MACQUARIE TIMBER LAND TRUST 2010

ARSN 142 998 043

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

MACQUARIE

MACQUARIE TIMBER LAND TRUST 2010

Annual Report
for the year ended 30 June 2011

Contents

Directors' Report	2
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	23
Independent Auditor's Report to the Unitholders of Macquarie Timber Land Trust 2010	24

This annual financial report covers the Macquarie Timber Land Trust 2010 as an individual entity.

Responsible Entity:
Macquarie Financial Products Management Limited
ABN 38 095 135 694
No.1, Martin Place,
Sydney, New South Wales, 2000
AUSTRALIA

Neither the Responsible Entity, nor any member of the Macquarie Group Limited, guarantees the performance of the Macquarie Timber Land Trust 2010, the repayments of capital or the payment of a particular rate of return on the units issued.

Macquarie Financial Products Management Limited is not an authorised deposit-taking institution for the purposes of the Banking Act (Cth) 1959, and Macquarie Financial Products 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 Financial Products Management Limited.

Directors' Report

For the year ended 30 June 2011

The Directors of Macquarie Financial Products Management Limited (ABN 38 095 135 694) (a wholly owned subsidiary of Macquarie Group Limited), the Responsible Entity of the Macquarie Timber Land Trust 2010 ("the Trust"), submit their report for the Trust for the year ended 30 June 2011.

Principal activities

The principal activity of the Trust is to invest in timber plantation land and receive rental income through operating leases. The Trust has leased the plantable land to Macquarie Alternative Assets Management Limited ("MAAML"), the Responsible Entity for the Macquarie Eucalypt Project 2010 ("Tree Project"), and is entitled to receive annual lease rental at the rate of $551 per hectare (2010: $551 per hectare) of plantable land (escalating each year by 3%). A deferred rent equal to 4.95% of net harvest proceeds (or insurance proceeds); will also be receivable from MAAML during the harvest payment period.

The Trust did not have any employees during the year.

There has been no significant change in the nature of this activity during the year.

Directors

The names of the Directors of the Responsible Entity in office during the financial year and until the date of this report are:

Antony Clubb (appointed on 11 February 2011)
Simone Alison Mosse (resigned on 11 February 2011)
Jason King
William Dudley Fox
Peter Bruce Lucas

The Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

Review of results and operations

The Trust was constituted on 7 April 2010 and registered on 21 April 2010.

During the financial year, the Trust received a loan of $9,334,992 from Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of Macquarie Group Limited ("MGL") to purchase land of which $178,317 was repaid. The Trust is required to pay interest at a fixed rate of 7.65% per annum on the loan balance effective from the date of loan drawdown, as disclosed in Note 12 of the financial statements.

During the year, the Trust purchased the land for a total consideration of $12,960,810. The carrying value of land at 30 June 2011 is equal to the purchase consideration and considered appropriate based on comparable sales in the same region.

The Trust continued to invest funds in accordance with target asset allocations as set out in the governing documents of the Trust and in accordance with the provisions of the Trust Constitution.

Directors' Report (continued)
for the year ended 30 June 2011

Review of results and operations (continued)

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Operating profit before finance costs attributable to unitholders	348,270	-
Distributions		
Distribution paid and payable	348,270	-
Distribution (dollars per unit)	0.09	-

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust during the year.

Significant events after the balance date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of those operations or the Trust's state of affairs in future financial years.

Likely developments and expected results of operations

The investment strategy of the Trust will be maintained in accordance with the Trust constitution and investment objectives as detailed in the most recent Product Disclosure Statement.

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 Directors and officers

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

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

Fees paid to the Responsible Entity and its associates out of Fund property during the financial year are disclosed in Note 12 of the financial statements (2010: $Nil).

No fees were paid out of Trust property to the Directors of the Responsible Entity during the financial year (2010: $Nil).

3,934 units in the Trust were held by Macquarie Bank Limited at the end of the financial year (2010: Nil). No units were held by the Responsible Entity or any other associate at the end of the financial year.

Directors' Report (continued)
for the year ended 30 June 2011

Units in the Trust

Movement in units on issue in the Trust during the financial year were as follows:

	Year ended 30 June 2011 No.	21 April 2010 - 30 June 2010 No.
Opening balance	3,054,375	-
Units issued during the financial year	757,692	3,054,375
Units cancelled	(6,000)	-
Total units on issue	3,806,067	3,054,375

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.

Environmental regulation and performance

The operations of the Trust are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory. There have been no known significant breaches of any other environmental requirements applicable to the Trust.

Auditor's independence declaration

An independence declaration has been provided to the Directors by the auditor of Macquarie Timber Land Trust 2010, Ernst & Young, and is attached to the Director's Report.

Rounding of amounts

In accordance with Australian Securities and Investments Commission Class Order 98/0100 (as amended), amounts in the Directors' Report and the Financial Report have been rounded off to the nearest dollar unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

.....
Director
Sydney
26 September 2011

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Auditor's Independence Declaration to the Directors of Macquarie Financial Products Management Limited, as the Responsible Entity for Macquarie Timber Land Trust 2010

In relation to our audit of the financial report of Macquarie Timberland Trust 2010 for the financial year ended 30 June 2011, 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.

Ernst & Young

Ernst & Young

Clare Sporle
Partner
Sydney
26 September 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Investment Income			
Interest income		34,205	-
Annual lease rental income		689,980	-
Net investment income		724,185	-
Expenses			
Responsibility Entity fees		34,205	-
Interest on loan from MBL		341,710	-
Total operating expenses		375,915	-
Operating profit/(loss)		348,270	-
Finance costs attributable to unitholders			
Distribution to unitholders	10	(348,270)	-
(Increase)/decrease in net assets attributable to unitholders	11	-	-
Total finance costs attributable to unitholders		(348,270)	-
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.

Statement of Financial Position

as at 30 June 2011

	Notes	2011 $	2010 $
Assets			
Cash and cash equivalents	5	113,427	-
Receivables	6	139,084	3,054,375
Land	7	12,960,810	-
Total assets		13,213,321	3,054,375
Liabilities			
Distribution payable	10	169,417	-
Responsible Entity fee payable		15,048	-
Other payables	9	66,114	-
Loan from MBL	8	9,156,675	-
Total liabilities (excluding net assets attributable to unitholders)		9,407,254	-
Net assets attributable to unitholders - liability	11	3,806,067	3,054,375

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

Statement of Changes in Equity

for the year ended 30 June 2011

	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Total equity at the beginning of the financial year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income for the year	-	-
Total comprehensive income/(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.

Statement of Cash Flows

for the year ended 30 June 2011

	Notes	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Cash flows from operating activities			
Interest received		21,380	-
Lease rental received		682,683	-
Responsible Entity fees paid		(22,577)	-
Interest on loan paid to MBL		(341,710)	-
Net cash provided by operating activities	13(a)	339,776	-
Cash flows from investing activities			
Payment for purchase of land		(12,960,810)	-
Net cash provided by investing activities		(12,960,810)	-
Cash flows from financing activities			
Loan received from MBL		9,106,711	-
Applications money received		3,627,750	-
Net cash provided by financing activities		12,734,461	-
Net increase in cash and cash equivalents		113,427	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	5	113,427	-

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

Notes to the Financial Statements

For the year ended 30 June 2011

1. Corporate information

This financial report covers the Macquarie Timber Land Trust 2010 ("the Trust") as an individual entity. The Trust was constituted on 7 April 2010 and registered on 21 April 2010. The Trust is expected to terminate on 31 December 2021 or at a later date in accordance with the provisions of the Trust Constitution.

Macquarie Timber Land Trust 2010 is a managed investment scheme. Macquarie Financial Products 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 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 2010. The Macquarie Eucalypt Project 2010 is a managed investment scheme and its Responsible Entity is Macquarie Alternative Assets Management Limited (a wholly owned subsidiary of Macquarie Group Limited).

During the financial year, the Trust received a loan of $9,334,992 from Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of Macquarie Group Limited ("MGL") of which loan amounting to a $178,317 was repaid during the financial year. The Trust is required to pay interest at a fixed rate of 7.65% per annum on the loan balance effective from the date of loan drawdown, as disclosed in Note 8 of the financial statements. During the year, the Trust purchased the land valuing $12,960,810.

The financial statements of Macquarie Timber Land Trust 2010 for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 26 September 2011.

2. 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.

2.1 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. All balances are expected to be recovered or settled within twelve months, except land and net assets attributable to unitholders.

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

Statement of compliance

The financial statements have been prepared in accordance with the Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Trust for the annual reporting period ended 30 June 2011. The impact of these standards and interpretations has been assessed and to the extent applicable to the Trust are discussed below. Standards and Interpretations that are not expected to have a material impact on the Trust have not been included.

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010 Amendment to Australia Accounting Standards arising from AASB 9 (December 2010) (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 held for trading. 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 yet decided when to adopt AASB 9. However, management does not expect any impact on the Trust's financial statements as the Trust does not hold any available-for-sale investments nor any investments in debt instruments.

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

In December 2009 the AASB 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 clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The Trust will apply the amended standard from 1 July 2011. The amendments will not have any effect on the Trust's financial statements.

(iii) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011).

In November 2010, the AASB issued AASB 2010-6 Disclosures on Transfers of Financial Assets which amends AASB 1 First time Adoption of Australian Accounting and AASB 7 Financial Instruments: Disclosures to introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitize, lend or otherwise transfer financial assets to other parties. The amendments will not have any impact on the Trust's disclosures. The Trust intends to apply the amendment from 1 July 2011.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

2. Accounting policies (continued)

2.1 Basis of preparation (continued)

(iv) Amendments to AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective for annual reporting periods beginning on or after 1 July 2010).

In June 2010, the AASB made a number of amendments to Australian Accounting Standards as a result of the IASB's annual improvements project. The Trust does not expect that any adjustments will be necessary as the result of applying the revised rules.

(v) IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and SIC-12 *Consolidation –Special Purpose Entities.*

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 10. Management does not expect this will have a significant effect on the Trust's financial statements.

(vi) IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 12. Management does not expect this will have a significant effect on the Trust's financial statements.

(vii) IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets.

IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

This standard is yet to be approved by the Australian Accounting Standards Board and has not been issued in Australia. The standard is not applicable until 1 January 2013 but is available for early adoption.

The Trust has not yet decided when to adopt IFRS 13. Management does not expect this will have a significant effect on the Trust's financial statements.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

2. Accounting policies (continued)

2.2 Summary of significant accounting policies

(a) 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.

(b) Land

Land is initially recognised at acquisition cost and is subsequently measured at cost unless the carrying amount of land is greater than its recoverable amount. When such instances occur, the land is 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.

(c) Loan

The Trust has entered into a loan agreement with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of Macquarie Group Limited ("MGL") to receive a loan to purchase land. As per the agreement, the Trust is required to pay interest at a fixed rate of 7.65% per annum on the loan balance effective from the date of purchase of land and make regular repayments each financial year commencing 30 June 2011, as per the repayment schedule to the agreement.

(d) Investment income and expenses

Investment income and expenses, including 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 an annual rental income of $551 per hectare of plantable land each financial year (escalating each year by 3%). This annual rental income is recognised in the statement of comprehensive income on an accrual basis.

The Trust is also entitled to a deferred rent equal to 4.95% of the net harvest proceeds of investors in the Macquarie Eucalypt Project 2010, 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 2010 occurs. The harvest period will end by approximately December 2021, 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 or reinvestment in the Trust (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 to unitholders

In accordance with the Trust Constitution, the Trust fully distributes its distributable (taxable) income to unitholders either by way of cash or reinvestment in the Trust. Reinvested distributions will be utilised for the repayment of loan from MBL. 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.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

2. Accounting policies (continued)

2.2 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 and prepayments

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 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 2011 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) Use of estimates

The preparation of the Trust's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. Estimates related to the value of the land are based on recent market activity for comparable lots.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

3. Financial risk management

The Trust may be exposed to a variety of financial risks including interest rate risk, credit risk and liquidity risk arising from the financial instruments it holds. There is no exposure to market risk from financial instruments. 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.

The Trust uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ratings analysis for credit risk.

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

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Trust has no significant interest bearing financial instrument other than cash and cash equivalents and a loan from MBL. There is no interest rate risk in relation to the loan balance as it carries a fixed interest rate of 7.65% per annum. No interest rate risk analysis is presented due to Responsible Entity's assessment that such risks are insignificant.

(ii) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract. Potential areas of credit risk consist of cash balances at bank and interest receivables. Other than the cash and cash equivalents and receivables, the Trust does not have a concentration of a credit risk that arises from an exposure to a single counterparty. Furthermore, the Trust does not have a material exposure to a group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The Trust manages its exposure to credit risk by dealing with well established financial institutions that the Responsible Entity has assessed to have a high quality credit standing.

Maximum exposure to credit risk

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. The table below details credit quality of financial assets held by the Trust.

Credit quality	Neither past due nor impaired					
2011 (in $)	Investment Grade $	Below Investment Grade $	Default $	Unrated $	Past due or individually impaired $	Total $
Cash and cash equivalents						
Financial institutions	113,427	-	-	-	-	113,427
Other assets						
Other	-	-	-	88,828		88,828
Financial institutions	50,256	-	-	-	-	50,256
Total	163,683		-	88,828	-	252,511

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

3. Financial risk management (continued)

(ii) Credit risk (continued)

Credit quality	Neither past due nor impaired					
2010 (in $)	Investment Grade $	Below Investment Grade $	Default $	Unrated $	Past due or individually impaired $	Total $
Other assets						
Other	-	-	-	3,054,375	-	3,054,375
Total	-	-	-	3,054,375	-	3,054,375

(iii) 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 the financial liabilities it holds. The only significant financial liability held by the Trust is net assets attributable to unitholders and the loan from MBL. The Trust is required to pay the net assets attributable to unitholders only on its termination (expected to occur in approximately 2021). This financial liability will be paid off by using proceeds from the 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.

2011 (In $)	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	$	$	$	$	$	$
Loan from Macquarie Bank Limited	-	-	360,728	1,884,248	6,911,699	9,156,675
Distribution payable	-	169,417	-	-	-	169,417
Responsible Entity fees payable	-	15,048	-	-	-	15,048
GST payable	-	65,578	-	-	-	65,578
Withholding tax payable	-	536	-	-	-	536
Net assets attributable to unitholders	-	-	-	-	3,806,067	3,806,067
Total undiscounted cash flows	-	250,579	360,728	1,884,248	10,717,766	13,213,321

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

3. Financial risk management (continued)

(iii) Liquidity risk (continued)

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	-	-	-	-	3,054,375	3,054,375
Total undiscounted cash flows	-	-	-	-	3,054,375	3,054,375

(iv) Fair value estimation

The carrying amounts of the Trust's financial assets and financial liabilities at the reporting date approximate their fair values.

4. Auditor's remuneration

	Year ended 30 June 2011	21 April 2010 - 30 June 2010
	$	$
Amounts received or due and receivable by Ernst & Young for:		
- an audit and review of the financial report of the Trust	5,140	5,010
- other services related to the Trust: audit of compliance plan	310	290
	5,450	5,300

No non-audit fees were paid/payable during the year (2010: $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. Cash and cash equivalents

	2011 $	2010 $
Money Market deposits (MBL)	113,427	-
	113,427	-

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

6. Receivables

	2011 $	2010 $
Bank interest receivable	292	-
Lease rental receivable	76,295	-
Withholding tax (WHT) receivable	12,533	-
Amount receivable from MBL	49,964	-
Money received from the investors held with Macquarie Financial Products Management Limited	-	3,054,375
	139,084	3,054,375

7. Land

	2011 $	2010 $
Opening value	-	-
Add: Land acquired during the year*	12,960,810	-
Closing value	12,960,810	-

*During the financial year land measuring 2,207 plantable hectares (2010: Nil) was acquired for $12,960,810 in the Portland region.

8. Loan from MBL

	2011 $	2010 $
Opening balance	-	-
Add: Drawdown made during the year	9,334,992	-
Less: Amount repaid during the year	(178,317)	-
Closing balance	9,156,675	-

*During the financial year a loan of $9,334,992 (2010: $Nil) was drawn from MBL for the purchase of land (note 7). Principal repayments of $178,317 (2010: $Nil) were made as per the loan repayment schedule during the period with the final payment anticipated to be made on 30 June 2022 (note 3). The purchased land is held as security against the loan.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

9. Other payables

	2011 $	2010 $
GST payable	65,578	-
Withholding tax payable	536	-
	66,114	-

10. Distribution to unitholders*

The distributions were paid/payable as follows:

	Year ended 30 June 2011 $	Year ended 30 June 2011 dollars/unit	21 April 2010 - 30 June 2010 $	21 April 2010 - 30 June 2010 dollars/unit
Distribution paid – Current year	-	-	-	-
Distribution paid – Prior years	-	-	-	-
	-	-	-	-
Distribution payable – Current year	169,417	0.04	-	-
Distribution payable – Prior years	-	-	-	-
	169,417	-	-	-

* During the financial year, the Trust has declared a distribution of $348,270 (2010: $Nil) including withholding tax ("WHT") of $536 (2010: $Nil). The distributable amount of $178,317 (2010: $Nil) has been reinvested in the Trust to be used for the purchase of land as per the Product disclosure statement (refer Note 11).

11. Net assets attributable to unitholders

As stipulated within the Trust Constitution, each unit (375 units equal approximately one-fourth hectare) 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	
	Year ended 30 June 2011 No.	21 April 2010 - 30 June 2010 No.	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Opening balance	3,054,375	-	3,054,375	-
Applications	757,692	3,054,375	757,692	3,054,375
(Increase)/decrease in net assets attributable to unitholders	-	-	-	-
Units Cancelled*	(6,000)	-	(6,000)	-
Closing balance	3,806,067	3,054,375	3,806,067	3,054,375

* 6,000 units were cancelled during the financial year as application fees relating to these units were not received from investors.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

11. 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 2021).

The Trust has issued 3,054,375 units at $1 per unit amounting to $3,054,375 till June 2010. During the financial year, the Trust has issued 579,375 units at $1 per unit on account of cash received from investors of which 6,000 units at $1 per unit were cancelled and 178,317 units upon reinvestment of distributions. The money received will be invested in the purchase of land as per the 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 2021).

12. Related party disclosures

Responsible Entity

The Responsible Entity of the Macquarie Timber Land Trust 2010 is Macquarie Financial Products 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 Financial Products Management Limited during the year ended 30 June 2011:

Antony Clubb (appointed on 11 February 2011)
Simone Alison Mosse (resigned on 11 February 2011)
Jason King
William Dudley Fox
Peter Bruce Lucas

(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.

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

12. Related party disclosures (continued)

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: Nil):

2011						
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 ($)
Macquarie Bank Limited	-	3,934	0.10%	3,934*	-	360

*Units acquired through subscription (3,750) + Units allocated from re-investment (184)

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 received a fee amounting to $34,205 (net of GST credit) during the financial year ended 30 June 2011 as disclosed in the statement of comprehensive income (2010: $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.

The transactions during the financial year and amounts payable at year end between the Trust and the Responsible Entity were as follows:

	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
Responsible Entity fees for the financial year incurred as an expense by the Trust	34,205	-
Responsible Entity fees payable by the Trust	15,048	-

Notes to the Financial Statements (continued)
for the year ended 30 June 2011

12. Related party disclosures (continued)

Other transactions

The Trust places funds on deposit with Macquarie Bank Limited ("MBL"), a wholly-owned subsidiary of MGL. The carrying value of these deposits is disclosed in Note 5 to the Financial Statements. Interest income from deposits with MBL is $34,205 (2010: $Nil) for the financial year ended 30 June 2011.

During the year, the Trust received an amount of $9,334,992 of which $178,317 was repaid. The net loan amounting to $ 9,156,675 has been disclosed in the statement of financial position. The interest expense on the loan amounting to $341,710 has been disclosed in the statement of comprehensive income.

The Trust has earned an annual rental income of $689,980 (2010: $Nil) for lease of land to MAAML as disclosed in the statement of comprehensive income. The receivable is disclosed in note 6 to the financial statements.

All the above transactions are conducted on normal commercial terms and conditions.

13. Reconciliation of cashflows from operating activities to net profit for the year

	Year ended 30 June 2011 $	21 April 2010 - 30 June 2010 $
(a) Reconciliation of profit/(loss) to net cash provided by/ (used in) operating activities		
Profit/(loss) for the year	-	-
(Increase) in receivables	(89,119)	-
Increase in payables	80,625	-
Distribution payment to unitholders	348,270	-
Net cash provided by/(used in) operating activities	339,776	-

(b) Non-cash financing activities

The Trust did not engage in any non-cash financing and investment activities during the financial year (2010: $Nil).

14. Commitments and contingencies

There are no commitments or contingencies at the reporting date (2010: None).

15. Events after balance date

Since 30 June 2011 there have been no other matters or circumstances not otherwise dealt with in the financial report that have significantly affected or may affect the Trust (2010: None).

Directors' Declaration

30 June 2011

In accordance with a resolution of the Directors of Macquarie Financial Products Management Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes set out on pages 6 to 22 are in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Trust's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) Complying with Accounting Standards and *Corporations Regulations 2001*.

(b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors declare that the notes to the financial statements include an explicit and unreserved statement of compliance with the International Financial Reporting Standards (see note 2.1).

On behalf of the board.

.....

Director
Sydney
26 September 2011

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Independent auditor's report to the unitholders of Macquarie Timber Land Trust 2010

We have audited the accompanying financial report of Macquarie Timber Land Trust 2010 (the "trust"), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of Macquarie Financial Products Management Limited, the responsible entity of the trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal controls relevant to the preparation of the financial report that gives a true and fair view 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 responsible entity'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 complied with 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 with the directors' report.

Liability limited by a scheme approved
under Professional Standards Legislation

Opinion

In our opinion:

a. the financial report of Macquarie Timber Land Trust 2010 is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the trust's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Ernst & Young

Clare Sporle
Partner
Sydney
26 September 2011