

Hamilton Securities Limited
ACN 138 270 201

10 Murray Street
Hamilton NSW 2303
PO Box 413
Hamilton NSW 2303

Telephone +61 2 4920 2877
Facsimile +61 2 4920 2877

15th January 2014

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 Update

Please find attached a copy of a letter received from The Trust Company (Nominees) Limited as Trustee for the Debenture Holders.

The letter provides an update to debenture holders with regard to debenture holders' security and recent developments.

Yours faithfully



Melanie Holmes
Secretary

14 January 2014

Dear Debenture Holder

ALIGN FUNDS MANAGEMENT LTD (formerly known as Orchard Investments Management Limited) in its capacity as the Responsible Entity of the TIMBERCORP ORCHARD TRUST (Receivers and Managers Appointed) (“TOT RE”)

This update for the holders of debentures issued by TOT RE (“Debenture Holders”), prepared by The Trust Company (Nominees) Limited (formerly Permanent Nominees (Australia) Limited) as Trustee for the Debenture Holders (Trustee), follows on from our last communication, dated 30 July 2013.

Compromises of the Kangara and Bella Vista Rights Proceedings

As foreshadowed in our last communication, the Trustee put without prejudice compromise proposals to the representative growers and other interested parties in the Kangara Rights Proceeding and the Bella Vista Rights Proceeding on 1 October 2013.

The Trustee's compromise proposal was subsequently accepted by the parties and on 14 January 2014, the relevant parties entered into a deed of compromise in respect of each proceeding.

Conditions precedent to the deeds of compromise

Each deed of compromise is subject to the following two conditions:

- first, the approval by the Debenture Holders of the compromises, by way of a special resolution vote passed at a duly convened meeting; and
- following debenture holder approval, the Court's approval of the compromises in accordance with rule 16.01(4) of the Supreme Court Rules, so that the compromises will be binding on all growers.

The Trustee proposes to convene a meeting of debenture holders to vote on the compromises reached. A notice of meeting (specifying the date in February 2014, venue and proposed resolutions for the meeting) is expected to be distributed to debenture holders in late January 2014.

To assist the debenture holders in reaching a decision regarding approval of the compromises, the notice of meeting will direct the debenture holders to a specified website which will contain information on the compromises reached, an estimate of the return per debenture, the reasons the Trustee considers the compromises to be in the best interests of debenture holders, and where the debenture holders should direct any queries.

In order to minimise expenses which would reduce the Debenture Holders' proceeds, the Trustee's further updates will again be posted on PwC's website.

Yours faithfully

RUPERT SMOKER
HEAD OF CORPORATE AND DEBT CAPITAL MARKETS TRUSTEE SERVICES