

“prospectus”

Relating to a one for five renounceable rights issue to holders of ordinary shares and 6.5 per cent convertible notes of approximately 35.1 million new ordinary shares at an issue price of A\$4.00 per ordinary share to raise approximately A\$140.3 million.

Note: This Prospectus is an important document and requires your immediate attention. It should be read in its entirety. If you do not understand any part of this Prospectus, or you are in doubt as to how to deal with it, you should consult your accountant, stockbroker, financial planner, solicitor or other professional adviser.

Shareholders and Noteholders should be aware that their rights may have value. Shareholders and Noteholders are therefore advised to deal with their rights rather than allow them to lapse.

Important Information for Djerriwarrh Shareholders and Noteholders

This Prospectus is an important document and requires your immediate attention. It should be read in its entirety. Your investment decision regarding the Issue should be based upon the information contained in this Prospectus. If you do not understand any part of this Prospectus, or you are in any doubt as to how to deal with your Rights, you should consult your accountant, stockbroker, financial planner, solicitor or other professional adviser.

The enclosed Entitlement and Acceptance Form is important. Please refer to the instructions in section 5 of this Prospectus regarding the acceptance or disposal of your Rights. Entitlement and Acceptance Forms and/or payment for the subscription amount due must be received at Djerriwarrh's share registry by 5pm (Australian Eastern Standard time) on Friday, 22 September 2006.

If you decide not to accept all or part of your Rights, you are advised to sell the residual Rights rather than allow them to lapse. However, if Rights do lapse, the Lead Manager will use its reasonable endeavours to procure subscribers for the Shortfall Shares and may do so by way of an offering under this Prospectus to subscribers identified by the Lead Manager. The net proceeds of the subscription (if any) after payment of A\$4.00 to Djerriwarrh and after deducting 1 per cent brokerage costs payable to the Lead Manager (**Proceeds**) will be distributed pro rata to each of those persons whose Rights lapsed (see section 6.3 of this Prospectus).

The potential tax effects of the Issue will vary between individuals. A summary of potential Australian tax implications is contained in section 10 of this Prospectus, but all Shareholders and Noteholders should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

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1. Letter from the Chairman

Dear Shareholder and Noteholder,

On 3 August 2006, the Directors were pleased to announce an issue of new shares through a rights issue to all shareholders and convertible noteholders. The details of the offering are outlined in this Prospectus. Please take time to read this document. We look forward to your participation in the issue.

The Offer

The offer being made to you is to subscribe for one new share at \$4.00 each for every five shares and/or convertible notes you currently hold in Djerrivarrh Investments Limited. The issue price of \$4.00 represents a discount of 14.9 per cent to the market sale price of existing shares of \$4.70 per share at the close of business on the ASX on 21 August 2006. The issue is expected to raise approximately \$140 million and is not underwritten.

The new shares will rank for half of any interim dividend in respect of the financial year to 30 June 2007 expected to be paid in March 2007 and thereafter will rank equally with existing shares for any future dividend payments. The difference in interim dividend reflects the fact the Company will only have use of the new funds for approximately three months until any interim dividend is declared.

Directors expect to maintain the interim dividend of 10 cents per share and 13 cents for the final dividend on existing ordinary shares in respect of the year ending 30 June 2007. On this basis the new shares are expected to receive 5 cents per share for the interim dividend to be paid in March 2007 and fully participate thereafter.

Why we are Making the Offer

As an investor, Djerrivarrh seeks to invest in companies that will provide attractive total returns over the medium to long term. A key component of this comes from enhanced fully franked income returns from dividends on investments, premiums from selling options and income from trading activities.

As a listed investment company the Board determines the amount of capital on issue and the appropriate time to increase this base. In recent years the Board has been modestly growing the size of the Company through dividend reinvestment plans and share acquisition plans. This reflected an environment where returns from option activities have been somewhat subdued because of low interest rates and low volatility.

Recently there has been a strong rise in volatility in the market and interest rates have been rising. This means we are able to earn more option premium income from the options we sell. One of the main reasons for the new issue is to enable us to harvest this opportunity.

We expect this trend to persist for a period as uncertainty remains a key feature of equity markets given recent geopolitical events and the caution surrounding the outlook for inflation and interest rates.

An increase in the size of the Company should also improve the liquidity in the trading of shares in Djerrivarrh and will enhance the Company's efficiency by having the cost base spread over a larger portfolio. The total assets of the Company on a pro forma basis following this issue will increase from \$880.9 million to \$983.4 million, subject to any adjustment for market movements after the date of this prospectus. The management expense ratio of the Company currently stands at 0.24 per cent per annum before the impact of this issue.

Recent Performance

Over the year to 30 June 2006 the total portfolio return (change in net asset backing plus dividends reinvested) was 20.6 per cent, of which 5.3 per cent was fully franked dividends.

Djerriwarrh's operating profit which, in the Directors' opinion, better reflects the underlying dividend, option income and trading result from the Company's activities was \$38.5 million for the year to 30 June 2006. The figure for the corresponding period last year was \$36.3 million.

Under the Australian equivalents to International Financial Reporting Standards ("AIFRS") the reported profit attributable to shareholders for the year to 30 June 2006 was \$63.3 million, up from \$56.7 million for the corresponding period last year. This figure includes profits made on the sale of investments. Under previous accounting standards these were credited directly to equity through the asset realisation reserve rather than as part of profit.

The Key Dates

The issue is renounceable so that if you do not propose to take up all of your entitlement you have the opportunity to sell your rights on market until the close of trading on 15 September 2006. Acceptances for this issue close on 22 September 2006.

Further details about the Company, including the Company's latest results, can be found on the internet: www.djerri.com.au and in the Annual Report which has been lodged with the Australian Stock Exchange and which is to be sent to shareholders on 29 August 2006.

I am pleased to invite you to participate.



Yours sincerely

Bruce Teele
Chairman

2. Summary of Principal Dates

Announcement of the Issue	Thursday, 3 August 2006
Lodgement of Prospectus with ASIC	Tuesday, 22 August 2006
Notice sent to Shareholders and Noteholders containing information required by Appendix 3B of the Listing Rules	Wednesday, 23 August 2006
Ordinary Shares and Notes quoted ex-rights and Rights trading commences	Monday, 28 August 2006
Record date to determine entitlement to New Shares	Friday, 1 September 2006
Date of despatch of Prospectus and Entitlement and Acceptance Form	Wednesday, 6 September 2006
Last day of Rights trading	Friday, 15 September 2006
First day of trading of New Shares on deferred settlement basis	Monday, 18 September 2006
Last day for renunciation of Rights	Friday, 22 September 2006
Last day for acceptance and payment in full	Friday, 22 September 2006
Last day to issue and allot New Shares (excluding Shortfall Shares) and despatch shareholding statements	Tuesday, 3 October 2006
Issue and allotment of Shortfall Shares	Wednesday, 11 October 2006
Date of despatch of Proceeds (if any) from issue of Shortfall Shares	Wednesday, 11 October 2006
First day of trading of New Shares on a normal T+3 settlement basis	Monday, 16 October 2006

Note: These dates are indicative only. Djerriwarrh reserves the right to change without prior notice these dates (some of which are restated elsewhere in the Prospectus).

3. Other Information

This Prospectus is dated 22 August 2006 and was lodged with ASIC on 22 August 2006.

ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus.

The expiry date of this Prospectus is 22 August 2007. No securities will be allotted or issued on the basis of this Prospectus after the expiry date.

No person is authorised to give any information or to make any representation in connection with the Issue which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Djerriwarrh in connection with the Issue.

This Prospectus and the Entitlement and Acceptance Form do not constitute an offer of, or an invitation to subscribe for, any of the New Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making an investment decision, investors must rely on their own examination and assessment of the Issue, including the terms and conditions of the Issue and the merits and risks involved. Various risks may affect the future operating and financial performance of Djerriwarrh and the value of an investment in Djerriwarrh. Some of these risks are discussed in more detail in section 9 of this Prospectus.

Certain words and phrases used in this Prospectus have defined meanings set out in the Glossary in section 12 of this Prospectus.

All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

4. About Djerriwarrh

Djerriwarrh is a listed investment company investing in Australian equities with a focus on the top 50 ASX shares by market capitalisation. The largest five investments in the portfolio are BHP Billiton, National Australia Bank, Commonwealth Bank, Westpac Banking Corporation and ANZ Banking Group. The Company also uses Exchange Traded Options to enhance income returns to investors.

The Company pays out a high percentage of operating profits as dividends (which to date have been fully franked). Dividends are able to be sourced from current year profits and retained profits.

Djerriwarrh has been in operation since December 1989. The Company was listed in June 1995 and had a market capitalisation of \$758.8 million at 30 June 2006.

Djerriwarrh aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested. In this regard our primary goals are to:

- pay an enhanced level of dividends; and
- provide attractive total returns over the medium to long term.

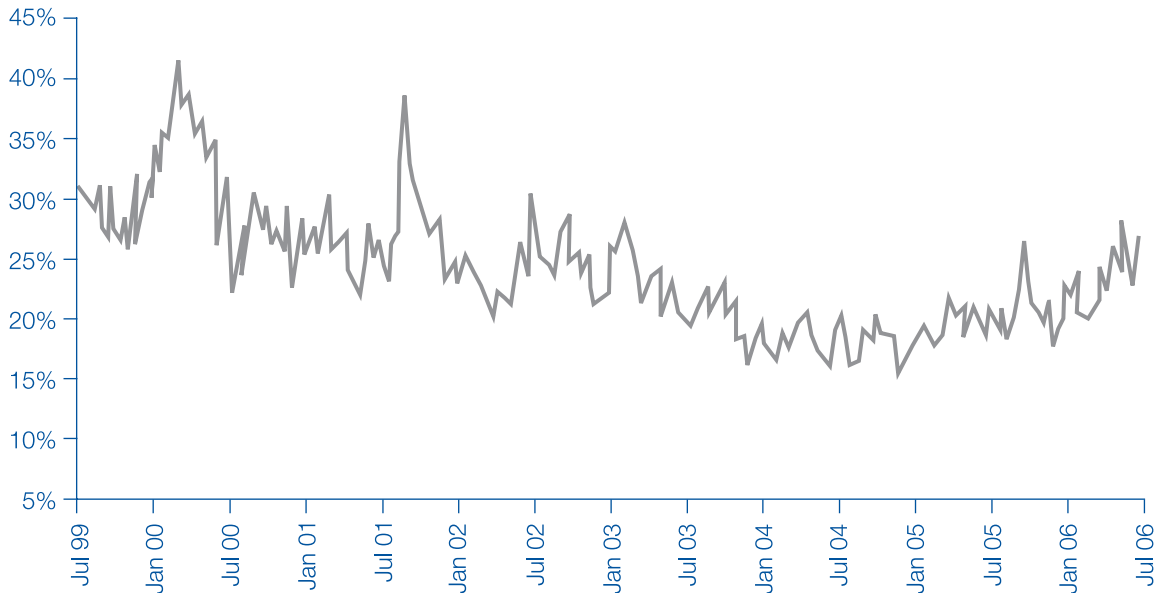
The investment philosophy is built on taking a medium to longer term view of value which means we tend to buy and hold individual stocks for the long term based on selection criteria which, in summary, comprises a focus on:

- formulation and execution of the business strategy of the companies in which we invest and their underlying business value; and
- key financial indicators, including prospective price earnings relative to projected growth, sustainability of earnings and dividend yield (including franking) and balance sheet position including gearing, interest cover and cash flow.

At the same time we concentrate on stocks in the S&P/ASX 50 Leaders Index where there is an active options market. This is intended to give scope for the writing of Exchange Traded Options with the level of the portfolio 'covered' by call options typically ranging between 20 to 50 per cent of the total portfolio at any one time.

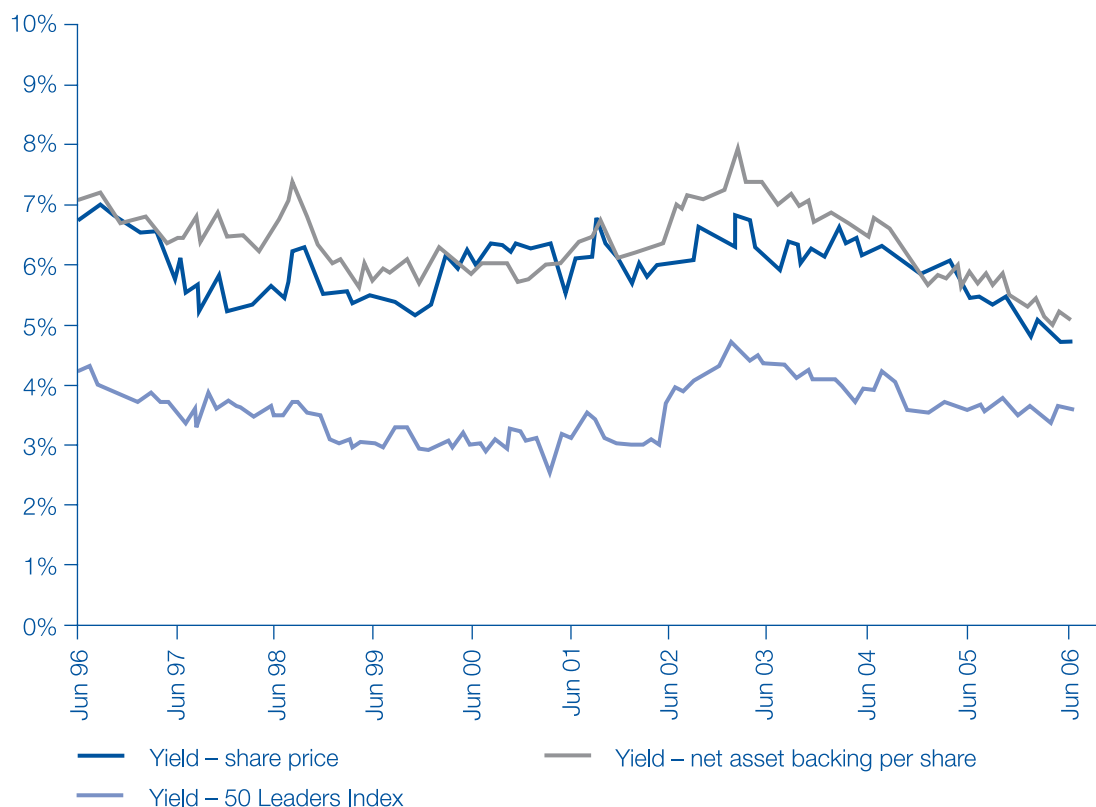
The amount of premium received for selling options over part of the portfolio depends on a number of factors including the level of volatility in share prices. Recent trends in the level of volatility are outlined in the graph below.

Market Implied Volatility of Call Options



In considering one of the Company's investment objectives, paying an enhanced level of fully franked dividends, the long term relative yield of Djerriwarrh's Net Asset Backing (or the portfolio) and share price is outlined in the graph below.

Djerriwarrh Yields v Market Yield



The Use of Options in Djerriwarrh's Portfolio

As outlined earlier, there are two objectives to Djerriwarrh's investment approach. One is the generation of income primarily from dividends and option premiums. The second is achieving growth in the value of the portfolio. The selling of options directly assists the first objective but may dampen the outcome of the second should the share price rise above the exercise price and shares have to be sold to meet option exercises.

The option strategies adopted by Djerriwarrh are relatively straightforward. In this regard, the Company predominantly sells call options. Call option contracts give the holder of the option the right to buy a fixed number of shares at a stated price, the exercise price. The Company receives premium income which depends on a number of factors that are set out as follows.

In selling these call options, the Company may be obliged to deliver a given number of shares if called upon by the buyer of the options to do so. However, it is normally the Company's objective for the options to be exercised as a last resort and it would normally take steps to avoid the options being exercised.

Typically, the buyer of the call option may exercise the right to buy the shares at any time over which the option has been sold. Exercise of the option is most likely just prior to expiry, if an option is 'in the money', that is, the share price is above the option exercise price. Another likely point of exercise is prior to the stock going ex dividend if the stock is in the money and the dividend is greater than the time component of the option premium. For risk management purposes, in order to

4. About Djerriwarrh continued

be in a position to deliver stock if these options are exercised, Djerriwarrh's policy has been to hold at least sufficient stock to be able to satisfy any exercise obligation rather than have to purchase it on-market.

The amount of premium for the call option that we are able to generate from this activity depends primarily on:

- the level of volatility of the share price of the underlying share where volatility is the expected fluctuation in price of the underlying security calculated using the standard deviation of average daily price change;
- the exercise price of the option which is the price the buyer of the option must pay to buy the underlying security;
- the time to expiry which is how long the option has to run;
- the level of interest rates – the lower the interest rates are, other things being equal, the lower the option premium; and
- the timing and size of any dividend payments before expiry.

Djerriwarrh sells these options with the specific intention of capturing the option premium. The Company does not sell the options with the objective of selling the shares. However, where the share price increases strongly and it is overly expensive to buy back the options, and the options are exercised, current practice is to sell securities that we hold to the buyer of the call option rather than buy the shares needed to meet the call obligations on-market. As a result, some of the potential capital gains of rising share prices may be capped by realisation of some exposures as the Company sells some positions to meet these call option exercises.

The other option activity Djerriwarrh undertakes is to sell put options. Put option contracts give the holder the right to sell a fixed number of shares at a specified price, the exercise price of the put. In selling a put option, the Company may be obliged to purchase a given number of shares if asked

to do so by the buyer of the put option. Again the Company receives a premium for selling the put option. In this context, the Company is always prepared to own the stock at the exercise price of the put option. As an alternative, these put option contracts may also be repurchased by the Company.

Call and put option sales can also sometimes be undertaken simultaneously with a purchase of shares to create what is termed a 'straddle' or 'strangle'. This usually generates double the amount of premium but means the Company may have an obligation to either buy additional securities or an obligation to sell securities – or preferably neither.

In providing a simple explanation of these option activities it however must be acknowledged that undertaking different option strategies in different securities is a continuous and daily process. Under each of the call and put option strategies outlined above, the Company monitors the open option positions daily and may choose to buy back and enter into new option positions with different exercise prices and/or different contract maturities to generate further income, reduce income loss and maintain appropriate investments in companies within Djerriwarrh's portfolio.

Typically the level of portfolio 'covered' by options is between 20 to 50 per cent depending on the Investment Committee's assessment of market conditions.

Use of Debt

The Company uses various forms of debt funding, including \$45.3 million of Convertible Notes (as at 30 June 2006) and currently has the capacity to access debt funding of up to \$120 million. The use of debt is kept within prudent limits having regard to the overall size of the portfolio. The availability and utilisation of this debt is primarily intended for the purpose of improving returns to shareholders. It also offsets some of the performance lag in capital growth that can be created by the use of options in a strongly rising equity market.

5. Action Required by Shareholders and Noteholders

5.1 What You May Do

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. You may:

- take up your Rights in full;
- sell all of your Rights on the ASX;
- take up some of your Rights and sell the balance on the ASX;
- transfer your Rights other than through the ASX; or
- allow your Rights to lapse.

5.2 If You Wish to Take up Your Rights in Full

Payment by Cheque

Complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the Form and return it, together with the full amount payable (being the number of New Shares to which you are entitled multiplied by A\$4.00), in the enclosed reply paid envelope so that it is received by Djerriwarrh's share registry no later than 5pm (Australian Eastern Standard time) on 22 September 2006. The address of Djerriwarrh's share registry is:

Postal Address

Link Market Services Limited
Locked Bag A14
Sydney South, New South Wales 1235

Address for Hand Deliveries

Link Market Services Limited
Level 12, 680 George Street
Sydney, New South Wales

Payment by BPAY®

Payment by BPAY® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Reference Number shown on that Form and must be received by Djerriwarrh's share registry no later than 5pm (Australian Eastern Standard time) on 22 September 2006. The Reference Number is used to identify your holding. If you have multiple holdings you will also have multiple Reference Numbers. You must use the Reference Number shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by BPAY and do not pay for your full Entitlement, you may deal with your remaining Entitlement as set out in section 5.4. Otherwise, the remaining Entitlement will form part of the Shortfall Shares as discussed in section 6.3.

If you make your payment by BPAY you do not need to lodge the Entitlement and Acceptance Form.

5.3 If You Wish to Sell All of Your Rights on the ASX

Shareholders and Noteholders may sell their rights on the ASX from 28 August 2006, when rights trading commences. If you wish to sell all of your rights on the ASX, you should contact your stockbroker as soon as possible, who will inform you of what you need to do.

The sale of your Rights must be completed by the close of trading on the ASX on 15 September 2006, when Rights trading ends.

5.4 If You Wish to Take up Some of Your Rights and Sell the Balance on the ASX

Complete the accompanying Entitlement and Acceptance Form for those Rights that you wish to accept and lodge with Djerriwarrh's share registry, together with your payment for the amount due in respect of the Rights you intend to take up (being the number of New Shares you wish to accept multiplied by A\$4.00).

If you wish to make payment by BPAY, you should make your payment in accordance with the instructions set out on the Entitlement and Acceptance Form, with an amount in respect of the Rights which you intend to take up (being the number of New Shares you wish to accept multiplied by A\$4.00). If you make your payment by BPAY, you do not need to lodge the Entitlement and Acceptance Form.

To take up some of your Rights, you will need to ensure that the completed Entitlement and Acceptance Form for those Rights that you wish to accept, or payment via BPAY, reaches the Share Registry by no later than 5pm (Australian Eastern Standard time) on 22 September 2006.

If you wish to sell the balance of your rights on the ASX, you should also contact your stockbroker as soon as possible with your instructions to sell those Rights. Shareholders and Noteholders may sell their rights on the ASX from 28 August 2006, when rights trading commences. The sale of your Rights must be completed by the close of trading on the ASX on 15 September 2006, when Rights trading ends.

5.5 If You Wish to Transfer all or Some of Your Rights to Another Person Other than on the ASX

If you are a Shareholder or Noteholder who holds those securities on Djerriwarrh's CHES subregister, or you wish to transfer the Rights to another person with a CHES holding you should contact your sponsoring broker regarding the transfer of your Rights, as Djerriwarrh's share registry cannot effect a transfer of Rights either to or from a CHES holding.

5. Action Required by Shareholders and Noteholders continued

If you are a Shareholder or Noteholder who holds those securities on Djerriwarrh's issuer sponsored subregister and you wish to transfer all or part of your Rights to another person other than on the ASX, forward a completed standard renunciation form (obtainable from your stockbroker or from Djerriwarrh's share registry) together with your Entitlement and Acceptance Form completed by both the transferor and the transferee and the transferee's payment for the amount due in respect of the New Shares to be taken up by the transferee (being the number of New Shares being taken up by the transferee multiplied by A\$4.00), to Djerriwarrh's share registry so that it is received by no later than 5pm (Australian Eastern Standard time) on 22 September 2006.

The address of Djerriwarrh's share registry is:

Postal Address

Link Market Services Limited
Locked Bag A14
Sydney South, New South Wales 1235

Address for Hand Deliveries

Link Market Services Limited
Level 12, 680 George Street
Sydney, New South Wales

5.6 Rights Not Taken Up

The Rights to which you are entitled may be valuable. If you decide not to take up all or some of your Rights, you are advised to sell your Rights rather than allow them to lapse.

However, if Rights do lapse, the Lead Manager will use its reasonable endeavours to procure subscribers for the Shortfall Shares and may do so by way of an offering under this Prospectus to subscribers identified by the Lead Manager. Any Proceeds will be distributed pro rata to each of those persons whose Rights lapsed (see section 6.3 of this Prospectus).

5.7 Participation In Excess of Entitlement

If some Rights are not taken up, the Lead Manager will seek to procure subscribers for the Shortfall Shares (see above). Should you wish to purchase additional Shortfall Shares in excess of your entitlement, please contact your nearest Goldman Sachs JBWere office or Goldman Sachs JBWere On Call on the number shown in section 5.9.

5.8 Payment for New Shares

The issue price of A\$4.00 per New Share is payable in full on acceptance. Payment will only be accepted in Australian currency as follows:

- (a) cheque drawn on and payable at any Australian bank;
- (b) bank draft drawn on and payable at any Australian bank; or
- (c) payment via BPAY.

Other currency will not be accepted.

Cheques or drafts should be made payable to '**Djerriwarrh Investments Limited – Share Issue Account**' and crossed '**Not Negotiable**'. Cash will not be accepted and receipts for payment will not be issued.

5.9 Queries

If you have any queries concerning the processing of your acceptance or concerning the shareholding or noteholding on which your Rights are based, please contact Djerriwarrh's share registry:

Link Market Services Limited
Locked Bag A14
Sydney South, New South Wales 1235

Telephone: 1300 558 249 (local call cost within Australia)
+ 61 2 8280 7144 (outside Australia)
Facsimile: (02) 9287 0303

If you have any queries concerning the Prospectus, please contact Djerriwarrh or your professional adviser:

Djerriwarrh Investments Limited
GPO Box 2114
Melbourne, Victoria 3001
Telephone: (03) 9650 9911
Facsimile: (03) 9650 9100

If you wish to sell your Rights and do not already have a stockbroker, you may wish to contact:

Goldman Sachs JBWere On Call
(a division of Goldman Sachs JBWere, Lead Manager)
Telephone: 1300 366 566 (local call cost within Australia)

6. Details of the Issue

6.1 Terms and Conditions of the Issue

Djerriwarrh is making a renounceable rights issue of New Shares on the basis of one New Share for every five Ordinary Shares and/or Convertible Notes at a price of A\$4.00 per New Share payable in full on application.

This offer is open to holders of Ordinary Shares and Convertible Notes with a registered address in Australia or New Zealand who are registered as Shareholders and/or Noteholders, or entitled to be so registered, at 7pm (Australian Eastern Standard time) on 1 September 2006.

The number of New Shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form. Fractional entitlements have been disregarded.

The closing time and date for accepting the offer of New Shares is 5pm (Australian Eastern Standard time) on 22 September 2006.

The New Shares will rank for 50 per cent of any interim dividend payable with respect to the year ending 30 June 2007 but will rank equally for any dividends thereafter.

Up to 35.1 million New Shares may be issued pursuant to the Issue, which would, if fully subscribed, raise approximately A\$140.3 million (before the costs of the Issue).

There is no minimum subscription. However, the Directors reserve the right to withdraw the Issue if, in the opinion of the Directors, there is or is likely to be a substantial fall in the market price of Djerriwarrh shares during the Offer Period.

As mentioned in section 6.3 of this Prospectus, Shortfall Shares may be offered under this Prospectus to investors identified by the Lead Manager.

6.2 Rights Trading on ASX

The Rights are renounceable. This means that if you do not wish to exercise your Rights (i.e. you do not wish to acquire the New Shares offered to you on the terms set out in this Prospectus), you may sell your Rights.

Details on how to sell or transfer your Rights are set out in sections 5.3 to 5.5 of this Prospectus.

Subject to the quotation approval of the ASX, Rights trading will take place during the period set out in the Timetable.

6.3 Treatment of Shortfall Shares if Rights Lapse

The Issue is not underwritten. Rights to New Shares which are not subscribed for by 5pm (Australian Eastern Standard time) on 22 September 2006 will lapse.

If Rights do lapse, the Lead Manager will use its reasonable endeavours to procure subscribers for New Shares that correspond to unexercised Rights and may do so by way

of an offering under this Prospectus to subscribers identified by the Lead Manager. The ability of the Lead Manager to procure subscribers for such New Shares and the number of New Shares subscribed for will be dependent largely on market conditions. Any subscription for the New Shares that correspond to Shortfall Rights will be at the issue price of A\$4.00 plus any premium determined by the Lead Manager (but having regard to market conditions and following consultation with the Company). To the maximum extent permitted by law, neither Djerriwarrh nor the Lead Manager will be liable, including for negligence, for any failure to procure subscribers or to procure subscriptions at a particular price. The Proceeds, if any, will be distributed pro rata by the Company to each of those persons whose Rights have lapsed. The expected date for despatch of any Proceeds is expected to be on or about 11 October 2006. Djerriwarrh will bear the costs involved in the distribution of the Proceeds.

6.4 ASX Listing

Djerriwarrh will make application to the ASX within seven days after the date of this Prospectus for the New Shares to be quoted on the ASX. If permission is given for official quotation, the New Shares will trade under a separate ASX code until the existing Djerriwarrh shares trade ex any interim dividend payable in respect of the year ending 30 June 2007. From that time, the New Shares will trade under Djerriwarrh's existing Ordinary Share ASX code of DJW and will rank equally in all respects with existing Ordinary Shares.

If the ASX does not grant permission for official quotation of the New Shares within three months after the date of this Prospectus, none of the New Shares offered under this Prospectus will be allotted or issued, unless ASIC grants Djerriwarrh an exemption permitting the allotment or issue.

If no allotment or issue is made, all money paid on application for the New Shares will be refunded without interest as soon as practicable.

6.5 Allotment and Issue of New Shares and Despatch of Shareholding Statements

No allotment or issue of New Shares will be made pursuant to this Prospectus until the proceeds of the Issue have been received and the ASX has granted permission for official quotation of the New Shares on the ASX.

All application money will be held on trust for applicants until the New Shares are allotted and issued or, if the New Shares are not allotted and issued, until the application money is returned to the applicants.

Interest earned on the application money will be for the benefit of Djerriwarrh and will be retained by Djerriwarrh even if the allotment and issue of New Shares does not take place.

The New Shares will be issued and allotted in accordance with the Timetable.

6. Details of the Issue continued

6.6 Treatment of Certain Overseas Shareholders and Noteholders

The Issue is being made to Shareholders and Noteholders with a registered address in Australia and New Zealand only.

In accordance with the Listing Rules, Djerriwarrh has decided that it would be unreasonable to extend this offer to Shareholders and Noteholders resident in countries other than Australia and New Zealand having regard to:

- the number of Shareholders and Noteholders with a registered address in those countries;
- the number and value of New Shares that would be offered under the Issue to Shareholders and Noteholders with a registered address in those countries; and
- the cost of complying with the legal requirements, and the requirements of regulatory authorities, in those countries.

However, in accordance with the Listing Rules, arrangements have been made for the Rights of Shareholders and Noteholders with a registered address in countries other than Australia and New Zealand to be sold by a nominee for such Shareholders and Noteholders (appointed by the Directors), provided there is a viable market in the Rights and a premium over the expenses of sale can be obtained.

Any sale of Rights by the nominee will be effected promptly after the Record Date. The ability of the nominee to sell those Rights and the price that may be obtained for those Rights will be dependent largely on market conditions. The net proceeds of the sale, after deducting brokerage and any amount required to be withheld on account of withholding tax will be sent to each of the Shareholders and Noteholders for whose benefit the Rights have been sold, in proportion to their respective holdings.

To the maximum extent permitted by law, Djerriwarrh and the nominee will not be subject to any liability, including liability for negligence, for failure to sell Rights or to sell Rights at any particular price.

If there is not a viable market for those Rights or no value can be obtained for them after deducting brokerage, they will be allowed to lapse and will be dealt with as part of the arrangement for any Shortfall (see section 6.3 of this Prospectus).

This Prospectus and the Entitlement and Acceptance Form do not constitute an offer of, or an invitation to subscribe for, any of the New Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Where this Prospectus has been despatched to Shareholders and Noteholders resident outside Australia, and where the relevant jurisdiction's laws prohibit or restrict in any way the making of the offer contemplated by this Prospectus, this Prospectus is provided for information purposes only.

Shareholders and Noteholders resident in Australia holding existing Ordinary Shares or Convertible Notes on behalf of persons who are resident overseas are responsible for ensuring that taking up their Rights does not breach the laws of the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form or payment by BPAY will constitute a representation by the applicant that there has been no breach of any such laws.

6.7 Recent Sale Prices on ASX

The highest and lowest market sale prices of Ordinary Shares on the ASX during the three months immediately preceding the date of this Prospectus, and the dates of those sales were A\$4.91 on 18 July 2006 and A\$4.45 on each of 25 May, 13 June and 9 August 2006. The Ordinary Shares traded ex the final dividend of 13 cents from the commencement of trading on 20 July 2006.

The last sale price for Ordinary Shares on the ASX prior to the date of this Prospectus was A\$4.70 at the close of business on 21 August 2006.

6.8 Brokerage and Handling Fees

Shareholders and Noteholders who take up their Rights will not be charged brokerage.

A handling fee of 1 per cent of the amount subscribed, subject to a maximum payment of \$1,000 per lodgement, will be paid by Djerriwarrh to participating organisations of the ASX (including Goldman Sachs JBWere) and members of the Financial Planning Association of Australia in respect of successful applications which are lodged by them and bear their stamp or broker code.

See Section 11 for further details of various fees payable by Djerriwarrh in connection with the Issue.

7. Purpose of the Issue

The Directors believe it is an appropriate time to raise additional capital having regard to Djerriwarrh's primary investment objectives, and therefore have decided to raise funds and invest the proceeds as outlined in Section 8.1 of this Prospectus.

The proceeds of the renounceable rights issue will be used for general investment purposes in the context of Djerriwarrh's investment aims and timeframes. Directors will seek attractive opportunities to invest, but will also adopt a cautious approach to further expanding Djerriwarrh's portfolio.

In addition to expanding Djerriwarrh's portfolio, Directors believe other benefits will accrue from growing the size of the Company, including an increased level of liquidity in Djerriwarrh's shares and increased cost efficiencies arising from being able to spread the fixed costs of running the Company across a larger asset base.

8. Effect of the Issue

A description of the financial impact of the Issue is set out below. The tables set out in this section assume that the Issue is fully subscribed and that the proceeds are initially invested in cash.

For more information on the financial condition of Djerrivarrh at 30 June 2006, please refer to the 2006 Annual Report, a copy of which may be obtained free of charge from the Company.

8.1 Use of Proceeds of the Issue

The funds raised from the Issue will initially either be used to repay short term debt, be held in short term investments in bank bills, similar cash securities, on deposit in the short term money market or with Goldman Sachs JBWere Capital Markets Limited as is normally done with the Company's

cash investments. They will then be progressively invested in securities of companies as appropriate investment opportunities arise.

8.2 Pro Forma Balance Sheet

A pro forma balance sheet for Djerrivarrh is provided on page 15 showing the net effect of the Issue, as if those events had occurred on 30 June 2006. The pro forma balance sheet is based on Djerrivarrh's financial statements for the year ended 30 June 2006 which have been audited by the Company's auditors.

8.3 Capital Structure

The issued capital of Djerrivarrh as at 30 June 2006 and the pro forma issued capital after the Issue will be as follows:

Issued Capital	Number	Share Capital (\$)
Ordinary Shares as at 30 June 2006	163,183,688	414,384,276
Shares issued under DRP on 10 August 2006 (at \$4.62)	736,317	3,401,785
Adjusted Ordinary Shares	163,920,005	417,786,061
Shares bought back under the on-market buy-back plan	(1,000)	(4,542)
New Shares to be issued	35,085,255	140,341,020
Cost of Issue (estimated)	-	(1,500,000)
Total issued Shares after the Issue	199,004,260	556,622,539
Notional conversion of all outstanding Convertible Notes	11,507,274	44,878,369
Total	210,511,534	601,500,908

8.4 Net Asset Backing

The Net Asset Backing per share in Djerrivarrh as at 31 July 2006 and the Net Asset Backing per share adjusted for the Issue are as follows:

Net Asset Backing Per Share	Before Issue 31/07/2006	Adjusted for the Issue ⁽ⁱ⁾
Pre Capital Gains Tax	\$4.25	\$4.20
Post Capital Gains Tax	\$3.83	\$3.86
Net Asset Value Per Share (after notional conversion of all outstanding Convertible Notes)		
Pre Capital Gains Tax	\$4.23	\$4.19
Post Capital Gains Tax	\$3.84	\$3.86

(i) Includes effects of the Dividend Reinvestment Plan and cancellation of shares bought back under the on-market buy-back plan.

Net Asset Backing figures have not been audited.

The Net Asset Backing per share post capital gains tax is after allowing for the estimated tax on capital gains that would arise if the whole of the long term investment portfolio were sold at the relevant date. However, the Company is a long term investor and does not intend to dispose of its long term investment portfolio.

The Net Asset Backing per share as at 31 August 2006 is expected to be announced on 8 September 2006 and will be displayed on the Company's website.

Proforma Balance Sheet

	Independently Audited Balance Sheet as at 30 June 2006 \$'000	Adjustments ⁽ⁱ⁾ \$'000	Adjustments for Rights Issue ⁽ⁱⁱ⁾ \$'000	Pro Forma Balance Sheet as at 30 June 2006 \$'000
Current assets				
Cash	928	(5)	102,530	103,453
Receivables	50,562			50,562
Trading portfolio	39,794			39,794
Interest-rate hedging contracts	362			362
Total current assets	91,646	(5)	102,530	194,171
Non-current assets				
Investment portfolio	784,706			784,706
Deferred tax assets	4,536			4,536
Total non-current assets	789,242			789,242
Total assets	880,888	(5)	102,530	983,413
Current liabilities				
Payables	3,224		1,500	4,724
Tax payable	12,040			12,040
Borrowings	80,000	17,812	(37,812)	60,000
Options written portfolio	14,443			14,443
Total current liabilities	109,707	17,812	(36,312)	91,207
Non-current liabilities				
Borrowings	45,297			45,297
Deferred tax liabilities – investment portfolio	72,624			72,624
Total non-current liabilities	117,921			117,921
Total liabilities	227,628	17,812	(36,312)	209,128
Net assets	653,260	(17,817)	138,842	774,285
Shareholders' equity				
Share capital	414,384	3,397	138,842	556,623
Revaluation reserve	134,961			134,961
Interest-rate hedging reserve	362			362
Realised capital gains reserve	79,122	(2,285)		76,837
Retained profits	24,431	(18,929)		5,502
Total shareholders' equity	653,260	(17,817)	138,842	774,285

The above figures do not include the notional conversion of any outstanding Convertible Notes.

(i) Adjustments are for the payment of a final dividend, shares issued under the Dividend Reinvestment Plan for the final dividend and payment and cancellation of shares bought back under the on-market buy-back plan.

(ii) Adjustments for the one for five renounceable rights issue at \$4.00 per share. An accrual for \$1,500,000 relating to the costs of the issue has been made.

9. Risk Factors

There are a number of factors, both specific to Djerriwarrh and of a general nature, which may affect the future operating and financial performance of Djerriwarrh and the value of an investment in Djerriwarrh. Many of these factors are outside the control of Djerriwarrh or are dependent on the policies adopted and approaches taken by regulatory authorities. This section describes some of the risks associated with an investment in Djerriwarrh.

Before deciding to invest in Djerriwarrh, prospective investors should consider carefully the following factors, as well as the other information contained in this Prospectus and, if they consider appropriate, take professional advice from their accountant, stockbroker, financial planner, solicitor or other professional adviser.

General factors which may have a significant impact on the future performance of Djerriwarrh include:

- domestic and international economic conditions;
- volatility of Australian and international financial markets;
- the level of interest rates;
- movements in foreign exchange rates;
- the impact of the global security situation and possible terrorist events;
- any changes which may occur to the taxation of company income and capital gains;
- regulatory and Governmental policy changes, including any changes to the system of dividend imputation in Australia; and
- any future changes to Accounting Standards.

Company specific factors which may have a significant impact on the future performance of Djerriwarrh include:

- the success of the investment strategies of the Company;
- the performance of the specific companies in which Djerriwarrh invests;
- the level of dividend payments made by the companies in which Djerriwarrh invests;
- the market prices of the listed and unlisted securities in which Djerriwarrh invests;
- the volatility of prices of listed securities in which Djerriwarrh transacts derivatives;
- the market liquidity of the listed and unlisted securities in which Djerriwarrh invests;
- the level of borrowing which the Company undertakes (also known as gearing); and
- requirements of Australian tax law in relation to Listed Investment Companies. The Company currently complies with the conditions set out in the Australian tax law for it to be regarded as a Listed Investment Company. As such

it is able to pass on to certain Shareholders, tax benefits arising from realised capital gains made on investments held for more than 12 months on which tax has been paid. Its ability to continue to pass on such benefits, should they arise in future, depends on it continuing to satisfy the particular requirements of Australian tax law.

The ability of Djerriwarrh to maintain its current level of fully franked dividends is dependant on a number of issues, the most important of which is Djerriwarrh's profit performance. Djerriwarrh's profit is affected by a number of items:

- the dividend policies of the companies in which Djerriwarrh invests, including the level of franking attached to these dividends;
- other sources of income, if any, such as interest, option premiums, trading profits from the trading account and underwriting fees;
- the level of expenses incurred in administering the Company, also referred to as the Management Expense Ratio. In the previous financial year this was approximately 0.24 per cent per annum of the portfolio's average market value. Continuation of the current low level of these expenses is affected by issues such as continued research input from the Company's brokers, continuation of the agreed level of support from Goldman Sachs JBWere in dealing functions and information technology and the maintenance of the current small staff complement, even though this places some operational dependencies on key personnel. Any significant increase in the regulatory burden could also affect our costs;
- the level of borrowings, if any, that the Company has and the consequent interest charge; and
- the amount of tax paid by the Company.

The Company is also able to source the dividends it pays to Shareholders from retained profits and from realised gains made on the sale of investments which are included in the Realised Capital Gains Reserve. In certain circumstances directors will consider accessing the Realised Capital Gains Reserve where they deem it appropriate. One situation where it may be appropriate to do so would be for the payment to Shareholders of Listed Investment Company capital gains on the sale of assets held more than one year. This would enable certain Shareholders to obtain tax benefits. For more information, refer to section 10 ("Australian Taxation Implications").

The Directors expect to continue to be able to fully frank any dividends which are paid. Under the current tax system, generally speaking, the Company receives franking credits in respect of franked dividends which it receives and also from tax payments which it makes on unfranked dividends and other taxable income.

10. Australian Taxation Implications

The following summary is intended to provide only information of a general nature in relation to the Australian income tax and capital gains tax treatment of a disposal or exercise of the Rights, the disposal of New Shares and the receipt of dividends. It does not address all material tax consequences relating to ownership of the Rights or New Shares acquired by exercise of the Rights and does not take into account any special circumstances of investors, or the tax laws of New Zealand or any other countries.

All persons should satisfy themselves of possible tax consequences by consulting their own professional tax advisers.

The summary is based on the income tax and capital gains tax laws of Australia in force as at the date of this Prospectus, all of which are subject to change, possibly with retrospective effect.

Granting of Rights

The grant of Rights to a Shareholder or Noteholder will not give rise to either an income tax or capital gains tax liability for the Shareholder or the Noteholder.

Disposal of Rights by a Resident of Australia

A disposal of Rights by a resident of Australia may give rise to tax under capital gains tax or income tax provisions.

For capital gains tax purposes:

- Tax will generally be payable under the capital gains tax provisions in respect of any gain on the disposal of the Rights by the Shareholder. The taxable capital gain will generally equal the consideration received on the disposal of the Rights.

However, where the Ordinary Shares were acquired at least 12 months before the disposal of the Rights, individuals and trusts may be eligible for a 50 per cent reduction in the taxable capital gain. In the same circumstances certain superannuation entities and life insurers may also be entitled to a one-third reduction of the amount of the taxable capital gain.

- If the Rights are acquired in secondary trading and disposed of at a profit, the profit will be taxable either as a capital or income gain.
- If a Shareholder or Noteholder allows their Rights to lapse, and receives Proceeds as a result of subscriptions procured by the Lead Manager as described in section 6.3, a capital gains tax liability may arise. The taxable capital gain will generally equal the Proceeds received and the tax consequences as described in the preceding bullet points will generally apply.

Certain residents, for example those who carry on a business of trading in shares, or those who acquire the Ordinary Shares or Rights with a purpose of profit-making by sale, or those who carry on a business of which the sale of shares or rights is a normal incident, may be liable to tax under the income tax provisions in respect of any profit on the disposal or

Proceeds received on the lapsing of the Rights, irrespective of the date of acquisition of the Ordinary Shares in respect of which the Rights are issued.

Disposal of Rights Issued in Australia by a Non-resident of Australia

A disposal of Rights issued in Australia by a non-resident of Australia may give rise to tax under the capital gains tax or income tax provisions in the same way as a disposal by a resident (see above), subject to the following qualifications:

- A sale or transfer of Rights by a non-resident of Australia will generally not be subject to the Australian capital gains tax provisions as currently enacted unless the non-resident holds their Rights through a permanent establishment in Australia or the non-resident together with associates (if any) beneficially owns or owned at any time during the period of five years preceding the disposal, 10 per cent or more of the issued share capital of Djerrivarrh.
- If the non-resident is resident in a country with which Australia has a double tax agreement, any liability to Australian tax under the income tax provisions, and possibly the capital gains tax provisions, will depend on the terms of the double tax agreement and whether the non-resident has a branch or permanent establishment in Australia.
- If the non-resident of Australia allows their Rights to lapse, and receives Proceeds as a result of subscriptions procured by the Lead Manager and the non-resident of Australia is subject to Australian capital gains tax as described in the preceding two bullet points, the capital gain is worked out in the same way as for a resident (see above).

There are amendments proposed to the Australian capital gains tax treatment of non-residents which, if enacted in their present form, may provide further relief for such investors.

Exercise of Rights

The exercise of the Rights will not be treated as a disposal of the Rights for capital gains tax or income tax purposes, irrespective of whether the Rights have been issued by Djerrivarrh or acquired in secondary trading. Therefore, in general no liability to Australian tax should arise for residents or non-residents on exercise of the Rights.

For capital gains tax purposes, on exercise of the Rights:

- The New Shares issued on exercise will be treated as acquired at the time of exercise (irrespective of the date of acquisition of the Ordinary Shares in respect of which they were issued), and therefore may be subject to the capital gains tax provisions on disposal.
- The cost base of the New Shares issued on exercise of the Rights will include the amount paid to exercise them.
- If the Rights were acquired in secondary trading, the cost base of the New Shares issued on exercise of the Rights will include the amount paid to acquire the Rights, as well as the amount paid to exercise them.

10. Australian Taxation Implications continued

Taxation of Dividends

Dividends paid by Djerriwarrh will generally be included in the assessable income of an Australian Shareholder for Australian tax purposes.

All Australian resident Shareholders (including corporate shareholders) must now include in their assessable income imputation credits attached to a franked dividend. Generally, a franking rebate equal to the imputation credit is then allowed, which may reduce the income tax payable on the dividend, or may result in a refund of tax for individual and certain other taxpayers in certain circumstances.

The unfranked portion of the dividends paid to a non-resident Shareholder will be subject to dividend withholding tax as a final Australian tax liability. The current dividend withholding tax rate is 30 per cent. However, if a Shareholder is a resident of a country with which Australia has a comprehensive double tax treaty and the dividends are not received through an Australian permanent establishment, the rate will generally be 15 per cent.

Accessibility of LIC Tax Benefits

Listed Investment Companies (**LICs**) are able to pass onto eligible shareholders the benefit of CGT discount concessions. The rules are designed to ensure that a shareholder of an LIC who receives a dividend attributable to a capital gain made by the LIC receives a similar after tax outcome as an investor in a managed fund in receipt of a similar amount from that fund. The rules aim to ensure that there is no taxation impediment as to how investors choose to make indirect passive investments.

From time to time, dividends paid by Djerriwarrh will include amounts which are attributable to capital gains that would be eligible for the CGT discount had they been capital gains made directly by investors eligible for the CGT discount (**LIC Capital Gains Attributable Part**). The rules grant a deduction to eligible shareholders who are Australian residents at the time the dividend is paid for a proportion of the amount that reflects the shareholder's share of the LIC Capital Gains Attributable Part. Generally, this deduction will be 50 per cent of the LIC Capital Gains Attributable Part for individuals, trusts and partnerships, and one-third for certain superannuation funds and life insurance companies. Special rules also apply for beneficiaries of trusts and partners in partnerships that have received a dividend from an LIC that includes an LIC Capital Gains Attributable Part.

Djerriwarrh will notify Shareholders of the LIC Capital Gains Attributable Part (if any) in its dividend statements to Shareholders.

11. Additional Information

11.1 Rights Attaching to New Shares

The New Shares to be issued pursuant to this Prospectus will be Ordinary Shares and will rank for 50 per cent of any interim dividend payable with respect to the year ending 30 June 2007 but will rank equally for any final dividend which may be payable for the year to 30 June 2007 and any dividends thereafter.

Subject to any rules or provisions to the contrary in the Constitution, the Corporations Act and the Listing Rules, the Board has the power to issue new Ordinary Shares, grant options on the Ordinary Shares or otherwise dispose of the Ordinary Shares on the terms and conditions and for the consideration the Board thinks fit, subject to the agreement with the Lead Manager outlined in section 11.3.

The following is a broad summary of rights which attach to Ordinary Shares. It is not intended to be an exhaustive or definitive summary of the rights and obligations of Shareholders.

Voting Rights

Subject to any rights or restrictions on voting from time to time affecting any class of shares and subject to any contrary provisions of the Constitution, at a meeting of Shareholders, each Shareholder entitled to vote may vote in person or by proxy or by a person appointed under a power of attorney or, being a corporation, by a duly authorised representative, and has 1 vote on a show of hands and 1 vote per Ordinary Share on a poll.

Dividends

The Board may from time to time declare a dividend to be paid to Djerriwarrh's Shareholders. The New Shares will rank for 50 per cent of any interim dividend payable with respect to the year ending 30 June 2007 but will rank equally for the final dividend which may be payable for the year to 30 June 2007 and any dividends thereafter.

Transfer

Subject to the Constitution, the Corporations Act, the Listing Rules and the ASTC Clearing Rules, Ordinary Shares are freely transferable. Subject to the Listing Rules and the Corporations Act, the Directors may refuse to register a transfer or apply a holding lock to prevent a transfer of Ordinary Shares only in limited circumstances (for example, where Djerriwarrh has a lien on those shares).

Winding Up

If Djerriwarrh is wound up, the liquidator may divide among all or any of Djerriwarrh's Shareholders, in specie or in kind, any part of Djerriwarrh's assets. The division may be carried out as the liquidator thinks fit, subject to the right of any Shareholder prejudiced by the division to dissent. Any dissenting Shareholder prejudiced has ancillary rights as if the determination made by the liquidator were a special resolution passed under the Corporations Act relating to the sale or transfer of Djerriwarrh's assets by a liquidator in a voluntary winding-up of Djerriwarrh.

Variation of Rights

The rights, privileges and restrictions attaching to the Ordinary Shares can only be varied by a special resolution passed at a meeting of Shareholders or with the written consent of Shareholders who hold at least 75 per cent of the votes attaching to Ordinary Shares.

Partial Takeovers

Djerriwarrh's Constitution contains provisions regulating proportional takeover offers for shares in Djerriwarrh as permitted by the Corporations Act. Those provisions cease to apply on 29 September 2008.

At the Company's Annual General Meeting to be held on 2 October 2006, Shareholders will vote in relation to adoption of a new Constitution, as well as adoption of new takeover approval provisions. If these resolutions are passed by Shareholders, the new partial takeover provisions will cease to apply on 2 October 2009. A copy of the constitution and the proposed changes are available from the Company or can be found on the Company's website.

11.2 Disclosing Entity

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

Djerriwarrh is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. As a company listed on the ASX, Djerriwarrh is subject to the Listing Rules which (subject to certain exceptions) require immediate disclosure to the market of any information of which Djerriwarrh is aware which a reasonable person might expect to have a material impact on the price or value of its securities.

Djerriwarrh's announcements made to the ASX may be viewed on the ASX's website at www.asx.com.au

ASIC also maintains records in respect of documents lodged with it by Djerriwarrh, and these may be obtained from ASIC.

Djerriwarrh will provide free of charge to any person who requests it a copy of:

- (a) Djerriwarrh's financial statements for the year ended 30 June 2006 (being the last financial statements lodged with ASIC before the date of this Prospectus); and
- (b) any documents released to the ASX, including those released pursuant to Djerriwarrh's continuous disclosure obligations under the Listing Rules and the Corporations Act since the lodgement of the financial statements referred to in paragraph (a) above.

11. Additional Information continued

11.3 Agreement by Goldman Sachs JBWere to be Lead Manager

Goldman Sachs JBWere has agreed to act as Lead Manager for a fee of \$50,000 plus reimbursement of costs. Goldman Sachs JBWere is also entitled to brokerage as set out below. A summary of the principal terms of the agreement is set out below.

Pursuant to the agreement, if requested by the Directors of Djerriwarrh, Goldman Sachs JBWere will do the following:

- (a) procure a nominee to act as nominee for Djerriwarrh Shareholders and Noteholders resident in countries other than Australia or New Zealand, to arrange for the sale of the Rights of such Shareholders (*Foreign Shareholders Rights*) on the ASX;
- (b) act as broker to the nominee and offer Foreign Shareholder Rights for sale on the ASX at the prevailing market price, and to provide proceeds from such sales; and
- (c) use its reasonable endeavours to procure subscribers for any Shortfall Shares at the Issue Price plus any premium determined by Goldman Sachs JBWere. It may do this as agent or principal.

Goldman Sachs JBWere will be entitled to fees as set out in section 11.7.

With certain exceptions, Djerriwarrh agrees not to allot any new shares, options or other securities for a period of three months after the offer, without the prior consent of Goldman Sachs JBWere.

As part of the agreement, Djerriwarrh makes certain warranties to Goldman Sachs JBWere, including that it has complied with all material obligations under the Corporations Act and ASX Listing Rules. These warranties survive termination of the agreement.

Djerriwarrh also indemnifies Goldman Sachs JBWere, its directors, officers, employees and related entities against certain losses arising from any non-compliance by Djerriwarrh with any applicable law in relation to the Issue, including the Prospectus.

11.4 Goldman Sachs JBWere Relationship

Goldman Sachs JBWere Capital Markets Limited provides investment management services with respect to managing the Company's portfolio of cash and short term investments pursuant to a Standard Investment Management Agreement dated 16 May 2003 for a fee of 0.13 per cent p.a. based on the average portfolio value of cash and short term investments, subject to a minimum fee of \$26,000 p.a plus GST.

Goldman Sachs JBWere also provides certain research, dealing and IT support services.

As noted below, Mr TA Campbell is also Chairman of Goldman Sachs JBWere.

11.5 Registry Services

Link Market Services Limited provides share registry services to Djerriwarrh pursuant to a Registry Agreement dated 29 May 2003. Link Market Services Limited charges set rates for individual services.

11.6 Directors' Interests

Other than as set out below or elsewhere in this Prospectus:

1. No Director has, or has had in the two years prior to lodgement of this Prospectus with ASIC, an interest in:
 - (a) the formation or promotion of Djerriwarrh;
 - (b) any property acquired, or proposed to be acquired, by Djerriwarrh in connection with:
 - (i) its formation or promotion; or
 - (ii) the issue; and
 - (c) the issue.
2. No one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or any proposed Director or to any firm in which any Director or proposed Director is or was a partner:
 - (a) to induce that person to become, or to qualify as, a director of Djerriwarrh; or
 - (b) for services provided by that person or by the firm in which that person is or was a partner in connection with the formation or promotion of Djerriwarrh or the issue.

Holdings of Ordinary Shares and Convertible Notes

The Directors have the following interests in Ordinary Shares and Convertible Notes in the Company, either directly or indirectly:

Name of Director	Number of Shares	Number of Convertible Notes
Bruce B Teele	1,336,543	-
Ross E Barker	303,088	-
Terrence A Campbell	23,875	128,205
Russell J Fynmore	406,184	-
Andrew F Guy	140,126	-
Graham J Kraehe	21,592	-
John Paterson	70,136	12,000

Each Director will be entitled to participate in the Issue to the extent that the Director holds Shares or Convertible Notes at the Record Date, or acquires Rights from other Shareholders or Noteholders.

Remuneration

The Constitution contains several provisions as to remuneration of Directors. As remuneration for services, each Director is to be paid an amount determined by the Board, subject to a maximum aggregate amount for non-executive Directors of \$450,000 per annum. Any Director who devotes special attention to Djerriwarrh's business, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid a fee for those services as determined by the Board.

In addition, every Director is entitled to be paid all reasonable travel, accommodation and other expenses incurred by the Director in attending meetings of Djerriwarrh, the Board or of any committees or while engaged in the business of Djerriwarrh.

Directors no longer accrue retirement benefits. However, Directors who held office at 30 June 2004 will be paid the amounts that had accrued to them at that time, when the retirement allowances were frozen, upon their retirement from office. This amount is recognised in the Company's balance sheet as a current liability.

Indemnity, Insurance and Access

Djerriwarrh indemnifies each Director, to the extent permitted by law, against any liability incurred by the Director in or arising out of the conduct of the business of Djerriwarrh, or in or arising out of the discharge of the duties of the Director.

Djerriwarrh maintains Directors and Officers insurance for each Director, and must continue to maintain the Directors and Officers insurance from when the Director ceases to hold office as a director of the Company until at least 15 years thereafter.

Each Director has a right during the term of his or her appointment and for at least 15 years thereafter to access, and take copies of, the Board Papers for the sole purpose of defending any legal proceedings.

Other Interests

TA Campbell is Chairman of Goldman Sachs JBWere Pty Limited. As such, he has an interest in the fees paid to Goldman Sachs JBWere Pty Limited as Lead Manager and the cash management services agreement between Djerriwarrh and Goldman Sachs JBWere Capital Markets Limited (see section 11.4).

11.7 Interests of Experts

Except as set out below, no person named in this Prospectus as performing a function in a professional, advisory, or other capacity in connection with the preparation or distribution of this Prospectus, or any promoter of Djerriwarrh (each, a *relevant person*) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- (a) the formation or promotion of Djerriwarrh;
- (b) the Issue; or
- (c) any property acquired or proposed to be acquired by Djerriwarrh in connection with its formation or promotion or the Issue.

Except as set out below, no one has paid or agreed to pay any amount or given or agreed to give any benefits for services provided by a relevant person in connection with the formation or promotion of Djerriwarrh or the Issue.

The amounts set out below are exclusive of GST.

Allens Arthur Robinson has acted as legal adviser in respect of the Issue. In aggregate, Djerriwarrh has paid or agreed to pay Allens Arthur Robinson approximately \$130,000 (plus disbursements) for these services to the date of this Prospectus. Further amounts may be paid to Allens Arthur Robinson in accordance with its normal time based charges.

PricewaterhouseCoopers Securities Limited has performed accounting advisory work in relation to the Issue, including for the purposes of due diligence enquiries. In aggregate, Djerriwarrh has paid or agreed to pay PricewaterhouseCoopers Securities Limited approximately \$20,000 (plus disbursements) for these services to the date of this Prospectus. Further amounts may be paid to PricewaterhouseCoopers Securities Limited in accordance with its normal time based charges.

Goldman Sachs JBWere has acted as Lead Manager for a fee of \$50,000 (plus disbursements), and will also be entitled to an amount equal to 1 per cent of the value of total Shortfall Shares sold and/or acquired by it, a fee of 1 per cent of the total amounts subscribed for under lodgements of Entitlement and Acceptance Forms that bear the Goldman Sachs JBWere broker code or stamp, subject to a maximum payment of \$1,000 per lodgement, and a brokerage fee of 1 per cent of the gross proceeds of Foreign Shareholder Rights.

11. Additional Information continued

11.8 Consents

None of the parties referred to below have made any statement that is included in this Prospectus or any statement on which a statement made in this prospectus is based, other than as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for any part of, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Allens Arthur Robinson has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

PricewaterhouseCoopers Securities Limited and PricewaterhouseCoopers have given and have not, before lodgement of this Prospectus with ASIC, withdrawn their consent to being named in this Prospectus in the form and context in which they are named.

Goldman Sachs JBWere has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

Link Market Services Limited has given and has not, before lodgement of this Prospectus with ASIC, withdrawn its consent to being named in this Prospectus in the form and context in which it is named.

11.9 Governing Law

This Prospectus, the Issue and the contracts formed on acceptance of applications constituted by submitted Entitlement and Acceptance Forms are governed by the laws applicable in Victoria. Each applicant for New Shares submits to the exclusive jurisdiction of the courts of Victoria.

11.10 Consent to Lodgement

Every Director has consented to the lodgement of this Prospectus with ASIC under the Corporations Act.

12. Glossary

In this Prospectus, the following definitions apply unless the context requires otherwise.

\$ or **dollars** means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASTC Clearing Rules means the rules of ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532).

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Board means the board of Directors.

Constitution means the constitution of Djerriwarrh.

Convertible Notes means outstanding 6.5 per cent per annum unsecured convertible notes issued by Djerriwarrh which are convertible into shares or redeemable for \$3.90 cash each in September 2009 in accordance with the terms of issue.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of Djerriwarrh.

Djerriwarrh or Company means Djerriwarrh Investments Limited (ABN 38 006 862 693).

DRP means Djerriwarrh's Dividend Reinvestment Plan.

Entitlement and Acceptance Form or **Form** means the personalised entitlement and acceptance form referred to in, and accompanied by a copy of, this Prospectus.

Exchange Traded Options means derivatives traded on a licensed financial market.

Issue means the issue of New Shares pursuant to this Prospectus.

Goldman Sachs JBWere means Goldman Sachs JBWere Pty Limited (ABN 21 006 797 897).

Lead Manager means Goldman Sachs JBWere.

Listing Rules means the official listing rules of the ASX.

New Shares means the Ordinary Shares offered under this Prospectus pursuant to the Issue.

Noteholder means a holder of Convertible Notes.

Offer Period means the period from the date of despatch of the Prospectus and Entitlement and Acceptance Form until 5pm on the last day for acceptance and payment in full (both dates inclusive).

Ordinary Shares means fully paid ordinary shares in the capital of Djerriwarrh.

Proceeds means the net proceeds (if any) of the subscription for Shortfall Shares after payment of \$4.00 to Djerriwarrh and after deducting a brokerage fee of 1 per cent which is payable to the Lead Manager.

Prospectus means this Prospectus dated 22 August 2006.

Record Date means 7pm on 1 September 2006.

Rights means rights to subscribe for New Shares pursuant to this Prospectus.

Shareholder means a registered holder of Ordinary Shares.

Shortfall Shares means the New Shares which have not been subscribed for, as notified by the Company to Goldman Sachs JBWere on 27 September 2006.

Timetable means the summary of principal dates, outlined on page 4 of this Prospectus.

13. Directory

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Terry A Campbell AO
Russell J Fynmore AO
Andrew F Guy
Graham J Kraehe AO
John Paterson

Company Secretary

Sue E Crook

Registered Office

Level 21, 101 Collins Street
Melbourne, Victoria 3000

Legal Advisers

Allens Arthur Robinson
530 Collins Street
Melbourne, Victoria 3000

Auditors

PricewaterhouseCoopers
Chartered Accountants
Freshwater Place
2 Southbank Boulevard,
Southbank, Victoria 3006

Accounting Advisers

PricewaterhouseCoopers Securities Limited
Freshwater Place
2 Southbank Boulevard,
Southbank, Victoria 3006

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South, New South Wales 1235
Telephone: 1300 558 249

Lead Manager

Goldman Sachs JBWere Pty Limited
101 Collins Street
Melbourne, Victoria 3000
Telephone: 1300 366 566

