

# Hamilton Securities Limited

ACN 138 270 201

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## Off-Market Takeover Offer

By Hamilton Securities Limited to acquire all of your Debentures  
in the Timbercorp Orchard Trust ARSN 106 557 297  
(Receivers and Managers Appointed)

Financial Adviser



Legal Adviser



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THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, YOU SHOULD  
CONSULT YOUR BROKER OR FINANCIAL, LEGAL OR OTHER PROFESSIONAL ADVISER AS  
SOON AS POSSIBLE.

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# Hamilton Securities' Offer is 30 A Class Shares in Hamilton Securities for each Debenture you hold.

**If you have any questions  
or require assistance.**

Please call 1300 912 083  
(toll free for callers within Australia)

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## **Key Dates**

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Announcement of the Offer	18 December 2009
Lodgement of original Bidder's Statement	23 December 2009
Lodgement of this replacement Bidder's Statement	7 January 2010
Offer Opens	13 January 2010
Offer Closes*	26 February 2010

\* This date may vary as permitted under the *Corporations Act*.

# Important Information

## Important Information

This is a replacement Bidder's Statement given by Hamilton Securities under Part 6.5 of Chapter 6 of the *Corporations Act* and ASIC Class Order 00/344 in relation to the Offer.

This replacement Bidder's Statement (referred to as the Bidder's Statement) is dated 7 January 2010 and replaces the original Bidder's Statement which was lodged with ASIC and dated 23 December 2009.

## ASIC

A copy of this Bidder's Statement was lodged with ASIC on, and is dated, 7 January 2010. Neither ASIC nor any of its officers takes any responsibility for the contents of the Bidder's Statement.

## Investment decision

The information contained in this Bidder's Statement does not constitute financial product advice and the Bidder's Statement does not take into account the individual investment objectives, financial situation or particular needs of each Debenture Holder. You may wish to seek independent financial and taxation advice before making the decision whether or not to accept the Offer and (if you accept the Offer) whether A Class Shares are an appropriate investment for you.

## Defined terms

A number of defined terms are used in this Bidder's Statement. The definitions are in Section 12 of the Bidder's Statement.

## Forward Looking Statements

This Bidder's Statement may contain forward looking statements which have not been based solely on historical facts but are rather based on Hamilton Securities' current expectations about future events. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Hamilton Securities. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Hamilton Securities, its officers, persons named in this Bidder's Statement with their consent and persons involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Bidder's Statement reflect views held only as at the date of the Bidder's Statement.

## Offers outside Australia

Foreign Debenture Holders should note that the consideration under the Offer is securities of Hamilton Securities, an Australian public company listed on NSX. Foreign Debenture Holders will not be entitled to receive A Class Shares on acceptance of the Offer. Foreign Debenture Holders who accept the Offer will be paid the net cash proceeds of a nominee sale of their entitlements to A Class Shares as described in Sections 10.62 to 10.65 of this Bidder's Statement. Hamilton Securities retains a discretion to declare that certain foreign Debenture Holders are not Foreign Debenture Holders for the purpose of the Offer. Refer to Sections 10.62 to 10.65 of this Bidder's Statement for further information about Foreign Debenture Holders.

The securities referred to in this Bidder's Statement have not been and will not be registered under the US Securities Act of 1933 (*Securities Act*), as amended, or under the securities laws of any jurisdiction of the US, and may not therefore be offered or sold in the US without registration or an applicable exemption from the registration requirements of the Securities Act. This Bidder's Statement does not constitute an offer to issue or sell or the solicitation of any offer to buy any such securities or any securities issuable in exchange for such securities in any jurisdiction in which the issue of shares under the Offer would be unlawful.

The Offer is subject to the disclosure requirements applicable in Australia which are different from those applicable in the US and other countries. The financial statements included in this Bidder's Statement have been prepared in accordance with AIFRS, unless otherwise specified. These may not be directly comparable to financial statements prepared in the US or other foreign countries. Foreign Debenture Holders should be aware that Hamilton Securities may purchase Debentures otherwise than pursuant to the Offer, either in the open market or by privately negotiated purchases, subject to the requirements of the *Corporations Act*.

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### Information on Timbercorp Orchard Trust

The Trust and its Debentures are listed on ASX, and the Trust is obliged to comply with the continuous disclosure requirements of ASX. Information on the Trust may also be obtained from Align's website at [www.oiml.com.au](http://www.oiml.com.au) and the ASX website at [www.asx.com.au](http://www.asx.com.au).

The information on the Trust contained in this Bidders' Statement has been prepared by Hamilton Securities using publicly available information. Hamilton Securities has not had the opportunity to independently verify the information about the Trust contained in the Bidder's Statement and does not, subject to the *Corporations Act*, make any representation or warranty as to the accuracy or completeness of such information.

### Privacy Collection Statement

Personal information relating to your Debentures will be collected by Hamilton Securities in accordance with the *Corporations Act*. Hamilton Securities will share this information with its advisers and service providers where necessary for the purposes of the Offer. Hamilton Securities and its advisers and service providers will use the information solely for the purposes of the Offer. You can contact the Offer Information Line if you have any queries about the privacy policy of Hamilton Securities.

### Time

All references to time in this Bidder's Statement are to Sydney, Australia time.

### Further Information

If you have any questions about this Offer or how to accept this Offer, please call the Offer Information Line on 1300 912 083 (toll free).

### How to accept Hamilton Securities' Offer

There are several ways to accept the Offer:

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<b>Issuer Sponsored Debenture Holders</b>	<p>If there is an "I" next to your holder number on the Acceptance Form, your Debentures are held on the Trust's issuer sponsored sub register.</p> <p>To accept the Offer, you must complete and sign the Acceptance Form and return it to the address indicated on the form before the Offer closes.</p>
<b>CHESS Debenture Holders</b>	<p>If there is an "X" next to your holder number on the Acceptance Form, your Debentures are in a CHESS Holding.</p> <p>To accept the Offer you must either:</p> <ul style="list-style-type: none"><li>▪ instruct your broker to accept the Offer on your behalf; or</li><li>▪ complete and sign the Acceptance Form and return it to the address indicated on the form,</li></ul> <p>before the Offer closes.</p>
<b>Participants</b>	<p>If you are a Participant, you must initiate acceptance of the Offer in accordance with rule 14.14 of the ASTC Settlement Rules before the Offer closes.</p>

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To validly accept the Offer for your Debentures, your acceptance must be received before 7.00 pm (Sydney time) on 26 February 2010, unless the Offer Period is extended.

Full details on how to accept the Offer are set out in Sections 10.10 to 10.24 of this Bidder's Statement.

# Chairman's Letter

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7 January 2010

Dear Timbercorp Orchard Debenture Holder

Hamilton Securities Limited (*Hamilton Securities*) is pleased to make you an offer to acquire all of your Debentures in the Timbercorp Orchard Trust (Receivers and Managers Appointed) (*the Trust*) and to invite you to become a shareholder of Hamilton Securities.

Hamilton Securities is an investment company listed on the National Stock Exchange of Australia (*NSX*). Its only significant asset is cash. Assuming successful completion of the Offer, its principal asset will be the Debentures. The Offer therefore provides you with the opportunity to take a direct holding in Hamilton Securities and at the same time to continue to have an indirect interest in your Debentures.

## Summary of this Offer

Hamilton Securities is offering to buy all of your Debentures in Timbercorp Orchard Trust by way of an off-market takeover.

Hamilton Securities is offering 30 A Class Shares in Hamilton Securities for each Debenture you hold. The ratio of 30:1 is based on the last ASX sale price of \$30 for Debentures and the \$1.00 at which Hamilton Securities' shares were recently issued. There is no guarantee that Debentures are worth \$30, nor that accepting Debenture Holders will be able to trade A Class Shares at or above their \$1.00 issue price. A Class shares have not yet been traded on NSX. The A Class Shares are non-voting ordinary shares.

As a Debenture Holder, your asset is currently in the hands of the Receivers. There is no single party representing your commercial interests, and your Debentures are virtually unsaleable. You have two options:

1. Do nothing. There is no indication of when the Trust will resume trading (if ever). Receiverships and liquidations often take a long time to conclude.
2. If you accept our bid, you will continue to be an indirect owner of the Debentures, but your investment will become tradeable. Furthermore, Hamilton Securities has the ability and incentive to fight for a better position for you.

Hamilton Securities' management team has many years' experience in representing the interests of security holders in difficult situations.

Hamilton Securities has raised over \$500,000 in cash, which it aims to use as a 'fighting fund' for maximising the returns from the Debentures (see further at Section 1.13).

Hamilton Securities' directors have invested \$372,000 Hamilton Securities, which means that the directors' interests will be closely aligned with those of the Debenture Holders.

## Offer Consideration

Under the Offer, Debenture Holders will receive 30 A Class Shares in Hamilton Securities for each Debenture you hold.

## Timbercorp Limited (Administrators Appointed)

Timbercorp Limited (Administrators Appointed), the tenant of the Trust's land, appointed voluntary administrators on 23 April 2009 and liquidators on 29 June 2009. The appointment of the voluntary administrators caused the Trust to cease paying interest to Debenture Holders. These events, and the associated press coverage, may have caused you some anxiety. While you have reason to be concerned, as a Debenture Holder you are *theoretically* in a strong position, because the Debentures are protected by a first mortgage over land that has substantial value.

Unfortunately, the Trust's economic viability is compromised, and selling the land in its present form is unlikely to generate as good a return for Debenture Holders as could be generated from negotiating a deal with other key stakeholders (namely, Timbercorp's liquidator, Unitholders and the Growers) to achieve a better solution for all parties. There is, however, currently no-one to negotiate vigorously a commercial solution on behalf of all Debenture Holders.

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### **Hamilton Securities will represent the interests of Debenture Holders**

The current position of the Trust is that it is clearly distressed and highly complex. Hamilton Securities believes that the Debenture Holders need a single experienced voice to represent their interests when negotiating with other parties involved in the Trust. Otherwise there is a risk that the best outcome will not be achieved, and that value will be lost in a fire sale of the Trust's assets.

The Hamilton Securities management team has many years' experience in representing the interests of security holders in difficult situations. We have created an investment company where the actions of the management team are directly aligned with an increase in the value of the Debentures over time. Directors will not receive any management fees, and have agreed to waive the right to receive any directors' fees until the earlier of Hamilton Securities' net assets exceeding \$20m or 6 August 2014. Our management approach will be extremely active while Hamilton Securities seeks a constructive relationship with other parties involved in the Trust.

### **Restoration of income**

The majority of Debenture Holders may have acquired their investment with a view to generating income. Unfortunately, we are skeptical as to whether the Debentures will in the medium term be capable of generating the income previously paid to Debenture Holders. Our focus will be on preserving and enhancing the capital value of the Debentures in the short term, and (subject to the Receivers not selling a substantial portion of the Trust's assets) restructuring the Trust in the longer term.

For Debenture Holders who need income in the short to medium term, if you accept the Offer and receive A Class Shares on successful completion of the Offer, you will be able to offer your Shares for sale on the market and reinvest in other securities that can generate ongoing income. This is not currently an option for Debenture Holders, as the Debentures have not been quoted on ASX since 23 April 2009.

Furthermore, as the Debentures are suspended from trading, it is relatively difficult for investors to realise a loss for tax purposes. Exchanging your Debentures for A Class Shares will, for many people, crystallise a loss which may be offset against any capital gains tax liability you may have incurred. See Sections 1.17 and 9 for further information.

### **Accepting the Offer**

On behalf of Hamilton Securities, I strongly encourage you to accept what we believe is an attractive offer. The Offer is scheduled to close on 26 February 2010 unless extended.

I also encourage you to read carefully the details of our Offer in this Bidder's Statement. To accept the offer, please follow the instructions on your accompanying personalised Acceptance Form and Sections 10.10 to 10.24 of the Bidder's Statement.

On behalf of the directors I look forward to welcoming you as a shareholder in Hamilton Securities, and supporting you in protecting and enhancing the value of the Debentures.

If you have any queries in relation to the offer, please consult your own independent professional advisor, or contact the Offer Information Line 1300 912 083 (toll free) between 9.00 am and 5.00 pm (Sydney time) Monday to Friday.

Yours sincerely,



**Steven Pritchard**  
Chairman  
Hamilton Securities Limited

# Why You Should Accept the Offer

- 1.1 The Offer provides significant benefits to you as a Debenture Holder. The key reasons why you should accept the Offer are as follows.

## **Exit your illiquid investment**

- 1.2 At present, you cannot trade your Debentures because they are suspended from trading, and there is no indication when they might resume trading (if ever). The Offer will provide you with listed securities and an exit route from your investment at a price which is determined by the market.
- 1.3 The Debentures have been suspended from trading on ASX since 23 April 2009, when Administrators were appointed to Timbercorp. Timbercorp has been unable to pay rent and property outgoings since that time, and Debenture Holders have received no income and have been unable to easily sell their Debentures.
- 1.4 The consideration for the Offer has been based on the last traded price for the Debentures on ASX of \$30 before Administrators were appointed to Timbercorp.
- 1.5 Align has been unsuccessful in negotiating with ASX to the lift the trading suspension.
- 1.6 Investors in the Debentures have not only seen the capital value of their investment severely eroded and the distributions suspended indefinitely. They have also been unable to easily realise their holding or crystallise their loss.
- 1.7 Under the Offer, those Debenture Holders who accept will receive a listed share in Hamilton Securities (assuming the Offer becomes or is declared unconditional) and will then be able to realise their holding at a price which is determined by the market.

## **Hamilton Securities will represent the interests of Debenture Holders**

- 1.8 At present, there is no strong single party with a commercial incentive to represent the interests of all Debenture Holders. There are 2,200 Debenture Holders, none of whom owns more than 2% of the Debentures. No large Debenture Holder has emerged to take on the potentially onerous and expensive task of fighting for the best interests of Debenture Holders as a class. Now that the Trust is in receivership, the interests of Unitholders and Debenture Holders may be in conflict in any recapitalisation or reorganisation proposal.

## **Hamilton Securities has been structured to ensure that its management team can only make money from Hamilton Securities if they add value to your Debentures**

- 1.9 The interests of Hamilton Securities' management team and Debenture Holders are aligned in the following ways:
- (a) Directors have recently invested a total of \$372,000 in cash into Hamilton Securities.
  - (b) Directors will receive no management or other fees from the Trust.
  - (c) Directors have agreed to waive the right to receive any directors' fees until the earlier of Hamilton Securities' net assets exceeding \$20m or 6 August 2014.

## **Hamilton Securities management team has many years of relevant experience**

- 1.10 As shown on in Sections 4.17 to 4.41, Hamilton Securities' Directors have all been involved in financial markets for over 15 years. Mr Woollard, in particular, has considerable experience investing in complex distressed assets and working to extract value from them for investors.

## **Hamilton Securities holds primarily cash assets**

- 1.11 There is a high degree of certainty about the value of Hamilton Securities' underlying assets which consist primarily of cash.
- 1.12 When you accept the Offer, you are swapping your direct ownership of the Debentures for an indirect ownership of a mixture of cash and continuing ownership of some or all of the Debentures, depending on how many Debenture Holders accept Hamilton Securities' Offer.

## **Hamilton Securities' \$500,000 of cash provides a "fighting fund" to enable it to act in the interests of Debenture Holders (should such action be necessary), without needing to raise cash from Debenture Holders**

- 1.13 The "fighting fund" is potentially important if the Responsible Entity or Unitholders propose a restructure or other transaction that may have adverse consequences for Debenture Holders. Unless there is a single large holder willing and able to spend money to protect Debenture Holders' interests, then Debenture Holders might need to organise themselves into a cohesive body, and raise funds from 2,200 individual holders to fund any action. This is theoretically possible, but in practice such groups tend to be unwieldy and often ineffective.



**In economic terms, you will retain securities that retain many of the characteristics of your current investment, but the securities will be more liquid**

- 1.14 If the Offer is successfully completed, then over 96% of Hamilton Securities' shares (of all classes) will be owned by former Debenture Holders, and the Debentures will comprise almost all the assets of Hamilton Securities. However, your investment in Hamilton Securities will be an NSX quoted investment.
- 1.15 Hamilton Securities intends to make a bonus issue of B Class Options to holders of the existing A Class Shares and B Class Shares (see Sections 7.15 to 7.26 for further details). A maximum of 1,703,211 new B Class Options may be issued, depending on the level of acceptance of the Offer by Debenture Holders. If all B Class Options are exercised (including those currently on issue), the number of B Class Shares on issue will be approximately 3,023,211. Accordingly, the interests of accepting Debenture Holders in Hamilton Securities may be diluted to be approximately 84.4% of total shares on issue.

**Hamilton Securities will pursue a course of action to maximise the value of the Debentures**

- 1.16 Maximising the value of the Debentures is likely to involve considerable effort, as the Trust's structure is complicated. Hamilton Securities expects that finding a solution that achieves its goal will involve working with each of the following stakeholders in the Trust:
- (a) most importantly, PricewaterhouseCoopers, the Trust's Receivers;
  - (b) the Responsible Entity, Align, which also has duties to the Trust's Unitholders, and to the holders of the Annuity Bonds, which rank for payment behind the Debentures;
  - (c) the liquidator of Timbercorp, which leases the Trust's land;
  - (d) the Growers, who sub-lease most of the Trust's land from Timbercorp; and
  - (e) CostaExchange Group, the agri-manager which has been managing the Trust's properties.

**If the Offer is unsuccessful, it is possible that it could take a long time for your asset to become liquid**

- 1.17 Receiverships and liquidations almost always take a long time to conclude, particularly when the underlying structure and assets are complicated. The Trust's land assets are leased to a tenant in administration, which has sub-leased some of its land to Growers, some of whom may have

effective interests in trees on the Trusts' land. Furthermore, Timbercorp itself claims direct ownership of some of the trees growing on the land. In this situation, and with all the negative press that has surrounded Timbercorp, it is not surprising that Align recently stated: <sup>1</sup>

[A]ny attempt to sell the properties in the near term would be likely to result in a price at a considerable discount to the book values (equivalent to \$63 per Debenture) set out in the 30 June 2009 accounts of the Trust.

**Accepting the Offer will crystallise a tax loss**

- 1.18 Under the CGT provisions, the disposal of the Debentures will occur when the Offer is accepted. An accepting Debenture Holder will make a capital loss if the capital proceeds from the disposal are less than the Debenture's reduced cost base. The capital proceeds will be the market value of the A Class Shares at the time of the CGT event (i.e., the time at which the Debenture Holder accepts the Offer).

**Intention of Hamilton Securities' Directors**

- 1.19 The Directors of Hamilton Securities and their associates intend to accept the Offer in respect of their own holdings of Debentures in the absence of a superior proposal.

**No Brokerage**

- 1.20 By accepting this Offer, you should not incur any brokerage fees unless you are a Foreign Debenture Holder, in which case the proceeds you will receive will be net of sales costs including brokerage. Brokerage fees may be payable if you choose to sell your Debentures on the share market.
- 1.21 If your Debentures are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Hamilton Securities, you will not incur any brokerage in connection with your acceptance of the Offer.
- 1.22 If your Debentures are registered in a CHES Holding, or if you are a beneficial owner whose Debentures are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or services charges in connection with acceptance of the Offer.

**Risks associated with the Offer**

- 1.23 Please refer to Section 8 which sets out the risks associated with accepting the Offer.

<sup>1</sup> From page 3 of a letter sent by Align to Debenture Holders on 1 September 2009.

## Summary of the Offer

- 2.1 This Section provides a summary of the key features of the Offer, but does not contain all of the information that Debenture Holders should consider before accepting the Offer. You should read the Bidder's Statement in full before deciding whether or not to accept the Offer.

### The Offer

- 2.2 Hamilton Securities is offering to buy all of your Debentures, by way of an off-market scrip takeover offer.
- 2.3 The Offer also extends to Debentures issued before the end of the Offer Period.

### Offer Consideration

- 2.4 Hamilton Securities is offering 30 A Class Shares in Hamilton Securities for every 1 Debenture you hold. The A Class Shares are non-voting ordinary shares.
- 2.5 Accepting Debenture Holders will (if the Offer becomes unconditional) receive A Class Shares which will be quoted on NSX. Please refer to Section 2.20 of this Bidder's Statement for more information.
- 2.6 If you receive a distribution on your Debentures from the Trust or the Receivers after the Announcement Date of the Offer, then Hamilton Securities is entitled to make an appropriate reduction in the number of A Class Shares that you will receive if you accept the Offer. See Sections 10.4 and 10.25(i) for more detail.

### How to accept the Offer

- 2.7 Depending on the nature of your Debenture Holding, you may accept the Offer in the following ways before the end of the Offer Period.

#### (a) Issuer Sponsored Holding

If your Debentures are held in an Issuer Sponsored Holding (indicated by an "I" next to your holder number on the Acceptance Form), complete and sign the Acceptance Form and post it to Hamilton Securities' Share Registry at the address indicated on the form and set out in Section 2.8 below.

#### (b) CHES Holding

If your Debentures are held in a CHES Holding (indicated by an "X" next to your holder number on the Acceptance Form):

- (i) instruct your Controlling Participant (usually your broker) to accept the Offer on your behalf; or

- (ii) complete and sign the enclosed Acceptance Form and post it to Hamilton Securities' Share Registry at the address indicated on the form and set out in Section 2.8 below.

#### (c) Participant

If you are a Participant, initiate acceptance of the Offer in accordance with the ASTC Settlement Rules.

#### (d) Foreign Debenture Holders

If you are a Foreign Debenture Holder, then you will not be entitled to receive A Class Shares on acceptance of the Offer. Foreign Debenture Holders who accept the Offer will receive the net cash sale proceeds of the A Class Shares which they would otherwise have received.

Hamilton Securities retains a discretion to declare that certain foreign Debenture Holders are not Foreign Debenture Holders for the purpose of the Offer. Refer to Sections 10.62 to 10.65 of this Bidder's Statement for further information about Foreign Debenture Holders.

### Delivery and Mailing Addresses

- 2.8 Please use the reply paid envelope enclosed with this Bidder's Statement. Alternatively, the mailing address is:

Link Market Services Limited  
Timbercorp Orchard Trust Takeover  
Locked Bag A14  
Sydney South NSW 1235

### When you can accept the Offer

- 2.9 You may accept the Offer at any time during the Offer Period, which is scheduled to close at 7.00 pm on 26 February 2010 but may be extended in accordance with the *Corporations Act*. Acceptances must be received in sufficient time to effect an acceptance of the Offer before the end of the Offer Period.

### Issue Date

- 2.10 If you validly accept the Offer and the contract resulting from your acceptance becomes unconditional, Hamilton Securities will issue the A Class Shares to you on or before the earlier of:
- (a) one month after the date of your acceptance or, if the Offer is subject to a condition when you accept it, within one month of the Offer becoming unconditional (whichever is the later); and
- (b) 21 days after the end of the Offer Period.

2.11 If you are a Foreign Debenture Holder, the A Class Shares you would otherwise be entitled to receive under the Offer will be sold on your behalf and the proceeds of sale, net of sale costs including brokerage, will be sent to you. Refer to Sections 10.62 to 10.65 of this Bidder's Statement for more information.

### Conditions

2.12 The Conditions of the Offer are set out in full in Section 10.28 of this Bidder's Statement. In summary, the key Conditions of the Offer include:

- (a) Hamilton Securities obtaining a relevant interest in at least 90% of the Debentures;
- (b) no material adverse change occurring in relation to the financial position or prospects of the Timbercorp Orchard Trust;
- (c) Timbercorp Orchard Trust not undertaking material transactions as specified in detail in Section 10.28(c) of this Bidder's Statement;
- (d) there being no regulatory restraint;
- (e) there being no specified occurrences.

### Status of Conditions

2.13 The date for giving the notice on the status of the conditions required by section 630(3) of the *Corporations Act* is 19 February 2010 (subject to variation in accordance with section 630(2) of the *Corporations Act* if the Offer Period is extended).

### Compulsory Acquisition

2.14 If you do not accept the Offer and Hamilton Securities becomes entitled to acquire your Debentures under the compulsory acquisition provisions of the *Corporations Act*, Hamilton Securities intends to acquire your Debentures. In that case, you will have to claim the consideration from the Trust and you will be issued with A Class Shares later than Debenture Holders who accept the Offer.

2.15 If Hamilton Securities does not become entitled to compulsorily acquire your Debentures, you will remain a Debenture Holder.

### Brokerage and stamp duty

2.16 You are not required to pay brokerage, goods and services tax or stamp duty if you accept the Offer unless you are a Foreign Debenture Holder, in which case the proceeds you will receive will be net of sales costs including brokerage. Foreign Debenture Holders should refer to Sections 10.62 to 10.65 of this Bidder's Statement for more information.

2.17 If your Debentures are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Hamilton Securities, you will not incur any brokerage in connection with your acceptance of the Offer.

2.18 If your Debentures are registered in a CHES Holding, or if you are a beneficial owner whose Debentures are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or your nominee whether they will charge any transactional fees or make any services charges in connection with acceptance of the Offer.

### Tax consequences

2.19 Section 9 of this Bidder's Statement describes the major tax implications for Debenture Holders in Australia. Your own personal circumstances may however affect your individual taxation position, and you should read Section 9 of this Bidder's Statement carefully, taking into account your personal situation and, if necessary, consult your financial and taxation advisers.

### Listing of new A Class Shares on NSX

2.20 A Class Shares are currently quoted on NSX, and Hamilton Securities will apply for quotation of the new A Class Shares issued as consideration for Debentures under the Offer within 7 days of the commencement of the Bid Period. If NSX does not grant permission for the quotation of the new A Class Shares within 7 days after the end of the Bid Period, then all contracts resulting from the acceptance of the Offer will be automatically avoided (see Sections 10.33 to 10.34 of this Bidder's Statement for more information).

### Further information

2.21 If you have any questions in relation to the Offer, or how to accept it, please call 1300 912 083 (toll free).

Question	Answer
<b>Offer Structure</b>	
<b>What is the Offer?</b>	<p>Hamilton Securities is offering to buy all of your Debentures (and all Debentures issued before the end of the Offer Period) by way of an off-market takeover.</p> <p>The Offer Consideration is 30 A Class Shares in Hamilton Securities for each Debenture you hold.</p> <p>The Debentures are listed on ASX (although quotation is currently suspended). If you accept the Offer, you will receive shares which are quoted on NSX.</p>
<b>What is the value of the Offer?</b>	<p>Hamilton Securities is offering 30 A Class Shares in Hamilton Securities for each Debenture you hold. This ratio is based on the last sale price of \$30 for Debentures and the \$1.00 at which Hamilton Securities' shares were recently issued. There is no guarantee that Debentures are worth \$30, nor that accepting Debenture Holders will be able to trade A Class Shares at or above their \$1.00 issue price. A Class Shares have not yet been traded on NSX.</p>
<b>What are A Class Shares?</b>	<p>The A Class Shares are fully paid non-voting ordinary shares in the capital of Hamilton Securities.</p>
<b>What are the rights attached to A Class Shares?</b>	<p>A summary of the rights of A Class Shares is set out in Sections 11.5 to 11.10 of this Bidder's Statement.</p>
<b>How do A Class Shares differ from B Class Shares?</b>	<p>Holders of A Class Shares have the same dividend rights and the same distribution rights on a winding up of Hamilton Securities as holders of B Class Shares, and the same right to attend general meetings.</p> <p>However, A Class Shareholders are not entitled to vote at general meetings unless the rights attached to A Class Shares are being varied. In particular, A Class Shareholders may not vote in relation to the appointment or removal of directors, or any amendment to the constitution unless the amendment varies the rights attached to the A Class Shares.</p> <p>See further at Sections 11.5 to 11.12 of this Bidder's Statement.</p>
<b>What are the tax consequences of accepting the Offer?</b>	<p>You should consult your financial, tax or other professional adviser on the tax implications of acceptance of the Offer. However, a general outline of the tax implications of accepting the Offer is set out in Section 9 of this Bidder's Statement.</p>
<b>Reasons to accept the Offer</b>	
<b>Why accept the Offer?</b>	<p>The Board believes that Debenture Holders should accept the Offer for the following key reasons:</p> <ul style="list-style-type: none"> <li>▪ At present, your Debentures are suspended from quotation and there is no indication when they might resume trading (if ever). The Offer will provide you with listed securities and an exit route from your investment at a price determined by the market.</li> <li>▪ At present, there is no strong single party with a commercial incentive to fight for Debenture Holders. Hamilton Securities will provide a strong experienced representative to fight for the interests of Debenture Holders at a difficult time for the Trust.</li> <li>▪ Hamilton Securities has been structured to ensure that its directors and management only make money from Hamilton Securities if they add value to your Debentures.</li> <li>▪ Hamilton Securities' management has many years of relevant experience.</li> <li>▪ Hamilton Securities holds no significant assets other than cash. This means there is a high degree of certainty about the value of Hamilton Securities' underlying assets.</li> </ul>

<b>Question</b>	<b>Answer</b>
<b>Why accept the Offer?</b>	<ul style="list-style-type: none"> <li>▪ Hamilton Securities' \$500,000 of cash provides a fighting fund to act in the interests of Debenture Holders, should such action be necessary, without there being any necessity to raise cash from Debenture Holders.</li> <li>▪ Provided all Debentures Holders accept the Offer, then over 96% of all the shares in Hamilton Securities (i.e., A Class Shares and B Class Shares then on issue) will be owned by former Debenture Holders, and the Debentures will comprise almost all the assets of Hamilton Securities. In economic terms, you will receive securities that retain many of the characteristics of your current investment. However, your investment in Hamilton Securities will be a tradeable investment.</li> <li>▪ Hamilton Securities will pursue a course of action to maximise the value of the Debentures. This is likely to include working constructively with the Trust's receiver, PricewaterhouseCoopers, and the Responsible Entity, Align.</li> <li>▪ Most Debenture Holders will be able to realise a loss, for Australian capital gains tax purposes, by accepting the Offer.</li> <li>▪ Unless you are a Foreign Debenture Holder you will not pay brokerage on acceptance of the Offer.</li> </ul> <p>Refer to Section 1 of this Bidder's Statement for further information.</p>

### **Offer Terms and Conditions**

<b>How do I accept the Offer?</b>	To accept the Offer you should follow the instructions set out in Sections 10.10 to 10.24 of this Bidder's Statement. To be effective, your acceptance must be received by Hamilton Securities before 7.00 pm (Sydney time) on the Closing Date.
<b>What choices do I have as a Debenture Holder?</b>	As a Debenture Holder, you have the following choices in respect of your Debentures: <ul style="list-style-type: none"> <li>▪ accept Hamilton Securities' Offer for all the Debentures you hold;</li> <li>▪ sell your Debentures off-market (unless you have previously accepted the Offer for your Debentures); or</li> <li>▪ do nothing.</li> </ul>
<b>Can I accept the Offer for part of my holding of Debentures?</b>	No. You may only accept the Offer for ALL of your Debentures.
<b>Can I withdraw my acceptance?</b>	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the <i>Corporations Act</i> . A withdrawal right will arise for example if, after you have accepted the Offer, Hamilton Securities varies the Offer in a way that postpones, for more than one month, the time when Hamilton Securities has to meet its obligations under the Offer.
<b>What happens if I do not accept the Offer?</b>	<p>If you do not accept the Offer, you will remain a Debenture Holder, and will continue to be subject to the inherent uncertainty associated with a holding of Debentures.</p> <p>If you do not accept the Offer, the Conditions of the Offer are satisfied or waived, and Hamilton Securities becomes entitled to proceed to compulsory acquisition under the <i>Corporations Act</i>, Hamilton Securities intends to proceed to compulsorily acquire your Debentures. If this occurs, you will receive the Offer Consideration (being the number of A Class Shares to which you are entitled) at the conclusion of this process.</p>

Question	Answer
<b>Offer Terms and Conditions</b>	
<b>Are there any risks in accepting Hamilton Securities' Offer?</b>	There are a number of risks in accepting Hamilton Securities' Offer and receiving A Class Shares. Please refer to Section 8 of this Bidder's Statement for further details.
<b>When does the Offer close?</b>	The Offer is currently scheduled to close at 7.00 pm (Sydney time) on 26 February 2010, unless the Offer period is extended.
<b>Can Hamilton Securities extend the Offer Period?</b>	Yes, the Offer can be extended at Hamilton Securities' election or otherwise in accordance with the <i>Corporations Act</i> . You will receive written notification of any extension of the Offer Period.
<b>Can I sell the A Class Shares I receive from accepting the Offer?</b>	Yes, you will be able to offer the A Class Shares you receive for sale on the National Stock Exchange of Australia.
<b>What if I am a Foreign Debenture Holder?</b>	<p>If you are a Foreign Debenture Holder, then you will not be entitled to receive A Class Shares on acceptance of the Offer. Foreign Debenture Holders who accept the Offer will be paid the sale proceeds of the A Class Shares which they would otherwise have received, less the cost of sales.</p> <p>Hamilton Securities retains a discretion to declare that certain foreign Debenture Holders are not Foreign Debenture Holders for the purpose of the Offer. Refer to Sections 10.62 to 10.65 of this Bidder's Statement for further information about Foreign Debenture Holders.</p>
<b>If I accept the Offer, when will I receive the A Class Shares?</b>	<p>Generally, if you accept the Offer, you will be issued the Offer Consideration (being the number of A Class Shares to which you are entitled) no later than the earlier of:</p> <ul style="list-style-type: none"> <li>▪ one month after the Offer is validly accepted by you or, if the Offer is still subject to a Condition when accepted, one month after the Offer becomes unconditional (whichever is the later); and</li> <li>▪ 21 days after the end of the Offer Period.</li> </ul> <p>Refer to Sections 10.47 to 10.57 of this Bidder's Statement which contain further information about the dates for payment of the Offer Consideration.</p>
<b>Will I need to pay brokerage or stamp duty if I accept the Offer?</b>	<p>You will not pay brokerage or stamp duty if you accept the Offer, unless you are a Foreign Debenture Holder, in which case the proceeds you will receive will be net of sale costs including brokerage.</p> <p>If your Debentures are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Hamilton Securities, you will not incur any brokerage in connection with your acceptance of the Offer.</p>

<b>Question</b>	<b>Answer</b>
<b>Will I need to pay brokerage or stamp duty if I accept the Offer?</b>	If your Debentures are registered in a CHESS Holding, or if you are a beneficial owner whose Debentures are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or your nominee whether they will charge any transactional fees or make any services charges in connection with acceptance of the Offer.
<b>What are the conditions to the Offer?</b>	<p>The Offer is subject to a number of conditions. In summary, these conditions include:</p> <ul style="list-style-type: none"> <li>▪ Hamilton Securities obtaining a relevant interest in at least 90% of the Debentures;</li> <li>▪ no material adverse change occurring in relation to the financial position or prospects of the Timbercorp Orchard Trust;</li> <li>▪ Timbercorp Orchard Trust not undertaking material transactions as specified in Section 10.28(c) of this Bidder's Statement;</li> <li>▪ there being no regulatory restraint; and</li> <li>▪ there being no specified occurrences.</li> </ul> <p>Refer to Section 10.28 of this Bidder's Statement, which sets out all of the Conditions of the Offer in full.</p>
<b>What happens if the Conditions of the Offer are not satisfied or waived?</b>	If the Conditions to the Offer are not satisfied or waived by the Closing Date, the Offer will lapse. If you have accepted the Offer your Debentures will not be exchanged for A Class Shares.
<b>General</b>	
<b>What is the Bidder's Statement?</b>	This Bidder's Statement was prepared by Hamilton Securities for distribution to Debenture Holders. It sets out the terms of the Offer, information relating to the Offer and the Offer Consideration you will receive. The Bidder's Statement is an important document. If you are in any doubt as to how to deal with it, you should consult your broker or legal, financial or other professional adviser as soon as possible.
<b>Is there a number that I can call if I have further queries in relation to the Offer?</b>	<p>If you have any further queries in relation to the Offer, you can call the Offer Information Line on 1300 912 083 (toll free), Monday to Friday between 8.30 am and 5.30 pm (Sydney time).</p> <p>Any further material relating to the Offer will be lodged with NSX and posted on Hamilton Securities' website at <a href="http://www.hamsec.com.au">www.hamsec.com.au</a>.</p>
<b>Who controls Hamilton Securities?</b>	<p>The four Hamilton Securities Directors together control (directly or indirectly) approximately 59% of B Class Shares on issue. Because B Class Shares are the only voting shares, these Directors will be in a position to cast the majority of votes at a general meeting of the company. This will enable the Directors to control the company and its strategic direction.</p> <p>See further at Sections 11.2 and 11.13 of this Bidder's Statement.</p>

**Overview of Hamilton Securities**

- 4.1 Hamilton Securities is an investment company which was listed on NSX on 29 October 2009. The Company was established with the primary purpose of providing investors with exposure to distressed debt, equity and other illiquid securities whose value might be expected to improve over time.
- 4.2 In particular, the directors believe that significant opportunities exist for the company to acquire unlisted securities and interests in managed investment schemes by offering to exchange A Class or B Class shares in the company for those securities and interests. This would afford the holders of those interests the opportunity to exchange an unlisted investment for a listed one.
- 4.3 In making investment decisions, the company will generally take a medium to long term view. The company plans to limit its portfolio to not more than 10 securities, although initially the portfolio may be made up of a single security if a suitable security can be identified. The directors have identified the Debentures as a suitable initial investment for the company.
- 4.4 The company will target securities where it believes the mix of skills and experience of the directors will enable it to add significant value for all stakeholders, including A Class Shareholders. The targeted securities are likely to be complex, and the companies to which they relate are likely to be distressed.
- 4.5 A disciplined approach will be adopted in the investment process, and all directors will be responsible for adherence to this process.
- 4.6 However each director will be responsible for identifying investment opportunities, and this will be facilitated through their roles in stockbroking and investment management.

**Investment objectives**

- 4.7 The investment objectives of the company are:
- (a) to preserve the capital of the company; and
  - (b) to achieve a high real rate of growth of both income and capital.

**Investment philosophy**

- 4.8 The company will be a medium to long-term investor in companies, trusts and interest bearing securities which may be distressed or illiquid. It will seek to invest in securities that have a wide margin of safety between the price paid for the securities and their intrinsic value. Ideally the securities will also have features that minimise the risk of permanent loss of capital, such as a strong asset backing.

- 4.9 The company recognises that investment markets are not always efficient, and that this may provide opportunities to generate good investment returns. The company believes that these returns can only be achieved on a consistent basis by adopting a long term investment horizon, and seeking to invest in sectors of the market where inefficient pricing is most likely to be found. These sectors include unlisted securities, distressed debt and shares of small listed companies.
- 4.10 The company will:
- (a) focus on the investment merits of individual stocks rather than market and economic trends; and
  - (b) be an active investor, seeking to invest in securities which the company believes are undervalued relative to their intrinsic value.

**Investment strategy**

- 4.11 To achieve its investment objectives, the company intends to invest predominantly in the Australian debt and equities markets. It may however diversify its risks by investing in other financial products such as warrants and interests in registered and unregistered managed investment schemes. It may also invest in overseas securities.
- 4.12 The investment portfolio is expected to be concentrated. The make up of the portfolio will be determined by the investment merits of individual securities, and will not be limited or constrained to any particular industry groups. At times there may be a high investment exposure to one industry sector. The company does not intend to follow the weightings of any ASX or other index.
- 4.13 The company may borrow on either a secured or unsecured basis to purchase additional securities or to add to its working capital.

**Permitted investments**

- 4.14 The company may invest in any of the following securities:
- (a) shares, stock and other securities;
  - (b) warrants and options to purchase any security and warrants and options to sell any security which is a permitted investment;
  - (c) interest bearing deposits, bills of exchange, promissory notes and other negotiable instruments;
  - (d) debentures, unsecured notes and bonds of a corporation;
  - (e) securities, bonds, notes and other interest bearing debt issued by any government; and
  - (f) interests in registered and unregistered managed investment schemes.



### **Dividend policy**

- 4.15 The company will pay dividends from its dividend, interest and capital income as permitted by law and prudent business practice. Dividends will be franked to the extent that available imputation credits permit.
- 4.16 The company intends to establish a dividend reinvestment plan.

### **Board of Directors**

- 4.17 The board and a brief description of their qualifications and other directorships are set out below:

#### **Steven Shane Pritchard**

##### **B Com, CPA, F Fin - Executive Chairman**

- 4.18 Steven Pritchard obtained a Bachelor of Commerce Degree from the University of Newcastle in 1986, and qualified as a Certified Practising Accountant in 1988.
- 4.19 He has been providing investment advice as a representative of a licensed dealer in securities since 1988.
- 4.20 He completed the Graduate Diploma in Applied Finance and Investment in 1993, and was admitted as a Fellow of the Financial Services Institute of Australasia.
- 4.21 In 1996 he was admitted as a member of NSX and was instrumental in establishing Pritchard & Partners Pty Limited to provide investment advice to clients of Rees Pritchard Pty Limited.
- 4.22 He was a director of NSX from 1996 to 2003 and its Chairman from 2000 to 2003 and 2009. During that time he was responsible for developing the strategic plan which saw the renaissance of NSX as a capital market for small, medium and regionally based companies.
- 4.23 In 2002 he was responsible for the establishment of Cameron Capital Limited, which acquired the ASX Participating Organisation Cameron Stockbrokers Limited. He remains the current Executive Chairman of the Cameron Capital Limited Group.
- 4.24 In 2003 he was appointed to the board of the Winpar Holdings Limited, which was the first company to list on the rejuvenated NSX.
- 4.25 In 2004 he was jointly responsible with Daniel Di Stefano for a successful capital raising for and the listing of Illuminator Investment Company Limited on NSX. The company became both the first Newcastle based company to list on NSX, and the first Newcastle based listed institutional investor.

- 4.26 He is the Executive Chairman of Pritchard Equity Limited and a director of Florin Mining Investment Company Limited, both of which are investment companies listed on the NSX.
- 4.27 He is a past Branch Councillor and Chairman of CPA Australia, and received the President's Award in 2000 for outstanding contributions to CPA Australia.

#### **Giles Cameron Craig**

##### **B Sc Econ (Hons), FCA - Executive Director**

- 4.28 Giles Craig is Managing Director of Cameron Stockbrokers Limited, a Sydney based private client stockbroker.
- 4.29 Prior to his appointment in 2009, Giles was Head of Private Clients at AMP Capital Limited (2003-2008) where he was responsible for the distribution of funds to the retail market, including the AMP Capital China Fund and the ASX listed AMP Capital China Growth Fund. Immediately prior to that he was Head of Distribution for Henderson Private Capital (1999-2003) where he was responsible for raising funds for private equity and infrastructure. This included the development of the POWERS Trust and The DUET Group.
- 4.30 He worked in Corporate Finance at Smith New Court/Merrill Lynch (1992-1998) in London and specialised in the initial public offers and restructuring of investment trusts listed on the London Stock Exchange. Issues included Perpetual Income & Growth, Schroder AsiaPacific and Murray VCT2 and 3. Restructurings included the successful defence and unitisation of the £500 million Kleinwort European Privatisation Investment Trust and the convertible unsecured loan stock issue and buy-back for First Ireland Investment Trust.
- 4.31 He has also worked in mergers and acquisitions at Morgan Stanley (1989-1990).
- 4.32 Giles qualified as a Chartered Accountant with Ernst & Whinney in 1986 and worked as an auditor with them in London and as a management consultant with them in Saudi Arabia.

**Frederick Raymond Woollard****B Ec, F Finsia, GAICD - Executive Director**

- 4.33 Fred Woollard is the founder and Managing Director of Samuel Terry Asset Management Pty Limited, a boutique investment management company based in Sydney. It manages the Samuel Terry Absolute Return Fund.
- 4.34 Fred has worked in the stockbroking and funds management industry since 1981. He started as an office boy in a stockbroking firm, then worked as a clerk on the floor of the Sydney Stock Exchange. After completing his Economics degree, he became a client adviser in 1986.
- 4.35 From 1989 to 1998 he worked in London and Monaco as an investment analyst and fund manager for a wealthy private individual and entities associated with that person.
- 4.36 Fred spent 1998 and 1999 studying the market for second-hand life insurance policies, and building a substantial portfolio of such policies. In early 2000 he launched a campaign to demutualise Standard Life, which was then the UK's largest mutually owned insurance company. The campaign aimed to create a listed company worth around £15bn (around \$A30bn) but, after strong opposition from the company's management, policyholders narrowly voted against Fred's proposal. Standard Life subsequently demutualised in 2003.
- 4.37 From 2000 to 2003 Fred worked in London as an executive director of Hunter Hall International Limited, managing Hunter Hall's European and American portfolio of equities and distressed debt.

- 4.38 In April 2003, Fred left Hunter Hall to return to Sydney and set up Samuel Terry Asset Management in 2004.

**Gordon Bradley Elkington****B Sc (Hons), M Sc, Ph D, LLM - Executive Director**

- 4.39 Gordon Elkington undertook his early training in science, engineering and law. He was a Lecturer in Pure Mathematics at the University of Sydney between 1971 and 1974, and the Director of the Law Extension Committee of the University of Sydney between 1982 and 1996.
- 4.40 Gordon was admitted as a Barrister of the Supreme Court of New South Wales in 1979. He is a director and the secretary of Winpar Holdings Limited and Stokes (Australasia) Limited, and a director of Pritchard Equity Limited. He is also a member of the New South Wales Legal Qualifications Committee, and the Revising Examiner in Contract Law for the New South Wales Legal Profession Admission Board.
- 4.41 For many years he has been actively involved in promoting and protecting the rights of small shareholders.

**Further information on Hamilton Securities**

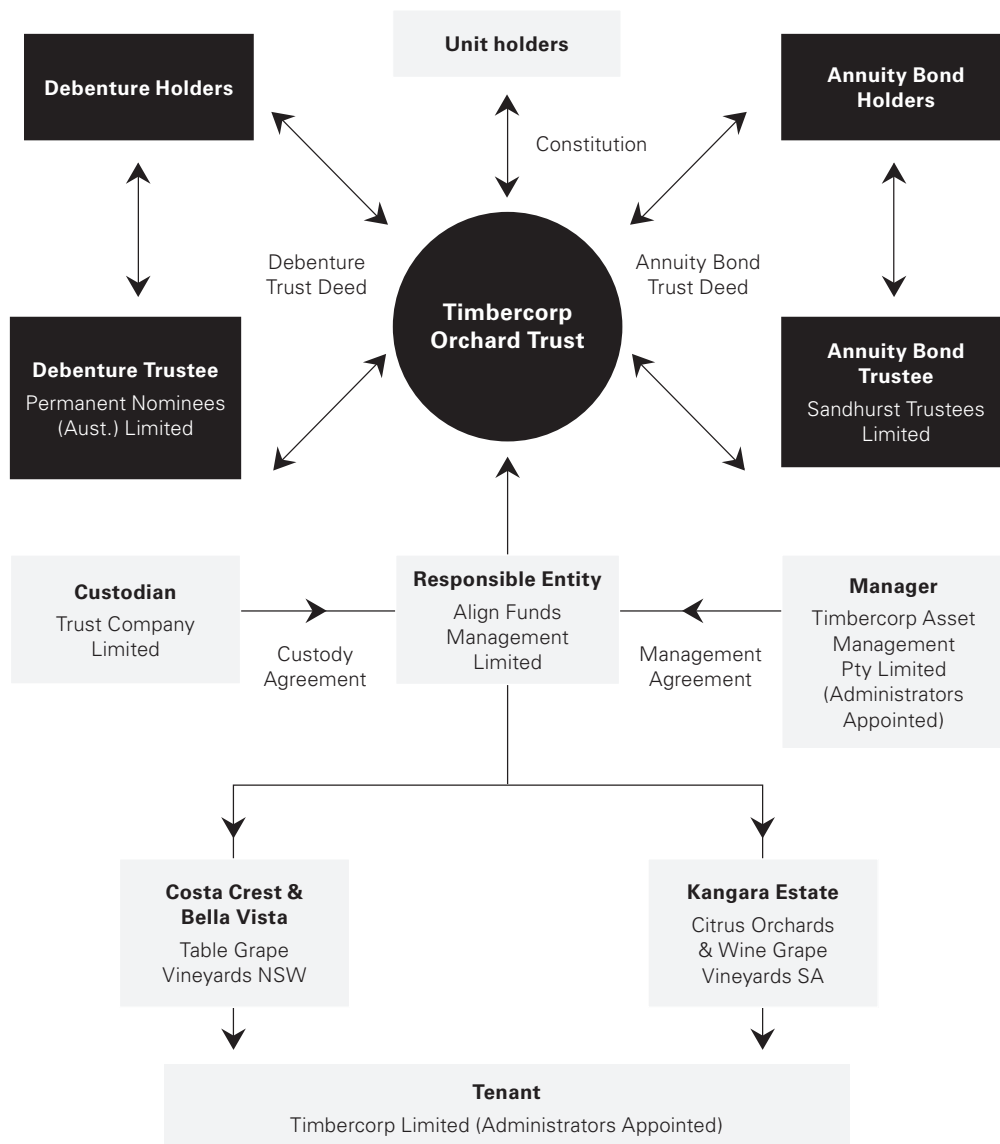
- 4.42 Further information on Hamilton Securities can be found at Hamilton Securities' website at [www.hamsec.com.au](http://www.hamsec.com.au). However no information on that website is incorporated by reference into this Bidder's Statement.

## Information about Timbercorp Orchard (Receivers and Managers appointed)

### Introduction

- 5.1 This Section 5 provides an overview of the Trust, its principal activities and recent history.
- 5.2 Further information in relation to the business of the Trust may be included in the Target's Statement prepared by Align as responsible entity for the Trust.

### The structure of the Timbercorp Orchard Trust before the appointment of PricewaterhouseCoopers as receiver and manager on 22 October 2009



Source: Notice of Meeting of Debenture Holders and Explanatory Memorandum for a meeting scheduled for 29 June 2009 issued by Align in its capacity as responsible entity of the Trust on 5 June 2009.

## Information about Timbercorp Orchard (Receivers and Managers appointed) continued

### Overview of the Trust and its Principal Activities

- 5.3 The Debentures were issued by Align under two prospectuses dated 17 October 2003 and 5 May 2005. Align used the proceeds of \$61.5 million from the issue of the Debentures (together with the proceeds from the issue of Annuity Bonds and Units) to acquire the following properties:
- (a) Kangara Estate - a citrus orchard and wine grape vineyard property located near Renmark in South Australia; and
  - (b) Costa's Crest and Bella Vista - table grape vineyards located near Euston in New South Wales.

### Sub-Leases and Grower Projects

- 5.4 The properties are leased to Timbercorp which has sublet the properties to Timbercorp Securities Limited (Administrators Appointed) (**TSL**). All of the Trust's revenue is derived from the leases to Timbercorp.
- 5.5 TSL acts as the responsible entity of various agri-business schemes conducted on the sub-leased land (**Projects**) with each Project being governed by its own constitution. Investors in the Projects (**Growers**) enter into licences with TSL over portions of the land used in the Project (**Lots**) and pay licence fees to TSL.
- 5.6 Each Grower also enters into a management agreement with TSL under which they pay TSL a management fee to cultivate and manage their Lots, harvest and procure the processing of the products grown on their Lots (e.g. table grapes or citrus), and market and sell the products grown on their Lots. TSL then engages an external manager (e.g. CostaExchange Group) to provide cultivation, management, harvesting, sorting, packaging and marketing services for the Project.

### Property management arrangements

- 5.7 Align had engaged Timbercorp Asset Management Pty Ltd (Administrators Appointed) (**TAM**) as the manager of the Trust's Assets. TAM's role was to undertake improvements to the Assets and manage the Assets on a day-to-day basis on behalf of the Trust.

### Timbercorp voluntary administration and liquidation

- 5.8 Timbercorp and TAM went into voluntary administration on 23 April 2009, and then into liquidation on 29 June 2009.
- 5.9 Timbercorp has been unable to pay rent or property outgoings due and payable under the lease of each property since 23 April 2009, and is unlikely to be in a position to pay rent or property outgoings under the leases in the future.
- 5.10 The entry into voluntary administration by Timbercorp caused the Trust to cease paying interest to the Debenture Holders. Align subsequently suspended ASX trading in the Debentures voluntarily. As a result of the insolvency, Align sought and obtained an interest moratorium from Debenture Holders and a 6 month principal and interest moratorium from the Annuity Bond Holders until 31 December 2009 at meetings held on 29 June 2009.
- 5.11 Align took over the function of managing the Assets on behalf of the Trust, and entered into an agreement under which CostaExchange Group agreed to manage the Trust's Kangara citrus orchards and Grape Exchange Management Euston Pty Limited agreed to manage the Trust's Bella Vista table grape vineyards for the term of the agreement. According to Align's last public statement on the matter, the CostaExchange Group agreement was due to expire on 30 September 2009. The Directors of Hamilton Securities believe that the agreement was subsequently extended but are not certain of its current status.
- 5.12 On 22 October 2009 Stephen Longley and Paul Kirk of PricewaterhouseCoopers were appointed receivers and managers of the Trust by the Trustee.

**Approach**

- 6.1 This Section 6 sets out the intentions of Hamilton Securities as a Debenture Holder. These intentions have been formed on the basis of facts and information concerning the Trust and the general business environment which are known to Hamilton Securities at the time of preparing this Bidder's Statement. Final decisions will only be reached by Hamilton Securities in the light of material information and circumstances at the relevant time.
- 6.2 Hamilton Securities has not undertaken any non-public due diligence investigations in relation to the Trust's business and operations in connection with Hamilton Securities' Offer.
- 6.3 In light of this, Hamilton Securities considers that it does not have sufficient information on the business or operations of the Trust to allow it to make any final decisions on the matters referred to in this Section 6. Accordingly, the statements set out in this section of the Bidder's Statement are statements of current intention only and may vary as new information becomes available or as circumstances change.

**Intentions upon acquiring 90% or more of Debentures**

- 6.4 Section 6.4 sets out Hamilton Securities' intentions if, at the end of the Offer Period, Hamilton Securities holds 90% or more of the Debentures and is entitled to proceed to compulsory acquisition of Debentures it does not then own in accordance with Part 6A.1 of the *Corporations Act*.

**(a) Compulsory Acquisition**

If Hamilton Securities becomes entitled to compulsorily acquire all outstanding Debentures then it intends to exercise its rights of compulsory acquisition in respect of those Debentures in accordance with the *Corporations Act*.

**(b) De-Listing**

Hamilton Securities intends to arrange for the Debentures to be removed from the official list of ASX.

**Intentions upon gaining less than 90% of Debentures**

- 6.5 If the Offer closes and Hamilton Securities does not acquire 90% of the Debentures, it will not be entitled to proceed to compulsory acquisition of the Debentures it does not then own. However, if it becomes entitled at some future time to exercise general compulsory acquisition rights under the *Corporations Act*, it will exercise those rights.

- 6.6 The Offer is conditional upon Hamilton Securities obtaining a relevant interest in at least 90% (by number) of the Debentures currently on issue. While Hamilton Securities has no current intention to waive this condition, it is open to Hamilton Securities to do so at its discretion in accordance with the *Corporations Act*.

**Other Intentions**

- 6.7 Other than as set out above, it is the present intention of Hamilton Securities following completion of the Offer:
- (a) to work closely with the Receivers and with Align to preserve and enhance the value of the Assets, having regard to the interests of:
    - (i) the Trustee;
    - (ii) the liquidator of Timbercorp, which leases the Trust's land;
    - (iii) the Growers, who sub-lease most of the Trust's land from Timbercorp;
    - (iv) the agri-manager, which manages the Trust's properties; and
  - (b) to robustly represent the interests of the Debenture Holders in all negotiations with other Trust stakeholders to ensure that Debenture Holders' rights are preserved and that the value attaching to these securities is maximised; and
  - (c) (subject to the Receivers not selling a substantial portion of the Trust's assets) to restructure the Trust in the longer term.
- 6.8 At this stage it is not possible to forecast the result of any negotiations.

**Business, Assets and Employees**

- 6.9 Except for the changes and intentions set out in this Bidder's Statement (including this Section 6), it is not the present intention of Hamilton Securities (based on the information presently available to it) to make any change to:
- (a) the business of the Trust as it is presently being conducted (including the redeployment of the fixed assets of the Trust); and
  - (b) the employment of the Trust's present employees.
- 6.10 Assuming the Offer is successful, Hamilton Securities will become the sole Debenture Holder. As a Debenture Holder, Hamilton Securities will be a creditor of the business, not an owner. Accordingly, Hamilton Securities will not have the same rights as a controlling shareholder or unitholder to change the business of the Trust, change the Trust's responsible entity, or change the employment of the Trust's present employees (if any).

**Historical Financial Information**

- 7.1 This Section includes historical financial information in relation to Hamilton Securities and the Trust.
- 7.2 References to financial information relating to Hamilton Securities and the Trust and references to Hamilton Securities' unaudited financial statements for the period ended 30 October 2009 and the Trust's financial report for the year ended 30 June 2009 respectively and do not include any changes to results or balances as a result of subsequent announcements not otherwise mentioned in this document.
- 7.3 The historical financial information of Hamilton Securities has been presented in an abbreviated form and therefore does not contain all the disclosures usually provided in an annual report prepared in accordance with Australian Accounting Standards and the *Corporations Act*.

**Important Note on Sources of Information**

- 7.4 Hamilton Securities has relied on the information in audited financial reports issued by the Trust to prepare the financial information about the Trust contained in this Bidder's Statement. Financial information relating to the Trust has been sourced from its financial reports for the year ended 30 June 2009 and details shown on its website.
- 7.5 Hamilton Securities does not, except as required by law, make any representations or warranty, express or implied, as to the accuracy or completeness of this information. It is expected that Align will, on behalf of the Trust, release financial information in its Target's Statement that will be sent to Debenture Holders and made publicly available.

**No Forward Looking Financial Statements**

- 7.6 This document does not provide revenue or profit projections in relation to Hamilton Securities following successful completion of the Offer. Hamilton Securities does not believe that it has sufficient information to include financial forecasts in this Bidder's Statement. Hamilton Securities believes that the inclusion of financial forecasts would be unduly speculative and potentially misleading for Debenture Holders, particularly given the uncertainty facing the Trust after 31 December 2009 when the Debenture Moratorium expires.

**Pro-forma Historical Financial Information**

- 7.7 The pro-forma Balance Sheet has been produced from the unaudited financial statements of Hamilton Securities for the period ended 30 October 2009 and the audited financial statements of the Trust for the year ended 30 June 2009.
- 7.8 The financial information relates to the latest publicly available information for each entity.
- 7.9 Hamilton Securities has not had access to the directors, management or staff of the Trust or the Responsible Entity or to any working papers, accounting records or other documentation for the purposes of preparing this financial information. Therefore, it has not been possible to independently verify any of the financial information relating to the Trust used in this Bidder's Statement.

### Pro-forma Balance Sheet

7.10 Set out below is the pro-forma Balance Sheet of Hamilton Securities as at 30 October 2009, based on the historical Balance Sheet of Hamilton Securities, assuming the Offer was successfully completed as at 30 October 2009 and all Debentures were acquired at \$30.

	Hamilton Securities Limited	Proforma Offer Adjustments	Proforma Balance Sheet
	\$	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash And Cash Equivalents	610,168	(100,000)	510,168
Trade And Other Receivables	2,526	-	2,526
<b>Total Current Assets</b>	<b>612,694</b>	<b>(100,000)</b>	<b>512,694</b>
<b>Non Current Assets</b>			
Deferred Tax Assets	17,562	-	17,562
Debentures In Unlisted Companies	-	17,132,110	17,132,110
<b>Total Non-Current Assets</b>	<b>17,562</b>	<b>17,132,110</b>	<b>17,149,672</b>
<b>Total Assets</b>	<b>630,256</b>	<b>17,032,110</b>	<b>17,662,366</b>
<b>Current Liabilities</b>			
Accrued Expenses	40,000	-	40,000
<b>Total Current Liabilities</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>
<b>Total Liabilities</b>	<b>40,000</b>	<b>-</b>	<b>40,000</b>
<b>Net Assets</b>	<b>590,256</b>	<b>17,032,110</b>	<b>17,622,366</b>
<b>Equity</b>			
Issued Capital	599,022	17,032,110	17,631,132
Retained Profits (Accumulated Losses)	(8,766)	-	(8,766)
<b>Total Equity</b>	<b>590,256</b>	<b>17,032,110</b>	<b>17,622,366</b>

### Key principles relating to the Pro-forma Financial Information

- 7.11 The following key principles have been used in producing the pro-forma financial information in this Bidder's Statement.
- (a) The pro forma information has been prepared using AIFRS and incorporates the accounting policies of Hamilton Securities. It has not been audited.
  - (b) A number of pro forma adjustments have been made to reflect the acquisition of all the Debentures at \$30 per Debenture and the costs of making the Offer, being estimated at \$100,000.

### Post Acquisition Capital Structure of Hamilton Securities

#### Shares

7.12 Assuming 100% acceptance of this Offer, the capital structure of Hamilton Securities following successful completion of the Offer will be as follows:

	Class A Shares	Class B Shares
Number of shares on issue as at the date of this Bidder's Statement	120,000	520,000
New shares issue to Debenture Holders under the Offer	17,032,110	Nil
Number of shares on issue on completion of Offer	17,152,110	520,000

7.13 Under the terms of this Offer, Debenture Holders will receive 30 A Class Shares for each Debenture they hold. As a result, approximately 17,032,110 new A Class Shares will be issued. This will bring the total number of A Class Shares on issue to approximately 17,152,110.

#### Options

7.14 Hamilton Securities has 800,000 B Class Options on issue as at the date of this Bidder's Statement. Each B Class Option is an option to subscribe for 1 B Class Share and is exercisable at \$1.00 on or before 30 November 2019.

#### Proposed issue of new options to current shareholders

7.15 Hamilton Securities intends to make a bonus issue of B Class Options to A Class Shareholders and B Class Shareholders on the register of members on the date immediately before the first issue of new A Class Shares to accepting Debenture Holders (*record date*).

7.16 As the record date will occur immediately before the date A Class Shares are issued to accepting Debenture Holders under this Offer, accepting Debenture Holders will not be entitled to receive these options. The purpose of this option issue is to align as closely as possible the interests of existing shareholders with the interests of Debenture Holders by ensuring that no value attaches to the new B Class Options unless the market price of B Class Shares exceeds the \$1.00 exercise price. As the economic rights of both A Class Shares and B Class Shares are the same (the only difference being voting rights), any increase in the value of the company's net assets should increase the value of both classes of shares.

7.17 One free B Class Option will be issued for every 10 A Class Shares issued under the Offer. These new B Class Options will be distributed amongst the A Class Shareholders and B Class Shareholders on the record date, so far as practicable in proportion to the number of A Class Shares and B Class Shares they hold as at that date.

7.18 A maximum of 1,703,211 new B Class Options may be issued to A Class Shareholders and B Class Shareholders, depending on the level of acceptance of the Offer by Debenture Holders. If all B Class Options are exercised, the number of additional B Class Shares on issue will be approximately 3,023,211.

#### Terms of issue of new options to current shareholders

7.19 The terms of these new options will be the same as the terms of those currently on issue.

7.20 Each B Class Option entitles the optionholder to the issue of one B Class Share upon payment to the company of \$1.00 at any time up to 30 November 2019. Each B Class Share issued as the result of the exercise of a B Class Option will rank equally with other B Class Shares already on issue.

7.21 B Class Options must be exercised in multiples of 1,000, unless an optionholder exercises all of their options at the same time.

7.22 Subject to the Corporations Act and the NSX Listing Rules, the options are freely transferable.

7.23 The holder of a B Class Option may only participate in a new issue of securities to holders of B Class Shares if the option has been exercised on or before the record date for determining entitlements to the issue. At least seven days notice of the record date for determining entitlements to any new issue will be given to B Class Optionholders in accordance with the NSX Listing Rules.

7.24 If there is a bonus issue to the holders of B Class Shares, each B Class Optionholder will receive on the exercise of their options the number of B Class Shares to which they would have been entitled if they had exercised their options on or before the record date for the bonus issue, or the record date for the first bonus issue if there are more than one bonus issue.

7.25 Any adjustment to the number of outstanding B Class Options and their exercise price under a reorganisation of the company's share capital must be made in accordance with the NSX Listing Rules.

7.26 The company will make application for the listing of all B Class Shares issued on the exercise of B Class Options in accordance with the NSX Listing Rules.



**Introduction**

- 8.1 All Debenture Holders (other than Foreign Debenture Holders) will receive A Class Shares as consideration under the Offer. The value of the A Class Shares, and as a result, the value of the Offer to Debenture Holders, will depend upon the future performance of Hamilton Securities. No guarantees can be given of the future performance of Hamilton Securities following completion of the Offer.
- 8.2 There are a number of factors which may have an impact on the future performance of Hamilton Securities, many of which are common to the factors affecting the current performance of both Hamilton Securities and the Trust.
- 8.3 Debenture Holders should be aware that an investment in A Class Shares has risks which are associated with investing in listed securities. Future dividends, the value of the assets of Hamilton Securities and the market value of the A Class Shares quoted on NSX may be influenced by these risk factors. None of Hamilton Securities or the Directors or any other person makes any promises, or guarantees the financial performance of Hamilton Securities or its share price or the payment of dividends.
- 8.4 The key risks that may have an adverse impact upon the financial performance of Hamilton Securities and the value of the A Class Shares are set out in this Bidder's Statement and include those risks set out in this Section 8.
- 8.5 This Section 8 does not take into account the investment objectives, financial situation or particular needs of Debenture Holders and is not exhaustive. It is important that Debenture Holders carefully read this Bidder's Statement in its entirety (particularly the material relating to risks set out in this Section), consider their personal circumstances and financial and taxation issues, and seek independent professional advice before deciding whether to accept the Offer.
- (c) The directors may make further takeover offers for unlisted securities. These offers are expensive and time consuming, and may not achieve control of their target. Even if control is achieved, there is a risk that the target securities may not perform as well as anticipated.
- (d) The future earnings of the company and the value of its investments may be affected by the general economic climate and other factors beyond the control of the company including variations in:
- (i) legislation and government policies;
  - (ii) taxation laws;
  - (iii) exchange rates;
  - (iv) short and long term interest rates; and
  - (v) commodity prices.
- (e) The price of investments that the company purchases can fall as well as rise.
- (f) The company relies on a number of key personnel. The loss of any of these personnel may have a detrimental effect on the company. The company does not have key person insurance.
- (g) The portfolio will be less diversified than that of other listed investment companies.
- (h) The price at which shares are traded on NSX may be below the net asset backing of those shares. The constitution of the company does not entitle shareholders to require the board to implement a share buy back or any other capital reconstruction, or to take any other remedial action.
- (i) Operational costs for the company as a proportion of total assets will be affected by the level of total assets of the company.
- (j) While the company will focus on acquiring the assets and specific securities of companies that are distressed, it may acquire assets that are themselves distressed. In this instance, the directors will use their judgement to try to ensure that potential negative performance of these assets will not have a detrimental effect on the company as a whole. This may entail the issue of new classes of shares or the creation of a special purpose vehicle. However there is no certainty that this risk will be entirely eliminated.

**General Risks**

- 8.6 Set out below are some of the general risks associated with an investment in Hamilton Securities.
- (a) No guarantee is given in respect of the future earnings of the company or the earnings or capital appreciation of the company's investments.
  - (b) The success and profitability of the company will depend in part upon the ability of the directors to manage the investment in debentures and to invest in other opportunities which have the potential to increase in value over time.

- (k) Whilst borrowing to invest has the potential to increase the returns on investments, the gearing of an investment portfolio can also multiply the effects of falls in the value of investments. In an extreme case the value of shareholders' equity may be reduced to nil.
- (l) Investors are strongly advised to regard any investment in the company as a medium to long term proposition and to be aware that, as with any other equity investment, substantial fluctuations in the value of their investment may occur.

#### **Risks that arise from the Offer**

8.7 Set out below are some of the key risks that arise from the Offer.

(a) **Debentures are distressed assets**

The Trust is currently in receivership and trading in the Debentures on ASX is currently suspended due to the entry of Timbercorp into administration and subsequent liquidation. The Trust has ceased to pay interest on the Debentures and is unlikely to pay any interest in the foreseeable future. Furthermore, the most recent accounts of the Trust showed that its debts substantially exceed its assets. Accordingly, the Debentures are distressed assets. As stated in Section 8.6(j) above, the directors will use their judgement to take steps to try to ensure that potential negative performance of these assets will not have a detrimental effect on the company as a whole. However there is no certainty that this risk will be entirely eliminated.

(b) **A Class Shares are non-voting**

Hamilton Securities has both A Class Shares and B Class Shares on issue. Holders of A Class Shares have the same dividend rights and the same distribution rights on a winding up of Hamilton Securities as holders of B Class Shares, and the same right to attend general meetings, but A Class Shareholders are not entitled to vote at general meetings unless the rights attached to A Class Shares are being varied. In particular, A Class Shareholders may not vote in relation to the appointment or removal of directors, or any amendment to the constitution unless the amendment varies the rights attached to the A Class Shares.

There is a risk that holders of A Class Shares may have their interests diluted if further share issues are authorised by the directors, or by way of resolution passed by the holders of B Class Shares (as only B Class Shares are entitled to vote on such a resolution).

(c) **Issue of A Class Shares as Consideration**

A Class Shares have not traded since the company was listed on NSX on 29 October 2009. Accordingly, there is a risk that an active market for A Class Shares will not develop. There is also no guarantee that accepting Debenture Holders will be able to trade A Class Shares at or above their original \$1.00 issue price.

Hamilton Securities will issue a significant number of A Class Shares to Debenture Holders who accept the Offer. Some Debenture Holders may not wish to retain the A Class Shares and may subsequently sell them on NSX. If such sales are substantial, there may be an oversupply of the A Class Shares which may have an adverse effect on the market price of the A Class Shares while the oversupply persists.

**General**

- 9.1 This summary provides a general outline of the main Australian income tax implications arising for a Debenture Holder. This summary assumes that:
- (a) the Debenture Holder is an Australian resident operating from Australia for the purposes of this transaction;
  - (b) the Debentures are not segregated exempt assets of a life assurance company and are not segregated current pension assets of a complying superannuation fund; and
  - (c) the Debenture Holder holds the Debentures on capital account.
- 9.2 The following discussion is based on Australian law and administrative practice as at the date of this Bidder's Statement. Debenture Holders should be aware that the ultimate interpretation of taxation law rests with the Courts and that the law, and the way that the Federal Commissioner of Taxation (*Commissioner*) and the state and territory revenue authorities administer the law, may change from time to time.
- 9.3 This summary is necessarily general in nature and does not take into account the specific taxation circumstances of each individual Debenture Holder. Debenture Holders should seek independent professional advice in relation to their own particular circumstances before making any investment decision.

**Traditional Security**

- 9.4 A Debenture will be "a traditional security" for income tax purposes.
- 9.5 As a general rule, under section 70B of the *Income Tax Assessment Act 1936*, where a taxpayer disposes of a traditional security, the amount of any loss on disposal is an allowable deduction for the taxpayer in the income year the disposal takes place.
- 9.6 However, there are various exceptions to this general rule. Relevantly, it is the Commissioner's view that where one of the reasons for the disposal of the Debentures is that there was an apprehension or belief (whether founded or unfounded) that the Trust (being the issuer) was, or would likely be, unable or unwilling to discharge all of the liabilities under the Debentures, a deduction is not allowable for a Debenture Holder under section 70B. The following factors are relevant in determining whether this exception applies:
- (a) the financial position of the Trust;
  - (b) the perceptions of the financial position of the Trust (whether or not such perceptions were generally held in the market place); and

- (c) other relevant matters bearing on the Trust's likely ability or willingness to discharge its payment obligations.

- 9.7 This is an objective test, and the subjective knowledge of a particular Debenture Holder is not relevant.
- 9.8 Per the Commissioner's view, the factors referred to in Section 9.6 suggest that an acceptance of the Offer is likely to fall within the exception, and in these circumstances no deduction under section 70B would be allowable to a Debenture Holder on a loss resulting from the disposal of their Debentures for the A Class Shares.
- 9.9 There is an alternative view that as long as the Debenture Holder acquired the Debentures in the ordinary course of trading on a securities market a deduction should be allowable. However, as this is clearly not the Commissioner's view, Debenture Holders should consult an independent professional taxation advisor if they wish to claim a deduction under section 70B.

**Capital Gains Tax****Disposal of the Debentures**

- 9.10 Where a deduction is not allowable under section 70B, then the disposal of a Debenture under the Offer should crystallise a capital loss which is recognised under the CGT provisions of the *Income Tax Assessment Act 1997*.
- 9.11 Under the CGT provisions, the disposal of the Debentures will occur when the Offer is accepted. An accepting Debenture Holder will make a capital loss if the capital proceeds from the disposal are less than the Debenture's reduced cost base. The capital proceeds will be the market value of the A Class Shares at the time of the CGT event (i.e., the time at which the Debenture Holder accepts the Offer).
- 9.12 Capital losses made by a Debenture Holder can only be applied against capital gains. Capital losses are not subject to discount.

**A Class Shares**

- 9.13 The first element of the cost base and reduced cost base of the A Class Shares will be their market value at the time the Offer is accepted.
- 9.14 Any gain or loss on the subsequent disposal of A Class Shares should be recognised under the CGT provisions.

**Off-market Takeover Bid**

- 10.1 Hamilton Securities offers to acquire all of your Debentures on the terms and subject to the conditions set out in the Offer.
- 10.2 The Offer also extends to all Debentures issued before the end of the Offer Period.
- 10.3 You may only accept the Offer in respect of all of your Debentures. The Offer Consideration is 30 A Class Shares in Hamilton Securities for each Debenture you hold. The A Class Shares are non-voting ordinary shares.

**Rights**

- 10.4 Hamilton Securities will be entitled to all Rights (being those accruing after the Announcement Date) in respect of Debentures which it acquires under the Offer. If you receive any Rights and any documents which are necessary to vest title in those Rights in Hamilton Securities, and those Rights or documents which are necessary to vest title in those Rights are not passed onto Hamilton Securities, or the benefit of those Rights is not passed on to Hamilton Securities, Hamilton Securities may reduce the value (as reasonably assessed by Hamilton Securities) of the consideration payable to you under the Offer by the amount of those Rights (or the value of those Rights as reasonably assessed by Hamilton Securities).

**Offer Consideration**

- 10.5 If you accept the Offer and the Conditions are satisfied or waived, you will receive 30 A Class Shares for each Debenture you hold.
- 10.6 If, at the time the Offer is made to you, you are a Foreign Debenture Holder you will not receive any new A Class Shares for your Debentures. Instead, subject to Sections 10.51 and 10.62 to 10.65 of this Bidder's Statement, you are offered and will receive a cash amount for your Debentures being the amount determined in accordance with Sections 10.62 to 10.65 of this Bidder's Statement.
- 10.7 Hamilton Securities has been admitted to the official list of NSX, and A Class Shares are traded on NSX.
- 10.8 An application will be made to NSX within 7 days after the commencement of the Bid Period for the granting of official quotation of the A Class Shares to be issued as consideration under the Offer.
- 10.9 The A Class Shares issued under the Offer will rank equally in all respects with all other A Class Shares on issue.

**How to accept****General**

- 10.10 The method by which you can accept the Offer will depend on whether your Debentures are in an Issuer Sponsored Holding or in a CHES Holding.
- 10.11 Your Debentures will be in an Issuer Sponsored Holding if they are sponsored directly by the Trust as issuer. Your Debentures will be in a CHES Holding if they are sponsored by a Controlling Participant (usually your broker) or if you are a Participant.
- 10.12 The enclosed Acceptance Form indicates whether you have an Issuer Sponsored Holding or a CHES Holding.

**Issuer Sponsored Holdings**

- 10.13 If your Debentures are in an Issuer Sponsored Holding (indicated by an "I" next to your holder number on the Acceptance Form) and you wish to accept the Offer in respect of those Debentures you must:
- complete and sign the enclosed Acceptance Form in accordance with the instructions on the form; and
  - ensure that the Acceptance Form (including all other documents required by the terms of the Offer and the instructions on the form) are received before the expiry of the Offer Period at one of the addresses shown on the Acceptance Form.

**CHES Holdings**

- 10.14 If your Debentures are in a CHES Holding (indicated by an "X" next to your holder number on the Acceptance Form), acceptance of the Offer in respect of those Debentures can only be made in accordance with the ASTC Settlement Rules. To accept the Offer in accordance with the ASTC Settlement Rules:
- you must instruct your Controlling Participant (who in ordinary circumstances will be your broker) to initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the expiry of the Offer Period; or
  - if you are a Participant, you must initiate acceptance of the Offer in accordance with the ASTC Settlement Rules before the expiry of the Offer Period.
- 10.15 Alternatively, you may complete, sign and send the Acceptance Form in respect of those Debentures which are in a CHES Holding in accordance with the instructions on the form, including all other documents required by those instructions, to the address indicated on the Acceptance Form. This will authorise Hamilton Securities to instruct your Controlling Participant

to initiate acceptance of the Offer on your behalf. You must ensure that the Acceptance Form is received by Hamilton Securities in time for Hamilton Securities to give instructions to your Controlling Participant and for your Controlling Participant to carry out your instructions before the expiry of the Offer Period. You will be taken to have completed acceptance of the Offer when your Controlling Participant initiates acceptance of the Offer in accordance with Rule 14.14 of the ASTC Settlement Rules.

#### Debentures held in different holdings

10.16 If some of your Debentures are held in different parcels in different forms, you must take the steps set out under Sections 10.13 to 10.15 of this Bidder's Statement in relation to the different parcels of your Debentures to accept the Offer.

#### Nominee Holdings

10.17 If your Debentures are registered in the name of a broker, investment dealer, bank, trust company or other nominee, you should contact your nominee for assistance in accepting the Offer.

#### Trustees and Nominees

10.18 If you are a trustee or nominee for several persons in respect of separate parcels of Debentures, section 653B of the *Corporations Act* deems a separate Offer to have been made to you in respect of each separate parcel. To validly accept the Offer for any of those separate parcels, you must:

- (a) if the parcel consists of Debentures held in an Issuer Sponsored Holding, complete and sign the Acceptance Form; and/or
- (b) if the parcel consists of Debentures held in a CHES Holding, initiate acceptance in accordance with Rule 14.14 of the ASTC Settlement Rules,

in each case specifying that the Debentures in respect of which you are accepting are a separate and distinct parcel. You may at the one time accept the Offer in respect of two or more such separate and distinct parcels as if they were a single parcel.

10.19 Issuer Sponsored Holders must give clear notice on their Acceptance Form of the distinct parcels involved.

10.20 If this Section applies to you and to comply with this procedure you need additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1300 912 083 (toll free) to request those additional copies.

#### Status of Acceptance Form

- 10.21 The personalised Acceptance Form which accompanies this Bidder's Statement forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer. Acceptance of the Offer for Debentures held in an Issuer Sponsored Holding or CHES Holding will be effective (subject to Sections 10.14, 10.15 and 10.23 to 10.24 of this Bidder's Statement) only when the properly completed Acceptance Form (together with any document required by the instructions on that form) has been received at the address indicated on the Acceptance Form or the address indicated in Section 2.8 above.
- 10.22 The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting Debenture Holder.

#### Hamilton Securities' Discretion

- 10.23 Notwithstanding anything in Sections 10.21 to 10.22 of this Bidder's Statement, Hamilton Securities may at its discretion treat any Acceptance Form received before the end of the Offer Period as valid, or waive any requirement of Sections 10.10 to 10.22 of this Bidder's Statement in respect of any Debentures held in an Issuer Sponsored Holding or CHES Holding. However, payment of the Offer Consideration in accordance with the Offer will not be made in accordance with Sections 10.47 to 10.57 of this Bidder's Statement until any irregularity has been resolved or waived and Hamilton Securities has received any other documents required to procure registration.
- 10.24 Please contact the Offer Information Line on 1300 912 083 (toll free) if you have any questions about the Offer or how to accept the Offer or need a replacement Acceptance Form.

#### Effect of Acceptance

- 10.25 By accepting the Offer or initiating acceptance of the Offer in accordance with Sections 10.10 to 10.22 of this Bidder's Statement, you will have, or will be deemed to have:
- (a) accepted the Offer for all of your Debentures, and irrevocably agreed to the terms and conditions of the Offer to sell all your Debentures to Hamilton Securities (regardless of the number of Debentures specified in the Acceptance Form or other acceptance);
  - (b) subject to the Offer being declared free from the Conditions or those Conditions being fulfilled, authorised Hamilton Securities to issue to you the A Class Shares you are entitled to receive under the Offer and to register your name in the register of members in respect of those A Class Shares, and agreed that you will be bound by the Constitution;

- (c) subject to the Offer being declared free from the Conditions or those Conditions being fulfilled, assigned all your beneficial interest in your Debentures to Hamilton Securities, conveyed beneficial title to your Debentures to Hamilton Securities and agreed to transfer legal title to all your Debentures to Hamilton Securities in accordance with the terms of the Offer;
- (d) authorised Hamilton Securities (and its directors, officers, servants or agents) to complete the Acceptance Form by:
- (i) inserting any details which have been omitted in respect of your Debentures; and
  - (ii) rectifying any errors in or omissions from the Acceptance Form (including errors in the number of Debentures stated to be held by you if the number is otherwise than as set out in the Acceptance Form),
- as may be necessary to make the Acceptance Form an effective acceptance of the Offer or to enable to the transfer of all your Debentures to Hamilton Securities to be registered;
- (e) represented and warranted to Hamilton Securities as a fundamental condition of the contract resulting from your acceptance that, both at the time of acceptance of the Offer and at the time you transfer your Debentures to Hamilton Securities, your Debentures (including any Rights) will be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer of any kind, that you have full legal and beneficial ownership of those Debentures and Rights and full capacity and authority to sell and transfer those Debentures and Rights;
- (f) with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer, becomes unconditional, irrevocably appointed Hamilton Securities and each of its directors, secretaries and officers severally as your true and lawful exclusive attorney, agent and proxy in your name and on your behalf, with power to do all things which you could lawfully do concerning your Debentures or in exercise of any right derived from the holding of your Debentures, including powers and rights to requisition, convene, attend and vote

in person, by proxy or by body corporate representative, at all general meetings of Debenture Holders and to request the Responsible Entity to register in the name of Hamilton Securities or its nominee, your Debentures, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable) and to have agreed that in exercising the powers conferred by that power of attorney, the attorney may act in the interests of Hamilton Securities as the intended registered holder and beneficial holder of your Debentures, and to have agreed to do all such acts, matters and things that Hamilton Securities may require to give effect to the matters the subject of this paragraph (including executing a written form of proxy to the effect of this paragraph which complies in all respects with the requirement of the constitution of the Trust) if requested by Hamilton Securities;

- (g) represented and warranted to, and agreed with, Hamilton Securities that your Debentures in respect of which you have accepted the Offer will be purchased by Hamilton Securities with all Rights and that you will execute all such instruments as Hamilton Securities may require for the purposes of vesting in it any such Rights;
- (h) irrevocably authorised and directed the Trust to pay Hamilton Securities or to account to Hamilton Securities for all Rights in respect of your Debentures it acquires under the Offer subject however to any such Rights received by Hamilton Securities being accounted for by Hamilton Securities to you if the Offer is withdrawn or the contract formed by your acceptance of the Offer is rescinded or avoided;
- (i) except where the Rights have been paid or accounted for under clause (h) above, irrevocably authorised Hamilton Securities and its Directors to reduce the number of A Class Shares to be provided to you in accordance with the terms of the Offer by a number of A Class Shares with a value (as reasonably assessed by Hamilton Securities) equal to the amount of all Rights referred to in clause (h) above or (if the Rights are not a cash amount) by the value of those Rights as reasonably assessed by Hamilton Securities (or if there is a dispute, by the Chairman of ASX or his nominee);

- (j) if you have signed the Acceptance Form in respect of any of your Debentures in a CHES Holding, irrevocably authorised Hamilton Securities:
- (i) to instruct your Controlling Participant to initiate acceptance of the Offer in respect of all such Debentures in accordance with the ASTC Settlement Rules; and
  - (ii) to give any other instructions concerning those Debentures to your Controlling Participant on your behalf under the sponsorship agreement between you and the Controlling Participant,
- even though at the time of such transfer Hamilton Securities has not issued the Offer Consideration due to you under the Offer;
- (k) if at the time of acceptance of the Offer your Debentures are in a CHES Holding, with effect from the date that the Offer, or any contract resulting from your acceptance of the Offer becoming unconditional, authorised Hamilton Securities to cause a message to be transmitted to ASTC in accordance with Rule 14.17.1 of the ASTC Settlement Rules for the purpose of transferring your Debentures to Hamilton Securities' takeover transferee holding (as defined in the ASTC Settlement Rules), even though at the time of such transfer Hamilton Securities has not issued the Offer Consideration due to you under the Offer;
- (l) if you have agreed to accept A Class Shares, irrevocably authorised Hamilton Securities to issue to you that number of A Class Shares corresponding to your entitlement under the Offer at the date of application;
- (m) agreed to indemnify Hamilton Securities in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your holder identification number or in consequence of the transfer of your Debentures being registered by the Trust without production of your holder identification number for your Debentures;
- (n) represented and warranted to Hamilton Securities that your Debentures do not consist of several parcels of Debentures, unless you have notified Hamilton Securities to the contrary in accordance with Sections 10.42 to 10.44 of this Bidder's Statement; and
- (o) agreed, in the absence of a waiver of this requirement from Hamilton Securities, not to attend or vote in person at any meeting of Debenture Holders or to exercise or purport to exercise any of the powers conferred on Hamilton Securities or its nominee under Section 10.25(f) above.
- 10.26 Any appointment under Section 10.25(f) above, being given for valuable consideration to secure the interest acquired in your Debentures, is irrevocable, and terminates upon registration of a transfer to Hamilton Securities of your Debentures. Hamilton Securities will indemnify you and keep you indemnified in respect of all costs, expenses and obligations which might otherwise be incurred or undertaken as a result of the exercise by an attorney of any powers under Section 10.25(f).
- 10.27 The undertakings and authorities referred to in Section 10.25 will (unless otherwise stated) remain in force after you receive the consideration for your Debentures acquired by Hamilton Securities and after Hamilton Securities becomes the registered holder of the Debentures.

#### Conditions of the Offer

- 10.28 The Offer and any contract that results from the acceptance of the Offer is subject to the following conditions being fulfilled or waived by Hamilton Securities.
- (a) **Minimum acceptance**  
That during or at the end of the Offer Period Hamilton Securities has acquired a relevant interest in at least 90% (by number) of Debentures on issue at the end of the Offer Period.
  - (b) **No material adverse change**  
That between the Announcement Date and the end of the Offer Period (both dates inclusive), no event, occurrence, change, condition or matter which individually or when aggregated with other events, occurrences, changes, conditions or matters has had, or could be reasonably expected to have, a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Timbercorp Orchard Trust and any controlled entities taken as a whole.

**(c) Conduct of business**

That between the Announcement Date and the end of the Offer Period (both dates inclusive) none of the following events have occurred:

- (i) Timbercorp Orchard Trust acquiring, offering to acquire, agreeing to acquire, leasing, or entering into a binding commitment, or granting a person an irrevocable option to require it to acquire or lease any asset for a consideration greater than \$1 million, or making an announcement in relation to any such an acquisition, offer or agreement;
- (ii) the cash and cash equivalents held by Timbercorp Orchard Trust falling below the level of cash and cash equivalents stated in Timbercorp Orchard Trust's preliminary final report for the year ended 30 June 2009 as announced to ASX on 1 September 2009, or Timbercorp Orchard Trust announcing such an event;
- (iii) Timbercorp Orchard Trust leasing, sub-leasing or disposing of, offering to lease or sub-lease or dispose of, agreeing to lease or sub-lease or dispose of or granting a person an option to require it to lease or sub-lease or dispose of any asset or any interest in one or more assets for a consideration greater than \$1 million, or disposing or agreeing to dispose of any asset or any interest in one or more assets at a price or for a consideration which is below the carrying value of that asset as at 30 June 2009, or making an announcement in relation to such a lease, sub-lease, disposition, agreement or option;
- (iv) Timbercorp Orchard Trust increasing its level of financial indebtedness (including financial liabilities under finance leases), other than in the ordinary and usual course of business, by an amount in excess of \$1 million;
- (v) Timbercorp Orchard Trust entering in a joint venture, partnership or other similar arrangement;
- (vi) Timbercorp Orchard Trust paying or making any distribution, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members (or declaring, announcing or recommending any of the foregoing);

(vii) Timbercorp Orchard Trust creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property; or

(viii) Timbercorp Orchard Trust being or becoming a party to any material prosecution, litigation or arbitration in respect of Timbercorp Orchard Trust or their respective business or assets that exposes Timbercorp Orchard Trust to a potential liability exceeding \$1 million (including legal costs) or may have a material effect on the assets or business of Timbercorp Orchard Trust.

In Sections 10.28(b) and 10.28(c), "Timbercorp Orchard Trust" means Align in its capacity as responsible entity of the Trust, and includes a reference to any controlled entity of the Trust.

**(d) No regulatory restraint**

That no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition which prevents the completion of the Offer or the transactions contemplated by the Offer is in effect at the close of the Offer Period.

**(e) No specified occurrences**

That between the Announcement Date and the end of the Offer Period (each date inclusive) none of the following has occurred without the prior written approval of Hamilton Securities:

- (i) a liquidator, provisional liquidator or administrator is appointed to Align under any of sections 436A, 436B and 436C of the *Corporations Act*;
- (ii) Align or the Unitholders resolve to wind up or terminate the Trust, or a court makes an order for the winding up or termination of the Trust;
- (iii) Align executes a deed of company arrangement; or
- (iv) a receiver, or a receiver and manager, is appointed in relation to any part of the property of Align or the Trust (excluding any such appointment prior to the Announcement Date).



### **Nature and Effect of Conditions**

- 10.29 Each of the Conditions set out in Section 10.28 of this Bidder's Statement is a condition subsequent. Further, each of the Conditions set out in Section 10.28 is a separate and distinct condition, and will not be taken to limit the meaning or effect of any other condition.
- 10.30 The breach or non-fulfilment of any condition subsequent does not prevent a contract to sell your Debentures resulting from your acceptance of the Offer, but if:
- (a) Hamilton Securities has not declared the Offer to be free from the Conditions in Section 10.28 of this Bidder's Statement before the date applicable under subsection 650F(1) of the *Corporations Act*; and
  - (b) the Conditions have not been fulfilled or waived at the end of the Offer Period,
- all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are avoided. In this case, Hamilton Securities will:
- (c) return all documents forwarded by you to the address shown on the Acceptance Form; and
  - (d) notify ASTC of the lapse of the Offer in accordance with Rule 14.19 of the ASTC Settlement Rules.

### **The benefit of the Conditions**

- 10.31 Subject to the provisions of the *Corporations Act*, Hamilton Securities alone is entitled to the benefit of the Conditions and any non-fulfilment of such Conditions may be relied upon only by Hamilton Securities.

### **Freeing the Offer from the Conditions**

- 10.32 Subject to section 650F of the *Corporations Act*, Hamilton Securities may, at any time in its sole discretion, declare the Offer free from any or all of the Conditions generally or in relation to any specific occurrence or any specific entity by giving notice in writing to the Trust no later than seven days before the end of the Offer Period.

### **Statutory Condition**

- 10.33 The Offer and any contract that results from your acceptance of it are subject to the condition that permission for admission to official quotation by NSX of the new A Class Shares to be issued under the Offer is granted no later than seven days after the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offer will be automatically avoided.

- 10.34 The condition in Section 10.33 cannot be waived by Hamilton Securities.

### **Notice on the Status of the Conditions**

- 10.35 The date for giving the notice on the status of the conditions required by section 630(3) of the *Corporations Act* is [19 February] 2010 (subject to extension in accordance with section 630(2) of the *Corporations Act* if the Offer Period is extended).

### **Date for determining holders of security**

- 10.36 For the purposes of section 633 of the *Corporations Act*, the date for determining the persons to whom information is to be sent under items 6 and 12 of subsection 633(1) of the *Corporations Act* is the Register Date.

### **Date**

- 10.37 The Offer is dated 13 January 2010.

### **Offer Period**

- 10.38 The Offer commences on the date the first Bidder's Statements are sent to Debenture Holders, which will be 13 January 2010, and will remain open for acceptance until 7.00 pm (Sydney time) on 26 February 2010, unless it is withdrawn or extended in accordance with the *Corporations Act*.
- 10.39 Hamilton Securities expressly reserves its right under section 650C of the *Corporations Act*, exercisable in its sole discretion, to extend the period during which the Offer remains open for acceptance or otherwise to vary the Offer in accordance with the *Corporations Act*.
- 10.40 If within the last seven days of the Offer Period the Offer is varied to improve the consideration offered, then the Offer Period will be automatically extended in accordance with section 624(2) of the *Corporations Act*, so that it ends 14 days after the date of the variation.
- 10.41 You may accept the Offer at any time during the Offer Period.

### **Persons to whom the Offer is made**

- 10.42 The Offer is made to each Debenture Holder registered in the Trust's register of Debenture Holders at 10.00 am on the Register Date.

10.43 If at the time the Offer is made to you, or at any time during the period from the Register Date to the end of the Offer Period and before you accept the Offer, another person is, or is entitled to be, registered as the holder of some or all of your Debentures to which the Offer relates, then:

- (a) a corresponding Offer will be deemed to have been made to that other person in respect of those Debentures;
- (b) a corresponding Offer will be deemed to have been made to you in respect of any other Debentures held by you to which the Offer relates; and
- (c) the Offer is deemed to have been withdrawn immediately after making those corresponding offers.

10.44 If during the Offer Period your Debentures consist of two or more distinct parcels (for example, where you hold Debentures as nominee for separate beneficial owners), the Offer is deemed to consist of separate corresponding Offers made to you for the respective distinct portions of your Debentures. You may accept two or more such deemed separate corresponding Offers at the same time as if they were a single Offer for each distinct portion of Debentures. Your acceptance of one of the Offers which is deemed to be made in respect of a distinct portion of Debentures is ineffective unless you have given Hamilton Securities a notice which:

- (a) if it relates to Debentures in an Issuer Sponsored Holding, is in writing; or
- (b) if it relates to Debentures in a CHES Holding, is in an electronic form approved by the ASTC Settlement Rules,

and which states that the relevant Debentures consist of a distinct portion and your acceptance specifies the number of Debentures in the distinct portion to which the acceptance relates. If this applies to you, please call the Offer Information Line on 1300 912 083 (toll free) for additional copies of this Bidder's Statement and the Acceptance Form as are necessary.

#### Withdrawal of Offer

10.45 In accordance with section 652B of the *Corporations Act*, the Offer may be withdrawn with the consent in writing of ASIC. If this occurs, Hamilton Securities will give notice of the withdrawal to ASX and to the Trust and will comply with any conditions imposed by ASIC.

10.46 If the Offer is withdrawn, all contracts arising from its acceptance will automatically be avoided.

#### Issue of the Offer Consideration for your Debentures

10.47 Subject to Sections 10.23, 10.48 to 10.57 and 10.62 to 10.65 of this Bidder's Statement and the *Corporations Act*, if you accept the Offer and the conditions of the Offer are fulfilled or waived, Hamilton Securities will provide the Offer Consideration to you on or before the earlier of:

- (a) the day one month after the date you accept the Offer or, if the Offer is subject to a Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) 21 days after the end of the Offer Period.

10.48 Where the Acceptance Form or this Offer requires a power of attorney or other additional document to be given to Hamilton Securities with your acceptance to enable Hamilton Securities to become the holder of your Debentures:

- (a) if that document is delivered with your acceptance, Hamilton Securities will provide the consideration in accordance with Section 10.47 of this Bidder's Statement;
- (b) if that document is delivered after acceptance and before the end of the Offer Period while the Offer is no longer subject to a Condition, Hamilton Securities will provide the consideration to you by the earlier of:
  - (i) one month after that document is delivered to Hamilton Securities; and
  - (ii) 21 days after the end of the Offer Period;
- (c) if that document is delivered after acceptance and before the end of the Offer Period while the Offer is still subject to a Condition, Hamilton Securities will provide the Offer Consideration to you by the earlier of:
  - (i) one month after the contract resulting from your acceptance becomes unconditional; and
  - (ii) 21 days after the end of the Offer Period;
- (d) if that document is delivered after the end of the Offer Period while the Offer is no longer subject to a Condition, Hamilton Securities will provide the consideration to you within 21 days after that document is delivered to Hamilton Securities.

10.49 The obligation of Hamilton Securities to issue any A Class Shares to which you are entitled under the Offer will be satisfied by Hamilton Securities:

- (a) entering your name on the register of members of Hamilton Securities; and
  - (b) dispatching or procuring the dispatch to you of an uncertificated holding statement in your name by pre-paid ordinary mail to your address as shown on the register of Debenture Holders on the Register Date.
- 10.50 If your Debentures are held in a joint name, an uncertificated holding statement will be issued in the name of the joint holders and forwarded to the address that first appears on the register of Debenture Holders.
- 10.51 If at the time you accept the Offer you are resident in or a resident of a place to which, or you are a person to whom, any of the following regulations apply:
- (a) the *Banking (Foreign Exchange) Regulations 1959*;
  - (b) the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002*;
  - (c) the *Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001*;
  - (d) the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003*; or
  - (e) any other law of Australia that would make it unlawful for Hamilton Securities to provide consideration for your Debentures,
- acceptance of the Offer will not create for you or transfer to you any right (contractual, contingent or otherwise) to receive the consideration specified in the Offer unless and until all requisite authorities or clearances have been obtained by Hamilton Securities.
- 10.52 The persons to whom the *Banking (Foreign Exchange) Regulations 1959* currently apply include supporters of the former Milosevic government of the Federal Republic of Yugoslavia, and specified ministers and senior officials of the government of Zimbabwe.
- 10.53 The persons to whom the *Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002* currently apply include the Taliban, Osama Bin Laden, a member of the Al-Qaida organisation, and any person named on the list maintained by the Committee under United Nations Resolution 1390.
- 10.54 The places to which and persons to whom the *Charter of the United Nations (Sanctions - Afghanistan) Regulations 2001* currently apply include the Taliban Territory, a bin Laden Entity and a Taliban Entity (as those terms are defined in those regulations).

- 10.55 The persons to whom the *Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003* currently apply include members of the previous government of Iraq, its senior officials and their immediate families.

#### **Improved Offer Consideration**

- 10.56 If you have accepted the Offer and Hamilton Securities subsequently improves the Offer Consideration, you will be entitled to the improved consideration and Hamilton Securities will pay it to you:
- (a) if the Offer Consideration has not yet been paid to you, at the time when the consideration is paid to you; or
  - (b) if the Offer Consideration has been paid to you, as soon as practicable.
- 10.57 Interest will not be paid on the consideration due under the Offer, regardless of any delay in paying the consideration or any extension of the Offer.

#### **Brokerage and other costs**

- 10.58 No brokerage, stamp duty or goods and services tax will be payable by you if you accept the Offer (subject to Sections 10.62 to 10.65 of this Bidder's Statement).
- 10.59 If your Debentures are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Hamilton Securities, you will not incur any brokerage in connection with your acceptance of the Offer.
- 10.60 If your Debentures are registered in a CHES Holding, or if you are a beneficial owner whose Debentures are registered in the name of a broker, bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or your nominee whether they will charge any transactional fees or make any services charges in connection with acceptance of the Offer.

#### **Variation**

- 10.61 Hamilton Securities may vary the Offer as permitted by Part 6.6, Division 2 of the *Corporations Act*.

#### **Foreign Debenture Holders**

- 10.62 If you are a citizen or resident of a jurisdiction other than Australia and its external territories, or your address as shown on the register of Debenture Holders is a place outside Australia and its external territories, then you are a Foreign Debenture Holder, subject to Hamilton Securities' discretion to declare that certain foreign Debenture Holders are not Foreign Debenture Holders for the purpose of the Offer.

10.63 If you are a Foreign Debenture Holder and you accept the Offer, Hamilton Securities will, subject to Section 10.51 of this Bidder's Statement:

- (a) arrange for the allotment to the nominee approved by ASIC (*Nominee*) of the number of A Class Shares to be issued in accordance with the Offer to which you and all other Foreign Debenture Holders would have been entitled but for Sections 10.62 to 10.65;
- (b) cause those A Class Shares to be offered for sale on NSX within 30 days after the end of the Offer Period; and
- (c) pay to you the amount A determined in accordance with the following formula:

$$A = P \times N / T$$

where:

- (i) P is the proceeds which the Nominee receives from the sale of all A Class Shares issued to the Nominee under this paragraph, less brokerage and other sale expenses;
- (ii) N is the number of A Class Shares which Hamilton Securities would otherwise be required to issue to you as a result of your acceptance of the Offer; and
- (iii) T is the total number of A Class Shares issued to the Nominee under Sections 10.62 to 10.65.

10.64 Payment will be made by cheque in Australian currency. The cheque will be posted to you at your risk by prepaid airmail to your address as shown on the register of Debenture Holders on the Register Date. Interest will not be paid on the proceeds of this sale, regardless of any delay in remitting these proceeds to you.

10.65 Notwithstanding anything else in this Bidder's Statement:

- (a) Hamilton Securities is not under any obligation to spend any money, or undertake any action, in order to satisfy itself of the eligibility of Foreign Debenture Holders to receive A Class Shares; and
- (b) Hamilton Securities is not under any obligation to spend any money or undertake any action in order to obtain an authority or clearance of the type described in Section 10.51 of this Bidder's Statement for any person.

#### **Governing Law**

10.66 The Offer and any contract that results from your acceptance of the Offer will be governed by the laws in force in New South Wales.

**The securities of Hamilton Securities****Issued shares**

11.1 As at the date of this Bidder's Statement, there are 120,000 A Class Shares and 520,000 B Class Shares on issue. If all Debenture Holders accept the Offer, the total number of A Class Shares on issue will be approximately 17,152,110.

**Substantial Shareholders**

11.2 As at the date of this Bidder's Statement, the following entities had notified Hamilton Securities of current substantial shareholdings in Hamilton Securities:

<b>Substantial Shareholder</b>	<b>Number of B Class Shares</b>	<b>%</b>
Samuel Terry Asset Management Pty Ltd*	224,800**	43.20
Giles Cameron Craig	34,000	6.54
Steven Shane Pritchard	38,200	7.35

\*Mr Woollard is the managing director of and indirectly controls Samuel Terry Asset Management Pty Ltd.

\*\* Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund controls 222,799 B Class Shares. Mr Woollard holds 1 B Class Share personally. 2,000 B Class Shares are held beneficially by another director of Samuel Terry Asset Management Pty Ltd.

11.3 The four Hamilton Securities Directors together control (directly or indirectly) approximately 59% of B Class Shares on issue. Because B Class Shares are the only voting shares, these Directors will be in a position to cast the majority of votes at a general meeting of the company. This will enable the Directors to control the company and its strategic direction.

**No trading of A Class Shares**

11.4 A Class Shares have not traded on NSX since the company was listed on NSX on 29 October 2009.

**Summary of rights attaching to A Class Shares**

11.5 Immediately after issue, all of the A Class Shares will be fully paid non-voting ordinary shares. There will be no liability on the part of A Class Shareholders for any calls, and the new A Class Shares will rank equally with other A Class Shares already on issue.

11.6 Detailed provisions relating to the rights attaching to the A Class Shares are set out in Hamilton Securities' constitution, the *Corporations Act*, and the Listing Rules. The rights may be summarised as follows.

11.7 Each A Class Share confers on its holder:

- (a) the same rights as holders of B Class Shares to receive dividends as declared from time to time;

- (b) the same right as holders of B Class Shares to receive, in cash or in kind, a proportionate part of the whole or any part of the Hamilton Securities' property in a winding up of Hamilton Securities; and
- (c) the right to attend general meetings of Hamilton Securities either in person or by any representative, proxy or attorney.

11.8 A Class Shareholders have no rights to vote at general meetings of the company. In particular, A Class Shareholders may not vote in relation to the appointment or removal of directors, or any amendment to the constitution unless the amendment varies the rights attached to the A Class Shares.

11.9 The rights attaching to the A Class Shares may only be varied by a special resolution of A Class Shareholders and B Class Shareholders at a general meeting, and a special resolution of A Class Shareholders at a separate meeting of A Class Shareholders.

11.10 Subject to the *Corporations Act* and the Listing Rules, the A Class Shares are freely transferable.

**Summary of rights attaching to B Class Shares**

11.11 Each B Class Shareholder has the same rights to dividends and capital as each A Class Shareholder. In addition, each B Class Shareholder is entitled to vote at all general meetings of the company.

11.12 Subject to the *Corporations Act* and the Listing Rules, the B Class Shares are freely transferable.

**Directors' Interests in Hamilton Securities**

11.13 As at the date of this Bidder's Statement, details of Hamilton Securities Directors who have a relevant interest in Hamilton Securities Shares or options for their own benefit or who have an interest in holdings through a third party and the total number of Hamilton Securities Shares or options held are listed as follows:

<b>Director</b>	<b>A Class Shares</b>	<b>B Class Shares</b>	<b>B Class Options</b>
Steven Pritchard	7,800	38,200	74,000
Giles Craig	6,000	34,000	80,000
Frederick Woollard	53,200	222,800*	316,000
Gordon Elkington	0	10,000	50,000

\* Mr Woollard is the managing director of and indirectly controls Samuel Terry Asset Management Pty Ltd. Samuel Terry Asset Management Pty Ltd as trustee for the Samuel Terry Absolute Return Fund controls 222,799 B Class Shares. Mr Woollard holds 1 B Class Share personally.

**Information on Debentures****Debentures on Issue**

- 11.14 According to documents provided by Align to ASX, as at the date of this Bidder's Statement, there are 567,737 Debentures on issue, each with a face value of \$100. Debentures are quoted on ASX, although trading has been suspended since 23 April 2009.
- 11.15 The last recorded sale price of Debentures on ASX before trading was suspended on 23 April 2009 was \$30.00.

**Details of Hamilton Securities' interests in Debentures and voting power in the Trust**

- 11.16 As at the date of this Bidder's Statement, Hamilton Securities has no interest in Debentures and no voting power in the Trust.

**Disclosure of Directors' Interests**

- 11.17 Except as set out below, as at the date of this Bidder's Statement, none of the Directors has a relevant interest in Debentures.
- 11.18 Frederick Woollard has an indirect and direct interest in 7,236 Debentures. The Debentures were acquired on market at various times between 22 June 2007 and 21 April 2009.

**Remuneration of Directors**

- 11.19 Under the company's constitution, the directors may be paid remuneration for services rendered as directors. The total fees payable to directors may not be increased without the prior approval of shareholders at a general meeting. To the extent required by law, the company's constitution or the NSX Listing Rules, the directors will not vote on any such resolution.
- 11.20 The directors are presently entitled to receive an aggregate remuneration not exceeding \$200,000 per annum, to be divided among them in such proportions as they agree. However the directors have agreed to waive the right to receive any fee until the earlier of the net assets of the company exceeding \$20,000,000 and 6 August 2014.

**Director related transactions**

- 11.21 None of the directors has at the date of this Bidder's Statement or has had in the previous two years any interests in property proposed to be acquired by the company in connection with its formation or promotion.
- 11.22 No amounts have been paid or agreed to be paid to any director in cash or securities or otherwise by any person either to induce him to become or qualify him as a director or otherwise for services rendered by him in connection with the promotion or formation of the company.

**Deeds of Access and Indemnity**

- 11.23 The company has agreed to provide access to board papers to current and former directors of the company while they are directors and for a period of seven years after they cease to be directors.
- 11.24 The company has agreed to indemnify, to the extent permitted by the *Corporations Act*, each director in respect of certain liabilities which the director may incur as a result of or by reason of being or acting as a director of the company. The company may maintain in favour of each director a directors' and officers' policy of insurance for the period that they are a director and for a period of seven years after they cease to be a director of the company.

**Hamilton Securities information**

- 11.25 Because Hamilton Securities is offering A Class Shares as consideration for the acquisition of Debentures, the *Corporations Act* requires that this Bidder's Statement include all information that would be required of a prospectus for an offer of A Class Shares under sections 710 to 713 of the *Corporations Act*.
- 11.26 A Class Shares were only quoted on NSX on 29 October 2009 and therefore do not meet the minimum three month quotation requirement specified by section 713 of the *Corporations Act* to enable the company to include information in relation to the effect of the Offer on Hamilton Securities and the rights and liabilities attaching to the A Class Shares.
- 11.27 Accordingly, in addition to the information specified in Section 11.25, general information in relation to all of the assets and liabilities, financial position and performance, profits and losses and prospects of Hamilton Securities are also disclosed in this Bidder's Statement. This information is included only to the extent to which it is reasonable for investors and their professional advisers to expect to find it in a prospectus and if the information is actually known, or in the circumstances ought reasonably to have been obtained if inquiries were made by the company, its directors, a person whose statement is included or who is named as having performed a particular professional or advisory function for the company.

**Consideration provided for Debentures during the previous 4 months**

- 11.28 Neither Hamilton Securities or any of its associates has provided or agreed to provide any form of consideration for Debentures under a purchase or agreement during the period of four months before the date of this Bidder's Statement.

### **No collateral benefits**

11.29 Except as referred to elsewhere in this Bidder's Statement, neither Hamilton Securities nor any associate of Hamilton Securities has, during the period of four months before the date of the Bidder's Statement, offered or agreed to give, a benefit to another person that was likely to induce the other person, or an associate of that person, to:

- (a) accept the Offer; or
- (b) dispose of Debentures,

and that is not offered to all Debenture Holders under the Offer.

### **Agreements or arrangements with Align Directors**

11.30 Except as referred to above or elsewhere in this Bidder's Statement, there are no agreements or arrangements made between Hamilton Securities with the directors or senior management of Align in connection with the Offer.

### **Interests of Directors in contracts entered into by the Trust**

11.31 Except as disclosed in Section 11.17, no director has any interest in any contract entered into by the Trust.

### **Regulatory approvals and relief**

11.32 As permitted by ASIC Class Order 03/635, this Bidder's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

11.33 As contemplated by ASIC Class Order 01/1543, this Bidder's Statement includes statements based on statements made by persons (such as Align) in the circumstances described in that Class Order. Those persons have not consented to the inclusion of statements in this Bidder's Statement based on statements made by them. Where statements in this Bidder's Statement refer to or are based on statements made in or announcements made by Align to ASX or by Hamilton Securities to NSX, Hamilton Securities will provide a copy of those statements or announcements free of charge to any person who asks for them during the Offer Period. Any request for copies of those statements or announcements may be made by calling the Offer Information Line on 1300 912 083 (toll free).

### **No other material information**

11.34 Other than as disclosed in this Bidder's Statement, there is no other information which:

- (a) is material to the making of the decision by a person to whom an Offer is made whether or not to accept an Offer;
- (b) is known to Hamilton Securities; and
- (c) has not previously been disclosed to Debenture Holders.

### **Fees and benefits to advisers**

11.35 Baker & McKenzie has acted as the Australian legal adviser to Hamilton Securities in relation to the Offer. Hamilton Securities anticipates that it will pay Baker & McKenzie approximately \$35,000, excluding GST and disbursements, for its services in relation to the Offer up to the date of this Bidder's Statement, and will pay additional fees for future work on normal time based rates.

11.36 Cameron Stockbrokers Limited has acted as financial adviser to Hamilton Securities in relation to the Offer. Cameron Stockbrokers Limited will not charge Hamilton Securities for its services in relation to the Offer.

### **Consents**

11.37 The following persons have given and have not, before the date of this Bidder's Statement, withdrawn their consent to being named in this Bidder's Statement in the form and context in which their name appears:

- (a) Baker & McKenzie, as legal adviser to Hamilton Securities in relation to the Offer;
- (b) Link Market Services Limited, as Hamilton Securities' share registrar; and
- (c) Cameron Stockbrokers Limited, as financial adviser to Hamilton Securities in relation to the Offer.

### **Expiry Date**

11.38 No A Class Shares will be issued on the basis of the Offer after the date that is 13 months after the date of this Bidder's Statement.

### **Authorisation of Bidder's Statement**

11.39 This Bidder's Statement was approved by a unanimous resolution of the directors of Hamilton Securities.

## Definitions and Interpretations

### Defined terms

12.1 In this Bidder's Statement the following words have these meanings unless the contrary intention appears or the context otherwise requires:

<b>Term</b>	<b>Meaning</b>
<b>A Class Share</b>	A fully paid A Class non-voting ordinary share in the capital of Hamilton Securities.
<b>Acceptance Form</b>	The acceptance form which accompanies this Bidder's Statement.
<b>AIFRS</b>	Australian equivalents to International Financial Reporting Standards.
<b>Align or Responsible Entity</b>	Align Funds Management Limited (ACN 105 684 231) in its capacity as responsible entity of the Trust.
<b>Announcement Date</b>	18 December 2009.
<b>Annuity Bonds</b>	The Trust's annuity bonds issued by Align.
<b>Annuity Bondholders</b>	Registered holders of Annuity Bonds.
<b>Assets</b>	The assets of the Trust excluding any crops or produce generated on the land owned by the Trust.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASTC</b>	ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532) as a holder of a licence to operate a clearing and settlement facility.
<b>ASTC Settlement Rules</b>	The rules of ASTC from time to time, except to the extent of any relief given by the ASTC.
<b>ASX</b>	ASX Limited or the financial market which it operates, as the context requires.
<b>B Class Option</b>	An option over 1 B Class Share exercisable at \$1.00 until 30 November 2019.
<b>B Class Share</b>	A fully paid B Class ordinary share in the capital of Hamilton Securities.
<b>Bid Period</b>	The period commencing on the date the Bidder's Statement is given to the Trust and ending at the end of the Offer Period.
<b>Bidder's Statement</b>	This Bidder's Statement in respect of this Offer given by Hamilton Securities under Part 6.5 of Chapter 6 of the <i>Corporations Act</i> and any supplementary or replacement bidder's statement.
<b>Broker</b>	A person who is a share broker and a participant in CHES.
<b>Business Day</b>	A day on which banks are open for business in Sydney, Australia but not a Saturday, Sunday or public holiday.
<b>CGT</b>	Capital gains tax.
<b>CHES</b>	Clearing House Electronic Subregister System established and operated by ASTC for the clearing, settlement, transfer and registration of approved securities.
<b>CHES Holding</b>	A holding of Debentures on the CHES subregister of Align.
<b>Closing Date</b>	26 February 2010, unless extended in accordance with the <i>Corporations Act</i> .
<b>Condition</b>	A condition set out in Section 10.28 of this Bidder's Statement.
<b>Constitution</b>	The constitution of Hamilton Securities.
<b>Controlling Participant</b>	The Participant who is designated as the controlling participant for shares in a CHES Holding in accordance with the ASTC Settlement Rules.



<b>Terms</b>	<b>Meaning</b>
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Costa Exchange Group</b>	CostaExchange Limited (ACN 002 687 961) and Agriexchange Murtho Pty Limited (ACN 093 583 049).
<b>Debentures</b>	The debentures (ASX Code: TODHA) issued by Align.
<b>Debenture Holder</b>	A registered holder of a Debenture.
<b>Debenture Moratorium</b>	The moratorium on the Trust's obligation to pay interest on the Debentures from 29 June 2009 to 31 December 2009 and other amendments to the Debenture Terms approved by Debenture Holders on 29 June 2009.
<b>Debenture Terms</b>	The terms and conditions upon which the Debentures have been issued, including terms and conditions under the Debenture Trust Deed.
<b>Debenture Trust Deed</b>	The deed dated 17 October 2003 entered into by Align and Permanent Nominees (Aust) Limited (ACN 000 154 441).
<b>Foreign Debenture Holder</b>	A Debenture Holder who is a citizen or a resident of a jurisdiction other than Australia or whose address as shown in the register of Debenture Holders is a place outside Australia and its external territories.
<b>Government Agency</b>	Any government or governmental, semi-governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, ASIC and ASX or any other stock exchange.
<b>Growers</b>	The meaning given to that term in Section 5.5 of this Bidder's Statement.
<b>Hamilton Securities</b>	Hamilton Securities Limited (ACN 138 270 201).
<b>Hamilton Securities Board or Directors</b>	The board of directors of Hamilton Securities.
<b>Hamilton Securities' Share Registry</b>	Link Market Services Limited (ACN 083 214 537).
<b>Issuer Sponsored Holding</b>	A holding of Debentures on Align's issuer sponsored sub-register.
<b>Listing Rules</b>	The official listing rules of NSX as amended or replaced from time to time, except to the extent of any express written waiver granted by NSX.
<b>Lots</b>	The meaning given to that term in Section 5.5 of this Bidder's Statement.
<b>Offer or Offers</b>	The offers to acquire Debentures by Hamilton Securities as set out in Section 10 of this Bidder's Statement.
<b>Offer Consideration</b>	The meaning given to that term in Section 2.4 of this Bidder's Statement.
<b>Offer Period</b>	The period commencing on 13 January 2010 and ending at 7.00 pm on the Closing Date, unless extended, or withdrawn in accordance with the Corporations Act.
<b>NSX</b>	The National Stock Exchange of Australia.
<b>Participant</b>	The meaning given to that term in the ASTC Settlement Rules.
<b>Projects</b>	The meaning given to that term in Section 5.5 of this Bidder's Statement.
<b>Receivers</b>	Paul William Kirk and Stephen Graham Longley of PricewaterhouseCoopers, as Receivers and Managers of the Trust.

## Definitions and Interpretations continued

<b>Terms</b>	<b>Meaning</b>
<b>Register Date</b>	The date set by Hamilton Securities under section 633(2) of the Corporations Act, being 24 December 2009.
<b>Rights</b>	All accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Debentures, whether directly or indirectly, including all rights to receive distributions, to receive or subscribe for units, notes, debentures, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by Align after the Announcement Date.
<b>Timbercorp</b>	Timbercorp Limited (ACN 055 185 067) (Administrators Appointed).
<b>TAM</b>	Timbercorp Asset Management Pty Limited (ACN 105 888 364) (Administrators Appointed).
<b>Trust</b>	Timbercorp Orchard Trust (ARSN 106 557 297) (Receivers and Managers Appointed).
<b>Trustee</b>	Permanent Nominees (Aust) Limited in its capacity as Trustee for the Debenture Holders.
<b>TSL</b>	Timbercorp Securities Limited (ACN 092 311 469) (Administrators Appointed).
<b>Unit</b>	A unit in the Trust.
<b>Unitholder</b>	A person registered as the holder of a Unit (including persons jointly registered).
<b>US</b>	The United States of America.

**Interpretation**

- 12.2 Terms used in this Bidder's Statement have the meaning (if any) given to them in Chapter 6 of the *Corporations Act* or the ASTC Settlement Rules unless that meaning is inconsistent with the context in which a term is used.
- 12.3 In this Bidder's Statement headings are for convenience only and do not affect the meaning of the Sections they introduce, and unless the context otherwise require:
- (a) the singular includes the plural and the other way around;
  - (b) words importing any gender include any other gender;
  - (c) references to persons include references to corporations;
  - (d) references to clauses or Sections are references to clauses or Sections in this Bidder's Statement;
  - (e) references to dollar or \$ are references to Australian currency;
  - (f) references to "you" are to a person to whom this Offer is made under Sections 10.42 to 10.44;
  - (g) references to "your Debentures" are references to Debentures in respect of which you were registered as a holder on the Register Date;
  - (h) the word 'including' or 'includes' means 'including, but not limited to' or 'including, without limitation';
  - (i) references to legislation, rules or other documents include references to those instruments as amended, supplemented or replaced, and, in the case of legislation, references to regulations, rules and instruments made under that legislation; and
  - (j) references to time are references to time in Sydney, Australia.

# Corporate Directory

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## **Directors**

Steven Shane Pritchard  
Giles Cameron Craig  
Frederick Raymond Woollard  
Gordon Bradley Elkington

## **Secretary**

Melanie Ann Holmes

## **Principal Business Office and Registered Office**

10 Murray Street  
Hamilton NSW 2303

## **Offer Information Line**

1300 912 083 (toll free)

## **Share Registry for the Offer**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

## **Legal adviser**

Baker & McKenzie  
Level 27  
AMP Centre  
50 Bridge Street  
Sydney NSW 2000

