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18th August 2014

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

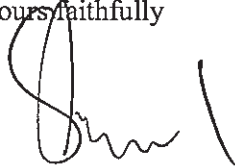
Dear Sir/Madam,

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



Steven Pritchard
Director

14 August 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) (“TOTRE”)

We refer to our last update to debenture holders dated 3 June 2014.

As previously reported by the Trustee, both conditions precedent to the deeds of compromise executed in respect of the Kangara and Bella Vista Rights Proceedings have now been satisfied.

Payments out of the Funds

As foreshadowed, the Receiver has now made the following payments out of the Funds:

- First, to the solicitors of the Trustee and the representative growers for their legal costs incurred in the proceedings, in accordance with the Court's orders;
- Secondly, to the Receiver for his unpaid remuneration and expenses (the quantum of which was approved by the Trustee); and
- Thirdly, to TSL, the settlement sums payable to the growers under the deeds of compromise.

The Receiver and the Trustee are currently working together to resolve some outstanding taxation issues, including liaising with the ATO in relation to the final BAS statement and income tax return for TOTRE. Once these outstanding issues are resolved, the Receiver will be in a position to pay the balance to the Trustee for distribution to debenture holders following payment of its remuneration and expenses.

In the interim, at the Trustee's instruction, the Receiver is holding the balance of the Funds in interest bearing accounts.

Timing of distribution to debenture holders

The Trustee reported in its last update that it expected at that time to be able to make a distribution to debenture holders in or before July 2014.

The Trustee is working towards effecting a distribution to debenture holders as soon as possible. However, the Trustee will not be in a position to set a date for the final distribution until these outstanding tax issues are resolved, although the Trustee presently expects to make a distribution to debenture holders in September 2014.

A detailed breakdown of all costs and expenses deducted from the Funds will be made available to debenture holders and a further update regarding the distribution and the final amount of the return to debenture holders will be posted in due course.

We apologise for the delay.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R. Smoker', with a stylized, cursive script.

Rupert Smoker

Head of Responsible Entity Services