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5 August 2011

The Manager
Company Announcements Office
NSX
Level 2, 117 Scott Street
Newcastle NSW 2300

Dear Sir/Madam,

Hamilton Securities Limited (NSX: HSE)
RE: Timbercorp Orchard Trust Debenture Holder Letter

Please find enclosed a copy of a letter received from PriceWaterhouseCoopers – receivers and managers to Align Funds Management Limited (formerly known as Orchard Investments Management Limited) in its capacity as the responsible entity of the Timbercorp Orchard Trust.

The letter details the disposal proceeds from the sale of the Trust's assets, together with the associated costs.

Yours faithfully



Melanie Holmes
Secretary

PricewaterhouseCoopers
ABN 52 780 433 757

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TO THE DEBENTURE HOLDER

11 July 2011

Dear Sir or Madam

Align Funds Management Limited (formerly known as Orchard Investments Management Limited) in its capacity as the responsible entity of the Timbercorp Orchard Trust (Receivers and Managers Appointed)
ACN: 105 684 231 ABN: 34 105 684 231

Reference is made to our previous correspondence in relation to this matter and we confirm that on 22 October 2009 The Trust Company (Nominees) Limited (formerly Permanent Nominees (Aust.) Limited), as trustee for the TODHA debenture holders, appointed Receivers and Managers of the assets of Align Funds Management Limited in its capacity as responsible entity of the Timbercorp Orchard Trust.

The purpose of this correspondence is to provide debenture holders with a further update on the status of the receivership including a summary of the sale of the Timbercorp Orchard Trust (TOT) Bella Vista and Kangara assets. The highlights of this update are:

- Completion of the sale (i.e. funds received) for the Kangara water, and
- Completion of the sale (i.e. funds received) for the Bella Vista Victorian water.

Bella Vista

We are pleased to advise that settlement of the sale of the Victorian water rights associated with the Bella Vista land under the Contract for the Sale of Water Access Licence dated 22 December 2011 occurred on Wednesday, 8 June 2011.

As advised in our previous correspondence, pursuant to orders of the Supreme Court of Victoria, following settlement of each of the contracts of sale for the Bella Vista land and associated NSW and Victorian water rights, the net sale proceeds must be held on trust by the Receivers, pending the hearing and determination by the Court of a proceeding to determine which person or persons have any rights to all or any part of the net sale proceeds (Bella Vista Rights Proceeding).

This was the final contract to settle in relation to the Bella Vista assets. As such, the net asset realisations in relation to the Bella Vista property are currently being held on trust by the Receivers, pursuant to the above orders.

Kangara

We are pleased to advise that settlement of the sale of the Kangara water under the terms of the Contract for Sale dated 4 January 2011 (Kangara water contract) occurred on Thursday, 2 June 2011.

As detailed in our previous correspondence, in the same manner as the orders made in respect of the Bella Vista assets, the Supreme Court of Victoria has ordered that, following settlement of the contracts of sale for the Kangara land and associated water rights, the net sale proceeds must be held on trust by the Receivers, pending the hearing and determination by the Court of a proceeding to determine which person or persons have any rights to all or any part of the net sale proceeds (Kangara Rights Proceeding).

As with Bella Vista, this was the final contract to settle in relation to the Kangara assets, and the net asset realisations in relation to the Kangara assets are currently being held on trust by the Receivers, pursuant to the above orders.

Total asset realisations

The combined gross realisations for the Bella Vista and Kangara assets are approximately \$30 million. However, there are various settlement adjustments and costs of the receivership that will be deducted from these gross realisations. These deductions include property settlement adjustments, fees of the liquidators of Timbercorp related entities, asset management fees, receivers' professional fees, and legal fees. To date, these various settlement adjustments and costs total approximately \$6.8m. Accordingly, the net proceeds currently available to debenture holders are in the vicinity of \$23.2m.

There will also be a need to deduct future costs from these proceeds, and these costs will be determined in due course. At this stage, we do not expect future costs to be in the same range as the costs incurred to date, and some of the costs incurred to date (e.g. asset management costs) are no longer applicable. As a guide, we do not expect future costs to exceed \$500k, and they may be considerably less. However, this is difficult to estimate until we understand what processes may be required to determine the rights (if any) of the growers to any of the net proceeds. These costs will also be impacted by what further steps the growers take to assert their claims.

We expect to know more about the processes that will be undertaken to determine grower rights once the outcomes of other Timbercorp related court proceedings have been interpreted, and how these may impact the TOT asset realisations. Either the receivers or The Trust Company will update debenture holders on this issue as appropriate.

We are unable to disclose the individual asset prices, as these are subject to confidentiality clauses in each of the sale contracts. Should this position change, we will update the debenture holders accordingly.

Rights Proceedings

As noted above, distribution of the net proceeds from the sale of the Bella Vista and Kangara assets may only occur following the hearing and determination by the Supreme Court of the Bella Vista Rights Proceeding and the Kangara Rights Proceeding which will

consider the rights of stakeholders (namely, debenture holders and the growers) to all or any part of the net sale proceeds.

Accordingly, the likely return to debenture holders cannot be calculated until the conclusion of these Rights Proceedings. Now that all of the relevant asset sales have been settled, the Rights Proceedings can be commenced. However we are not presently able to estimate the likely timing of the hearing of the proceedings.

We note that Justice Davies of the Supreme Court of Victoria has delivered judgment in a proceeding relating to the sale of certain Timbercorp almond orchards. While the judgment is based on the specific facts of that case, Her Honour found that the secured creditors were entitled to receive all of the net sale proceeds, while the growers were not entitled to receive any of the net sale proceeds. If debenture holders are interested in reading the judgment, we expect a copy will be posted at the following website in due course (<http://www.austlii.edu.au/au/cases/vic/VSC/2011/>).

We will continue to post updates on our website (www.pwcrecovery.com), as well as make ASX announcements as appropriate. Please monitor both the website and ASX announcements for the latest information.

Should you have any questions in relation to this correspondence, please do not hesitate to contact a representative of PricewaterhouseCoopers via email: alignenquiries@au.pwc.com or telephone (03) 8603 6000.

Yours faithfully



Michael Fung
Receiver and Manager