

Supplementary Product Disclosure Statement

This supplementary product disclosure statement (Supplementary PDS) is dated 30 September 2008 and is supplementary to the product disclosure statement dated 19 March 2008 (PDS), issued by FEA Plantations Ltd ABN 44 055 969 429 (AFS licence 243515) (FEA Plantations) in relation to the FEA Plantations Project 2008 ARSN 129 750 296 (Project). This Supplementary PDS must be read together with the PDS.

DEFINITIONS

Terms defined in the PDS have the same meaning when used in this Supplementary PDS.

THE PURPOSE OF THIS SUPPLEMENTARY PDS

FEA Plantations is issuing this Supplementary PDS to update prospective Growers on the changes to the treatment of an investment in the Project by the ATO.

CHANGED TAX ENVIRONMENT

The changes to the tax landscape for forestry managed investment schemes are set out on pages 42 and 43 of the PDS. The transitional period for forestry managed investment schemes expired on 30 June 2008.

This means that, for Growers who enter the Project from 1 July 2008, tax deductions will only be available for Grower's expenditure if it can be demonstrated to the ATO that at least 70 percent of the Grower's expenditure (in present value terms) will constitute 'direct forestry expenditure'.

The ATO's current interpretation of the taxation laws is set out in TR 2007/8 which provides that investors are not carrying on a business when investing in an agribusiness managed investment scheme. This interpretation is the subject of a test case which is currently before the Courts. The outcome of this test case will determine whether or not Growers who invest in the Project (or similar schemes) are "in the business" of establishing a forestry plantation. Growers should be aware that the deductibility of their investment does not depend on the outcome of the test case. However, the outcome of the test case (that is, the determination as to whether you are 'in the business' of establishing a commercial forestry plantation) may have an impact on whether GST is payable in relation to your investment in the Project.

PRODUCT RULING

As disclosed in the PDS, FEA Plantations obtained product rulings which covered Growers who entered into the Project on or before 30 June 2008.

FEA Plantations has applied for a Product Ruling under the new 'direct forestry expenditure' rules. When issued, this Product Ruling will apply to Growers who enter into the Project after the date the Product Ruling is issued and before 30 June 2009 and will confirm those Growers are entitled to tax deductions for their investment. In accordance with the disclosure on page 3 of the PDS (in paragraph 4 of Dealing with Applications), prospective Growers who apply for Woodlots before the new Product Ruling is issued will not be issued Woodlots until after the Product Ruling is issued.

If a Product Ruling is not issued within the following time frames, then FEA Plantations will reject the application and refund any Application Money received:

1. Within one month of receipt of Application Money from a prospective Grower.
2. If a prospective Grower applies for an interest in the Project using one of the loan options from FEA, then within three months of receipt of the application. In this regard, it is important to note that FEA will not process the loan application until a Product Ruling is issued. Therefore, FEA Plantations will not receive any Application Money from the prospective Grower until after the Product Ruling is issued.

Prospective Growers should be aware there is a risk the ATO will not issue a Product Ruling under the 'direct forestry expenditure' rules. If the ATO refuses to issue a Product Ruling under the 'direct forestry expenditure' rules, then FEA Plantations will reject applications received from prospective Growers and will refund all Application Money received.

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Supplementary Product Disclosure Statement (continued)

GOODS AND SERVICES TAX

The costs associated with the Project, as outlined in the PDS, are GST-inclusive amounts (except where otherwise indicated). The PDS contains disclosure about the GST consequences after 1 July 2008 on pages 44 and 87 of the PDS. This disclosure indicates that the GST consequences for Growers entering into the Project after 1 July 2008 should be the same as the GST consequences for Growers who entered the Project on or before 30 June 2008.

While the ATO has not yet finalised GSTR 2008/D1, the ATO has now indicated that, adopting the ATO's current view that Growers in the Project are no longer 'in the business' of growing plantation timber, GST may not be required to be remitted to the ATO (and Growers who are registered for GST will not be able to claim input tax credits). However, the position in this regard remains uncertain while the test case is before the Courts.

If, at the time payments are made by Growers, FEA Plantations determines (in consultation with the ATO), that no GST needs to be remitted to the ATO in relation to payments made by Growers, then FEA Plantations will refund any GST amounts to Growers.

If it is later determined by the Court that Growers are 'in the business' of plantation forestry, then GST may be payable at that time and FEA Plantations would have the right to recover this amount from Growers.

Further, we anticipate that any Product Ruling issued in relation to the 'direct forestry expenditure' rules, will not indicate that tax deductions will be available for any GST amounts paid by Growers. This is because Growers are not regarded as "carrying on the business" of growing plantation timber but that it is the scheme that is carrying on that business and the Growers' interest in the scheme is a financial product not subject to GST.

This means that any Product Ruling issued by the ATO after 1 July 2008 is likely to provide that only the following amounts will be tax deductible:

1. Woodlot Option 1 — \$3,150.
2. Woodlot Option 2 — \$3,150.
3. Woodlot Option 3 — \$3,150.
4. Woodlot Option 4 — \$21,000.

Therefore, an investment will only be 100 percent tax deductible (as provided on page 10 of the PDS), if it is not necessary for FEA Plantations to remit GST to the ATO and the GST amounts are refunded to investors. At the date of issue of this Supplementary PDS, FEA Plantations anticipates any GST amounts received from Growers will be refunded to those Growers.

CONSENTS

The directors of FEA Plantations have consented to this issue of this Supplementary PDS.

UPDATED INFORMATION

As noted in the PDS, information contained in the PDS may change from time to time. If the change will be materially adverse to the offer, then FEA Plantations will issue a supplementary PDS. However, if the change is not materially adverse, then no supplementary PDS will be issued. Updated information will be available at www.fealtd.com and upon request, FEA Plantations will provide you with a paper copy of any updated information.

IMPORTANT NOTICE FOR INVESTORS IN FEA PLANTATIONS PROJECT 2008

For an application for FEA Plantations Project 2008 to be accepted after 30 July 2008, the following acknowledgement must be signed and returned to our office along with the original application for woodlots.

This acknowledgement must be signed by the same parties who signed the Application Form in the PDS.

Acknowledgement — FEA Plantations Project 2008

To: FEA Plantations Ltd

I, _____, hereby acknowledge I have received a copy of the following documents:

1. The original product disclosure statement for the FEA Plantations Project 2008 dated 19 March 2008.
2. The supplementary product disclosure statement for the FEA Plantations Project 2008 dated 30 September 2008

I confirm I have read both of these documents prior to signing the attached application form.

Individual Applicant/s Applicant 1

Signature

Name (please print)

Applicant 2

Signature

Name (please print)

Date

Company Applicants Director

Signature

Name (please print)

Director/Secretary

Signature

Name (please print)

Date