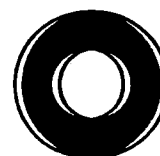


MACQUARIE TIMBER LAND TRUST

ARSN 104 113 475

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010



MACQUARIE

MACQUARIE TIMBER LAND TRUST

Annual Report

for the year ended 30 June 2010

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This annual financial report covers the Macquarie Timber Land Trust as an individual entity.

Responsible Entity:

Macquarie Alternative Assets Management Limited
ABN 30 103 237 181
No. 1, Martin Place,
Sydney,
New South Wales, 2000
AUSTRALIA

Neither the Responsible Entity, nor any member of the Macquarie Group, guarantees the performance of the Macquarie Timber Land Trust, the repayments of capital or the payment of a particular rate of return on the units issued.

Macquarie Alternative Assets Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Alternative Assets Management Limited's obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Alternative Assets Management Limited.

MACQUARIE TIMBER LAND TRUST

Directors' Report

30 June 2010

The Directors of Macquarie Alternative Assets Management Limited (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of the Macquarie Timber Land Trust ("the Trust"), present their report together with the financial report of the Trust for the financial year ended 30 June 2010.

Principal activities

The principal activity of the Trust is to invest in timber plantation land and receive rental income through operating leases. The rental income earned will be equal to 10% of net harvest proceeds, which will be paid in instalments during the harvest payment period.

The Trust did not have any employees during the financial year.

There were no significant changes in the nature of the Trust's activities during the financial year.

Directors

The following persons have held office as Directors of Macquarie Alternative Assets Management Limited ("the Responsible Entity") during the whole of the financial year until the date of this report:

Anthony John Abraham
Peter Bruce Lucas
Simone Alison Mosse

Review and results of operations

The Trust derived no profit during the financial year (2009: \$Nil) and made no distributions (2009: \$Nil).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year under review.

MACQUARIE TIMBER LAND TRUST

Directors' Report
30 June 2010 (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2010 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

Further information on likely developments in the operations of the Trust and the expected results of those operations have not been included in this report because the Responsible Entity believes it would be likely to result in unreasonable prejudice to the Trust.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Responsible Entity or the auditors of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust Constitution and the *Corporations Act 2001* (the "Act"), the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Fees paid to and units held in the Trust by the Responsible Entity and its associates

No fees were paid to the Responsible Entity and its associates out of Trust property during the financial year (2009: \$Nil).

No fees were paid out of Trust property to the Directors of the Responsible Entity during the financial year (2009: \$Nil).

The number of units held by the Responsible Entity and its associates as at the end of the financial year are disclosed in Note 6 of the financial statements.

Units in the Trust

There were no movements in units on issue in the Trust during the financial year. The units on issue as at 30 June 2010 were 1,067 (2009: 1,067).

Trust Assets

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 of the financial statements.

MACQUARIE TIMBER LAND TRUST

Directors' Report
30 June 2010 (continued)

Environmental regulation

The Responsible Entity has policies and procedures in place that are designed to ensure that, where operations are subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory, those obligations are identified and appropriately addressed.

The Directors have determined that there has not been any material breach of those obligations during the financial year.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Rounding of amounts

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

This report is made in accordance with a resolution of the Directors.

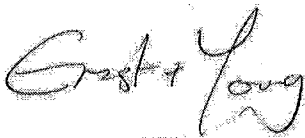


.....
Director
Sydney
28 September 2010

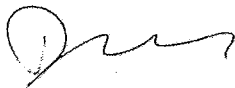
Peter Lucas

Auditor's Independence Declaration to the Directors of Macquarie Alternative Assets Management Limited, as Responsible Entity for Macquarie Timber Land Trust

In relation to our audit of the financial report of Macquarie Timber Land Trust for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Darren Handley-Greaves'.

Darren Handley-Greaves
Partner
28 September 2010

MACQUARIE TIMBER LAND TRUST

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	Year ended	
		30 June 2010	30 June 2009
		\$	\$
Net investment income		-	-
Total operating expenses		-	-
Operating profit/(loss)		-	-
Finance costs attributable to unitholders	5	-	-
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

MACQUARIE TIMBER LAND TRUST

Statement of Financial Position

as at 30 June 2010

	Notes	30 June 2010 \$	30 June 2009 \$
Assets			
Land		<u>1,387,100</u>	<u>1,387,100</u>
Total assets		<u>1,387,100</u>	<u>1,387,100</u>
Liabilities			
Total liabilities (excluding net assets attributable to unitholders)		<u>-</u>	<u>-</u>
Net assets attributable to unitholders - liability	5	<u>1,387,100</u>	<u>1,387,100</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

MACQUARIE TIMBER LAND TRUST

Statement of Changes in Equity

for the year ended 30 June 2010

	Year ended	
	30 June 2010	30 June 2009
	\$	\$
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income and loss for the year	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the financial year	-	-

Under Australian Accounting Standards, net assets attributable to unitholders are classified as a liability rather than equity. As a result there was no equity at the start or end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

MACQUARIE TIMBER LAND TRUST

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	Year ended	
		30 June 2010	30 June 2009
		\$	\$
<i>Net cash inflow/(outflow) from operating activities</i>	7(a)	-	-
<i>Net cash inflow/(outflow) from investing activities</i>		-	-
<i>Net cash inflow/(outflow) from financing activities</i>		-	-
<i>Net increase/(decrease) in cash and cash equivalents</i>		-	-
Cash and cash equivalents at the beginning of the year		-	-
<i>Cash and cash equivalents at the end of the year</i>		<hr/>	<hr/>

The above statement of cash flows should be read in conjunction with the accompanying notes.

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements

for the year ended 30 June 2010

1. General information

This financial report covers the Macquarie Timber Land Trust ("the Trust") as an individual entity. The Trust was constituted on 17 March 2003 and registered on 31 March 2003. The Trust is expected to terminate on 31 December 2014 or at a later date in accordance with the provisions of the Trust Constitution.

The Macquarie Timber Land Trust is a managed investment scheme. Macquarie Alternative Assets Management Limited ("the Responsible Entity" of the Trust) has its registered office at No.1, Martin Place, Sydney, New South Wales 2000, Australia. The financial report is presented in the Australian currency.

The Trust issued units at \$1,300 per unit (GST free) in order to purchase the land on which the timber plantations are situated. Land owned by the Trust is used for forestry plantation purposes by the investors of the Macquarie Eucalypt Project. The Macquarie Eucalypt Project is a managed investment scheme with the same Responsible Entity as the Trust.

The financial statements were authorised for issue by the Directors on 28 September 2010. The Directors of the Responsible Entity have the power to amend and reissue the financial report.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. The balances for Land and net assets attributable to unitholders are expected to be recovered or settled approximately in December 2014.

Amounts in the financial report have been rounded off to the nearest dollar unless otherwise indicated.

Compliance with International Financial Reporting Standards

The financial report of the Trust also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Financial Statement Presentation

The Trust has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the Trust had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and investments in money market instruments which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts.

(c) Land

Land is initially recognised at acquisition cost and will be measured at cost in subsequent financial years unless the carrying amount of land is greater than its recoverable amount. When such instances occur, the Land will be written down to its recoverable amount and the decrement recognised as an expense in the statement of comprehensive income in the reporting financial year in which the recoverable amount write-down occurs.

(d) Investment income and expenses

Investment income and expenses, including the interest income and the Responsible Entity's fees, are recognised in the statement of comprehensive income on an accrual basis.

The Trust is entitled to rental revenue equal to 10% of the net harvest proceeds of unitholders in the Macquarie Eucalypt Project, a managed investment scheme offered by Macquarie Alternative Assets Management Limited. Rental income will be recognised on a straight line basis over the lease term when it can be reliably measured, which is expected to coincide with the harvest period when the proceeds from the harvest of plantation timber in the Macquarie Eucalypt Project occurs. The harvest period will end by approximately December 2014, 11.5 years after the project has begun.

(e) Income Tax

Under current legislation, the Trust is not subject to income tax provided the distributable (taxable) income of the Trust is fully distributed by way of cash (i.e. unitholders are presently entitled to the income of the Trust). Distributable income is determined by reference to the taxable income of the Trust.

(f) Distributions

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income to unitholders by way of cash. The distributions are payable at the end of June each financial year and recognised as finance costs attributable to unitholders in the statement of comprehensive income.

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements

for the year ended 30 June 2010 (continued)

2. Summary of significant accounting policies (continued)

(g) Net assets attributable to unitholders

Units are redeemable at the end of the Trust's finite life and are therefore classified as financial liabilities. The fair value of redeemable units is measured at the redemption amount that would be received if units were redeemed at the reporting date.

(h) Increase/decrease in net assets attributable to unitholders

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in the statement of comprehensive income as finance costs.

(i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian Dollar, which reflects the currency of the economy in which the Trust competes for capital funds and is regulated. The Australian Dollar is also the Trust's presentation currency.

(j) Receivables

Receivables may include amounts for interest and Goods and Services Tax receivable from the Australian Taxation Office (ATO).

(k) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the reporting date.

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June 2010 under the Trust's Constitution.

(l) Goods and Services Tax (GST)

Management fees and other expenses are recognised net of the amount of GST in the statement of comprehensive income. The Trust qualifies for tax credits at a rate of 100%. The net amount of GST receivable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(m) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set on the following page:

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements

for the year ended 30 June 2010 (continued)

2. Summary of significant accounting policies (continued)

(m) New accounting standards and interpretations (continued)

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)*

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust has not adopted these standards early. However, management does not expect any impact on the Trust's financial statements as the Trust does not hold any available-for-sale investments.

(ii) *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139] (effective from 1 July 2010)*

In May 2009, the Australian Accounting Standards Board issued a number of improvements to AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 8 Operating Segments, AASB 101 Presentation of financial statements, AASB 107 Statement of Cash Flows, AASB 117 Leases, AASB 118 Revenue, AASB 136 Impairment of Assets and AASB 139 Financial Instruments: Recognition and Measurement. The Trust will apply the revised Standards from 1 July 2010. The Trust does not expect any adjustments as a result of applying the revised rules.

(iii) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)*

In December 2009, the Australian Accounting Standards Board issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Trust will apply the amended standard from 1 July 2011. When the amendments are applied, the Trust would need to disclose any transactions between its subsidiaries and its associates. However, as the Trust does not have any subsidiaries and associates, the amendment will not have any effect on the Trust's financial statements.

(n) Use of estimates

In preparing the financial statements no estimates were made which included a high degree of judgement.

3. Financial risk management

The Trust may be exposed to liquidity risk arising from the financial instruments it holds. At the reporting date the Trust had no exposure to market risk or credit risk, as there were no financial instruments held by the Trust (2009: nil exposure). The Trust's overall risk management programme focuses on ensuring compliance with the Trust's Product Disclosure Statement and seeks to maximise the returns derived for the level of risk to which the Trust is exposed.

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

3. Financial risk management (continued)

The risk management policies employed by the Trust to manage these risks are discussed below.

(a) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Trust is subject to minimal liquidity risk in relation to financial liabilities it holds. The only significant financial liability held by the Trust is Net assets attributable to unitholders. The Trust is required to pay this liability only on its termination (expected to occur in approximately 2014). This financial liability will be paid off by using proceeds from sale of land.

The table below analyses the Trust's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 June 2010 (In \$)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
Net assets attributable to unitholders	-	-	-	1,387,100	-	1,387,100
Total undiscounted cash flows	-	-	-	1,387,100	-	1,387,100

30 June 2009 (In \$)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	\$	\$	\$	\$	\$	\$
Net assets attributable to unitholders - liability	-	-	-	-	1,387,100	1,387,100
Total undiscounted cash flows	-	-	-	-	1,387,100	1,387,100

(b) Fair value of financial assets and liabilities

There are no financial assets held by the Trust at the reporting date. The carrying amounts of the Trust's financial liabilities at the reporting date approximate their fair values.

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements
for the year ended 30 June 2010 (continued)

4. Auditor's remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Trust.

	Year ended	
	30 June 2010	30 June 2009
	\$	\$
Audit services		
Ernst & Young		
Audit and review of the financial report	5,010	-
Compliance plan audit fees	290	-
PricewaterhouseCoopers Australian firm		
Audit and review of the financial report	-	8,017
Compliance plan audit fees	-	1,195
Total remuneration for audit services	<u>5,300</u>	<u>9,212</u>

No non-audit services were paid/payable during the year (2009: \$Nil).

The Responsible Entity pays fees to auditors on behalf of the Trust. It is not the intention of the Responsible Entity to recharge the fees to the Trust, as permitted by the Constitution. No contingent liability has been recognised by the Trust in relation to the fees.

5. Net assets attributable to unitholders

As stipulated within the Trust Constitution, each unit (approximately 1 hectare of land) represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has same rights attached to it as all other units of the Trust.

Movements in the number of units and net assets attributable to unitholders during the financial year were as follows:

	Units on Issue		Unitholders Funds	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	No.	No.	\$	\$
Opening balance	1,067	1,067	1,387,100	1,387,100
Increase/(decrease) in net assets attributable to unitholders	-	-	-	-
Closing balance	<u>1,067</u>	<u>1,067</u>	<u>1,387,100</u>	<u>1,387,100</u>

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements
for the year ended 30 June 2010 (continued)

5. Net assets attributable to unitholders (continued)

Capital risk management

The Trust considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders is expected to remain constant until harvest payment period (expected to occur in approximately 2014).

The Trust has issued 1,067 units @ \$1,300/unit amounting to \$1,387,100. All the money received has been invested in purchase of land as envisaged in product disclosure statement. Unitholders will receive distributions on receipt of lease rentals and/or from the net proceeds from the sale of land (expected to be in approximately 2014).

6. Related party transactions

Responsible Entity

The Responsible Entity of the Macquarie Timber Land Trust is Macquarie Alternative Assets Management Limited (a wholly owned subsidiary of Macquarie Group Limited).

Key management personnel

(a) Responsible Entity

The Responsible Entity was the only key management personnel for the financial year. The following persons have held offices as Directors of Macquarie Alternative Assets Management Limited during the year ended 30 June 2010:

Anthony John Abraham
Peter Bruce Lucas
Simone Alison Mosse

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, during the financial year.

Related party and Key management personnel unitholdings

Parties related to the Trust (including the Responsible Entity, its Directors, its affiliates and other Trusts managed by the Responsible Entity), held units in the Trust as follows:

2010 Unitholder	Number of Units held opening (Units)	Number of Units held closing (Units)	Units held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Peter Bruce Lucas	30	30	2.82%	-	-	-

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements for the year ended 30 June 2010 (continued)

6. Related party transactions (continued)

Related party and Key management personnel unitholdings (continued)

2009 Unitholder	Number of Units held opening (Units)	Number of Units held closing (Units)	Units held (%)	Number of units acquired (Units)	Number of units disposed (Units)	Distributions paid/payable by the Trust (\$)
Michael James Price	8	8	0.75%	-	-	-
Peter Bruce Lucas	30	30	2.82%	-	-	-

Key management personnel compensation

Payments, if any, made from the Trust to the Responsible Entity do not include any amounts directly attributable to the compensation of Directors of the Responsible Entity.

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the Responsible Entity or its Directors or their personally related entities at any time during the reporting period.

Other transactions within the Trust

Apart from those details disclosed in this note, no Director has entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

Responsible Entity's fees

The Responsible Entity did not receive any fees during the financial year ended 30 June 2010 (2009: \$Nil).

All expenses in connection with the preparation of accounting records and the maintenance of the unit register have been fully borne by the Responsible Entity.

There were no transactions during the financial year or amounts payable at the end of the financial year end between the Trust and the Responsible Entity (2009: \$Nil).

MACQUARIE TIMBER LAND TRUST

Notes to the Financial Statements
for the year ended 30 June 2010 (continued)

7. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2010	30 June 2009
	\$	\$
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unitholders	-	-
Distribution made to unitholders	-	-
Net change in receivables and other assets	-	-
Net change in payables and other liabilities	-	-
Net cash inflow/(outflow) from operating activities	-	-

(b) Non-cash financing activities

The Trust did not engage in any non-cash financing and investment activities during the financial year (2009: \$Nil).

8. Events occurring after the reporting date

No significant events have occurred since the reporting date which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2010 or on the results and cash flows of the Trust for the financial year ended on that date.

9. Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2010 and 30 June 2009.

MACQUARIE TIMBER LAND TRUST

Directors' Declaration

30 June 2010

In the opinion of the Directors of the Responsible Entity:

- (a) the financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) complying with International Financial Reporting Standards as issued by the International Accounting Standards Board; and
 - (iii) giving a true and fair view of the financial position of the Macquarie Timber Land Trust as at 30 June 2010 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Macquarie Timber Land Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



.....
Director
Sydney
28 September 2010

Peter Lucas

Independent auditor's report to the unitholders of Macquarie Timber Land Trust

We have audited the accompanying financial report of Macquarie Timber Land Trust, ("the Trust") which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity, Macquarie Alternative Assets Management Limited, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the trust's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

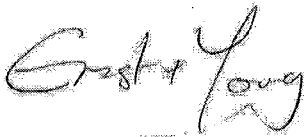
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Responsible Entity a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Macquarie Timber Land Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Macquarie Timber Land Trust at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.



Ernst & Young



Darren Handley-Greaves
Partner
28 September 2010