawberries, mangoes, grapefruit and early season stone fruit. Harvests to date have resulted in gross sales revenue of about \$30 million for investors with approximately \$10 million distributed to Growers as net harvest proceeds. Gross sales revenue from harvests to be performed in 2009 is expected to exceed \$15 million.
- The Rewards Groups' strategic alliance with The ARK Fund Ltd provides an alternative source of funds for capital intensive assets, such as established orchards and land. This strategic alliance has allowed the Rewards Group to reduce the need for high levels of debt. The ARK Fund Ltd has been extremely successful securing a 10 year debt facility and has a large portfolio of appreciating rural assets.

A snapshot of the Rewards Group's financial position is presented below:

- Rewards Group has \$263 million in Funds under Management.
- Rewards Group Net Assets at 30 June 2008 exceeded \$73 million.

A comparison of the key financial indicators of Rewards in comparison to Timbercorp and Great Southern is tabled below:

Code	Company Name	Total Debt (\$M)	% Short Term Debt	Net Debt (\$M)	Shareholder Funds (\$M)	NTA per shares (\$)	EBITDA (\$M)	EBIT (\$M)	Int Exp (\$M)	Gearing D/(D+E)	Int Cover (EBIT/IE)
TIM	Timbercorp	808.4	54.5%	775.7	595.6	1.3	113.8	98.2	82.0	57.6%	1.2
GTP	Great Southern	788.5	0.42%	697.2	682.5	1.9	15.5	4.9	72.6	53.6%	0.068
RGL	Rewards Group	10.9	10.3%	8.6	67.0	3.7	11.2	9.3	0.8	14.0%	11.9

Data Source: Linwar Securities

Australian Corporations Law and specifically the Managed Investment provisions, by which Rewards Group issues investment products, have strong investor protection measures in place. These measures are premised on the growers' property rights and tenure rights over the crops that comprise their investments including the requirement that land used as part of a scheme is the subject of a registered lease or other similar safeguard.

The rights of the investor are not automatically extinguished upon a default by the Investment Manager. The transferability of project management is an integral component of the Managed Investments regime which reflects that the trees and orchards are operated for the benefit of the investors not the Manager. However, if an Investment Manager does default the likelihood of securing an alternate person to run the scheme will depend upon the inherent viability of the scheme and if necessary the willingness of investors to commit funds beyond their existing commitments. If the underlying fundamentals of the agricultural or forestry crop being grown are strong, like teak and sandalwood, the management will be transferred to a new manager.

We trust that this information provides you with comfort pertaining to the financial position of Rewards Group and helps you to understand the key differentiators of the Rewards Group, which is wholly focused on a profitable outcome for Growers, rather than shareholders.

Our website is regularly updated with relevant and timely information and we encourage you to visit www.rewardsgroup.com.au on a regular basis.

Thank you for your interest and support of Rewards Group and our investment projects.

Yours sincerely

Craig Anderson
Managing Director

Andrew Radomiljac
Managing Director

DISCLAIMER

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No investment objectives, financial situation or particular needs of any particular person have been considered in preparing this or the PDS. Prior to investing in this or any of Rewards' projects or schemes, a person should obtain a copy of the PDS, assess the suitability of the investment to their financial needs and consult an independent professional if necessary.