VICTORIAN OLIVE OIL PROJECT II

(ARSN 106 286 560)

INFORMATION NOTICE
FEBRUARY 2025

INTRODUCTION

Introduction

This notice is being provided to you as an investor ("Grower") in the Victorian Olive Oil Project II (ARSN 106 286 560). Your interest in the Project is centred on your Growers Lease Agreement with an initial term concluding on 30 June 2025 and an option for you to extend the lease for an additional 25 years, concluding on 30 June 2050.

If you decide to exercise the option to extend the lease, you will also have the opportunity to extend the Management Agreement under the same conditions for the same extended term.

To exercise this option, you are required to notify the Responsible Entity (RE) prior to 31 March 2025. A notification form is located at the end of this Information Notice.

For your reference, a copy of the original Product Disclosure Statement (PDS) has been sent to you at the same time as this Information Notice. Additionally, should you require a copy of your individual Grower Lease or Management Agreement, we can provide these documents upon request.

PURPOSE OF THIS NOTICE

The purpose of this Information Notice is to provide you with relevant information regarding the Project, which:

- Was not included in the original PDS;
- Is not publicly available; or
- Represents a change to or an update to the existing documentation.

Olive Oil Supply Agreement

The Management and Harvesting Agreement requires Terrapee Contractors to use its best efforts to ensure consistent oil sales by establishing vendor relationships. Terrapee Contractors relies on Victorian Olive Processors Pty Ltd (VOP), a related company with common shareholders and directors, to perform this service.

The original PDS referenced an Olive Oil Supply Agreement with Inglewood Olive Processors Limited. However, no oil was supplied under this agreement, which has since been terminated.

In December 2012, VOP entered into a new Olive Oil Supply Agreement with Boundary Bend Olives Pty Ltd (now Cobram Estate Limited ("Cobram" ASX:CBO). The term of this new agreement mirrors the term of the Crushing and Marketing Agreement. VOP and Boundary Bend Olives are currently in discussions to extend this agreement for an additional ten years.

Cobram is a major supplier of olive oil across Australia, retailing under the Cobram Estate and Redisland brands, and is also a primary supplier to major supermarkets. They are the leading producer of olive oil in Australia.

The key terms of the Olive Oil Supply Agreement include:

- Cobram may purchase all Extra Virgin olive oil produced at the orchard, and VOP may sell the oil to Cobram;
- Pricing is based on the farm gate price for oil sold in a packaged format in the Australian retail market, less a fixed margin;
- Payment for the oil will be made in equal instalments over ten months, from July to April following each harvest.

The Responsible Entity believes that this agreement best meets the Project's objectives, as it:

- Maximises the certainty of oil sales each year; and
- Provides a pricing structure linked to retail shelf prices, which is expected to yield the highest long-term average price for the oil produced.

Please be aware that the price for bulk olive oil has remained high for the past eighteen months, largely due to poor European harvests caused by drought and disease. Reports indicate that the recent 2024 European harvest has exceeded long-term averages, which is expected to lead to a reduction in bulk European olive oil prices. Consequently, it is anticipated that this will exert downward pressure on the current high prices for Australian olive oils.

Update on Fees Payable

The current fees under the Project agreements are:

- **Growers Lease Fee**: 30% of oil sale proceeds per annum, plus GST; and
- **Management Fee**: 30% of oil sale proceeds per annum, plus GST.

The Growers Lease Agreement permits a market rental review if the lease is extended. Since the Growers Lease structure includes property outgoings, water supply, and compliance costs, market rental assessments are complex. The landlord estimates a market rental of $4,000 to $5,000 (plus GST) per hectare annually when paid monthly by the Grower. Historically, lease fees calculated as 30% of oil proceeds have averaged $1,690 (plus GST) per hectare.

Lanyons Paddock has offered to continue the lease fee calculation at 30% of oil proceeds (plus GST) under the existing terms. Growers preferring a market review may request one and this will be completed before 20 June 2025. Should a Grower elect a market rental, the payment terms will be monthly by direct debit commencing in July 2025.

The Management Agreement may be extended under its current terms. Growers wishing to extend must notify the Manager at least three months before expiration by completing the attached Notification Form.

Proceeds from Harvest Sales and Grower Distributions

For Growers not extending their lease, the current Growers Lease terminates on 30 June 2025, after the 2025 harvest. Interest in the Project continues until proceeds from oil from the sale of harvests up until and including 2025 are received and fully distributed. Upon final distribution, Growers not renewing their lease will have no further interest in the Project.

Events such as the severe 2010/11 floods, drought periods in 2009-10, and the replanting of Barnea trees led to deferred distribution of oil sale proceeds. These deferrals supported the orchard's recovery without additional Grower contributions. The Responsible Entity deemed this deferral beneficial for Growers and the Project's longevity.

As of 30 June 2024, deferred proceeds amounted to $9,102 per hectare. The balance is expected to decrease to under $7,000 per hectare by 30 June 2025. These deferred proceeds are expected to be received over the next two years in conjunction with the proceeds of future harvests.

Additional Risks

Risks outlined in the original PDS remain relevant. Additional considerations for Growers contemplating a lease extension include:

(a) Insufficient Renewals
The Responsible Entity receives fees as a portion of the Growers' lease fees. If an insufficient number of Growers renew their leases, the RE may not generate enough income to cover the administrative costs of the scheme. In such a case, it may be necessary for the RE to inform Growers that it is unable to continue in its role.

If the current RE is unable to continue, it will initially:

- Investigate restructuring the Project; or
- find a replacement responsible entity.

If neither of these options are practical, the Project may need to be wound up.

(b) Increased Climatic Volatility
As noted in the PDS, the Project, like any agricultural venture, is susceptible to seasonal and climatic conditions that may affect both the quantity and quality of production. Over the past 24 years, climatic conditions have been more volatile than initially anticipated, including two severe droughts, two major floods (including a once-in-a-hundred-year flood), and more irregular rainfall patterns.

Should this volatility persist, it is likely to further affect the Project’s operations.

(c) Replanting Requirements
During the initial lease term, Barnea and Nevadillo olive trees were severely affected by olive knot disease, reducing productivity. Lanyons Paddock Pty Ltd funded the removal and replanting of these trees, which comprised a large part of the orchard.

Between 2018 and 2022, Arbequina and Arbosana varieties were replanted at a density of 1,000 trees per hectare, an increase on the original planting density which was 333 trees per hectare. These trees, now in commercial production, are expected to reach maturity in a further three to four years. Observations suggest that:

- Higher-density groves mature and reach full yields more quickly;
- Biennial bearing is less pronounced; and
- Trees are easier to manage and harvest.

The long-term performance of higher-density plantings remains uncertain, posing risks regarding lifespan and yield sustainability.

Historical Orchard Results

(a) Yield

The PDS initially projected olive yields ranging from 330 to 660 litres per hectare, growing to 2,600 to 3,600 litres per hectare. However, actual yields have fallen short of these projections, particularly following the impact of the olive knot disease in 2017, which necessitated the replanting of affected orchard sections.

The historical yields (average litres of oil per hectare) for the Project since its inception are summarised in the table below.

(b) Price

While the PDS did not specify a price range, the price of olive oil produced by the Project has varied historically, ranging from a low of $2.90 per litre in 2012 to a high of $9.25 per litre in 2024. The recent spike in prices has been attributed to poor European harvests, driven by adverse climatic conditions and disease issues. The 2024 European harvest was of a more normal level and there is an industry expectation that prices will start to normalise as supply of oil improves.

The historical price (dollars per litre) achieved by the Project since inception is summarised in the table in Schedule 1 below.

VICTORIAN OLIVE OIL PROJECT II

(ARSN 106 286 560)

INFORMATION NOTICE
FEBRUARY 2025

Schedule 1

Year	Litres per ha	Price per litre	Total harvest per ha
2002			-
2003			-
2004			-
2005	-	-	-
2006	651	5.11	3,327
2007	1,076	3.55	3,820
2008	1,186	4.40	5,218
2009	1,510	3.69	5,573
2010	1,640	3.91	6,412
2011	1,491	3.45	5,143
2012	937	2.90	2,717
2013	1,262	4.50	5,678
2014	1,204	4.50	5,419
2015	1,763	4.50	7,932
2016	1,786	4.50	8,035
2017	1,362	4.50	6,128
2018	816	5.11	4,170
2019	1,315	5.18	6,813
2020	358	5.20	1,860
2021	1,413	5.85	8,264
2022	756	5.93	4,483
2023	1,292	6.36	8,219
2024	846	9.25	7,823

VICTORIAN OLIVE OIL PROJECT II

(ARSN 106 286 560)

NOTIFICATION FORM
EXERCISE OF OPTION TO EXTEND LEASE TO JUNE 2050

To: Victorian Olive Oil Project Limited
19/456 St Kilda Road
Melbourne VIC 3004

Dear Grower

I, ________________________________ of ____
advise Victorian Olive Oil Project Limited and Australian Agricultural Projects Limited (in its capacity as replacement for Custodial Limited) that, in respect to my Grower's Lease Agreement and in accordance with clause 18(1)(c) of that lease agreement:

- o I elect to exercise the option to take a lease of the Land detailed in the Lease for a further term of 25 years less one day.
- o I decline to exercise the option to take a lease of the Land detailed in the Lease for a further term of 25 years less one day.

In addition:

- I:
  - o I elect to maintain the annual Lease fee at 30% (plus GST) of the annual harvest to be deducted from the proceeds of harvest.
  - o Request a market review of the annual Lease fee to be paid monthly by direct debit.

- That, in accordance with clause 3.2 of the Management Agreement between myself, Victorian Olive Oil Project Limited and Terrapee Contractors Pty Ltd, I:
  - o elect to extend the Contract Period of the Management Agreement for a further 25 years.
  - o do not elect to extend the Contract Period of the Management Agreement for a further 25 years.

I understand that this election will be acknowledged by Victorian Olive Oil Project Limited prior to the expiry of the lease on 30 June 2025.

Print name ________________________________

Signed ________________________________

Dated ________________________________