

**CREDIT SUBMISSION****Part A**  
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<b>Borrowing Entity</b>	Trust: The Tim Shay Grazing Trust Trustee: Shaytim Pty Ltd ACN 119 872 098 Director: Adrian Athol Brauer Director: Wendy Jolene Brauer Secretary: Wendy Jolene Brauer	<b>Date</b>	09/08/2011 09:21	
		<b>Account Manager</b>	Brady, Greg	
		<b>Branch</b>	Rabobank Dalby	
		<b>Industry Activities</b>	Agistment/Grazing	99%
Rebates	1%			
Interest	0%			
<b>CIS ID</b>	137054			
<b>Group Name</b>	AA & WJ Brauer			
<b>Group ID</b>	19293			

<b>CMS Product ID</b>	<b>Facility Type</b>	<b>Limit \$(000)</b>	<b>This Request \$(000)</b>	<b>Total Facility Limit \$(000)</b>
1099740	Equipment Finance	\$150	-\$150	\$0
1099732	All In One Account	\$3,700	\$300	\$4,000
<b>Totals for Facilities to Borrowing Entity</b>		<b>\$3,850</b>	<b>\$150</b>	<b>\$4,000</b>
				<b>Related Exposure</b>
				\$200
				<b>Group Exposure</b>
				\$4,200

<b>CMS Tranche</b>	<b>CMS Product ID</b>	<b>Purpose</b>
3	1099732	Working Capital
2	1099740	Pre-approved Limit

**Financial Overview**

<b>Group Assets and Liabilities</b>				<b>Group Profit And Loss</b>			
	<b>(23/05/2011)</b>	<b>Projected</b>		<b>(30/06/2008)</b>	<b>(30/06/2009)</b>	<b>(30/06/2010)</b>	<b>(30/06/2013)</b>
	<b>\$(000)</b>	<b>\$(000)</b>		<b>\$(000)</b>	<b>\$(000)</b>	<b>\$(000)</b>	<b>\$(000) Proj</b>
<b>Assets</b>	\$11,907	\$11,907	<b>Gross Income</b>	\$657	\$541	\$338	\$916
<b>Liabilities</b>	\$5,196	\$5,465	<b>Operating Profit (Loss)</b>	\$311	\$258	\$153	\$304
<b>Equity</b>	56.36%	54.10%	<b>ICR</b>	4.55	3.89	2.62	1.60
<b>PSG</b>	43.64%	45.90%	<b>DSR</b>	0.13	0.17	0.28	0.55
<b>Stock Units</b>	0	<b>Kg Milk Solids</b>	0				

**Rating and Review Dates**

<b>BIS II Rating</b>	<b>AMR due date</b>	<b>CR due date</b>
R15	30/04/2012	

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Type	Location	Area ha/sq km/ km	Owner	Priority / Gtee Amt \$(000)	Valuation \$(000)	Prior Charge Amount \$(000)	SLM (%)	SLA (000)	Existing /Add/ Remove
MF1R	Kia-Ora	2149.62	A.A. Brauer	\$0	\$6,880	\$0	50%	\$3,440	Exist
MF1R	Jamberoo	3743.69	The Tim Shay Grazing Trust	\$0	\$2,900	\$0	50%	\$1,450	Exist
OU		0.00	A.A. Brauer	\$0	\$0	\$0	0%	\$0	Exist
GTEE CBP		0.00	A.A. Brauer	\$0	\$0	\$0	0%	\$0	Exist
GTEE CBP		0.00	W.J. Brauer	\$4,000	\$0	\$0	0%	\$0	Exist
GTEE U		0.00	Shaytim Pty Ltd	\$0	\$0	\$0	0%	\$0	Exist
<b>Total Value \$(000)</b>					<b>\$9,780</b>	<b>LSR (%)</b>	43%	<b>LA: SLA (%)</b>	86%

**Special Conditions**

CMS Product ID	Description	Pre/Post/Non LOO Settlement Conditions	Existing/Add/ Remove
1099732	Qld Water <input type="checkbox"/> water licence conditions	Post Settlement	Exist
1099732	REFL Indemnity (AIO Accounts) - third-party contracts	Post Settlement	Exist
1099732	Limited recourse	Post Settlement	Exist
1099732	Cross-securing and defaulting existing and new facility different borrowers.	Pre Settlement	Exist
1099732	Permanent Reductions	Post Settlement	Add
1099732	Asset to be sold	Post Settlement	Add
1099732	Other - PPSA	Post Settlement	Add

**Account details**

CMS Product ID	Product type	Loan Period	Expiry Date	Margin/ Int rate	Undrawn Fee	Gtee Fee	Est Fee	PR Amounts	PR Frequency or date
1099732	All In One Account	Not Used	30/06/2024	1.00%	0.25%	0.00%	\$350.00	\$3,000,000.00	30/06/2013
1099740	Equipment Finance	Not Used		0.00%	0.00%	0.00%	\$0.00	\$0.00	

**Supporting Comments**

Clients have now returned to the rural operation following an extended visit to female clients family in the USA. Original submission which settled in August 2010 proposed an additional AUD0.3Mln for livestock purchases to restock new property "Jamberoo" which was deferred until their return. Account manager has recently met with our clients to ascertain the ongoing lease of "Jamberoo" and commencement of a lease for a portion of their home property "Kia-Ora".

Following analysis of the clients current situation and projected cashflow the need for additional funds appears consistent with that noted in the original proposal being AUD0.3Mln. However, it is apparent that over the next two years our clients will find themselves in need of further funding once the current lease payments expire and having sold virtually all cattle on hand to meet their commitments. Given the variation now evident between the expected cashflow position and what our clients had anticipated when purchasing "Jamberoo" the account manager is recommending a significant shift in

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strategy. Whereby our clients are prepared to sell landed assets to counter the potential liquidity issue expected in June 2013. To state that our clients are confounded by the position they find themselves in, so soon after purchasing the new property, would be putting it mildly. However, they understand that debt reduction is a reality and this can only be achieved through the sale of land. The possibility of selling a portion of their current holdings appears sound and the account manager considers the timeframe for this to occur should be inline with the expected cashflow and confirms no immediate requirement to act over the short term. However, the proposed increase will be conditioned to formally advise the clients of the need to address the debt level come June 2013. The account manager is confident of the clients ability to trade through the next two years and would not expect them to enter a marketing arrangement until the later part of this period subject to review on the way through.

Prospects for a sale of "Kia-Ora" or part thereof are sound due to its close proximity to Theodore and activity by mining companies in the local area who are purchasing land within their exploration leases. Account manager has discussed the issue of selling landed assets and given they now appreciate the need for this to occur, at some stage over the next two years, there is a preference to have the client control this process notwithstanding the AUD3.0Mln Principal Repayment due 30 June 2013.

**Overview of proposal:**

- AUD0.3Mln loan increase with new limit of AUD4.0Mln. Related facility AA & WJ Brauer - [REDACTED] holds a loan limit of AUD0.2Mln and is Cross Collateralised to this facility.
- Working capital and livestock purchase
- Special Conditions to be added relating to sale of security property for debt reduction and Loan Condition Reviews amended to occur every twelve months.
- Debt reduction will come from sale of landed asset.
- Security property comprises grazing and farming land supported by irrigation from the Dawson River and a larger parcel of breeding country.
- Bank holds first registered mortgage over all of clients rural properties including Water Allocation plus Individual guarantees from both borrowers.
- Main risk is a failure to sell landed assets which is considered low and will be discussed further in Part B.
- Group LSR = 43%, PSG = 46%, ICR = 1.6X. Interest cover ratio is calculated on the sale of entire cattle herd and will be discussed within Part B.

**Recommendations**

It is recommended that the CMS Tranches/Credit Review referred to in this Submission be approved subject to any Special Conditions listed above. Other Recommendations are:

Recommend approval of loan increase conditioned with Principal Repayment of AUD3.0Mln due 30 June 2013. Special conditions relating to Asset Sale and Principal Reductions added to new Letter of Offer.

REFL PAL cancelled with Credit to satisfy related special condition branch satisfied 08/08/2011 Settlement of this increase without the involvement of Panel Solicitors. New property settlement was conducted in August 2010 and full review of security was undertaken at that time.

Appraisal of security properties completed with previous values retained.

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