

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE
COMMERCIAL AND EQUITY DIVISION
COMMERCIAL COURT

LIST E

S CI 2010

IN THE MATTER OF TIMBERCORP SECURITIES LIMITED
(IN LIQUIDATION) (ACN 092 311 469)

TIMBERCORP SECURITIES LIMITED (IN LIQUIDATION) (ACN 092 311 469)
IN ITS CAPACITY AS RESPONSIBLE ENTITY OF THE 2004 TIMBERCORP TABLE GRAPE
PROJECT (ARSN 108 648 086) AND THE 2005 TIMBERCORP TABLE GRAPE PROJECT
(ARSN 113 512 236) AND ORS ACCORDING TO THE SCHEDULE

CERTIFICATE IDENTIFYING EXHIBIT

Date of document: 22 December 2010

Filed on behalf of: The Plaintiffs

Prepared by:

Allens Arthur Robinson

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This is the exhibit marked '**PWK13**' now produced and shown to PAUL WILLIAM KIRK at the time
of swearing his affidavit on 22 December 2010.

Before me


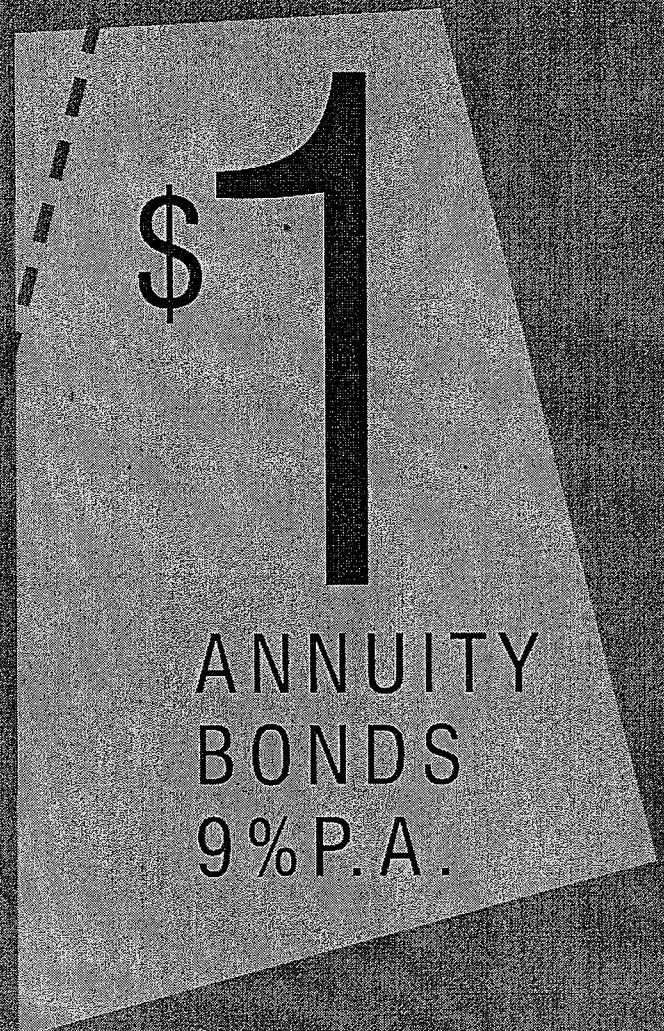
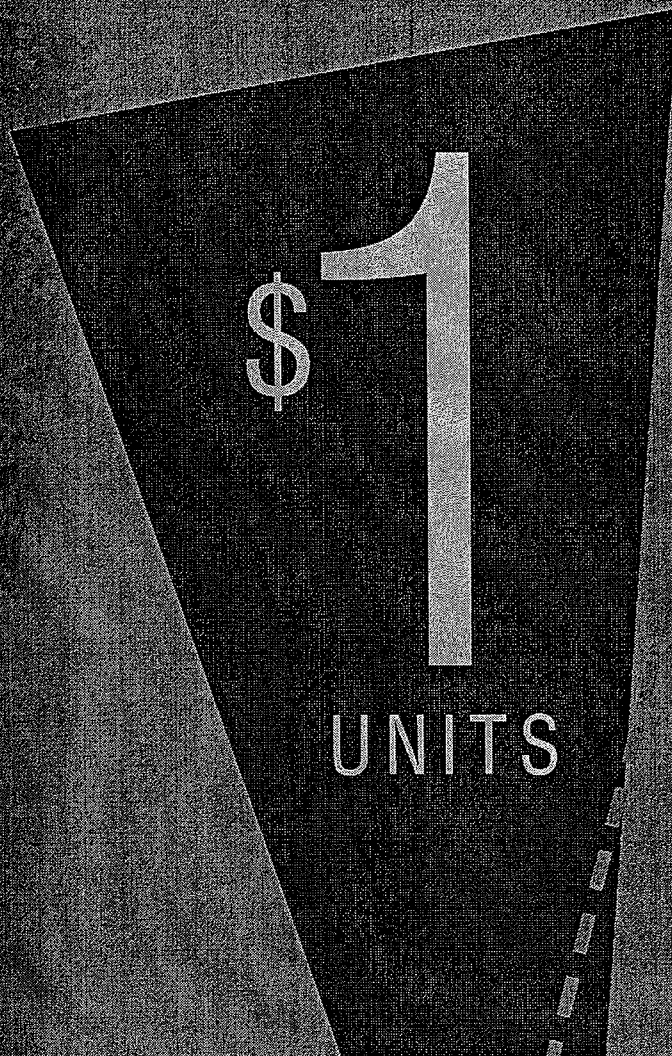

DANIELLE RUTH NAHUM
of 530 Collins Street, Melbourne
Victoria 3000
An Australian Legal Practitioner
within the meaning of the
Legal Profession Act 2004

Exhibit 'PWK13'

**Copy of the TOT RE information
memorandum dated 27 October
2003**

STAPLED UNITS & ANNUITY BOND ISSUE

INFORMATION MEMORANDUM



Responsible Entity
Orchard Investments
Management Limited
ABN 34 105 684 231

Co-Manager
ABN AMRO Morgans
Corporate Limited
ABN 32 010 539 607

Co-Manager
Austock Brokers Pty Limited
ABN 51 053 513 438

Manager of the Trust
Timbercorp Asset
Management Pty Ltd
ABN 19 105 888 364



Corporate Directory

Responsible Entity

Orchard Investments Management Limited

(ABN 34 105 684 231)

Registered Office

Level 2, 613 St Kilda Road
Melbourne, Victoria 3004

Directors of the Responsible Entity

Trevor Moyle (Chairman)

Michael Emery

Sol C Rabinowicz

Richard O'Bryan

Custodian

Trust Company of Australia Limited

(ABN 59 004 027 749)

Level 3, 151 Rathdowne Street
Carlton, Victoria 3053

Co-Managers

ABN AMRO Morgans Corporate Limited

(ABN 32 010 539 607)

Registered Office

Level 29, 123 Eagle Street
Brisbane Queensland 4000

Melbourne Office

Level 27, 367 Collins Street
Melbourne Victoria 3000

Internet site

www.abnamromorgans.com.au

Austock Brokers Pty Limited

(ABN 51 053 513 438)

Melbourne Office

Level 1, 350 Collins Street
Melbourne, Victoria 3000

Internet site

www.austock.com.au

Manager

Timbercorp Asset Management Pty Ltd

(ABN 19 105 888 364)

Level 8, 461 Bourke Street
Melbourne, Victoria 3000

Trustee for the Annuity Bond Holders

Sandhurst Trustees Limited

(ABN 16 004 030 737)

Level 1, 410 Collins Street
Melbourne, Victoria 3000

Lawyers to the Responsible Entity

Baker & McKenzie

Level 39, Rialto Towers
525 Collins Street
Melbourne, Victoria 3000

Investigating Accountants to the Issue

Alexander & Spencer Group Pty Ltd

Holder of Investment Advisers

Licence No: 159702

(ACN 052 362 348)

Level 12a, 440 Collins Street
Melbourne, Victoria 3000

Auditors to the Trust and Responsible Entity

Horwath (Vic) Pty Limited

Level 13, 600 St Kilda Road
Melbourne, Victoria 3004

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KEY DATES

Issue Opens:	27 October 2003
Closing Date:	4 December 2003. The Directors of Orchard Investments Management reserve the right to close the offer earlier.
Allotment of Units and Annuity Bonds:	On the same day as the allotment of the Debentures, which is expected to be no later than 15 December 2003 (Allotment Date).

These dates are indicative only and are subject to change without notice

IMPORTANT NOTICE

Date of Memorandum

This Memorandum has been prepared by Orchard Investments Management Limited (**Orchard Investments Management**) and is dated 27 October 2003 (**the Preparation Date**) as responsible entity of the Timbercorp Orchard Trust (**Responsible Entity**). This document replaces any earlier draft that may relate to the information contained in this Memorandum. Investors expressly recognise that any investment is made on the basis of this document alone and not on any prior or subsequent written communications, understandings, arrangements or agreements that any potential investor may have or had with Orchard Investments Management, or any of its advisers, directors, officers or employees. Information which is incorporated by reference in this Memorandum is to be taken as being prepared at the date indicated on its face.

Memorandum May Not Contain All Information

This Memorandum may not contain all the information that may be required to evaluate an investment in the Timbercorp Orchard Trust (**Orchard Trust**) or the Annuity Bonds. None of the Responsible Entity and its advisers, directors, officers or employees or any other person, firm or corporation associated with the preparation of this Memorandum warrant or represent that the Memorandum contains all the information that may be required to evaluate an investment in the Orchard Trust or the Annuity Bonds. The delivery of this Information Memorandum or the offer or issue of the Units and Annuity Bonds should not be relied on as a representation or warranty that:

- there has been no change since the Preparation Date in the affairs or financial condition of the Issuer; or
- at any time after the Preparation Date or, if this Information Memorandum is updated by supplementary memorandum, the date at which it is updated, this Information Memorandum does not contain a statement that is false or misleading nor is there a material omission from this Information Memorandum.

The recipient of this Memorandum or any intending investors and their advisers should conduct their own independent due diligence investigations and analysis of Orchard Investments Management and the Orchard Trust, and the information contained, or referred to, in this document. Orchard Investments Management may in its absolute discretion update or supplement this Memorandum at any time. Such further information is provided under the same terms and conditions as this Memorandum.

No Disclosure Document

The offer contained in this Memorandum does not require disclosure to investors under Part 6D.2 and Part 7.9 of the Corporations Act. The Memorandum is not required to be, and has not been lodged with, the Australian Securities and Investments Commission. It is not a prospectus or product disclosure statement and it may not contain all the information which would be required to be contained by the Corporations Act were it a prospectus lodged with ASIC or a product disclosure statement issued by Orchard Investments Management.

This Memorandum does not constitute an offer in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Memorandum.

Independent Advice Should Be Obtained

An investment in the Orchard Trust and the acquisition of Annuity Bonds may not be appropriate for all persons. Before investing in the Orchard Trust or in the Annuity Bonds, a person should read the entire Memorandum and obtain independent advice from appropriate experts, including financial and legal advisers.

No Recommendation

The provision of the Memorandum and the information contained within the Memorandum does not constitute a recommendation or opinion to invest nor should it be construed as legal, tax, investment or accounting advice to the recipient. Potential investors and their advisers should make their own investigations and analysis as to the merits and risks of this investment opportunity and the investor's legal, tax and accounting position in respect of an investment in the Orchard Trust and the acquisition of Annuity Bonds.

No Guarantee

None of the Responsible Entity, the Co-Managers, the Annuity Bond Trustee, the Custodian and TAM and their advisers, directors, officers or employees or any other person, firm or corporation associated with the preparation and issue of this Memorandum guarantees, warrants or underwrites the performance of the Orchard Trust, the repayment of capital to Unit Holders, the payment of distributions to Unit Holders, the repurchase or redemption price of Units, the performance of the Orchard Trust generally or any particular rate of return to Unit Holders. Investments in the Orchard Trust are not deposits with or liabilities of Orchard Investments Management.

None of the Responsible Entity, the Co-Managers, the Annuity Bond Trustee, the Custodian and the TAM and their advisers, directors, officers or employees or any person, firm or corporation associated with the preparation and issue of this Memorandum guarantees, warrants or underwrites the performance of the Annuity Bonds, including the repayment of principal moneys or the payment of interest in relation to the Annuity Bonds.

The Offer

Orchard Investments Management reserves the right, in its sole discretion and for any reason whatsoever, to modify, amend, abandon or withdraw all or a portion of the offering being made pursuant to this Memorandum and Orchard Investments Management will have no liability whatsoever to any person should it do so.

The offer under this Memorandum is only made to the following persons:

- **For the Units**

- a person who appears from a certificate given by a qualified accountant no more than 6 months before the date of this Memorandum to have net assets of at least \$2.5 million or have had a gross income for each of the last 2 financial years of at least \$250,000 a year, and the Units are not being acquired for use in a business; or
- a person who is acquiring the Units for use in a business and the business is not a "small business" as defined in section 761G(12) of the Corporations Act; or
- "professional investors" as defined in section 9 of the Corporations Act; or
- a person who acquires at least \$500,000 of Units (using funds other than superannuation sourced funds as described in Regulation 7.1.26).

- **For the Annuity Bonds**

- a person who appears from a certificate given by a qualified accountant no more than 6 months before the date of this Memorandum to have net assets of at least \$2.5 million or have had a gross income for each of the last 2 financial years of at least \$250,000 a year; or
- "professional investors" as defined in section 9 of the Corporations Act; or
- a person who has received an offer through a financial services licensee and the licensee is satisfied on reasonable grounds that the person has previous experience in investing in securities that allows them to assess:
 - the merits of the offer; and
 - the value of the securities; and
 - the risks involved in accepting the offer; and
 - their own information needs; and
 - the adequacy of the information given by the person making the offer; and

provided:

- the licensee gives the person a written statement of the licensee's reasons for being satisfied as to the matters listed above; and
- the person signs a written acknowledgment that the licensee has not given the person a disclosure document in relation to the offer.
- A person who acquires at least \$500,000 of Annuity Bonds.

The distribution of this Memorandum in jurisdictions outside Australia may be restricted by law and, therefore, persons into whose possession this document comes should seek advice on, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

The Annuity Bond Trustee

The role of the Annuity Bond Trustee (Sandhurst Trustees Limited) in the preparation of this Memorandum has been limited to reviewing this Memorandum to satisfy itself, using reasonable diligence, that the content of the Memorandum is not inconsistent with the terms and conditions of the Annuity Bonds or the Annuity Bond Trust Deed.

Glossary

This Memorandum contains a number of terms that have a special meaning. A glossary of those terms appears in section 12.

1. OFFER SUMMARY

JOINT UNIT & BOND ISSUE

Issuer	Orchard Investments Management Limited as responsible entity of the Timbercorp Orchard Trust.
Nature of Issue	Units and Annuity Bonds are offered and issued together, and if applied for by separate persons within the one application. Units and Annuity Bonds can be transferred or dealt with separately after issue. Each person must satisfy the criteria of having an offer made to them under this Memorandum.
Unlisted products	Units and Annuity Bonds will not be listed or traded on any financial market.
Amount of Issue	\$14.272 million, comprising \$7.136 million Units and \$7.136 million Annuity Bonds.
Minimum Investment	\$100,000 (50,000 Units and 50,000 Annuity Bonds) and thereafter in multiples of \$10,000 (5,000 each of the Units and the Annuity Bonds) in equal numbers of Units and Annuity Bonds. The directors of Orchard Investments Management have discretion to accept a lesser amount.
Minimum Subscription	This Issue requires all 7.136 million Units and 7.136 million Annuity Bonds to be subscribed for on or before the Closing Date.
Other Conditions	This Issue also requires the Debenture Issue of \$37.553 million to be fully subscribed on or before 4 December 2003. Refer to section 2.

THE UNITS

Issue Price of Units	\$1.00 each, with \$0.10 payable on application and \$0.90 payable on or before 4 December 2003.
Distribution of Income:	At the end of June and December of each year, commencing on 30 June 2004.
Redemptions:	Units will not be redeemable, unless Orchard Investments Management makes a redemption facility available, or withdrawal offer in the future, in accordance with its Constitution.

THE ANNUITY BONDS

Face Value of Annuity Bonds	\$1.00 each, with \$0.10 payable on application and \$0.90 payable on or before 4 December 2003.
Annuity Payment:	\$0.0485 per quarter for each Annuity Bond (\$346,276 per quarter for all 7.136 million Annuity Bonds).
Annuity Payment Dates for the Annuity Bonds	Annuity payments will be payable quarterly in arrears on 15 February, 15 May, 15 August and 15 November (or the next business day if the 15th of the relevant month is not a business day), until maturity inclusive, with the exception of the first payment made on 15 February 2004.
Implied Interest Rate on the Annuity Bonds	The Annuity payments imply a fixed interest rate of 9% per annum on the outstanding amount of the Annuity Bonds, calculated on and from 16 November 2003.
Maturity Date for the Annuity Bonds	15 November 2010.
No Security for the Annuity Bonds	The Annuity Bonds are unsecured obligations of Orchard Investments Management, in its capacity as the responsible entity of the Orchard Trust, and will rank below the secured Debentures to be issued by Orchard Investments Management in conjunction with the offer under this Memorandum.

2. OVERVIEW

PURPOSE OF THE OFFER

The purpose of this offer is to raise funds to purchase and develop the assets described in this Memorandum.

The offer under this Memorandum is being made in conjunction with a debenture issue by Orchard Investments Management under a prospectus lodged with the ASIC (**Debenture Issue**) and an issue of 5,838,000 Units at \$1.00 each to Timbercorp Limited (**Timbercorp**).

The Debenture Issue is for \$37.553 million and must be fully subscribed before Units and Annuity Bonds will be issued. The Debenture Issue is fully underwritten by ABN AMRO Morgans Corporate Limited.

THE RESPONSIBLE ENTITY & THE TRUST

Orchard Investments Management Limited was incorporated on 28 July 2003 for the purpose of acting as the responsible entity of the Orchard Trust, a registered managed investment scheme. As responsible entity of the Orchard Trust, Orchard Investments Management is the issuer of the Units and the Annuity Bonds offered under this Memorandum.

Funds raised under this offer, the Debenture Issue and the issue of Units to Timbercorp will be used by the Orchard Trust, to:

1. acquire rural properties, comprising established citrus orchards, wine grape vineyards, table grape vineyards and undeveloped land;
 2. establish a new table grape vineyard on parts of the undeveloped land;
 3. construct all necessary infrastructure, including irrigation infrastructure;
 4. acquire water licences to irrigate the properties
- (collectively, **the Seed Assets**).

A comprehensive description of the Seed Assets and break down of how the funds will be used is provided in section 4.

The purchase of the Seed Assets will be completed on 31 December 2003 subject to the conditions of the contracts of sale which are discussed in section 4.

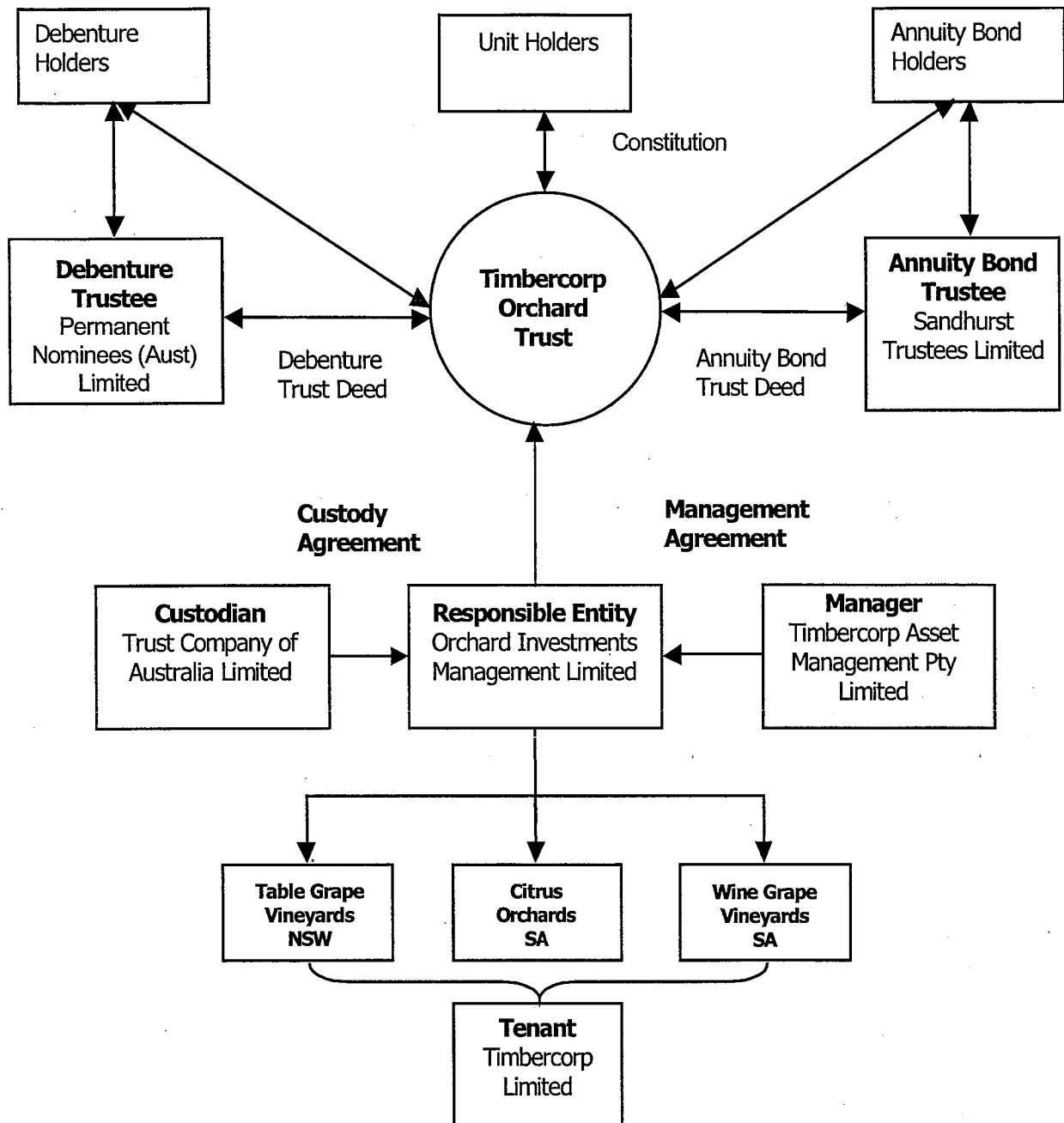
LESSEE, SUB-LESSEE & LICENSEE

The Seed Assets will be leased to Timbercorp Limited (**Timbercorp**) and then sub-leased to Timbercorp Securities Limited, (**Timbercorp Securities**); a member of the Timbercorp group for use in agribusiness projects to be promoted by Timbercorp Securities. Participants in the Timbercorp agribusiness project (**Growers**) will lease or licence parts of the Seed Assets from Timbercorp Securities.

Timbercorp will also grant licences over the land containing the citrus orchards and wine grape vineyards to Chiquita Brands South Pacific Limited (**Chiquita**) on an interim basis for periods of up to one and three years respectively, pending the establishment of agribusiness projects on those pieces of land. These licences will terminate in respect of any of the licensed land to be used by Timbercorp Securities for its agribusiness projects before expiry of the one and three year periods referred to above. A 99-year lease will also be granted to Chiquita over part of the land on which Chiquita's processing and packing plants and general administration buildings are situated.

For details about Timbercorp, Timbercorp Securities, Chiquita and the arrangements entered into in relation to the Seed Assets, please refer to section 4.

STRUCTURE OF THE ORCHARD TRUST



UNITS

Each Unit you will receive will rank equally with all other Units issued in the Orchard Trust under this Memorandum. Unit Holders are bound by the provisions of the Constitution of the Orchard Trust upon the acceptance of their application. Refer to section 5 for further information about the Units.

UNIT ISSUE TO TIMBERCORP

In addition to the Units issued under this Memorandum, a further 5,838,000 Units at \$1.00 each will be issued to Timbercorp. Timbercorp has subscribed for such Units conditional on, and subject to, the offer under this Memorandum and Debenture Issue being fully subscribed. The Units will be issued to Timbercorp on the Allotment Date, immediately before the allotment of the Debentures on that day. Whilst Timbercorp holds more than 19.99% of the Units on issue it will only exercise votes in relation to 2 out of every 3 Units held by it.

ANNUITY BONDS

The Annuity Bonds are created under one Global Note. The Global Note is a document executed by Orchard Investments Management and issued to the Annuity Bond Trustee, which evidences or acknowledges the indebtedness of Orchard Investments Management to each person named, for the amounts noted, in the Register. The Annuity Bond Trustee, Sandhurst Trustees Limited, has custody of the Global Note. Refer to section 5 for further information about the Annuity Bonds.

The Annuity Bonds are issued subject to the terms and conditions contained in the Annuity Bond Trust Deed. The key features of the Annuity Bond Trust Deed are described in section 9 of this Memorandum. Annuity Bonds are equal ranking in all respects and will rank with all other unsecured creditors below the Debentures if the Orchard Trust is wound up.

INVESTMENT RISKS

You should read this Memorandum in detail and consult your advisors before deciding whether to invest. In addition to the general risks associated with investment in an interest rate linked security such as the Annuity Bonds, there are also risks relating to the Orchard Trust, which could affect your investment in the Units and the Annuity Bonds. You should refer to section 6 for a discussion of these risks.

TAXATION INFORMATION

Section 10 contains a summary of the Australian taxation implications of becoming a Unit Holder and an Annuity Bond Holder, and is based on the taxation laws as at the date of this Memorandum. Each Unit and Annuity Bond Holder's tax position will depend on the Holder's individual circumstances. You should seek, and rely on, your own tax advice, as statements in this Memorandum are necessarily general in nature.

CUSTODIAN

Trust Company of Australia Limited has been appointed as Custodian to the Orchard Trust. Orchard Investments Management will acquire legal title to the Seed Assets. The Custodian's role is to control title to, or hold, the assets of the Orchard Trust in accordance with the terms and conditions set out in the Custody Agreement.

APPLICATIONS

An application for Units and Annuity Bonds can only be made by completing and lodging with Orchard Investments Management the Application Forms attached to, or accompanying, this Memorandum.

Application Forms are due by no later than 5pm on 4 December 2003, and must be accompanied by a cheque drawn on an Australian bank in Australian currency. Applications received on 4 December 2003 must be for the full amount of the Application Moneys. Applicants are encouraged to submit their applications as soon as possible. Cheques should be made payable to

"TCAL acf OIML (TOT) – Unit and Annuity Bond Issue"

and crossed "not negotiable". By completing and returning an Application Form, each Applicant acknowledges having received and read this Memorandum in its entirety.

All Application Moneys will be held in trust for Applicants until the debentures under the Debenture Issue are quoted on the official list of the ASX.

Paying the balance of the Application Moneys

An application for Units and Annuity Bonds is a legally binding obligation to pay the balance of the Application Moneys by the due date.

The directors of Orchard Investments Management reserve the right to re-allot any Units and Annuity Bonds allotted to an applicant, if the applicant does not pay the entire balance of his or her Application Moneys by the due date. Orchard Investments Management may also deduct all of its costs and expenses, including losses suffered by the Orchard Trust in connection with your failure to pay the balance of your Application Moneys by the due date from any Application Moneys that you have paid.

How will the allocation of Units and Annuity Bonds be determined?

If there is demand for Units and Annuity Bonds above the maximum amount, Orchard Investments Management will scale back applications. This means that Applicants may be allocated fewer Units and Annuity Bonds than they apply for and possibly no Units and Annuity Bonds will be allocated to them.

Will Application Moneys be refunded?

The allocation of Units and Annuity Bonds is at Orchard Investments Management's discretion and it may accept or reject any application for Units and Annuity Bonds wholly or in part.

If your application is not accepted, or is accepted in part only, then the relevant part of the Application Moneys will be refunded to you within 7 days of the close of the Debenture Issue.

You are required to pay your Application Moneys in full on or before 4 December 2003.

MINIMUM SUBSCRIPTION

Minimum subscription of this offer requires a minimum of \$7.136 million Units and \$7.136 million Annuity Bonds to be subscribed for on or before the Closing Date.

The Debenture Issue

The minimum subscription under the Debenture Issue offered concurrently with this offer, is \$37.553 million. The Debenture Issue is fully underwritten. The Debenture Issue will close on 4 December 2003.

If this Issue is not fully subscribed by the Closing Date or the Debenture Issue is not fully subscribed by 4 December 2003, Orchard Investments Management will within 7 days of the close of the Debenture Issue repay to each Applicant the Application Moneys that have been paid together with interest on the Application Moneys at the rate of 7% per annum on and from 16 November 2003.

The Debenture Issue will not proceed if this Issue is not fully subscribed for by the Closing Date.

3. THE TIMBERCORP ORCHARD TRUST

THE STRATEGY OF THE TIMBERCORP ORCHARD TRUST

The Orchard Trust has been created to assist in satisfying the demand for rural property and infrastructure which is professionally developed and managed.

The ability of operators of agribusiness projects to continue establishing projects depends on the availability of suitable quality land, and the ability of operators to deliver water through established and proposed infrastructure upgrades to which State Governments and other authorities are committed.

This section describes how the Orchard Trust will manage and develop the Seed Assets described in more detail in section 4.

The Orchard Trust will consider acquiring and developing additional agricultural assets and infrastructure to further diversify the Orchard Trust's asset portfolio, should appropriate opportunities arise.

THE RESPONSIBLE ENTITY

In managing the Orchard Trust, Orchard Investments Management will aim to generate long term income streams by acquiring, developing and managing agricultural assets and making these available to participants in the agribusiness industry for use in commercial crop production.

THE MANAGER TO THE ORCHARD TRUST

Orchard Investments Management has engaged Timbercorp Asset Management Pty Limited ("**TAM**"), as the manager of the Orchard Trust's assets. TAM's role is to undertake improvements to the Orchard Trust's agricultural assets and manage the assets on a day to day basis. This is an essential component of the Orchard Trust's investment activities, and its ability to meet its obligations to Annuity Bond Holders and generate income for Unit Holders.

TAM is a wholly owned subsidiary of Timbercorp, Australia's leading agribusiness investment manager. TAM will draw upon the extensive experience of the Timbercorp Group in establishing and managing large agriculture infrastructure projects, to provide its services to the Orchard Trust. The services to be provided by TAM are governed by a Management Agreement. A summary of the key terms of the agreement is in section 9.

FINANCIAL INFORMATION - ORCHARD TRUST AND ORCHARD INVESTMENTS MANAGEMENT

A pro forma statement of financial position showing the effect of this Issue, the issue of Units to Timbercorp and the Debenture Issue and the completion of acquisition transactions is set out in the Investigating Accountant's Report in Appendix A.

Orchard Investments Management is required to lodge periodic accounts and other relevant information with ASIC in respect of the Orchard Trust and itself.

THE DIRECTORS OF ORCHARD INVESTMENTS MANAGEMENT

Trevor Moyle, Non-Executive Chairman

Mr Moyle is 54 years old, and currently a Non-executive Director and Chairman of Citadel Pooled Development Limited, a registered and ASX listed Pooled Development Fund. He is also an Executive Director of Teralbay Pty Limited, a privately owned corporate finance advisory business. He has expertise in corporate finance advice, corporate governance, capital management, equity capital markets and mergers and acquisitions activity, gained over the last 20 years in executive roles with ANZ Capital Markets Corp Limited, the Pratt Group, ANZ Securities and other boutique investment banking businesses.

He has advised on a wide range of financing transactions including property based assignments for the Gandel Group, Capital Property Trust, the Leighton Group and Multiplex and Lend Lease.

Michael Emery, Executive Director and Chief Executive Officer

Mr Emery is responsible for the general and operational management of Orchard Investments Management. He is also a Director of First State Pty Limited, property developer and financier.

Mr Emery is 38 years old, and has in excess of 10 years experience in property development, of commercial, residential and industrial projects, gained as developer and legal adviser. As Director of First State he managed the development of a \$25 million olive oil processing facility plant in North Western Victoria for Timbercorp Limited. He is also developing large apartment complexes in Port Melbourne, St Kilda Road and Collins Street, Melbourne. Previously, he had been involved in the negotiation, planning, implementation and overseeing of major retail, residential and retirement project development up to \$100 million in end value for the Becton Corporation. Before moving into a development role, Mr Emery worked as a solicitor specialising in property and commercial law, most recently as the Corporate Counsel for the Becton Group.

Richard O'Bryan, Executive Director

Mr O'Bryan is responsible for the design and implementation of projects for Orchard Investments Management. He is also a Director of First State Pty Limited, property developer and financier.

Mr O'Bryan is 39 years old and has substantial expertise in the design, construction and implementation of property developments, including budget preparation and reporting, conducting feasibility studies and property analysis. He has worked on key residential and commercial projects in Melbourne, varying in construction value from \$10 million to \$100 million.

Sol Rabinowicz, Non Executive Director

Mr Rabinowicz is 36 years old, and an Executive Director of Timbercorp Limited. He oversees Timbercorp's corporate, financial services and marketing functions. He is also the current Chairman of Treefarm Investment Managers Australia (TIMA), the peak industry association of forestry managed investment scheme managers.

Mr Rabinowicz has experience in the evaluation, structuring, financing and promotion of agribusiness investment products, in addition to expertise in securities industry and taxation law.

4. PROPERTIES AND TENANT

The Orchard Trust will use the funds raised by this Issue, the Debenture Issue, and the issue of Units to Timbercorp (after allowing for fundraising and acquisition costs) to purchase the Seed Assets, develop the New Table Grape Vineyard in Euston, New South Wales and acquire additional water licences necessary for crop production.

Seed Asset	Purchase Price
Existing Table Grape Vineyard - Costa's Crest	\$3.18m
Undeveloped Land – Costa's Crest	\$0.15m
Undeveloped Land - Bella Vista	\$1.68m
Kangara Estate:	
- Existing Citrus Orchard	\$11.63m
- Existing Wine Grape Vineyard	\$18.50m
- Undeveloped Land (as defined in section 12)	\$2.37m
SUB-TOTAL	\$37.51m

Development	
Extension of Existing Table Grape Vineyard – Costa's Crest	\$0.62m
New Table Grape Vineyard – Bella Vista	\$9.20m
Acquiring additional water rights for existing orchard and vineyards and the new vineyard	\$5.25m
SUB-TOTAL	\$15.07m

Incidental Costs (Estimates)	
Property Transaction Costs	\$1.82m
Capital Raising Costs (including Debenture Issue costs)	\$3.26m
SUB-TOTAL	\$5.08m
TOTAL	\$57.66m

The purchase of the Seed Assets will be completed on 31 December 2003 subject to the conditions of the contracts of sale, which are discussed later in the section, being satisfied.

APPLICATION OF FUNDS

Orchard Investments Management has appointed TAM, a wholly owned subsidiary of Timbercorp, to acquire, develop, lease and manage and dispose of the Orchard Trust assets, as Orchard Investments Managements' agent, on the terms and conditions set out in the Management Agreement.

Further property acquisitions, their development and the development of the Kangara Estate Undeveloped Land will be the subject of investment proposals that must be approved by the Board of Orchard Investments Management and importantly, must meet other standards and requirements set out in the Management Agreement. In the unlikely event that the purchases of Costa's Crest and/or Bella Vista properties in New South Wales are not completed, Orchard Investments Management may, subject to the provisions of the Debenture Trust Deed and the Management Agreement, use the surplus funds available to either acquire another property suitable for the types of agricultural developments contemplated by this Memorandum or undertake development of the Kangara Estate Undeveloped Land, which has been assessed as being suitable for the establishment of up to 500 hectares of citrus orchards. Under the Management Agreement, TAM has agreed that any such alternative acquisition or development will be required to generate a return substantially the same as that which is expected to be derived from the lease of Costa's Crest and/or Bella Vista.

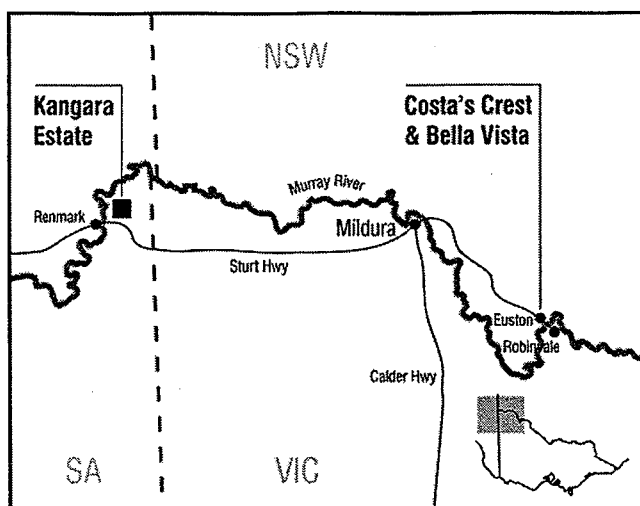
SEED ASSETS - OVERVIEW

Costa's Crest and Bella Vista are located in Euston New South Wales.

Kangara is located in eastern South Australia, near Renmark.

All properties are located within close proximity to the Murray River.

Below is a table summarising the key features of each property.



Property	Crop	Total size	Planted area (hectares)	Proposed plantings	Water supply*
Costa's Crest & Bella Vista (Euston, NSW)					
Costa's Crest	Table grapes	82ha	38ha	9.3 ha	Fully irrigated. Permanent entitlement to 100 megalitres from the Murray River.
Bella Vista	To be planted with table grapes	Total area of 1,959 ha to be subdivided into a 131 ha lot	Nil	121 ha by 30 June 2004	Water entitlements will be purchased. A Mainline from Murray River is to be constructed.
Kangara Estate (Riverland, South Australia)					
Existing Citrus	Citrus Fruit	Part of Kangara Estate - 1,448 ha	355ha	Nil	Fully irrigated with a sophisticated drip system. Allocation of permanent entitlement to 968 megalitres from the Murray River.
Existing wine grape vineyard	Red (80%) and white (20%) wine grapes	Part of Kangara Estate - 1,448 ha	435ha	Nil	Fully irrigated with a sophisticated drip system. Allocation of permanent entitlement to 2,536 megalitres from the Murray River.
Undeveloped land	Nil	Part of Kangara Estate - 1,448 ha	13 ha	Nil are proposed at this stage, 500 hectares is suitable for plantings	Nil

*Under each Lease Agreement the Orchard Trust is required to provide Timbercorp with sufficient permanent water licences to satisfy the irrigation requirements having regard to the maturity of each crop. The Orchard Trust has budgeted for the acquisition of such additional permanent water licences at a total cost of \$5.25 million.

COSTA'S CREST – EUSTON NSW

Property Description

Costa's Crest is approximately 90 kilometres from Mildura, the transportation hub for the Sunraysia region.

The property which fronts the Sturt Highway, comprises 82 hectares of undulating sandy loams and is highly suitable for the cultivation of table grapes.

An Existing Table Grape Vineyard has been planted on 38 hectares of the property in June 2002 and comprises 42,300 vines.. The Orchard Trust will develop a further 9.3 hectares on which it will plant 10,350 vines by 30 June 2004. The balance of the property (34 hectares) is unsuitable for further development.

Water Supply

The Existing Table Grape Vineyard is fully irrigated with under vine micro irrigation, using water pumped from the Murray River to the property via a mainline approximately 1 kilometre long. The pipelines running from the Murray River to the property are supported by registered easements.

The acquisition of Costa's Crest includes a permanent entitlement to 100 megalitres per annum. All water entitlements are subject to the water allocation determined by the Department of Infrastructure, Planning and Natural Resources.

BELLA VISTA – EUSTON NSW

Conditional Agreement

The entire Bella Vista property in Euston, NSW comprises 1,959 hectares of undeveloped land.

It is proposed that the Orchard Trust will only acquire 131 hectares of land at Bella Vista. The Orchard Trust has entered into an agreement to acquire the property on the condition that the Department of Infrastructure Planning and Natural Resources (**DIPNR**) grants an amendment to allow the land to be used for growing and irrigation of table grapes vineyards.

The vendor of Bella Vista is required to procure the change of use by 30 November 2003. The Vendor's failure to obtain a change of use by that date, entitles the Orchard Trust to rescind its purchase of the Costa's Crest property and/or the Bella Vista property.

In addition the vendor must also procure the registration of a plan of subdivision severing an area of 131 hectares from the larger Bella Vista property. If the plan of subdivision is not completed by 31 December 2003, the Orchard Trust will lease the whole of the property (1959 hectares) from the vendor (**the Bella Vista Lease**).

If the plan of subdivision does not occur within 30 months of the commencement of the Bella Vista Lease, the Orchard Trust will acquire the whole of the larger land at no additional cost (**the Bella Vista Transfer**). However, the vendor will be entitled to have the Bella Vista property, less the 131 hectares, transferred back to it for \$1.00 in the event that the vendor subsequently procures the subdivision. An application to change the use to allow table grapes to be grown on the property is pending.

Development

Once the change of use and other approvals are obtained, the Orchard Trust proposes to establish a 121 hectare New Table Grape Vineyard comprising approximately 135,000 vines. The Orchard Trust intends to complete the development, which will also include the establishment of road access, on or before 30 June 2004.

The Orchard Trust has engaged TAM, to establish the New Table Grape Vineyard for a fixed price. The fixed price does not include the acquisition of all necessary water licences and the installation of external irrigation infrastructure and it is subject to any variations in the works that are required in the future. TAM will sub-contract Costa Management Group Pty Limited (**Costa Management**) to perform some of the capital works required for the establishment of the new vineyard. Costa Management is headed by brothers, Charlie and Paul Costa. Charlie and Paul have a combined experience of 40 years in the horticulture industry. Charlie has been growing table grapes in the Sunraysia district for the last 20 years.

Water supply

The acquisition of the Bella Vista property does not include any water entitlements to the property. A mainline of approximately 6 kilometres running from the Murray River to the property will also be constructed as part of the development.

PLANT BREEDERS RIGHTS – COSTA'S CREST AND BELLA VISTA

Orchard Investments Management has been granted a licence to grow the vines and sell the fruit from the vines which are planted on the Costa's Crest property (**the Andriske Licence Agreement**). There are two table grape varieties planted on the Existing Table Grape Vineyard, being the white seedless grape cultivar known as "Stanley Seedless" and the red seedless grape cultivar known as "Red Rob".

The licence also permits Orchard Investments Management to plant the "Stanley Seedless" and the "Red Rob" table grape varieties on the New Table Grape Vineyard and other developments that may be undertaken by the Orchard Trust.

Orchard Investments Management will then sub-licence its rights to lessees and licensees of the lands.

KANGARA ESTATE**Property Description**

The Kangara Estate is located in Murtho in South Australia's Riverland region. It comprises 1,448 hectares and is approximately 10 kilometres from Renmark, and 165 kilometres from Mildura.

The property is regularly shaped and has road access. Its undulating mostly sandy loams are suitable for cultivation of citrus fruit and wine grapes.

A combination of 355 hectares of established citrus orchards, 435 hectares of established wine grape vineyards and 598 hectares of undeveloped land, make up the Kangara Estate

Chiquita has a fruit packing and processing facility on part of the site.

Existing Citrus Orchards

Of the 355 hectares of established citrus orchards, 143 hectares represent trees that are now 6 years of age and over and 212 hectares represent trees under 6 years of age.

Existing Wine Grape Vineyards

There are 435 hectares of wine grape vineyards planted between 1997 and 2002. The plantings comprise approximately 80% red grapes and 20% white grapes with a variety of grape types.

Undeveloped Land

Approximately 598 hectares of which 500 hectares are considered suitable for further viticulture and citrus cultivation are undeveloped.

Water Supply

The established citrus orchards and wine vineyards are fully irrigated with a sophisticated drip irrigation system. The site accesses water pumped approximately 3 kilometres from the Murray River via a mainline to a dam situated on the property. The dam has the capacity to hold approximately 65 megalitres of water.

The purchase of the Kangara Estate includes a permanent entitlement to 3,504 megalitres of water per annum. The Orchard Trust has allocated the permanent entitlement across the citrus orchard (968 megalitres) and wine grape vineyard (2,536 megalitres). All permanent water entitlements are subject to the water allocation determined by the South Australian Department of Water, Land and Biodiversity Conservation.

The South Australian Department of Water, Land and Biodiversity Conservation has categorised the Kangara Estate and all surrounding land as a high impact salinity area, except for the Kangara Estate Undeveloped Land, which is categorised as 85 per cent high impact salinity.

However, tests undertaken by the Orchard Trust indicate that the salinity levels of the Kangara Estate are generally moderate to low throughout the soil profile of the property, increasing to high levels at the base of the soil. The higher salinity levels are well below the estimated root zone and should not influence crop health on the Kangara Estate.

Chiquita Plants and Buildings

The Orchard Trust will grant Kangara Foods Pty Limited (ACN 093 583 049) (**Kangara Foods**), a wholly owned subsidiary of Chiquita, a 99 year lease over the land on which the processing and packing plants and general administration buildings are situated (**Chiquita Lease**). The land the subject of the Chiquita Lease is approximately 2 hectares in area. The rent under the Chiquita Lease will be \$1.00 per annum. The key terms of the lease are described in section 9.

SEED ASSET LEASE AGREEMENTS

Timbercorp will enter into lease arrangements in respect of the Seed Assets on the terms described in the lease table set out later in this section (**Lease Agreements**).

The Lease Agreements will commence on completion of the purchase of the properties. In the event that the Bella Vista Lease takes effect, the Lease Agreement relating to the Bella Vista property will constitute a sub-lease pending the subdivision or the Bella Vista Transfer.

The key features of the proposed Lease Agreements are summarised in section 9.

PROJECT SUB-LEASE AGREEMENTS BETWEEN TIMBERCORP AND TIMBERCORP SECURITIES

As Timbercorp Securities establishes agribusiness projects (**Projects**) it will enter into sub-lease agreements with Timbercorp for parts of the land to be used in the relevant Projects (**Project Sub-lease Agreements**).

Timbercorp Securities proposes to offer citrus, table grape and wine grape Projects to participant growers in its Projects (**Growers**) in future years.

The terms of the Project Sub-lease Agreements will be between 15 to 20 years.

Timbercorp Securities will engage Chiquita as farm manager, processor and marketer of the crop for future wine grape and citrus Projects conducted on the Kangara Estate.

For the activities to be conducted on the table grape vineyards on Costa's Crest and Bella Vista, Timbercorp Securities will engage The Grapehouse Pty Ltd (**Grapehouse**) and Costa Management as farm manager, processor and marketer of the crop for the table grape Projects. Grapehouse and Costa Management are each associated with Charlie Costa, who has grown table grapes in the Sunraysia Region of New South Wales for the last 20 years.

RIGHTS OF GROWERS IN THE TIMBERCORP PROJECTS

Upon any of the lease agreements between Orchard Investments Management and Timbercorp terminating, Orchard Investments Management agrees that the Growers will continue to have a right to occupy or use the relevant land granted under their agreements with Timbercorp Securities in respect of Timbercorp Projects. It should be noted that such Growers will be required to continue to pay rent for the continued occupation or use of the relevant land.

Furthermore, Orchard Investments Management has agreed that it will not create any encumbrances over the land ranking in priority to the interests of Timbercorp, Timbercorp Securities or the Growers except where required to do so by a government authority.

The Debenture Trustee also recognises the interests of Timbercorp, Timbercorp Securities or the Growers in the Debenture Trust Deed and the Mortgages to use the relevant land for the purposes of the Timbercorp Projects.

MORTGAGES OF LAND GRANTED TO THE DEBENTURE TRUSTEE

The Debenture Trustee will hold registered first mortgages over the following Land on behalf of Debenture Holders:

- Costa's Crest;
- Bella Vista, upon its transfer to the Orchard Trust as described above;
- Kangara Estate, other than the Kangara Estate Undeveloped Land and 13 hectares of the existing wine grape vineyard which encroaches onto that land.

The Debenture Trustee will hold a registered second mortgage on behalf of Debenture Holders over the Kangara Estate Undeveloped Land and the 13 hectares of the wine grape vineyard until no later than 30 June 2005. Following payment of the deferred purchase price in relation to the Kangara Estate Undeveloped Land, the registered second mortgage will become a registered first mortgage as the mortgage granted to Kangara will be discharged.

It should be noted that the rights of the Debenture Trustee under the Debenture Trust Deed and the Mortgages do not extend to:

- the Citrus Crop, being the products, rights, benefits or credits derived from the citrus trees on the land; and
- the Table Grape Crop, being the products, rights, benefits or credits derived from the table grape vines on the land; and
- the Wine Grape Crop, being the products, rights, benefits or credits derived from the wine grape vines on the land; and
- Other Crops derived from any other Projects conducted on the land.

The Citrus Crop, Table Grape Crop, Wine Grape Crop and Other Crops derived from any other Projects conducted on the land will remain the property of the Timbercorp Group, a Grower, a lessee of a company in the Timbercorp Group or any other person who derives title to the crops through any of them.

MORTGAGES OF CONTRACTUAL RIGHTS GRANTED TO THE DEBENTURE TRUSTEE

In the event that the subdivision in relation to Bella Vista is not completed by 31 December 2003, the Debenture Trustee will also hold on behalf of Debenture Holders a mortgage over:

- the Bella Vista Lease pending the subdivision; and
- the Bella Vista Transfer.

The rights of the Debenture Trustee are subject to all rights and interests of:

- the participants in the table grape Projects conducted on Costa's Crest and Bella Vista;
- the responsible entities and managers of the table grape Projects and their nominees; and
- anyone claiming through the persons specified in the preceding paragraphs,

to use Costa's Crest and Bella Vista under the terms of any of the Lease Agreement or occupancy rights granted to Growers for the purpose of the relevant Project, whether those rights exist at the date of the Mortgage of Contractual Rights or arise subsequently.

Furthermore, the rights of such persons will have priority over the rights and remedies of the Debenture Trustee to the extent necessary for the responsible entities and managers of the Project to comply with the Corporations Act, ASIC Policy and the relevant Project agreements in relation to the right of participants in the Projects to occupy Costa's Crest and Bella Vista. Finally, the rights of the Debenture Trustee under the Mortgage of Contractual Rights do not extend to the Table Grape Crop.

MORTGAGE OF LAND GRANTED TO CHIQUITA

Chiquita will hold a registered first mortgage over the undeveloped land and 13 hectares of the wine grape vineyard.

The Chiquita Mortgage will be granted to secure the balance of the purchase moneys payable to Chiquita under the contract of sale in relation to that part of Kangara Estate, payment of which is deferred. The balance of the purchase moneys is due on 30 June 2005 or earlier at the election of Orchard Investments Management.

The Chiquita Mortgage also does not extend to the Citrus Crop, Wine Grape Crop and Other Crops derived from any other Projects that may be conducted on the land.

RENT TABLE

Set out below is a table describing rent details in respect of the assets of the Orchard Trust.

Property	Term	Total Plantable Hectares	Rent Calculation p.a. (The amounts are indexed for inflation as at 31 December of each year, commencing on 31 December 2004)	Approximate Rent as at the date of this Memorandum	Outgoings
Costa's Crest – Existing Table Grape Vineyard	20 years	38 ha	<p>11% of:</p> <ul style="list-style-type: none"> the cost inclusive price (ex-GST) of acquiring the Existing Table Grape Development estimated to be \$3.34 million; and the Existing Table Grape Development Water Budget in relation to Water Licences to be attributed to the Existing Table Grape Development, which is \$0.28 million; the cost of acquiring Water Licences to be attributed to the Existing Table Grape Development in excess of the Existing Table Grape Development Water Budget, plus <p>8% of the gross sales of the fruit off the "Stanley Seedless" and the "Red Rob" table grape vines planted on the Existing Table Grape Vineyard for which Timbercorp or a sub-licensee has received payment during the quarter.</p>	\$0.40 million (not including any amount of rent payable in relation to the sale of the table grapes)	Rates, Insurance, Taxes and Charges in relation to the land.
Bella Vista and the unimproved part of Costa's Crest – New Table Grape Vineyard	20 years	131 ha	<p>11% of:</p> <ul style="list-style-type: none"> the Budgeted Cost (ex-GST) of the New Table Grape Development in relation to the New Table Grape Development (excluding the New Table Grape Development Water Budget and Table Grape Development External Irrigation Infrastructure Budget), which is \$9.20 million; and the New Table Grape Development Water Budget in relation to Water Licences to be attributed to the Existing Table Grape Development, which is \$1.32 million; the cost of acquiring Water Licences to be attributed to the New Table Grape Development in excess of the Existing New Table Grape Development Water Budget; New Table Grape Development External Irrigation Infrastructure Budget in relation to installing the external Irrigation Infrastructure in relation to the New Table Grape Development after its acquisition, which is \$2.55 million; the New Table Grape Development Excess External Irrigation Infrastructure Cost in relation to installing the external Irrigation Infrastructure in relation to the New Table Grape Development after its acquisition, plus 	\$1.44 million (not including any amount of rent payable in relation to the sale of the table grapes)	Rates, Insurance, Taxes and Charges in relation to the land.

Property	Term	Total Plantable Hectares	Rent Calculation p.a. (The amounts are indexed for inflation as at 31 December of each year, commencing on 31 December 2004)	Approximate Rent as at the date of this Memorandum	Outgoings
			<p>8% of the gross sales of the fruit off the "Stanley Seedless" and the "Red Rob" table grape vines planted on the New Table Grape Vineyard for which Timbercorp or a sub-licensee has received payment during the quarter.</p> <p><u>Notes:</u></p> <p>(a) The rent for the December 2003, March 2004 and June 2004 Quarters which is referable to:</p> <ul style="list-style-type: none"> (i) New Table Grape Development Excess Water Cost; (ii) New Table Grape Development Water Budget; (iii) New Table Grape Development Excess External Irrigation Infrastructure Cost; (iv) New Table Grape Development External Irrigation Infrastructure Budget; (v) the Budgeted Cost of the New Table Grape Development (excluding the New Table Grape Development Water Budget and Table Grape Development External Irrigation Infrastructure Budget), <p>is payable on 30 June 2004.</p> <p>(b) The rent will be reduced during the period between 1 July 2004 and the Budgeted Cost of the New Table Grape Development (excluding the New Table Grape Development Water Budget) being expended, by the amount derived from multiplying the unexpended Budgeted Cost of the New Table Grape Development (excluding the New Table Grape Development Water Budget) at the end of each Quarter by a rate agreed by the parties or failing agreement 1% below the 30 day Bank Bill Rate.</p>		
Kangara Estate Existing Citrus	20 years	355 ha	<p>Rent on and from the commencement date until 30 June 2004</p> <p>11% of the cost inclusive price (ex-GST) of acquiring the Existing Citrus Development estimated to be \$12.2 million.</p> <p>Rent on and from 1 July 2004</p> <p>11% of</p> <ul style="list-style-type: none"> • the cost inclusive price (ex-GST) of acquiring the Existing Citrus Development estimated to be \$12.2 million; and • the Existing Citrus Development Water Budget in relation to Water Licences to be attributed to the Existing Citrus Development, which is \$3 million; • the cost of acquiring Water Licences to be attributed to the Existing Citrus Development in excess of the Existing Citrus Development Water Budget. 	<p>Until 30 June 2004 \$1.34 million</p> <p>On and from 1 July 2004 \$1.67 million</p>	Rates, Insurance, Taxes and Charges in relation to the land.

Property	Term	Total Plantable Hectares	Rent Calculation p.a. (The amounts are indexed for inflation as at 31 December of each year, commencing on 31 December 2004)	Approximate Rent as at the date of this Memorandum	Outgoings
Kangara Estate existing Vineyard	20 years	435 ha	<p>Rent on and from the commencement date until <u>30 June 2004</u></p> <p>11% of the cost inclusive price (ex-GST) of acquiring the Existing Wine Grape Development estimated to be \$19.35 million.</p> <p>Rent on and from <u>1 July 2004 to 31 March 2005</u></p> <p>11% of</p> <ul style="list-style-type: none"> the cost inclusive price (ex-GST) of acquiring the Existing Wine Grape Development estimated to be \$19.35 million; and the Existing Wine Grape Development Water Budget in relation to Water Licences to be attributed to the Existing Wine Grape Development, which is \$0.32 million. the cost of acquiring Water Licences to be attributed to the Existing Wine Grape Development in excess of the Existing Wine Grape Development Water Budget. <p>Rent on and from <u>1 April 2005</u></p> <p>11% of</p> <ul style="list-style-type: none"> the cost inclusive price (ex-GST) of acquiring the Existing Wine Grape Development estimated to be \$19.35 million; the Existing Wine Grape Development Water Budget in relation to Water Licences to be attributed to the Existing Wine Grape Development, which is \$0.64 million; and the cost of acquiring Water Licences to be attributed to the Existing Wine Grape Development in excess of the Existing Wine Grape Development Water Budget. 	<p>Until <u>30 June 2004</u></p> <p>\$2.13 million</p> <p><u>1 July 2004 – 31 March 2005</u></p> <p>\$2.16 million</p> <p>On and from <u>31 March 2005</u></p> <p>\$2.20 million</p>	<p>Rates, Insurance, Taxes and Charges in relation to the land.</p> <p>Rates, Insurance, Taxes and Charges in relation to the land.</p>
Kangara Estate undeveloped land	20 years	500 ha	<p>11% of the cost inclusive price (ex-GST) of acquiring the Undeveloped Kangara Land estimated to be \$2.51 million.</p> <p>Notes:</p> <p>The rent will be reduced by the amount derived from multiplying the unpaid purchase price in relation to the Kangara Estate Undeveloped Land and the existing Vineyard as at the end of each Quarter by a rate agreed by the parties or failing agreement 1% below the 30 day Bank Bill Rate.</p>	<p>\$0.28 million (less the interest earned on the unpaid purchase price in relation to the Kangara Estate Undeveloped Land)</p>	<p>Rates, Insurance, Taxes and Charges in relation to the land.</p>

INSURANCE OBLIGATIONS OF TIMBERCORP

Under the Lease Agreements, Timbercorp must maintain insurance approved by Orchard Investments Management in the names of the Timbercorp, Orchard Investments Management and any other person named by Orchard Investments Management and Timbercorp. This insurance must include:

- public liability insurance for at least \$10 million (as varied by notice from Orchard Investments Management to Timbercorp);
- the replacement value of the improvements on the land, including the vines, citrus trees and the irrigation infrastructure; and
- other insurances required by law or that, in Orchard Investments Management's reasonable opinion, a prudent lessee would take out having regard to the cost of such insurance.

Orchard Investments Management must not enforce, conduct, settle or compromise claims under any insurance policy required by the Lease Agreements, even if that policy also covers other property, if Timbercorp gives Orchard Investments Management a notice that it wishes to do these things.

Insurance proceeds

Insurance proceeds that the insurer does not require to be used for replacement or reinstatement must be paid into a separate joint account in the names of Orchard Investments Management, Timbercorp and any other person Orchard Investments Management and Timbercorp require.

Insurance proceeds must be used to settle claims in connection with the event insured against or to replace or reinstate the insured item. These obligations are discussed further below. Any surplus will then be shared between the account holders having regard to the effect on them of that event or their respective interests in that item.

Damage to, or destruction of, the improvements

Upon damage to, or destruction of, part or all of the improvements on the land, Orchard Investments Management and Timbercorp must:

- negotiate in good faith to determine how to best replace and reinstate the relevant improvements;
- Orchard Investments Management and Timbercorp must use any insurance proceeds they receive in respect of such damage or destruction to replace and reinstate the relevant improvements, as agreed.

In the event that Orchard Investments Management and Timbercorp are unable to agree within 30 days, the matter will be referred to arbitration and the arbitrator's determination as to how to best replace and reinstate the relevant improvements thereafter will be binding on the parties.

Timbercorp may in its absolute discretion use its own funds to replace and reinstate improvements that have been damaged or destroyed, and in such event Orchard Investments Management must use any insurance proceeds it receives in respect of such damage or destruction to assist Timbercorp in replacing and reinstating the relevant improvements.

The Debenture Trust Deed

The Debenture Trust Deed imposes a number of requirements on Orchard Investments Management in relation to insurance, including requiring Orchard Investments Management to:

- obtain the Debenture Trustee's prior written consent, before Orchard Investments Management enforces, conducts, settles or compromises claims under any insurances in relation to the Land for any amount exceeding \$1,000,000 or its equivalent, irrespective of whether the insurance also relates to other property;
- hold money received or recovered under a claim involving the Land, or any other claim for which the loss funds are payable to Orchard Investments Management in a separate account for the Debenture Trustee;
- apply any moneys paid by an insurer under any insurance, at Orchard Investments Management's option, but subject to its obligations under any lease agreement, as follows:

- towards satisfaction of the moneys owing under the Debentures; or
- to repair, replace or reinstate the Land or otherwise for the purpose for which the relevant insurance policy was maintained;
- if required under the terms of a reinstatement policy or the terms of any lease agreement, apply all proceeds payable under the reinstatement policy to the reinstatement of the Land;
- pay any money received or recovered under a reinstatement policy, if required under the terms of the policy, to the person entitled to payment under the contract for reinstatement of the Land.

5. THE UNITS AND ANNUITY BONDS

THE UNITS

Upon your application for Units being accepted you will receive Units in the Orchard Trust. As a Unit Holder you are bound by the provisions of the Constitution of the Orchard Trust.

The Constitution

The Constitution of the Orchard Trust deals with the following matters, amongst others:

- the duration of the Orchard Trust, including termination;
- the duties and obligations of the responsible entity, being Orchard Investments Management;
- the investment and borrowing powers of the responsible entity, being Orchard Investments Management;
- the procedures for valuing the Orchard Trust's assets;
- the fees and expenses which can be paid out of the Orchard Trust;
- the limiting of liability and indemnification of Orchard Investments Management;
- amendment of the Constitution;
- investor meetings;
- the calculation, entitlement to, and distribution of, income and capital, and proceeds of realisation of Orchard Investments Management on termination;
- the processing of applications and redemptions and the calculation of Unit prices;
- the rights and liabilities of Unit Holders; and
- the resolution of complaints.

The key features of the Constitution are summarised in section 9.

When are distributions of income made?

Distributions of income will be made at the end of June and December of each year, with the first distribution being made on 30 June 2004.

When can you withdraw?

Orchard Investments Management does not intend to offer Unit Holders a right to withdraw from the Orchard Trust except under certain circumstances and then only in accordance with the terms of the Constitution. Orchard Investments Management will advise Unit Holders should it decide to give Unit Holders any right to withdraw from the Orchard Trust.

Assets of the Orchard Trust

Section 4 describes how the funds raised by the Orchard Trust will be applied. Any funds not immediately required will be invested in cash and term deposits with an Australian bank on a short term basis.

A Unit in the Orchard Trust entitles you, together with the registered holders of all other Units, to a beneficial interest in the Orchard Trust in its entirety, but does not entitle you to any part of any asset or investment comprising the Orchard Trust. You are not entitled to a transfer to you of any property of the Orchard Trust.

On the termination or winding up of the Orchard Trust, you have a right to participate in distribution of capital and income in proportion to the number of Units held by you.

Assets held by independent custodian

An independent custodian, Trust Company of Australia Limited, will control title to, or hold, the assets of the Orchard Trust.

Unit pricing

The Unit price will be calculated by Orchard Investments Management when required by dividing the net asset value of the Orchard Trust by the number of Units on issue in the Orchard Trust.

The net asset value of the Orchard Trust is the market value of all assets held by the Orchard Trust less the liabilities of the Orchard Trust including redemption and distribution amounts which are unpaid.

Your income entitlement

A Unit in the Orchard Trust entitles you to participate in any profits or income after expenses of the Orchard Trust arising out of the purchase, management, disposal and general investment of the assets of the Orchard Trust.

Your income entitlement will be calculated on a half-yearly basis. The first income entitlement calculation will be in respect of the period ending on 30 June 2004. The last distribution period ends on the termination of the Orchard Trust and commences on the day following the end of the previous distribution period. The distribution period may be varied by Orchard Investments Management.

Calculation of your income entitlement

At the end of each distribution period you are entitled to a proportionate share of the distributable income of the Orchard Trust for that period based on the number of Units held. Your proportionate entitlement to distributable income is calculated by:

- determining the income of the Orchard Trust for that period, and then deducting all expenses incurred by the Orchard Trust and any provisions that Orchard Investments Management considers appropriate;
- dividing the distributable income for that period by the number of Units on issue on the last day of the distribution period to determine the distributable income per Unit; and
- multiplying the distributable income per unit by the number of units held by you and rounding down the product to the nearest whole cent.

Any balance of one cent arising as a consequence of any calculation is deemed to accrue in the next following distribution period.

The distributable income you receive may exceed the amount of income that you will have to include in your assessable income for taxation purposes. You will be advised of the amount of your distributable income that constitutes assessable income for taxation purposes.

Once a distribution is made, the Unit price usually falls by a similar amount to the amount of distributable income paid in respect of each Unit because the total value of the Orchard Trust has been reduced as a result of the distribution.

Payment of income entitlement

Your income entitlement for each distribution period will be determined as soon as practicable after the end of that distribution period. Where an income entitlement is to be distributed in cash, the distribution will generally be paid within two months after the end of the relevant distribution period.

Reinvestment

At this stage, Orchard Investments Management will not be offering Unit Holders a facility to reinvest the income to which they are entitled in additional units in the Orchard Trust.

THE ANNUITY BONDS

Upon your application for Annuity Bonds and the corresponding application for Units being accepted, you will be entitled to receive the quarterly Annuity Payments, commencing on 15 February 2004.

Annuity Payments

The Annuity Payments made by the Orchard Trust to you on a quarterly basis will comprise a part repayment of the principal moneys plus interest for that quarter on the outstanding amount principal moneys during the quarter.

An Annuity Bond entitles you to a proportionate share of the Annuity Payment based on the number of Annuity Bonds held by you.

The first annuity payment amounts will be paid on 15 February 2004 and thereafter quarterly on the last day of each quarter in each year during the currency of the Annuity Bonds. The final annuity payment will be made on the Maturity Date.

Maturity Date

The Maturity Date of the Annuity Bonds is 15 November 2010.

There is no right of early repayment, although Orchard Investments Management may in limited circumstances, redeem the Annuity Bonds. Refer to section 9 for further details.

Interest Rate

The Annuity Bonds have an implied fixed interest rate on the outstanding amount of 9% per annum, calculated on and from 16 November 2003.

Trustee for the Annuity Bonds

The Annuity Bond Trustee for the Annuity Bond Holders is Sandhurst Trustees Limited. Its role is to act in the interests, and for the benefit of, Annuity Bond Holders under this Issue and future issues to the extent provided in the Annuity Bond Trust Deed.

It should be noted that if Orchard Investments Management is liable to the Annuity Bond Trustee for breach of any obligation under the Annuity Bond Trust Deed, the Annuity Bond Trustee may only enforce its rights against the Orchard Investments Management arising from breach or non-performance of its obligations under the Annuity Bond Trust Deed to the extent that the Orchard Investments Management is entitled to be indemnified out of the assets of the Orchard Trust.

The Annuity Bond Trustee will have no recourse against the assets of Orchard Investments Management in its personal capacity, except in the case of fraud, gross negligence, breach of trust or breach of duty by Orchard Investments Management.

Capacity and Liability of Orchard Investments Management

Orchard Investments Management has entered into the Annuity Bond Trust Deed in its capacity as the responsible entity of the Orchard Trust under the Constitution and in no other capacity. The obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, Orchard Investments Management under or in respect of the Annuity Bond Trust Deed (**Obligations**) are incurred by Orchard Investments Management solely in its capacity as responsible entity of the Orchard Trust. Orchard Investments Management will cease to have any obligations under the Annuity Bond Trust Deed if it ceases for any reason to be the responsible entity of the Orchard Trust.

Under the Annuity Bond Trust Deed, the Annuity Bond Trustee and Orchard Investments Management acknowledge that:

- Orchard Investments Management will not be liable to pay or satisfy any Obligations except out of the assets of the Orchard Trust against which it is entitled to be indemnified in respect of any Obligation incurred by it as responsible entity of the Orchard Trust;
- the Annuity Bond Trustee may enforce its rights against Orchard Investments Management arising from non-performance or breach of the Obligations only to the extent that Orchard Investments Management is entitled to be indemnified out of the assets of the Orchard Trust;
- if the Annuity Bond Trustee does not recover all money owing to it arising from non-performance or breach of the Obligations it may not seek to recover the shortfall by bringing proceedings against Orchard Investments Management in its personal capacity, except to the extent that Orchard Investments Management is entitled to be indemnified out of the assets of the Orchard Trust;
- the restriction on the Annuity Bond Trustee bringing proceedings against Orchard Investments Management in its personal capacity does not in any way restrict the rights of the Annuity Bond Trustee under section 601ND of the Corporations Act, which deals with winding up the scheme;

The limitation on Orchard Investments Management's personal liability does not apply in the case of fraud, gross negligence, breach of trust or breach of duty by Orchard Investments Management.

Unsecured Obligations and the priority of the Debentures

Orchard Investments Management's obligations to Annuity Bond Holders and other creditors are unsecured and rank below the claims of the Debenture Holders. The Debenture Holders' claims and the moneys owing under the Debentures, including interest and principal, are secured by a fixed and floating

charge over the Orchard Trust's assets and registered Mortgages over certain land and improvements owned by the Orchard Trust and the Mortgage of Contractual Rights.

Borrowing Limitations

Orchard Investments Management is required by both the Annuity Bond Trust Deed and the Debenture Trust Deed to ensure that the Orchard Trust's Gearing Ratio does not exceed 80%.

Orchard Investments Management is also required by the Debenture Trust Deed to ensure that the Orchard Trust's Debenture Gearing Ratio does not exceed 66.667%.

THE REGISTERS

Orchard Investments Management will maintain a Register of Annuity Bond Holders and Unit Holders. The Register will be open during business hours for inspection free of charge by Annuity Bond Holders and Unit Holders.

Following the issue or transfer of Annuity Bonds or Units to successful Applicants or transferees, each will receive a certificate which sets out their holding. Holders will also receive subsequent certificates if there has been a change to their holding on the Register and as otherwise required under the Corporations Act.

TRANSFERRING YOUR INVESTMENTS

You are free to transfer your Annuity Bonds or Units, subject to the requirements of the Annuity Bond Trust Deed or the Constitution, as the case requires, and the Corporations Act.

A transfer may have taxation and social security implications and accordingly we recommend that before you transfer your Annuity Bonds or Units, you consult your adviser.

6. INVESTMENT RISKS

The risk factors associated with an investment in the Units and Annuity Bonds under this Memorandum fall into two broad categories, namely those applicable to an investment in Units and Annuity Bonds and those specific to the Orchard Trust because of the nature of its investment activities.

The principal activities of the Orchard Trust are the acquisition, development and management of agricultural land and infrastructure and associated assets.

The Directors consider that the summary below, which is not exhaustive, represents some of the major risk factors of which potential investors need to be aware.

The Directors recommend that potential investors examine the contents of this Memorandum and consult their professional advisors before deciding whether or not to apply for Units and Annuity Bonds under this Memorandum.

RISKS SPECIFIC TO THE UNITS

The Units will not be listed and there is a risk that you may not be able to sell or redeem your Units promptly or at all. Orchard Investments Management does not intend to offer Unit Holders a right to withdraw from the Orchard Trust except under certain circumstances, and then only in accordance with the terms of the Constitution and any withdrawal offer that is made by Orchard Investments Management.

Therefore, in order to sell or transfer your Units at other times, you will need to find a buyer who wishes to become a Unit Holder in the Orchard Trust and subject to the terms and conditions of the Constitution, as amended from time to time.

RISKS SPECIFIC TO THE ANNUITY BONDS

The Annuity Bonds will also not be listed and there is a risk that you may not be able to sell your Annuity Bonds promptly or at all. To sell or transfer your Annuity Bonds, you will need to find a buyer who wishes to become an Annuity Bond Holder subject to the terms and conditions of the Annuity Bond Trust Deed as amended from time to time.

The Annuity Bonds are an interest rate linked security. Their value could, therefore, be affected by adverse movements in interest rates.

Anything that affects Orchard Investments Management's ability to pay interest on the Annuity Bonds constitutes a risk to Annuity Bond Holders. In certain limited circumstances, such as an event of default, the Annuity Bond Trustee may require Orchard Investments Management to redeem the Annuity Bonds and immediately pay to the Annuity Bond Holders all Moneys Owed under the Annuity Bonds. The ability of Orchard Investments Management to redeem the Annuity Bonds in these circumstances constitutes a risk to Annuity Bond Holders. Some of the risks which may affect Orchard Investments Management's ability to redeem the Annuity Bonds or its ability to pay interest on the Annuity Bonds are discussed below.

You should note that you and other Annuity Bond holders will be unsecured creditors of the Orchard Trust and rank below the claims of the secured Debenture Holders, along with other unsecured creditors.

RISKS SPECIFIC TO THE ORCHARD TRUST

Acquisition Risks

The contracts of sale in relation to the Seed Assets are subject to a number of conditions.

In particular, the contract of sale in respect of the Bella Vista property is subject to a number of conditions, the most important of which is the change of use to allow the Bella Vista property to be used for growing and irrigation of table grape vineyards. This condition must be satisfied by 30 November 2003.

If the conditions in relation to the purchase of each of the Seed Assets are not satisfied by the specified date, and they are not waived by Orchard Investments Management, the relevant Seed Asset will not be acquired.

As at the date of this Memorandum, Orchard Investments Management believes that only the acquisition of the Bella Vista property is subject to risk of not being completed. Orchard Investments Management may also elect not to complete the purchase of Costa's Crest if the change of use application in respect of

Bella Vista is not granted by 30 November 2003. Please see the paragraph titled 'Application of Funds' in section 4 for details on how Orchard Investments Management will apply the funds if it does not complete the purchase of the Bella Vista property and/or Costa's Crest.

The resale value of the Orchard Trust's assets

The values of the Orchard Trust's assets are subject to property market conditions. Increased supply or falls in demand in the sector of the property market in which the Orchard Trust is positioned, as well as the risk of vacancy and fluctuation of rentals on re-leasing the Orchard Trust's assets could influence the value of the Orchard Trust's assets and income from the Orchard Trust's assets.

Values of particular assets within the Orchard Trust's portfolio may be affected by the growth rates and the price achieved from the sale of the produce grown on the properties. The following factors may affect the price of citrus produce and table and wine grapes, and therefore the value of particular assets within the Orchard Trust's portfolio:

- any adverse movement in foreign currency exchange rates;
- a fall in the level of demand for citrus produce and table and wine grapes and the end-products derived from such produce;
- a rise in competition and increased supply of these products, both in Australia and overseas; and
- the imposition of new levies, imposts or other taxes.

It should be noted that the Orchard Trust's assets are subject to long-term leases with Timbercorp which extend well beyond the maturity date of the Annuity Bonds and Debentures. Timbercorp is an ASX/S&P 300 company.

Orchard Investments Management will procure independent valuations of each property every three years in accordance with the Australian accounting standards or at such other times as its directors decide.

However, no guarantee is given as to the resale value of the Orchard Trust's assets should they be required to be sold to meet the Orchard Trust's obligations in relation to the Debentures, Annuity Bonds and other unsecured creditors.

Climate, Disease, Poor Management and Natural Disasters

Adverse climatic conditions, such as drought, flood, fire, wind and frost, as well as pestilence, vermin, disease, land damage and natural disasters, and poor management practices and contractual default by external service providers, may affect the value of the Orchard Trust's assets.

Importantly, the damage or destruction of the Citrus Orchards, Table Grape and Wine Vineyards does not entitle Timbercorp to terminate the relevant Lease Agreement. In fact, Timbercorp's right to terminate is limited to situations where the Orchard Trust has failed to perform its obligations or become insolvent.

Timbercorp has advised the Orchard Trust that it proposes to manage the agricultural and other operational risks by engaging Chiquita and Costa Management as described in section 4, and adopting industry best practices and protocols.

Water Quality and Quantity

The quality and quantity of water used in the irrigation of the Orchard Trust's assets may decline owing to increasing levels of salinity. Access to water is also subject to legislation, and the amount of water available for use under a water licence may be increased or decreased from time to time.

Under the Lease Agreements the Orchard Trust is required to make available to Timbercorp a specified level of permanent water licences. It should be noted however that the authorities may reduce access to the water licences in any given irrigation season.

The water access arrangements in a number of States are currently undergoing review. These reviews may result in water access arrangements being changed in such a manner that adversely affects the water licences acquired now and in the future by the Orchard Trust.

Native Title Claim

The area surrounding and including Costa's Crest and the Bella Vista properties is currently the subject of a native title claim. The rights and interests of the vendor in the properties is by way of two perpetual leases granted by the Western Lands Authority in New South Wales pursuant to the *Western Lands Act 1901 (NSW)*. Orchard Investments Management will acquire these rights and interests in the two perpetual leases granted by the Western Lands Authority.

Significantly, the impact of perpetual leases granted pursuant to the *Western Lands Act 1901 (NSW)* on native claims was the subject of a decision of the High Court of Australia in *Wilson v Anderson*. The majority of the High Court of Australia in *Wilson v Anderson* determined that the Western Lands Lease which was the subject of the proceedings (**Wilson Lease**) conferred upon the lessee a right of exclusive possession, and the grant of the perpetual lease extinguished any native title right in relation to the land covered by the perpetual lease.

The Western Land Leases pursuant to which the Orchard Trust will take possession of Costa's Crest and the Bella Vista properties are of different legislative origin to Wilson Lease. However, the Western Land Leases being transferred to the Orchard Trust are also held in perpetuity, were granted for the same purpose as the Wilson Lease and contain very similar if not entirely identical conditions to the Wilson Lease.

Whilst no absolute assurance can be given, in light of the *Wilson v Anderson* decision it is unlikely that Costa's Crest and the Bella Vista properties will be subject to successful native title claims if they are pursued.

Development Delays

The development of the New Table Grape Vineyard, and any other development that the Orchard Trust wishes to undertake, may be affected by delays in obtaining planning permits and approvals from governmental authorities. However, the rent payable by Timbercorp is based on the budgeted development cost (refer to the rent schedule in section 4), and accordingly any development delay will not affect the Orchard Trust's cashflows.

Property Expenses

Under the Lease Agreements, Timbercorp is required to pay insurances, rates, taxes and repairs and maintenance in respect of the Seed Assets. Similar obligations are imposed on Chiquita under the Chiquita Lease. However, there may be unforeseen property expenses that Timbercorp or Chiquita do not have to meet out of its own funds, and which the Orchard Trust must pay and which have not been budgeted. This may affect the ability of the Orchard Trust to meet its obligations to the Annuity Bond Holders, Debenture Holders and other creditors, as well affecting the level of distributions to Unit Holders.

Capital Expenditure

Unforeseen capital expenditure requirements may affect the ability of the Orchard Trust to meet its obligations to the Annuity Bond Holders and other creditors, as well affecting the level of distributions to Unit Holders. There is a risk that the Orchard Trust may require some form of unexpected ongoing maintenance or capital expenditure, as well as the risk that changes in government policies with respect to the operations of the Orchard Trust may require additional unbudgeted expenditures to be undertaken. This may result in a reduction in distributions to Unit Holders and affect its ability to meet its obligations to Annuity Bond Holders, Debenture Holders and other creditors.

TAM has agreed to develop the New Table Grape Vineyard for the Orchard Trust for a fixed price, which will minimise the risk in relation to that development. The fixed price contract does not extend to the acquisition of all necessary water licences and the installation of external irrigation infrastructure, and it is subject to any variations in the works that are required in the future.

TAM may agree with Orchard Investments Management to undertake further developments for the Orchard Trust for a fixed price.

Orchard Investments Management will at all times attempt to maintain \$500,000 in cash reserves to ensure that it is able to meet any unforeseen expenditure requirements. Furthermore, Timbercorp has also agreed to make available to Orchard Investments Management a \$3 million stand-by facility on arms' length commercial terms. This stand-by facility is subordinated to the claims of Annuity Bond Holders and Debenture Holders.

Economic Conditions

Movement in general economic conditions, bond markets, inflation and interest rates may affect the value of the Orchard Trust's assets. Property values and, therefore, the level of growth in value of the Orchard Trust's assets may be affected by these factors. For example, increases in interest rates could have the effect of reducing the value of the Orchard Trust's Seed Assets.

This will only be relevant to Debenture Holders and Annuity Bond Holders should the need arise to sell the Orchard Trust's assets to meet the Orchard Trust's obligations under the Debentures and the Annuity Bonds. However, changes in the value of the Orchard Trust's assets will affect the value of Units from time to time.

Unforeseen Circumstances

Major unforeseen circumstances, such as major litigation, may occur in respect of the Orchard Trust and its assets, and which affects the ability of the Orchard Trust to meet all of its obligations under the Debentures and the Annuity Bonds and the level of distributions to Unit Holders.

Insurance

Insurance in relation to the Orchard Trust's assets may not cover all events or all claims made. Further, appropriate cover for terrorism and other uninsurable risks may not be available, or the cover that is available may not be adequate or commercially viable. Details of insurances are provided in section 4.

Regulatory Conditions

Changes in government fiscal, monetary and regulatory policies (such as in relation to taxation laws) or statutory changes may affect the Orchard Trust and its assets and the value of the assets.

In particular, the Orchard Trust and its lessees may not be able to clear and use the land for the activities proposed to be carried on the land due to government action and changes by government to existing conditions imposed in respect of the land.

Timbercorp as the Lessee

The ability of the Orchard Trust to meet its obligations to Debenture Holders and Annuity Bond Holders and to make distributions to Unit Holders, will be materially affected should the tenant of the Seed Assets, Timbercorp, be unable to pay the rent due under the Lease Agreements.

Anything that affects the ability of Timbercorp to pay the rent due under the Lease Agreements, will affect the ability of the Orchard Trust to meet its obligations to Debenture and Annuity Bond Holders.

Any default by Timbercorp, as the sole lessee of the Seed Assets, will have a material adverse impact on the Orchard Trust, particularly if the Orchard Trust is unable to find, or is delayed in finding, appropriate substitute lessees. Timbercorp's business may be affected by any adverse changes in:

- taxation laws governing the right of Growers (whether current or future) to claim a tax deduction for the costs of participating in Timbercorp's annual agribusiness projects. These include plantation establishment costs and land rental in the case of the hardwood plantations, and management and rent or licence fees in the case of the Timbercorp's olive and almond projects and its proposed table grape and citrus projects. Other costs include insurance and finance costs; and
- other government regulations, including the Corporations Act, that affect the ability of Timbercorp to offer interests in primary industry based projects, and to efficiently establish and manage these projects and sell their produce.

Timbercorp has advised that it continually monitors these important areas and it is not aware of, nor does it expect, any changes that will have an adverse effect on Timbercorp's business. All projects promoted by Timbercorp carry Australian Taxation Office Product Rulings, which provide Growers with tax certainty so long as the projects are carried out in accordance with the information provided to the Australian Taxation Office and described in the rulings.

The ability of Timbercorp to meet its obligation to the Orchard Trust may also be affected by Growers' failure to pay annual maintenance, management, licence and rental fees when due.

Loss of Key Personnel

Orchard Investments Management has assembled a key management team, in addition to engaging TAM and its management team, each of whom have a particular expertise in the Orchard Trust's areas of operation and who play an important part in the Orchard Trust's direction and prospects. None of the executive directors of Orchard Investments Management or TAM are employed under service contracts.

SEEK ADVICE

Orchard Investments Management will not give you any personal financial product advice.

Accordingly, you should consider carefully the purchase of Annuity Bonds and Units in the context of your objectives and financial situation and obtain independent financial and legal advice before becoming involved in it.

7. FINANCIAL INFORMATION

PRO FORMA STATEMENT OF FINANCIAL POSITION OF THE ORCHARD TRUST

A pro forma statement of financial position of the Timbercorp Orchard Trust as at 30 September 2003 prepared by the Investigating Accountants, Alexander and Spencer showing the effect of this Issue, the Debenture Issue, the issue of Units to Timbercorp and completion of the acquisition transactions is attached to this Memorandum as **Appendix A**.

STATEMENT OF FINANCIAL POSITION OF ORCHARD INVESTMENTS MANAGEMENT

A statement of financial position of Orchard Investments Management Limited as at 30 September 2003 is also set out in the Investigating Accountant's Report attached as **Appendix A**.

8. FEES, COMMISSIONS & EXPENSES

MANAGEMENT FEE TO ORCHARD INVESTMENTS MANAGEMENT

Orchard Investments Management will receive a fee of 0.25% per half year (0.50% per annum) of the market value of the assets of the Orchard Trust at the end of each half year, subject to it receiving a minimum fee of \$152,000 each half year. The minimum fee of \$152,000 each half year will be indexed for inflation as at 31 December of each year, beginning on 31 December 2004.

The management fees above are exclusive of GST. Orchard Investments Management will receive a further amount from the Orchard Trust for any GST payable in relation to the management fee. The minimum fee if paid to Orchard Investments Management would also be increased by an appropriate amount to cover GST.

MANAGEMENT & TERMINATION FEES TO TAM

TAM will receive a fee of 0.25% per half year (0.50% per annum) of the market value of the assets of the Orchard Trust at the end of each half year, subject to it receiving a minimum fee of \$137,500 each half year. The minimum fee of \$137,500 each half year will be indexed for inflation as at 31 December of each year, beginning on 31 December 2004.

The management fees above are exclusive of GST. TAM will receive a further amount from the Orchard Trust for any GST payable in relation to the management fee. The minimum fee, if paid to TAM, would also be increased by an appropriate amount to cover GST.

TAM will also receive a termination fee in the event that the Management Agreement is terminated other than by Orchard Investments Management lawfully terminating the Management Agreement or TAM terminating the Management Agreement by giving 6 months' notice. The termination fee is calculated as the present value of the Management Fees that would have been payable during the remainder of the term of the Management Agreement had the Management Agreement not been terminated.

The termination fee is also exclusive of GST. TAM will receive a further amount from the Orchard Trust for any GST payable in relation to the termination fee.

CUSTODY FEE

The Custodian will receive a fee of \$15,000 per annum payable on 30 June and 31 December of each year. The Custodian will also receive \$300 per hour for services in connection with the Custody Agreement that are outside the usual or ordinary custodial services provided by the Custodian. The fees will be indexed for inflation on 31 December of each year, commencing on 31 December 2004. It is also entitled to be reimbursed costs and expenses it incurs in connection with the performance of its duties under the Custody Agreement.

The custody fees are exclusive of GST and increased to cover any GST payable by the Custodian.

ANNUITY BOND TRUSTEE'S FEE

The Annuity Bond Trustee is entitled to receive annual fees of \$12,500 adjusted each year for movements in inflation. It is also entitled to be reimbursed for costs and expenses reasonably and properly incurred in connection with the performance of its incidental duties from time to time. The remuneration will be paid in priority to any claim by Annuity Bond Holders.

DEBENTURE TRUSTEE'S FEE

The Debenture Trustee is entitled to receive annual fees of \$20,000 adjusted each year for movements in inflation. It is also entitled to be reimbursed for costs and expenses reasonably and properly incurred in connection with the performance of its incidental duties from time to time. The remuneration will be paid in priority to any claim by Debenture Holders.

UNDERWRITING FEES AND COMMISSIONS

In relation to funds raised under this Issue, Orchard Investments Management will pay commissions of 3% of the amounts raised to persons who may legally receive such commissions or brokerage under the Corporations Act and whose stamp appears on the application forms subscribing for such amounts. In addition, the Co-managers of this Issue will each receive a commission of 0.25% of the total amount raised by this Issue.

The Debenture Issue is fully underwritten by ABN Amro Morgans Corporate Limited who will receive a management fee of 1.25% and an underwriting fee of 3.50% of the total funds raised under the Debenture Issue. The underwriter will pay out the following fees where applicable:

- stamping fee of 2.25%;
- firm commitment fee of 1.25%; and
- general sub underwriting fee of 1.25%.

In addition to the underwriting fees and commissions described above, Orchard Investments Management will pay an additional amount for any GST payable on such amounts.

OTHER ORCHARD TRUST EXPENSES

In addition to the fees and commissions referred to above, other costs, charges and expenses may be paid out of the Orchard Trust including:

- administration and custody costs;
- auditing, accounting and legal fees;
- costs incurred in the acquisition, holding and disposal of investments;
- the costs of the Orchard Trust's compliance committee;
- all taxes and duties payable in respect of the Orchard Trust;
- costs of preparing reports and statements to Unit Holders and the costs of postage and printing of all cheques, accounts, statements, notices, confirmation and all other documents required to be posted or given to all or any Unit Holders by the Corporations Act or the Constitution; and
- the costs of convening and holding meetings of Unit Holders.

The costs of preparing the Constitution, the Compliance Plan, this Memorandum and the Debenture prospectus will be paid out of the moneys raised.

9. SUMMARY OF MATERIAL CONTRACTS AND SIGNIFICANT DOCUMENTS

Set out below is a summary of the material and significant documents that Orchard Investments Management has entered into and are material to this Issue. Terms or expressions used in this section that are capitalised and are not defined elsewhere in this Memorandum have the same meaning as in the relevant document, unless the context implies the contrary. The actual terms of the relevant document will prevail over this summary if there is any inconsistency.

ANNUITY BOND TRUST DEED

A summary of the most important provisions of the Annuity Bond Trust Deed follows. However, the summary is not intended to be exhaustive and it is recommended that each potential investor reviews a copy of the Annuity Bond Trust Deed before making an investment.

Sandhurst Trustees Limited is the Annuity Bond Trustee for the Annuity Bond Holders under the Annuity Bond Trust Deed. The Annuity Bond Trust Deed governs the issue of the Annuity Bonds, sets out the rights and obligations of various parties and the terms and conditions of this Issue.

The Capacity and Liability of Orchard Investments Management

Capacity of Orchard Investments Management

Orchard Investments Management has entered into the Annuity Bond Trust Deed in its capacity as the responsible entity of the Orchard Trust under the Constitution and in no other capacity.

Liability of Orchard Investments Management

The obligations and liabilities of whatever kind undertaken or incurred by, or devolving upon, Orchard Investments Management under or in respect of the Annuity Bond Trust Deed (**Obligations**) are incurred by Orchard Investments Management solely in its capacity as responsible entity of the Orchard Trust. Orchard Investments Management will cease to have any obligations under the Annuity Bond Trust Deed if it ceases for any reason to be the responsible entity of the Orchard Trust.

Under the Annuity Bond Trust Deed, the Annuity Bond Trustee and Orchard Investments Management acknowledge that:

- Orchard Investments Management will not be liable to pay or satisfy any Obligations except out of the assets of the Orchard Trust against which it is entitled to be indemnified in respect of any Obligation incurred by it as responsible entity of the Orchard Trust;
- the Annuity Bond Trustee may enforce its rights against Orchard Investments Management arising from non-performance or breach of the Obligations only to the extent that Orchard Investments Management is entitled to be indemnified out of the assets of the Orchard Trust;
- if the Annuity Bond Trustee does not recover all money owing to it arising from non-performance or breach of the Obligations it may not seek to recover the shortfall by bringing proceedings against Orchard Investments Management in its personal capacity, except to the extent that Orchard Investments Management is entitled to be indemnified out of the assets of the Orchard Trust;
- the restriction on the Annuity Bond Trustee bringing proceedings against Orchard Investments Management in its personal capacity does not in any way restrict the rights of the Annuity Bond Trustee under section 601ND of the Corporations Act, which deals with winding up the scheme.

The limitation on Orchard Investments Management's personal liability does not apply in the case of fraud, gross negligence, breach of trust or breach of duty by Orchard Investments Management.

The Annuity Bond Trustee

Under the Annuity Bond Trust Deed, the Annuity Bond Trustee has agreed to act in the interests, and for the benefit, of the Annuity Bond Holders on the terms contained in the Annuity Bond Trust Deed.

The Annuity Bond Trustee will hold the following on trust for the benefit of the Annuity Bond Holders:

- a right to enforce Orchard Investments Management's obligation to repay the Annuity Bonds under the Annuity Bond Trust Deed and Conditions;
- the right to enforce any other duties of Orchard Investments Management under the Annuity Bond Trust Deed, an Annuity Bond, the Conditions or the Corporations Act.

Annuity Bond Trustee's Discretion, Powers and Duties

Subject to certain obligations regarding the application of moneys received by the Annuity Bond Trustee, the Annuity Bond Trustee has absolute discretion as to the exercise of the powers and discretions vested in it under the Annuity Bond Trust Deed. In the absence of wilful default, fraud, negligence or breach of trust, the Annuity Bond Trustee does not have any responsibility for any loss, costs, damages, expenses or inconvenience that may arise from the exercise or non-exercise of such powers, authorities and discretions.

The Annuity Bond Trustee is obliged to observe various duties, such as exercising reasonable diligence to ascertain whether the assets of the Orchard Trust will be sufficient to meet the repayment obligations to the Annuity Bond Holders, and doing everything in its power to ensure that Orchard Investments Management remedy any breach known to the Annuity Bond Trustee unless the Annuity Bond Trustee is satisfied that the breach will not materially prejudice your interest as an Annuity Bond Holder or any security for the Annuity Bonds.

Annuity Bond Trustee May Take Action Upon an Event of Default Occurring

Upon the occurrence of an Event of Default, the Annuity Bond Trustee may:

- Commence proceedings for the winding up of the scheme where Annuity Bond Holders that together hold not less than three-quarters in amount of the Annuity Bonds held by all the Annuity Bond Holders consent in writing;
- initiate proceedings or take such other action as it thinks fit to enforce the Annuity Bonds and to recover Moneys Owning (including without limitation requiring the Company to redeem the Annuity Bonds, requiring an immediate payment of all Moneys Owning and suing for or obtaining judgment for all Moneys Owning);
- to prove in any Liquidation of the Company (irrespective of when that Liquidation is commenced), subject to the Annuity Bond Trust Deed, including the limitation of Orchard Investments Management's liability described above.

Annuity Bond Trustee's Remuneration

The Annuity Bond Trustee will be paid a fixed fee at the rate of \$12,500 per annum, to be adjusted annually for movements in inflation, for its services as Annuity Bond Trustee. It is also entitled to be reimbursed for costs and expenses reasonably and properly incurred in connection with the exercise or attempted exercise of its powers authorities or discretions. The remuneration will be paid in priority to any claim by Annuity Bond Holders.

Retirement, Removal and Appointment of Annuity Bond Trustee

The Annuity Bond Trustee may generally retire at any time. However, retirement is only effective when a Trustee Company has been appointed in its place. Orchard Investments Management may remove the Annuity Bond Trustee from office if the Annuity Bond Trustee ceases to be a Trustee Company, a Special Resolution of Annuity Bond Holders determines that the Annuity Bond Trustee should be removed or the Annuity Bond Trustee suffers an insolvency event.

Annuity Bond Issue

Issues

Annuity Bonds are issued on the terms and conditions described in Schedule 2 of the Annuity Bond Trust Deed ("**the Conditions**"). The Annuity Bonds are issued with a face value of \$1 each.

Borrowing Limit

Orchard Investments Management's ability to incur liabilities is limited while there are any Annuity Bonds issued and outstanding. It must not permit the Gearing Ratio to exceed 80% whilst there are any Annuity Bonds on issue.

Enforcement**Unsecured Obligations**

The Annuity Bonds constitute unsecured debt obligations of Orchard Investments Management, as responsible entity of the Orchard Trust. That is, the Annuity Bonds will rank (together with all other unsecured creditors) in priority behind the secured Debentures and any other secured liability of Orchard Investments Management, as responsible entity of the Orchard Trust (whose liability is limited to the extent to which it is entitled to be indemnified out of the assets of the Orchard Trust).

Events of Default

The "Events of Default" are set out in clause 11.1 of the Annuity Bond Trust Deed, and are briefly as follows:

- if Orchard Investments Management does not repay or otherwise redeem any Annuity Bonds within 14 days after the day upon which such repayment or redemption becomes due;
- if Orchard Investments Management allows the Gearing Ratio to exceed 80% whilst there are Annuity Bonds on issue;
- if Orchard Investments Management becomes insolvent;
- if the Transaction Documents are terminated or it becomes unlawful for Orchard Investments Management to perform its material obligations under those documents;
- if a receiver, administrator or controller is appointed to any substantial part of the Orchard Trust Assets;
- if an application to a court, or a resolution is passed or order is made for the winding up, dissolution or administration of Orchard Investments Management;
- if Orchard Investments Management breaches its material obligations under the Debenture Trust Deed, the Fixed and Floating Charge, the Mortgage of Contractual Rights and the Mortgages;
- if without the Annuity Bond Trustee's consent, any alteration, repeal or replacement is made to the terms and conditions of the Constitution which might, in the Annuity Bond Trustee's opinion, adversely affect any Annuity Bond Holder's rights and entitlements under this Annuity Bond Trust Deed.

Upon the happening of any one or more of the Events of Default, the Annuity Bond Trustee may institute proceedings against Orchard Investments Management to enforce the performance of the provisions of the Annuity Bond Trust Deed.

Covenant**Moneys Owed on Annuity Bonds**

Orchard Investments Management must pay to the Annuity Bond Trustee:

- (a) on each Repayment Date, the Repayment Amounts on the Annuity Bonds issued; or
- (b) on any date when the Annuity Bonds or any of them become due to be redeemed in accordance with the Conditions, the Moneys Owed in respect of the Annuity Bonds on that date,

provided always that, until an Event of Default has occurred, payment of such Repayment Amount and Moneys Owed must, unless the Annuity Bond Trustee otherwise directs, be made to the Annuity Bond Holders (net of any withholding or other Taxes required to be deducted).

Orchard Investments Management's Covenants

Orchard Investments Management has covenanted with the Annuity Bond Trustee that it will:

- not permit the Gearing Ratio to exceed 80% whilst there are any Annuity Bonds on issue;
- carry on and conduct its business in a proper and efficient manner;
- provide to the Annuity Bond Trustee audited financial statements, directors' report and auditor's report for the Orchard Trust as at the end of each financial year;

- make available for inspection by the Annuity Bond Trustee, or any registered company auditor appointed by the Annuity Bond Trustee, the financial and other records of the Orchard Trust and Orchard Investments Management;
- if so requisitioned by Annuity Bond Holders holding not less than 10% of the Outstanding Annuity Bonds, convene a meeting of Annuity Bond Holders for the purpose of considering the most recent financial statements of the Orchard Trust or to give to the Annuity Bond Trustee directions in relation to the exercise of its powers;
- duly comply with all statutory requirements with respect to the filing of reports and statements and stamping of Transaction Documents and the keeping open of registers for inspection and all other like matters;
- use its best endeavours to ensure that all authorisations required for the validity and enforceability of its obligations under the Annuity Bond Trust Deed and the effectiveness of the Transaction Documents are obtained;
- comply with and observe each and every covenant, obligation and condition of the Annuity Bond Trust Deed and the conditions of issue of all Annuity Bonds;
- comply with its obligations under Chapters 5C and 7 of the Corporations Act;
- adequately insure or cause to be insured its assets and the assets of the Orchard Trust against fire and other risks normally insured or cause any occupier to do so, having regard to the cost of such insurance, including insurance for the full replacement value of the Improvements.

Early Redemption of Annuity Bonds

Upon the occurrence of an Event of a Default, the Annuity Bond Trustee may require Orchard Investments Management to redeem the Annuity Bonds and immediately pay to the Annuity Bond Holders the Moneys Owning. Orchard Investments Management may also redeem the Annuity Bonds where a Tax Event occurs upon giving the Annuity Bond Trustee and the Annuity Bond Holders at least 20 Business Days written notice of its intention to redeem.

Meeting of Annuity Bond Holders

The third Schedule to the Annuity Bond Trust Deed contains rules governing any meeting of Annuity Bond Holders.

Variation of the Annuity Bond Trust Deed

Orchard Investments Management and the Annuity Bond Trustee have power to amend the Annuity Bond Trust Deed:

- to correct manifest errors;
- to make technical amendments;
- to enable the Annuity Bonds to be listed for quotation on the ASX and is otherwise not considered by the Annuity Bond Trustee to be materially prejudicial to the interests of Annuity Bond Holders;
- in any way authorised by a Special Resolution of Annuity Bond Holders;
- to comply with the law or requirements of statutory authorities.

Definitions used in the Annuity Bond Trust Deed (as adapted for use in this Memorandum)

Base Payment Amount:	in respect of each Annuity Bond is \$0.0485;
Cash:	at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all cash and cash equivalents of the Orchard Trust, including: <ul style="list-style-type: none"> (a) deposits at call; and (b) short-term money market securities
Debt:	at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all Liabilities of the Orchard Trust, excluding:

	<p>(a) all Liabilities which are non-interest bearing;</p> <p>(b) the amount of all hybrid Units and instruments convertible to Units; and</p> <p>(c) all Subordinated Member Loans;</p>
Gearing Ratio:	<p>at any time as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, the ratio calculated in accordance with the following formula:</p> $A = [B - C] / [D - C]$ <p>where:</p> <p>A = the Gearing Ratio;</p> <p>B = Debt (expressed as a positive);</p> <p>C = Cash;</p> <p>D = at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all Assets of the Orchard Trust;</p>
Improvements:	all capital works, trees, Water Licences attributed to the Land and other improvements forming part of the Orchard Trust Assets, including irrigation works;
Last Statement of Financial Position:	<p>(a) until the first occasion on which a consolidated statement of financial position of the Orchard Trust is delivered to the Annuity Bond Trustee in accordance with the Annuity Bond Trust Deed, the pro-forma consolidated statement of financial position of the Orchard Trust as at 30 September 2003;</p> <p>(b) on that first occasion and any time after that first occasion, the consolidated statement of financial position of the Orchard Trust then most recently delivered by Orchard Investments Management to the Annuity Bond Trustee in accordance with the Annuity Bond Trust Deed ;</p>
Member:	a holder of a unit;
Moneys Owning:	<p>(a) in respect of an Annuity Bond means any Repayment Amount payable, any Redemption Amount which is payable as a result of the Annuity Bond's redemption and any other moneys payable (including damages) from time to time to Annuity Bond Holders under or pursuant to this Deed, the Global Note or the Annuity Bonds or the Conditions and,</p> <p>(b) in relation to an Annuity Bond Holder, means the aggregate Repayment Amounts which are payable in respect of the Annuity Bonds held by the Annuity Bond Holder, the aggregate Redemption Amounts which are payable in respect of the redemption of the Annuity Bond held by the Annuity Bond Holder and any other moneys payable to the Annuity Bond Holder;</p>
Redemption Amount:	<p>the amount payable by Orchard Investments Management on a Redemption Date, in respect of an Annuity Bond, being the aggregate of:</p> <p>(a) the Outstanding Amount attributable to that Annuity Bond; and</p> <p>(b) any other moneys payable under this Deed to the Annuity Bond Holders on the Redemption Date attributable to that Annuity Bond;</p>
Related Corporation:	<p>(a) a "related body corporate" as that expression is defined in the Corporations Act and includes a body corporate which is at any time after the date of this Deed a "related body corporate" but ceases to be a "related body corporate" because of an amendment, consolidation or replacement of the Corporations Act; but</p> <p>(c) with any necessary modifications to reflect that any reference to a "related body corporate" in the context of Orchard Trust is a reference to a "related body corporate" of the Orchard Investments Management solely in its capacity as responsible entity of the Orchard Trust;</p>

Repayment Amount	the Base Payment Amount payable on the Repayment Date;
Repayment Date:	the 15th day of each February, May, August and November, and if that day is not a Business Day, the next Business Day after the 15th day of February, May, August or November, as the case requires, with the first payment of the Repayment Amount being made on 16 February 2004 and the last being made on the Maturity Date;
Subordinated Member Loans:	<p>the aggregate of all moneys advanced to Orchard Investments Management, as responsible entity of the Orchard Trust, and the Orchard Trust's Related Corporations:</p> <p>(a) by persons who at the time of their advance are Unit Holders of the Orchard Trust or members of any of the Orchard Trust's Related Corporations the repayment of which is postponed until all of the interest bearing Liabilities of Orchard Investments Management as responsible entity of the Orchard Trust and the Orchard Trust's Related Corporations (other than Liabilities in respect of other debts which are Subordinated Member Loans or in respect of debts to which a condition similar in substance to this definition applies) are paid, redeemed or satisfied in full and in respect of which the relevant creditor is not entitled to prove in Liquidation in the event of any one or more of the Orchard Investments Management as responsible entity of the Orchard Trust and Orchard Trust's Related Corporations going into Liquidation until those interest bearing Liabilities of Orchard Investments Management as responsible entity of the Orchard Trust and the Orchard Trust's Related Corporations (other than Liabilities in respect of other debts which are Subordinated Member Loans or in respect of debts to which a condition similar in substance to this definition applies) have been paid, redeemed or satisfied in full; and</p> <p>(b) by Timbercorp pursuant to the Third Facility Agreement the repayment of which is postponed until all of the Debentures and Annuity Bonds have been paid, redeemed or satisfied in full;</p>
Trustee Company:	a body corporate which would be entitled to act as a trustee for the holders of debentures (as defined in section 9 of the Corporations Act) under section 283AC(1) of the Corporations Act;

CONSTITUTION OF THE ORCHARD TRUST

The Orchard Trust has been registered as a managed investment scheme under the Corporations Act. The Constitution is a legally enforceable deed. Important features of the Constitution now follow.

Assets Held on Trust

The Assets of the Orchard Trust will be vested in and held on trust by Orchard Investments Management for Unit Holders on the terms and subject to the conditions of the Constitution, and Orchard Investments Management must, if, and to the extent required by the Corporations Act, clearly identify the Assets and hold the Assets separately from the assets of Orchard Investments Management.

Nature of Units

A Unit Holder holds a Unit subject to the rights, restrictions and obligations attaching to that Unit. A Unit confers an interest in the Assets as a whole, subject to the Liabilities of the Orchard Trust, but does not confer an:

- interest in a particular Asset;
- entitlement to lodge a caveat in respect of a particular Asset or interfere with the rights or powers of Orchard Investments Management in dealing with the Assets;
- entitlement to exercise any rights, powers or privilege in respect of any Asset,

other than as provided in the Constitution or permitted by law.

Additional and Bonus Units

Orchard Investments Management may from time to time create additional Units or distribute capital of the Orchard Trust to Unit Holders by appropriating the whole or part of the amount standing to the credit of the

reserve by the payment of cash or the issue of Units to Unit Holders in proportion to the number of Units held by them respectively.

Application for Units

An applicant must complete a form which is approved by Orchard Investments Management and deliver it to Orchard Investments Management, together with application moneys. Orchard Investments Management may reject an application in whole or in part without giving any reason for the rejection, in which case the application moneys will be returned to the unsuccessful applicant.

The application moneys will be accounted for by Orchard Investments Management in a special trust account and held until the Minimum Subscription is reached. The application moneys may be also pooled together with any amounts paid by other applicants.

Powers and Duties of Orchard Investments Management

Orchard Investments Management in its capacity as responsible entity and trustee of the Timbercorp Orchard Trust has all the powers in respect of the Orchard Trust that it is possible under the law to confer on a trustee as though it were the absolute owner of the Assets and acting in its personal capacity, and specifically, the powers to:

- borrow whether or not on security of the Assets and to incur all types of liabilities and obligations, including guarantees;
- enter into arrangement with a person to underwrite the subscription or purchase of Units or Other Instruments on such terms and conditions as Orchard Investments Management determines;
- invest in, dispose of or otherwise deal with property and rights in its absolute discretion;
- authorise any person to act as its agents, attorney or delegate to hold title to any Asset as custodian and perform any act within Orchard Investments Management's power.

Rights and Liabilities of Orchard Investments Management

Subject to the Corporations Act, nothing in the Constitution restricts Orchard Investments Management or its associates from dealing with itself, an associate or with Unit Holders or Other Instrument Holder and being interested in any contract or transaction with itself, an associate, Unit Holder or Other Instrument Holder or retaining for its own benefit any profits or benefits derived from any such contract or transaction.

Limitation of Liability and Indemnity in Favour of Orchard Investments Management

To the extent permitted by the Corporations Act, if Orchard Investments Management acts in good faith and without gross negligence it is not liable in contract, tort or otherwise to Unit Holders or Other Instrument Holders for any loss suffered in any way relating to the Orchard Trust.

Orchard Investments Management is entitled to be indemnified out of Assets for any liability incurred by it properly performing or exercising any of its powers or duties in relation to the Orchard Trust.

Remuneration and Expenses of Orchard Investments Management

Orchard Investments Management is entitled to receive out of the Orchard Trust and retain for its own use and benefit the Management Fee calculated Half Yearly not later than 7 Business Days after the end of each Half Yearly Period to which it relates until the date of the final distribution. The Management Fee payable to Orchard Investments Management is described in section 8.

The Management Fee and Minimum Management Fee are to be calculated in accordance with clause 25 of the Constitution, and adjusted on a pro rata basis if the Half Yearly Period in respect of which the calculation is made is the Half Yearly Period ending on the date of termination of the Orchard Trust or the Half Yearly Period commencing on the Commencement Date.

Orchard Investments Management will, in addition to its remuneration, be reimbursed out of the Orchard Trust for all out of pocket charges, expenses and outgoings reasonably and properly incurred by or on behalf of Orchard Investments Management in connection with the performance of its duties.

Retirement of Orchard Investments Management

Orchard Investments Management may retire as the responsible entity of the Orchard Trust as permitted by law. Any proposed responsible entity must execute a deed by which it covenants to be bound by the Constitution as if it had originally been a party to it.

Liability of Unit Holders

The liability of a Unit Holder or Other Instrument Holder is limited to the amount, if any, which remains unpaid in relation to the Unit Holder's or Other Instrument Holder's unpaid application moneys for their Units or Other Instrument. A Unit Holder or Other Instrument Holder need to indemnify Orchard Investments Management if there is deficiency in the Assets or meet the claim of any creditor of Orchard Investments Management in respect of the Orchard Trust.

Redemption Procedures

A Unit Holder may request for the redemption of some or all of their Units and Orchard Investments Management may, while the Orchard Trust is liquid, may give effect to that request. The Redemption Price is to be determined in accordance with clause 7 of the Constitution.

While the Orchard Trust is liquid, and Orchard Investments Management decides to satisfy a redemption request in respect of a Unit, it must pay from the Assets the Redemption Price calculated in accordance with the Constitution.

While the Orchard Trust is not liquid, a Unit Holder may withdraw from the Orchard Trust in accordance with the terms of any current Withdrawal Offer (which Orchard Investments Management is not obliged to make) made by Orchard Investments Management. Where there is no Withdrawal Offer, a Unit Holder has no right to withdraw from the Orchard Trust.

Valuation of Assets

Orchard Investments Management may cause an Asset to be valued at any time, and must do so as and when required by the Corporations Act. Orchard Investments Management may determine valuation methods and policies for each category of Assets and change them from time to time.

Where Orchard Investments Management values an Asset at other than its market value, or where there is no market value, the valuation methods and policies applied by Orchard Investments Management must be capable of resulting in a calculation of the Application Price, Redemption Price or Bonus Issue Price that is independently verifiable.

Income Entitlement and Distribution to Unit Holders

Orchard Investments Management must determine the income of the Orchard Trust for each Financial Year. It may decide the classification of any item as being on income or capital account and the extent to which reserves or provisions need to be made.

The Income Distribution amount must be calculated in accordance with clause 12 of the Constitution in respect of a Distribution Period (which may be varied by Orchard Investments Management) and must be paid within 2 months after the Distribution Calculation Date or immediately prior to the redemption of the Units in accordance with clause 7.4.

Orchard Investments Management may at any time distribute any amount of capital or income to Unit Holders pro rata according to the number of Units held as at the time decided by Orchard Investments Management.

Meeting Quorums

The proposed quorum for a meeting of Unit Holders is 5 Unit Holders who hold 10% of Units on Issue. The proposed quorum for an extraordinary resolution is 5 Unit Holders who hold 25% of Units on Issue. Units held by Timbercorp and its controlled entities are to be disregarded in determining whether a quorum is present.

Termination of the Trust

Following the termination of the Orchard Trust, Orchard Investments Management must realise the Assets within 180 days if practicable and in any event as soon as possible after that. It must also arrange for independent review audit of the final Financial Statements of the Orchard Trust by a registered company auditor.

The net proceeds of realisation, after making allowance for all Liabilities of the Orchard Trust (actual and anticipated), meeting the expenses (including anticipated expenses) of the termination, must be distributed to Unit Holders in accordance with the terms of the Constitution.

Complaints Procedures

Orchard Investments Management is a member of Financial Industries Complaints Services Limited. Orchard Investments Management must appoint an internal complaints officer with authority to review any

complaints from Unit Holders or Other Instrument Holders. His roles and responsibilities include: receiving and processing complaints, reviewing and considering complaints in a timely manner and communicating directly with Unit Holders or Other Instrument Holders in relation to complaints. He must also:

- make readily available information on how, when, where and to whom to make complaints and any documented policies and procedures for the resolution of complaints;
- periodically develop and review Orchard Investments Management's policies and procedures for the resolution of complaints, in accordance with Australian Standard AS 4269:1995, Complaints Handling; and
- provide information relating to Orchard Investments Management's complaints handling procedures to employees of Orchard Investments Management.

The Constitution sets out detailed procedures to apply to the receipt and processing of complaints.

If a complaint is not resolved within 45 days following the Lodgement Date, the Complaints Officer must inform the complainant of the reasons for the delay. No later than 90 days following the Lodgement Date, the Complaints Officer must notify the complainant of the decision of Orchard Investments Management, the reasons for the decision, available remedies and further avenues available.

If the complainant is dissatisfied with the decision of Orchard Investments Management in relation to the complaint, the complainant may refer the complaint to the external complaints resolution scheme for determination. Subject to any right of appeal, the complainant and Orchard Investments Management agree to accept the determination of the external complaints resolution scheme as final and binding. If Orchard Investments Management is not a member of an external complaints resolution scheme approved by ASIC, the complainant may take any appropriate lawful action.

Amendment to the Constitution

The Corporations Act provides for the Constitution to be modified either by a special resolution of the Unit Holders or by Orchard Investments Management if it reasonably considers that the proposed change to the Constitution will not adversely affect the Unit Holders' rights.

Definitions used in the Constitution (as adapted for use in this Memorandum)

Assets:	all the property, rights and income of the Orchard Trust, but not application money or property in respect of which Units have not yet been issued, any Redemption Price not yet paid or any other Distributable Amount payable but not paid;
Commencement Date:	the date of the Constitution;
Distribution Calculation Date:	the last day of each Half Yearly Period or such other days as Orchard Investments Management designates;
Distribution Period:	<p>each of the periods commencing on the day after the last day of the last preceding Distribution Period and ending on:</p> <p>(a) the last day of June and December, or</p> <p>(b) such other day as Orchard Investments Management specifies in accordance with clause 13,</p> <p>in each year during the continuance of the Orchard Trust, and includes the period commencing on the Commencement Date and terminating on the next Distribution Calculation Date with the exception of the last Distribution Period which commences on the day after the last day of the last preceding Distribution Period and ends on the date of termination of the Orchard Trust;</p>
Income Distribution:	the amount distributed in accordance with clause 12.1 of the Constitution in respect of a Unit Holder for a Distribution Period;
Liabilities:	<p>all present liabilities of the Orchard Trust including any provisions and reserves which Orchard Investments Management decides should be taken into account in determining the liabilities of the Orchard Trust, including:</p> <p>(a) proceeds of redemption which have not yet been paid;</p>

	<p>(b) any amount in the distribution account which has yet to be distributed; and</p> <p>(c) such other amounts as are required to meet contingent liabilities of the Orchard Trust.</p>
Management Fee:	<p>the management fee calculated in accordance with the following formula as at the last day of each Half Yearly Period:</p> $F = [(A/B)/100] \times C$ <p>where: F is the management fee for the Half Yearly Period;</p> <p>A is 0.5;</p> <p>B 2;</p> <p>C the aggregate Market Value of the Assets as at the last day of the Half Yearly Period;</p>
Minimum Management Fee:	\$152,000 for each Half Yearly Period Indexed as at 31 December of each year, beginning on 31 December 2004, and using the Commencement Date as the Base Date;
Redemption Price:	the redemption price to be calculated in accordance with clause 7 of the Constitution;
Withdrawal Offer:	an offer made by Orchard Investments Management to Unit Holders in accordance with sections 601KB to 601KE of the Corporations Act.

MANAGEMENT AGREEMENT

Orchard Investments Management has appointed Timbercorp Asset Management Pty Limited ("**TAM**"), a wholly owned subsidiary of Timbercorp Limited, to acquire, develop, lease, manage and dispose of the Orchard Trust Assets as Orchard Investments Management's agent on the terms and conditions set out in the Management Agreement.

Term

The term of the Management Agreement is for 6 years, and will be automatically renewed for further terms of 3 years unless either party terminates the Agreement earlier in accordance with the terms of the Agreement.

Management Fees and Expenses

Orchard Investments Management must pay to TAM the Management Fees and expenses incurred on behalf of Orchard Investments Management in connection with the Management Services, which include the preparation of Investment Proposals and the acquisition, development and management of the Orchard Trust Assets.

Termination Fees

If the Management Agreement is terminated, other than by Orchard Investments Management lawfully terminating the Management Agreement, or TAM terminating the Management Agreement by giving 6 month's notice, Orchard Investments Management must pay the Termination Fee to TAM within 90 calendar days of termination.

The termination fee is calculated as the present value of the Management Fees that would have been payable during the remainder of the term of the Management Agreement had the Management Agreement not been terminated

- assuming that the half yearly Management Fee for the remainder of the Term would have been the same as the average of the Management Fees which had been paid to TAM for the 12 whole months immediately preceding the termination of the Agreement;
- discounting the assumed half yearly Management Fees for the remainder of the Term using the Discount Rate over the period of the remainder of the Term and the respective due dates for

payment of such Management Fees for the remainder of the Term, to bring such amounts to a present value.

Services Provided by TAM

TAM must provide the Management Services to Orchard Investments Management in accordance with the accepted professional and business practices and it must comply with all applicable laws and regulations.

TAM has sole and unfettered discretion in the exercise of any power or authorities and will not be responsible for loss or damage to Orchard Investments Management, the Orchard Trust, any Unit Holder, any Annuity Bond or any Debenture Holder unless such loss or damage has resulted from default, fraud or dishonesty of TAM or its officers.

TAM's Authority as to Assets

TAM will submit Investment Proposals to the Investment Officer and the Board and may take all steps necessary in connection with the acquisition, development and use of Assets by Orchard Investments Management. The Investment Proposals may only be carried out by TAM after it has been considered, analysed and approved by the Board. However, the acquisition and development of the Seed Assets are not required to be approved as Investment Proposals by the Board. However, any development of the Seed Assets not set out in the Management Agreement will require the approval of the Board. This includes any development of the unimproved land on the Kangara Estate.

TAM also has a wide discretion within the IDM Plan and Investment Guidelines (which may be amended or modified by Orchard Investments Management from time to time) to:

- manage and develop the Orchard Trust Assets other than the Seed Assets;
- acquire, develop and manage the Seed Assets as set out in the IDM Plan;
- acquire, develop, manage and dispose of Assets other than Seed Assets in accordance with Investment Proposals approved by the Board;
- enter into such agreements desirable for the investigation, acquisition, development, use and disposal of the Assets by Orchard Investments Management;
- engage such other persons as necessary to assist in the management of the Orchard Trust Assets and the acquisition and disposal of Assets; and
- arrange and maintain insurance in respect of the Orchard Trust Assets where commercially reasonable.

Orchard Investments Management may overrule TAM to the extent that it believes doing so is necessary to comply with the Applicable Requirements or in the best interest of the Unit Holders.

Fixed Price Contracts

TAM may indicate in any Investment Proposal that the price for the acquisition or costs of development of any Orchard Trust Asset are fixed, in whole or in part, and if Orchard Investments Management agrees that they should be so fixed, TAM will bear the responsibilities and assume the risk of any overruns.

The pro forma contract which is annexed as Schedule 2 to the Management Agreement will form the basis upon which TAM agrees with Orchard Investments Management that the price of the acquisition or costs of development of any Orchard Trust Assets will be fixed, in whole or in part.

Other Obligations of TAM

TAM must:

- advise Orchard Investments Management of all details of Assets comprising the Orchard Trust Assets;
- give Orchard Investments Management sufficient information to enable it to comply with any Applicable Requirements;
- not permit to occur any act or matter which may give ASIC grounds or reasons to revoke Orchard Investments Management's Australian Financial Services Licence;
- act with all due diligence and vigilance;

- maintain or have access to sufficient skilled and experience staff to carry out its obligations under the Management Agreement;
- provide to Orchard Investments Management all information relating to the Management Services when requested;
- devote such time as is necessary to carry out its obligations under the Agreement and to perform them with due skill, care and efficiency; and
- permit Orchard Investments Management to inspect and examine the books and records in connection with Orchard Investments Management's obligations under the Corporations Act and the Australian Financial Services Licence.

Orchard Investments Management's Obligations

Orchard Investments Management must:

- not sell, develop or part with any part of the Orchard Trust Assets except in accordance with the terms of the Agreement;
- comply with all applicable laws and regulations;
- prepare written guidelines for TAM for the management and investment of funds available to Orchard Investments Management;
- ensure that any acquirer of Orchard Trust Assets that are attributable to a Project acknowledge and agrees that all rights and interests of the participants in the Project, responsible entities and managers of Projects and their nominees and anyone claiming through any of them to use the Land and improvements under the terms of any lease, sublease or licence granted for the purpose of the Project Agreements, whether those rights exist as at the date of acquisition of the Orchard Trust Assets or arise subsequently.

Assignment and Engagement of Advisers and Agents

TAM must not assign its rights under the Management Agreement, appoint any agent or delegate any of its obligations without the prior written consent of Orchard Investments Management, which may be withheld in its reasonable discretion. It may however, assign this Agreement to a Related Body Corporate upon giving 7 calendar days' notice to Orchard Investments Management.

Prior written consent is not required for TAM to engage Advisers in relation to the development and preparation of any Investment Proposals, and TAM will not be liable for any loss or damage suffered as a result of any act or omission of an Adviser appointed except where the loss or damage suffered has resulted from the fraud, dishonesty or default of TAM.

Monitoring of TAM's Performance

Orchard Investments Management will review TAM's performance on a half-yearly basis. TAM must take reasonable steps to rectify any deficiency in performance identified by Orchard Investments Management as a result of the review.

Timbercorp Group

TAM must ensure that any transactions it arranges between Orchard Investments Management and a Timbercorp Group entity in providing the Management Services are reasonable and on arm's length commercial terms.

TAM may not take the other side of a transaction involving the acquisition or disposal of an Asset unless it has obtained:

- the prior written consent of all directors of Orchard Investments Management, which are independent of TAM;
- an independent valuation of the Asset; and
- the transaction is reasonable and on arm's length commercial terms.

In the event that Orchard Investments Management's Board rejects an Investment Proposal for the Orchard Trust, TAM and the Timbercorp Group have the right to pursue that Investment Proposal through other avenues, including by way of TAM or any Timbercorp Group entity purchasing the Asset on their own account. An Investment Proposal will be deemed to have been rejected by the Board if it has not been accepted within 30 Calendar Days after receiving the Investment Proposal from TAM.

Orchard Investments Management agrees and acknowledges that TAM is:

- part of the Timbercorp Group; and
- nothing in the Management Agreement requires TAM to provide an Investment Proposal to Orchard Investments Management in respect of any investment opportunity that has come to the attention of TAM and the Timbercorp Group and their officers, directors, employees, independent contractors and agents.

Exclusivity

TAM will be free to manage other assets, portfolios and accounts, including personal assets, portfolios and accounts established during the term of this Agreement, and to provide similar investment management functions.

Force Majeure

Orchard Investments Management or TAM will not be liable for any delay or failure to perform their obligations if such delay or failure is due to Force Majeure. Orchard Investments Management and TAM must still use all commercially reasonable endeavours to remedy or abate the Force Majeure as quickly as possible and resume performance after cessation of the Force Majeure.

LEASE AGREEMENTS

The Orchard Trust will enter into two 20 year Lease Agreements with Timbercorp, one being in relation to the Bella Vista and Costa's Crest properties, and the other in relation to the Kangara properties.

Lease Agreement for the Bella Vista and Costa's Crest properties

Under the Lease Agreement for the Bella Vista and Costa's Crest properties:

- the Orchard Trust makes a number of representations and warranties as to the existing and proposed table grape developments;
- the Orchard Trust is required to establish a New Table Grape Vineyard on the Bella Vista property and part of the Costa's Crest property by 30 June 2004;
- the Orchard Trust acknowledges and agrees that during the term of lease agreement, the table grapes and all rights, benefits and credits derived from the table grapes will be and will remain the property of Timbercorp, Timbercorp Securities or the Growers (or any other person or entity deriving title to the table grapes through the Timbercorp, Timbercorp Securities or the Growers);
- a number of cultivation and maintenance obligations and other duties in relation to the Existing and New Table Grape Vineyard are imposed on Timbercorp;
- the Orchard Trust must make available the required Water Licences;
- Timbercorp must only use the land in accordance with the Lease Agreement, including:
 - harvesting and processing the table grapes;
 - removing and selling or otherwise dealing in the table grapes and retaining all income from such sale or dealing;
 - entering into sub-lease agreements with Timbercorp Securities in relation to the table grape managed investment project to be established by Timbercorp Securities;
 - Timbercorp Securities entering into sub-leasing, licensing and other occupancy arrangement with Growers in the table grape managed investment project to be established by Timbercorp Securities;
 - it and Timbercorp Securities granting sub-leases, licences or other occupancy rights to any other person over the land in their absolute discretion;
- Timbercorp need not carry out structural work unless the work is required because of the negligence or default of:
 - Timbercorp;
 - Timbercorp Securities;

- Timbercorp 's officers, employees, agents, contractors or invitees;
- Timbercorp Securities' officers, employees, agents, contractors or invitees; or
- the Growers and their agents, contractors or invitees;
- Timbercorp may in its reasonable discretion, and at its cost and expense, carry out structural work to the land provided that Timbercorp obtains the prior written consent of Orchard Investments Management, which consent must not be unreasonably withheld or delayed;
- a number of obligations in relation to insurance are imposed as described in section 4;
- Orchard Investments Management consents to:
 - Timbercorp entering into sub-lease agreements with TSL for the purposes of Projects in its absolute discretion;
 - TSL entering into agreements with Growers in its absolute discretion; and
 - Timbercorp and TSL granting sub-leases, licences or other occupancy rights to any other person over the land in their absolute discretion

provided that any such agreements do not grant any greater rights than those which are granted to the Lessee under this Lease Agreement;

- upon this Lease Agreement terminating for whatever reason, Orchard Investments Management irrevocably authorises and consents to the granting or continuation (or both) by the Growers of a right to occupy or use the land. Orchard Investments Management agrees and acknowledges that:
 - this is for the benefit of all the Growers in Projects that are to be established;
 - the relevant Growers, or the responsible entity or manager of a Project on behalf of the relevant Growers, may take action to enforce this right independently of any other party taking action to enforce it;
- plant breeders rights are licensed to Timbercorp as described in section 4 and Timbercorp must pay turnover rent on the fruit sold off the "Stanley Seedless" and the "Red Rob" table grape vines on the Existing and New Table Grape Vineyards;
- the rights of both parties to terminate the Lease Agreement are outlined;
- Timbercorp must pay when due all taxes, charges and assessments levied upon the land.

In the event that the Orchard Trust purchases Costa's Crest or Bella Vista or leases those properties due to the conditions in the contracts of sale not being satisfied, this Lease Agreement will apply with any necessary modifications to the property which is acquired or leased by the Orchard Trust.

Lease Agreement for the Kangara properties

The Lease Agreement for the Kangara properties is on substantially the same terms and conditions as the Lease Agreement for Costa's Crest and the Bella Vista properties, except that:

- it refers to wine grapes and citrus crops in place of table grapes;
- it refers to citrus trees and wine grape vineyards instead of table grape vineyards;
- no obligation is imposed on the Orchard Trust to develop the unimproved part of the Kangara properties; and
- there are no references to plant breeders rights and turnover rent.

ANDRISKE LICENCE AGREEMENT

Orchard Investments Management and Timbercorp have each severally entered into a licence agreement with Andriske Research Pty Ltd (ACN 006 565 260) (**Andriske**) under which the Orchard Trust has been granted a licence to:

- to sell the fruit from the "Stanley Seedless" and the "Red Rob" table grape vines which are planted on the Existing Table Grape Vineyard on Costa's Crest;

- to plant the "Stanley Seedless" and the "Red Rob" table grape varieties on the New Table Grape Vineyard to be established on part of Costa's Crest and Bella Vista.

The rights under the Andriske Licence Agreement have been granted to Orchard Investments Management in conjunction with Timbercorp. The right to plant the "Stanley Seedless" and the "Red Rob" table grape varieties are granted to Orchard Investments Management in conjunction with Timbercorp for the territory "South of Latitude 32-54 degrees South in all of Australia, except in Western Australia, where it is South of Latitude 30 degrees South".

The rights are subject to the rights of a number of other parties and the right of Andriske or related body corporate to plant and grow up to a maximum of 25,000 vines of each of the "Red Rob" and "Stanley Seedless" varieties, in the licensed territory, and the right to sell the fruit from those vines in the licensed territory or anywhere else.

The rights granted to Orchard Investments Management and Timbercorp cease to be protected as described in the preceding paragraphs, should Timbercorp not meet a number of targets in respect of establishing future table grape projects using the "Stanley Seedless" and the "Red Rob" table grape varieties.

The Orchard Trust must pay royalties in relation to the fruit sold from the Existing and New Table Grape Land. It will recover such royalties to the maximum extent possible from Timbercorp as additional rent.

The Orchard Trust must also:

- pay a licence fee of \$84,660 in respect of the "Stanley Seedless" and the "Red Rob" vines planted on the Existing Table Grape Vineyard; and
- pay a licence fee in respect of all other "Stanley Seedless" and the "Red Rob" vines planted or to be planted on the New Table Grape Vineyard at \$2 per vine within 30 days of the planting of that vine.

DEBENTURE TRUST DEED

Orchard Investments Management proposes to issue a maximum of 375,530 Debentures with a face value of \$100 each to investors under the Debenture Trust Deed. The obligations under the Debenture Trust Deed will be secured by a fixed and floating charge over the assets of the Orchard Trust, and registered Mortgages over certain land and improvements. The Debentures will rank above the Annuity Bonds.

Orchard Investments Management must ensure that the Debenture Gearing Ratio under the Debenture Trust Deed does not exceed 66.667%. Any further issues of Debentures will also be subject to compliance with this Debenture Gearing Ratio. The definitions used in the Debenture Gearing Ratio are set out below:

Cash:	at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all cash and cash equivalents of the Orchard Trust, including: (a) deposits at call; and (b) short-term money market securities
Debenture Gearing Ratio:	at any time as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, the ratio calculated in accordance with the following formula: $A = [B - C] / [D - C]$ where: A = the Debenture Gearing Ratio; B = Debenture Liabilities (expressed as a positive); C = Cash; D = at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all Assets of the Orchard Trust;
Debenture Liabilities:	at any time the aggregate amount, as disclosed by the statement of financial position which is at the relevant date the Last Statement of Financial Position, of all liabilities to Debenture Holders, in that capacity, under this Deed;

The Debentures will bear interest as follows:

- from the date the application moneys are received as cleared funds from the applicants who become Debenture Holders until and including the day which is the fifth anniversary from the Debentures' issue date - a fixed rate of 9% per annum; and
- from the end of the fifth anniversary from the Debentures' issue date until and including 15 December 2010 – at the fixed rate of 3.5% per annum above the average 2 Year Bank Bill Swap Rate for the 5 business days up to and including 15 December 2008.

MORTGAGES GRANTED TO THE DEBENTURE TRUSTEE

The obligations of Orchard Investments Management under the Debenture Trust Deed are secured by registered first or second Mortgages granted in favour of the Debenture Trustee over certain land and improvements, as described in section 4.

These obligations include the payment of all principal moneys, interests, moneys owing and all debts and other monetary liabilities owing to the Debenture Trustee under the Debenture Trust Deed, the Mortgages and the Mortgage of Contractual Rights.

The Mortgages over the Land do not extend to the Citrus Crop, Table Grape Crop, Wine Grape Crop and Other Crops derived from any other Projects conducted on the land, which is subject to the Mortgages.

The Debenture Trustee acknowledges and agrees that all rights and interests of:

- the responsible entities and managers of the Projects and their nominees;
- the participants in a Project; and
- anyone claiming through the persons described above,

to use the Land under the terms of any Occupancy Agreements, lease, sub-lease, licence and other rights of occupancy granted for the purpose of the Projects, whether those rights exist at the date of the Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge or arise subsequently; have priority over the rights of the Debenture Trustee and consents to the rights of the persons described above having such priority.

The Debenture Trustee acknowledges the grant of:

- leases, sub-leases, licences and other rights of occupancy for the purpose of the Projects, of any Land and Improvements or part thereof to the persons described above;
- Occupancy Agreements for the purpose of the Projects,

whether those Occupancy Agreements, leases, sub-leases, licences and other rights of occupancy exist at the date of the Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge or arise subsequently.

The Mortgages will be discharged when the Orchard Trust has fulfilled all of the obligations under the Debenture Trust Deed and the Mortgages and when the Debenture Trustee is satisfied that all moneys secured by the Mortgages have been paid in full.

MORTGAGE OF CONTRACTUAL RIGHTS GRANTED TO THE DEBENTURE TRUSTEE

In the event that the subdivision in relation to Bella Vista is not completed by 31 December 2003, the Debenture Trustee will also hold on behalf of Debenture Holders a mortgage over:

- the Bella Vista Lease pending the subdivision; and
- the Bella Vista Transfer.

The rights of the Debenture Trustee under the Mortgage of Contractual Rights are subject to the rights of participants in the table grape projects conducted on Costa's Crest and Bella Vista. For further details refer to section 4.

The Orchard Trust is restricted in dealing with any of the contractual rights described above.

However, the Orchard Trust may cause or permit the Bella Vista Lease to be terminated upon the transfer of part or all of the Bella Vista property to the Orchard Trust, where such transfer is in accordance with the

terms of the contract of sale as at the date of the Mortgage of Contractual Rights. Upon the transfer of part or all of the Bella Vista property, Orchard Investments Management must promptly grant a registrable first mortgage to the Debenture Trustee over the Bella Vista property on substantially the same terms as the other Mortgages.

It should be noted that all of the Bella Vista property will only be transferred to the Orchard Trust should the subdivision not proceed by 30 June 2006.

CHIQUITA MORTGAGE

The Chiquita Mortgage to be granted is on substantially the same terms and conditions as the Mortgages granted to the Debenture Trustee, except that the Chiquita Mortgage refers to, and secures, the obligations of Orchard Investments Management to pay the deferred purchase price in relation to the contract of sale in relation to the Kangara Estate Undeveloped Land.

CHIQUITA LEASE

The Chiquita Lease is a 99 year lease granted by the Orchard Trust to Kangara Foods, a wholly owned subsidiary of Chiquita, over the Kangara Estate on which the Chiquita processing and packing plants and general administration buildings are situated.

The rent payable under the Chiquita Lease will be \$1.00 per annum. Kangara Foods is also responsible for the outgoings referable to the land being leased under the Chiquita Lease.

FACILITY AGREEMENTS

Timbercorp has made available to Orchard Investments Management three debt facilities.

The first facility agreement of up to \$800,000 will be entered into by Orchard Investments Management in its personal capacity, and accordingly the repayment of the loan and payment of interest will not be out of the Orchard Trust's assets. The facility has been made available by Timbercorp to Orchard Investments Management on a subordinated basis, to capitalise Orchard Investments Management to the extent required by the Australian Financial Services Licence issued to Orchard Investments Management.

The second and third facility agreements will be entered into by Orchard Investments Management in its capacity as responsible entity of the Orchard Trust, and accordingly the repayment of the loans and payment of interest will be out of the Orchard Trust's assets.

The second facility of up to \$924,343 has been made available by Timbercorp to Orchard Investments Management to enable the Orchard Trust to pay the deposits on the assets it is acquiring. The facility is repayable upon, amongst other things, the Orchard Trust successfully completing this Issue and the Debenture Issue.

The third facility of up to \$3 million has been made available to ensure that the Orchard Trust can meet any unforeseen expenditures. This third facility is subordinated to the claims of Annuity Bond and Debenture Holders.

10. TAXATION INFORMATION

The following is a summary of Australian income tax implications of an investment in the Units and Annuity Bonds and is based on the income tax law as at the date of this Memorandum. We recommend that you consult your own professional advisor as the summary contained in this section is necessarily general in nature. Each investor's taxation position will depend on the individual circumstances.

It should be noted that taxation laws can change at any time and such change may have adverse taxation consequences on the investors concerned.

The taxation treatment of the Annuity Bonds and Units are discussed separately below, in addition to the taxation treatment of the Orchard Trust.

ANNUITY BONDS

Interest Payment

Interests paid to an Annuity Bond Holder will be assessable income according to ordinary concepts under the Income Tax Assessment Act 1997. Interest is generally assessable at the time the interest is paid to the Annuity Bond Holder. However, where the Annuity Bond Holder carries on a business in which it generally recognises interest income on an accrual basis, the Annuity Bond Holder will normally be required to bring the interest to account on a daily accrual basis, to the extent that the Annuity Bonds are held as part of that business.

In the case of a non-Australian resident investor, a withholding tax may be levied on the interest received by the investor. The withholding tax will be a final tax unless interest received is attributable to a business being conducted by the investor at or from a permanent establishment in Australia. You should note that the Federal Government has introduced legislation that proposes to modify the withholding tax regime in respect of income and gains derived by non-residents. It will be subject to rules that are to be prescribed by future regulations, which have not been released as at the date of this Memorandum. Until such regulations are released, it is not possible to speculate how the non-resident withholding tax liability may change.

Redemption or Disposal of the Annuity Bonds

The Annuity Bonds are likely to be considered "traditional securities" under section 26BB(1) of the Income Tax Assessment Act 1936 (**1936 ITAA**) by the Australian Taxation Office, unless an investor holds the Annuity Bonds as trading stock of a business, in which case it will receive different taxation treatment under the Act.

Upon the redemption, or disposal through sale of an Annuity Bond to a third party, any gain on the redemption or sale will be assessable income. The gain is the difference between the consideration received on the sale and the face value of the Annuity Bond, or the cost of acquisition if the Annuity Bond is not acquired on the initial issue.

Correspondingly, where the Annuity Bond is sold or redeemed for less than the face value of the Annuity Bond, or cost of acquisition as the case requires, an allowable deduction from assessable income should be available for the Annuity Bond Holder in the income year in which the disposal or redemption occurs.

A capital loss will not arise for an Annuity Bond Holder on a redemption or disposal of an Annuity Bond to the extent that an allowable deduction is available.

It should be noted that in determining the amount of any gain or loss, the Commissioner of Taxation has a discretion to substitute an arm's length consideration where the Commissioner is satisfied that the parties were not dealing with each other at arm's length.

UNITS

Income Distributions

The Orchard Trust makes half yearly distributions each year, calculated as at 30 June and 31 December, although the Constitution allows the distribution period to be varied. Each Unit Holder's proportion of income distribution is calculated by reference to the number of Units it held in the Orchard Trust as a proportion of the total number of Units on issue at the end of the distribution period.

You must include in your assessable income your share of the net income of the Orchard Trust to which you are presently entitled, including amounts that are reinvested on your behalf.

Where the net income of the Orchard Trust exceeds the taxable income of the Orchard Trust, Orchard Investments Management may, in its absolute discretion, determine that the distributable income will be the income of the Orchard Trust for the distribution period or financial year, as the case may be. Where the taxable income of the Orchard Trust exceeds the income of the Orchard Trust, Orchard Investments Management may, in its absolute discretion, determine that the distributable income will be the taxable income of the Orchard Trust for the distribution period or financial year.

Your share of the net income of the Orchard Trust that you are required to include in your assessable income will not necessarily equal the income distribution made to you by the Orchard Trust. The difference is due to different accounting and taxation treatments of certain income and expense items of the Orchard Trust.

Where the taxable income of a trust is less than the accounting income, there arises what is known as a tax deferred income because of the availability of tax deductions, including those relating to building and capital allowances (depreciation) and equity raising, which exceeds those available for accounting purposes.

Tax deferred income is not ordinarily included in a taxpayer's assessable income. But, it may give rise to a capital gain to the extent that the distributions represented by the total tax deferred income and capital returns during the period of ownership of a Unit exceed the cost base of that Unit.

The taxable income of the Orchard Trust may also be less than its accounting income because the Orchard Trust has applied the 50% discount capital gains treatment in calculating the net capital gain at the Orchard Trust level. This is discussed further below.

You will be notified in the annual distribution statement of the net income that you have to include in your assessable income.

Distributions of Capital Gains and CGT Concession Amounts

To the extent to which a capital gain is included in the net income of the Orchard Trust, you will be regarded as having derived a capital gain equal to your respective share of such net capital gain.

In circumstances where the Orchard Trust has applied the 50% discount capital gains treatment in calculating the net capital gain at the Orchard Trust level, it will be necessary for you to gross-up the amount of the net capital gain included in your own assessable income. The effect of this gross-up is to reverse the effect of the capital gains tax (CGT) discount at the Orchard Trust level. This is to ensure that the appropriate CGT treatment may be applied to you at the Unit Holder level in accordance with your particular tax profile. You will then be entitled to the benefit of the discount on the grossed up capital gain, as described below.

If the Orchard Trust is entitled to receive the 50% discount on any capital gain it makes, the tax free capital gain received by you as part of a distribution payment will not reduce the cost base of your Units.

Capital Distributions

A return of capital by the Orchard Trust will only give rise to a capital gain to the extent that the capital distribution exceeds the cost base of that Unit, as reduced by the distributions represented by the tax deferred income and capital returns during the period of ownership of a Unit.

Redemption or Disposal of the Units

Any capital gain attributable to the sale or transfer of the Units must be included in the Unit Holder's assessable income and will be subject to the capital gains tax provisions.

Tax deferred income has an impact upon your capital gains tax position upon disposal of your Units in that it reduces the cost base of your Units resulting in a relatively greater capital gain.

If you are an individual, a complying superannuation entity or a trust and you make a capital gain from disposing of Units in the Orchard Trust, you receive a discount on the capital gain which must be included in your assessable income, provided you held the Units for at least 12 months. The amount of capital gain to be included in your assessable income in respect of the capital gain made on your Units may be reduced by 50% if you are an individual or trust, and 33 $\frac{1}{3}$ % if you are a complying superannuation entity.

Where the Units are held as trading stock, any sale or disposal will be subject to the ordinary operation of the provisions of the taxation legislation applicable to trading stock.

TAXATION POSITION OF THE TIMBERCORP ORCHARD TRUST***Net Income***

The Orchard Trust should not be liable to income tax if investors are presently entitled to all of the net income of the Orchard Trust calculated in accordance with the 1936 ITAA. It is anticipated that investors will have a present entitlement to all net income of the Orchard Trust each year.

Eligible investment activities

Under the 1936 ITAA, the Orchard Trust may be taxed as if it were a company and any distributions made taxed as dividends if it were to engage in any activity other than certain eligible investment activities. It is presently intended that the Orchard Trust will only engage in eligible investment activities and accordingly, it should not be taxed as a company nor any distribution taxed as a dividend. Where the investment activities, or the taxation laws change in the future, the taxation position of the Orchard Trust and distributions made by it may be affected.

11. ADDITIONAL INFORMATION

BENEFITS & INTERESTS OF DIRECTORS

The Board of Orchard Investments Management has determined that for the financial year ending 30 June 2004, the Chairman will be paid \$30,000, each Executive Director will be paid \$25,000, and other Non Executive Directors will not be paid a director's fee.

As at the date of this Memorandum, no Director is a party to an executive agreement and no amount has been agreed to be paid as a bonus.

LIABILITY STATEMENTS

Alexander and Spencer have had no involvement in the preparation of any part of this Memorandum other than the Investigating Accountant's Report attached as Appendix A. Alexander & Spencer expressly disclaim and take no responsibility for any other part of this Memorandum.

ABN AMRO Morgans Corporate Limited has been involved in the preparation only of those sections in this Memorandum in which it is named. ABN AMRO Morgans Corporate Limited expressly disclaims and takes no responsibility for any other part of this Memorandum.

Austock Brokers Pty Limited has been involved in the preparation only of those sections in this Memorandum in which it is named. Austock Brokers Pty Limited expressly disclaims and takes no responsibility for any other part of this Memorandum.

Sandhurst Trustees Limited does not make any statement in this Memorandum, nor is any statement in this Memorandum based on any statements made by it. It has had no involvement in the preparation of any part of this Memorandum other than being named as the Annuity Bond Trustee and reviewing this Memorandum to satisfy itself, using reasonable diligence, that the content of this Memorandum is not inconsistent with the terms and conditions of the Annuity Bonds or the Annuity Bond Trust Deed. Sandhurst Trustees Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Memorandum.

Debenture Trustee

The Debenture Trustee, Permanent Nominees (Aust.) Limited is only named in this Memorandum for information purposes. It has had no involvement in the preparation of any part of this Memorandum, nor has it authorised or caused the issue of, this Memorandum. Permanent Nominees (Aust.) Limited does not make any statement in this Memorandum, nor is any statement in this Memorandum based on any statements made by it.

The Custodian

The Custodian, Trust Company of Australia Limited does not make any statement in this Memorandum, nor is any statement in this Memorandum based on any statements made by it. It has had no involvement in the preparation of any part of the Memorandum other than being named as the custodian to the Orchard Trust. It has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Memorandum. Orchard Investments Management as the responsible entity of the Orchard Trust will acquire legal title to the lands and grants the Fixed and Floating Charge, the Mortgages and the Mortgage of Contractual Rights over the assets of the Orchard Trust.

Trust Company of Australia Limited's role is merely to control title to, or hold, the various assets of the Orchard Trust as custodian to the Orchard Trust, and it does not assume any liability for the obligations of Orchard Investments Management as the responsible entity of the Orchard Trust under the Fixed and Floating Charge, the Mortgages and the Mortgage of Contractual Rights.

YOUR PERSONAL INFORMATION

When submitting your Application Form, you will be providing Orchard Investments Management and its agents with your personal information. Your personal information will be treated strictly in accordance with National Privacy Principles in the federal Privacy Act. At any time, upon request, you may gain access to the information Orchard Investments Management holds about you in accordance with the National Privacy Principles.

Orchard Investments Management has requested this information to enable it to issue Units and Annuity Bonds offered under this Memorandum in your name and to keep you updated during the term of your Annuity Bonds and Units by, for example, sending you statements, reports, and correspondence in relation to the Annuity Bonds and Units and possibly other activities of Orchard Investments Management. Orchard Investments Management is required by law to maintain a Register of Annuity Bond and Unit Holders under the Corporations Act and to make the Register available for inspection by any person. It may also be required to provide details of Annuity Bond and Unit Holders to ASIC and other regulatory bodies from time to time.

Orchard Investments Management may disclose your personal information to:

- financiers or other such organisations in connection with its corporate activities;
- rating agencies; and
- your financial planner or advisor.

Orchard Investments Management may use your personal information for:

- marketing its products and services to you; and
- developing an understanding of the products and services which may interest you.

By signing the Application Form, you consent to Orchard Investments Management using and disclosing your personal information as described above.

You can gain access to any information that Orchard Investments Management holds about you by calling (03) 9533 2828.

If you do not provide Orchard Investments Management with the information requested in the Application Form, it will be unable to issue Annuity Bonds and Units to you. If you provide Orchard Investments Management with incomplete or incorrect information, it will be unable to inform you of the continuing circumstances of your investment in the Units and the Annuity Bonds.

INSPECTION OF DOCUMENTS

During the offer period, copies of the Annuity Bond Trust Deed, the Constitution and the Compliance Plan, may be inspected or obtained free of charge during normal business hours at Orchard Investments Management's registered office at Level 2, 613 St Kilda Road, Melbourne, Victoria.

12. GLOSSARY

In this Memorandum, unless the context requires otherwise:

"Allotment Date" means the date the Annuity Bonds and Units are allotted to applicants;

"Annuity Bonds" means the annuity bonds issued under the Annuity Bond Trust Deed made between Orchard Investments Management and Sandhurst Trustees Limited, as part of the offer under this Memorandum, with a face value of \$1.00 each;

"Annuity Bond Trust Deed" means the trust deed between Orchard Investments Management and the Annuity Bond Trustee made on or about the date of this Memorandum;

"Annuity Bond Trustee" means Sandhurst Trustee Limited (ABN 16 004 030 737), the trustee under the Annuity Bond Trust Deed, and its successors;

"Applicant" means a person who applies to subscribe for Annuity Bonds and Units issued under this Memorandum;

"Application Form" means an application form attached to, or accompanying this Memorandum;

"Application Moneys" means subscription moneys for Annuity Bonds and Units issued under this Memorandum;

"ASIC" means the Australian Securities and Investments Commission;

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

"Bella Vista" means the land described as such in section 4;

"Board" means the board of Directors of Orchard Investments Management;

"Bella Vista Lease" means the lease of the whole of the Bella Vista property (1,959 ha) from the vendors until the earlier of 30 June 2006 or the subdivision being completed, if this subdivision is not completed by 31 December 2003;

"Bella Vista Transfer" means the rights to have transferred the whole of the Bella Vista property (1,959 ha) at no additional cost to the Orchard Trust, in the event that the subdivision does not occur on or before 30 June 2006;

"Business Day" means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

"Chiquita" means Chiquita Brands South Pacific Limited (ABN 41 002 687 961);

"Chiquita Lease" means the 99 year lease granted to Kangara Foods of that part of the Kangara Estate on which the Chiquita processing and packing plants and general administration buildings are situated;

"Chiquita Mortgage" means the registered first mortgage to be given by Orchard Investments Management in favour of Chiquita in the usual form in accordance with good conveyancing practice;

"Citrus Crop" means the products, rights, benefits or credits derived from the citrus trees on the Land;

"Citrus Orchard" means the citrus orchard which has been or will be established on Kangara described as such in section 4;

"Closing Date" means 4 December 2003;

"Constitution" means the deed executed by Orchard Investments Management constituting the Timbercorp Orchard Trust;

"Costa Management" means Costa Management Group Pty Limited (ABN 20 105 341 900);

"Costa's Crest" means the Land described as such in section 4;

"Corporations Act" means the Corporations Act 2001 of the Commonwealth of Australia;

"Debenture Gearing Ratio" is defined in section 9 of this Memorandum;

"Debenture Issue" means the issue of Debentures under the Prospectus;

"Debenture Trust Deed" means a debenture trust deed entered into between Orchard Investments Management and the Debenture Trustee on or about the date of this Memorandum;

"Debenture Trustee" means Permanent Nominees (Aust.) Limited, the trustee under the Debenture Trust Deed, and its successors;

"Debenture Holder" means a person (or in the case of joint applicants, those persons) who subscribes for Debentures pursuant to an application in the Prospectus and who remains the registered holder for the time being of any Debentures; and the expression all Debenture Holders means all persons who have so subscribed for Debentures under the Prospectus and remain the registered holders for the time being of any Debentures.

"Directors" means the directors of Orchard Investments Management from time to time;

"Events of Default" means events set out in clause 11.1 of the Annuity Bond Trust Deed, and summarised in section 9 of this Memorandum;

"Existing Table Grape Vineyard" means the table grape vineyard established on the Costa's Crest property;

"Fixed and Floating Charge" means the fixed and floating charge granted by Orchard Investments Management Limited under the Debenture Trust Deed;

"Gearing Ratio" is defined in section 9 of this Memorandum;

"Global Note" means the global note executed by Orchard Investments Management and issued to the Annuity Bond Trustee which evidences or acknowledges the indebtedness of Orchard Investments Management to the Annuity Bond Trustee (on trust for each person named, for the amounts noted, in the Register);

"The Grapehouse" means The Grapehouse Pty Limited (ABN 64 084 438 951);

"Grower" means a participant in a Timbercorp Eucalypts Project, Timbercorp Olive Project or Timbercorp Almond Project or such other projects undertaken by the Timbercorp Group of a horticultural, viticultural or agricultural nature;

"Issue" means the issue of Annuity Bonds and Units under this Memorandum;

"Issuer" means Orchard Investments Management Limited (ABN 34 105 684 231) in its capacity as responsible entity of the Timbercorp Orchard Trust;

"Kangara" means the Land described as such in section 4;

"Kangara Estate" means the Land described as such in section 4;

"Kangara Estate Undeveloped Land" the land forming part of the Kangara Estate which comprises undeveloped land and 13 hectares of existing wine grape vineyard, more particularly described in CT 5171/743 Allotment 9/ FP 106444;

"Kangara Foods" means Kangara Foods Pty Limited (ACN 093 583 049);

"Land" means the real property listed in the Mortgages, including the Bella Vista Lease, that becomes subject to the Debenture Trust Deed, collectively, the Orchards and the Vineyards, including all fixtures and other improvements erected or installed or to be erected or installed on the Land including the Water Licences but excluding the Citrus Crops, the Table Grape Crops, the Wine Grape Crops and Other Crops derived from other Projects;

"Lease Agreements" means the lease agreements between Orchard Investments Management and Timbercorp in relation to Costa's Crest, Bella Vista and Kangara;

"Maturity Date" means 15 November 2010, being the date on which Orchard Investments Management is obliged to pay the final annuity payment to Annuity Bond Holders;

"Moneys Owning" is defined in section 9 of this Memorandum;

"Mortgage of Contractual Rights" means the mortgage to be given by Orchard Investments Management in favour of Permanent Nominees (Aust.) Limited under the Debenture Trust Deed over:

- the Bella Vista Lease pending the subdivision; and
- the Bella Vista Transfer;

"Mortgages" means the registered first or second mortgages to be given by Orchard Investments Management in favour of Permanent Nominees (Aust.) Limited under the Debenture Trust Deed over the Land in the usual form in accordance with good conveyancing practice;

"New Table Grape Vineyard" means the table grape vineyard which will be established on the Bella Vista property and the unimproved part of the Costa's Crest property;

"Occupancy Agreements" means any lease, licence or other occupancy agreements entered into by Orchard Investments Management in respect of the Land;

"offer" means the offer of Annuity Bonds and Units that is made pursuant to this Memorandum;

"Orchard" means the citrus orchard established or to be established on that specified and identifiable part of the Land on which a Timbercorp Citrus Project will be conducted;

"Orchard Investments Management" means Orchard Investments Management Limited (ABN 34 105 684 231);

"Orchard Trust" means the Orchard Trust, and where reference is made to any obligations or responsibilities of the Orchard Trust, includes Orchard Investments Management solely in its capacity as trustee, and responsible entity upon registration of the Orchard Trust as a managed investment scheme, of the Orchard Trust;

"Other Crop" means crops, products, rights, benefits or credits derived from horticultural, viticultural, silvicultural or other agricultural activities undertaken on the Land;

"person" includes corporation or public body or authority firm or body of person;

"Project Sub-lease Agreements" means the sub-lease agreements to be entered into between Timbercorp and Timbercorp Securities in relation to parts of Costa's Crest, Bella Vista and Kangara for use in the Projects to be established by Timbercorp Securities;

"Projects" means Timbercorp Citrus Projects, Timbercorp Table Grape Projects, Timbercorp Wine Grape Projects and such other projects to be undertaken by Timbercorp Securities on the Land from time to time;

"Prospectus" means the prospectus dated 24 October 2003 and lodged with ASIC pursuant to which the Debentures are offered to prospective investors;

"Register" means register of persons who are registered as Annuity Bond and Unit Holders;

"Responsible Entity" means Orchard Investments Management;

"Seed Assets" means the seed assets described in section 4 comprising:

- the Kangara estate which includes 355 hectares of citrus orchards, 435 hectares of wine grape vineyards and 598 hectares of vacant land, together with 3,504 megalitres of permanent water licences;
- that part of the Bella Vista property to be subdivided, being 131 hectares on which Orchard Investments Management will establish a table grape vineyard by 30 June 2004;
- Costa's Crest, being Costa's Crest table grape vineyard and the 9.3 hectare on Costa's Crest on which the extension of that vineyard will be undertaken together with 100 megalitres of permanent water licences; and
- the additional water licences to be acquired by Orchard Investments Management to irrigate all of the vineyards and orchards described above;

"Table Grape Crop" means table grapes growing or to be grown on the Table Grape Vineyard and any of the products, rights, benefits or credits that are derived from those table grapes;

"Table Grape Vineyard" means the table grape vineyard which has been or will be established on the Costa's Crest and Bella Vista properties;

"TAM" means Timbercorp Asset Management Pty Ltd (ABN 19 105 888 364);

"Timbercorp" means Timbercorp Limited (ABN 87 055 185 067);

"Timbercorp Group" means Timbercorp and its controlled entities;

"Timbercorp Orchard Trust" means the registered managed investment scheme (ARSN 106 557 297) of which Orchard Investments Management is the responsible entity;

"Timbercorp Securities" means Timbercorp Securities Limited (ABN 12 092 311 469);

"Unit" means a unit in the Timbercorp Orchard Trust;

"Vineyards" means the Land on which table grape and wine grape vineyards established or to be established and on which Timbercorp Table Grape and Wine Grape Projects will be conducted;

"Water Licences" means the permanent and temporary water licences attributed to all or part of the Land as required from time to time;

"Wine Grape Crop" means wine grapes growing or to be grown on the Land and any of the products, rights, benefits or credits that are derived from those wine grapes;

"Wine Grape Vineyard" means the wine grape vineyard which has been established on the Kangara Estate;

"You" or "Annuity Bond Holder" or "Unit Holder" or "Holder" means a person (or in the case of joint applicants, those persons) who subscribes for Annuity Bonds and Units pursuant to an application in this Memorandum and who remains the registered holder for the time being of any relevant Annuity Bonds and Units; and the expression all Annuity Bond Holders and/or Unit Holders, as the case requires, means all persons who have so subscribed for Annuity Bonds and Units under this Memorandum and remain the registered holders for the time being of any relevant Annuity Bonds and Units.

Application Form

Timbercorp Orchard Trust (ARSN 106 557 297)

Please read the declarations on pages 3 and 5 of this application form before signing it.

Advisor Details

Units and Annuity Bonds are offered and issued together, and may be applied for by separate persons. Units and Annuity Bonds can be transferred or dealt with separately after issue. Each person must satisfy the criteria of having an offer made to them under the Memorandum.

NUMBER OF UNITS AND ANNUITY BONDS

Number of Units applied for <i>You are deemed to have applied for the same number of Annuity Bonds as Units</i>	
Total Application moneys (@\$2.00 per Unit and Annuity Bond issued together)	\$
Paid on Application:	\$

You must apply for a minimum of \$100,000 of Units and Annuity Bonds (50,000 Units and 50,000 Annuity Bonds) and thereafter in multiples of \$10,000 (5,000 each of the Units and the Annuity Bonds) in equal numbers of Units and Annuity Bonds.

Are separate persons applying for the Units and the Annuity Bonds? (Please tick)

Yes

☐

No

☐

Section 1. This section must be completed by all applicants. Where Units and Annuity Bonds are applied for by the same person, complete section 1 only.

Section 2. Complete this section only if the Units and Annuity Bonds are being applied for by separate persons.

SECTION 1: APPLICATION FOR UNITS and ANNUITY BONDS**YOUR DETAILS**Full name
(individual or
company)

Dr/Mr/Mrs/Ms/Miss

Name of Joint Applicant (if applicable)Full name
(individual or
company)

Dr/Mr/Mrs/Ms/Miss

Address

Street Address

Suburb/Town/City

State

Postcode

ACN (if a
company)

ABN

Telephone

Home

Work

Mobile

Fax

Email Address

TAX FILE NUMBER

TFN*

**Collection of TFNs is authorised and their use and disclosure regulated by taxation laws and the Privacy Act. Quotation of your TFN is not compulsory and will not affect your application. However, if no TFN is quoted, tax may be taken out of any distributions paid to you at the highest marginal tax rate plus the Medicare levy.*

YOUR BANK ACCOUNT DETAILS

Name of Bank

Address of Bank

Account Number

BSB Number

We require your bank details so that we may pay your annuity payments and / or distributions directly to your bank account.

SECTION 1: APPLICATION FOR UNITS and ANNUITY BONDS (CONTINUED):**SIGNATURES:****Date Of Signing:**...../...../.....**Individual Applicants**

Applicant's signature:

Witness' signature:

Joint Applicant's
signature:

Witness' signature:

Company Applicants

Executed in accordance with its constitution by:

(Single) Director's
signature:Director's / Secretary's
signature:

Return this form to Orchard Investments Management Limited c/-Timbercorp Asset Management Pty Limited, Level 8, 461 Bourke Street, Melbourne 3000 along with a cheque for your Application Moneys made payable to "TCAL acf OIML (TOT) – Unit and Annuity Bond Issue" and a signed investor declaration.

Declarations

By signing the application form, you make the following declarations:

- You have read the Information Memorandum dated 27 October 2003 to which this application form is attached.
- You meet the requirements for an offer to be made to you as set out in pages 2 and 3 of the Information Memorandum.
- You acknowledge that Orchard Investments Management Limited reserves the right to evaluate any application and to reject or scale back any or all applications submitted and it will be under no obligation to provide any reasons for a rejected application or an application that has been scaled back;
- Any application is made at your sole risk and you agree to bear the full costs or expenses incurred in the application.
- You agree to be bound by the Constitution of The Timbercorp Orchard Trust.
- You acknowledge that the Units and/or Annuity Bonds are issued subject to the terms and conditions of the Annuity Bond Trust Deed.
- You agree to pay your application moneys on 4 December 2003 irrespective of the number of Units and Annuity Bonds issued to you.
- You agree that Orchard Investments Management may deduct all of its costs and expenses, including losses suffered by the Orchard Trust in connection with your failure to pay the balance of your Application Moneys by the due date from any Application Moneys that you have paid.

SECTION 2: COMPLETE THIS SECTION ONLY IF THE ANNUITY BONDS ARE BEING APPLIED FOR IN A DIFFERENT NAME.**YOUR DETAILS**Full name
(individual or
company)

Dr/Mr/Mrs/Ms/Miss

Name of Joint Applicant (if applicable)Full name
(individual or
company)

Dr/Mr/Mrs/Ms/Miss

Address

Street Address

Suburb/Town/City

State

Postcode

ACN (if a
company)

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ABN

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Telephone

Home

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Work

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Mobile

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Email Address

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TAX FILE NUMBER

TFN*

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**Collection of TFNs is authorised and their use and disclosure regulated by taxation laws and the Privacy Act. Quotation of your TFN is not compulsory and will not affect your application. However, if no TFN is quoted, tax may be taken out of any distributions paid to you at the highest marginal tax rate plus the Medicare levy.*

YOUR BANK ACCOUNT DETAILS

Name of Bank

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Address of Bank

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Account Number

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BSB Number

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We require your bank details so that we may pay your annuity payments and / or distributions directly to your bank account.

SECTION 2: APPLICATION FOR ANNUITY BONDS (CONTINUED)**SIGNATURES:**

Date Of Signing:...../...../.....

Individual Applicants

Applicant's signature:

Witness' signature:

Joint Applicant's
signature:

Witness' signature:

Company Applicants

Executed in accordance with its constitution by:

(Single) Director's
signature:Director's / Secretary's
signature:

Return this form to Orchard Investments Management Limited c/-Timbercorp Asset Management Pty Limited, Level 8, 461 Bourke Street, Melbourne 3000 along with a cheque for your Application Moneys made payable to "TCAL acf OIML (TOT) – Unit and Annuity Bond Issue" and a signed investor declaration.

Declarations

By signing the application form, you make the following declarations:

- You have read the Information Memorandum dated 27 October 2003 to which this application form is attached.
- You meet the requirements for an offer to be made to you as set out in pages 2 and 3 of the Information Memorandum.
- You acknowledge that Orchard Investments Management Limited reserves the right to evaluate any application and to reject or scale back any or all applications submitted and it will be under no obligation to provide any reasons for a rejected application or an application that has been scaled back;
- Any application is made at your sole risk and you agree to bear the full costs or expenses incurred in the application.
- You agree to be bound by the Constitution of The Timbercorp Orchard Trust.
- You acknowledge that the Units and/or Annuity Bonds are issued subject to the terms and conditions of the Annuity Bond Trust Deed.
- You agree to pay your application moneys on 4 December 2003 irrespective of the number of Units and Annuity Bonds issued to you.
- You agree that Orchard Investments Management may deduct all of its costs and expenses, including losses suffered by the Orchard Trust in connection with your failure to pay the balance of your Application Moneys by the due date from any Application Moneys that you have paid.

APPENDIX A

INVESTIGATING ACCOUNTANT'S REPORT

10 October 2003

The Directors
Orchard Investments Management Limited
Level 2, 613 St Kilda Road,
Melbourne, Victoria 3003

Dear Sirs

Investigating Accountant's Report on Pro-Forma Statements of Financial Position

Introduction

We have prepared this Investigating Accountant's Report ("report") for inclusion in an Information Memorandum dated on or about 13 October 2003 ("the offer document") relating to the proposed issue 7,136,000 Annuity Bonds of \$1 each and 7,136,000 units in the Timbercorp Orchard Trust of \$1 each fully paid ("the stapled securities"). The stapled securities offer is not underwritten.

The Timbercorp Orchard Trust ("Trust") is to be registered as a Managed Investment Scheme. Orchard Investments Management Limited ("OIM") is the responsible entity.

Expressions defined in the offer document have the same meaning in this report.

Background Information

The Trust was constituted by a Constitution dated 15 September 2003. The Trust has been established for the specific purpose of acquiring and establishing horticultural, viticultural and other agricultural properties and leasing these properties to third parties on a commercial fixed rate basis.

OIM has entered into a management agreement with Timbercorp Asset Management Pty Limited ("TAM") to provide technical assistance and other resources to assist in the management of the properties. TAM is part of the Timbercorp Limited group of companies. Timbercorp Limited ("Timbercorp") will enter into leases with the Trust in relation to all properties. Under the leases OIM, on behalf of the Trust, and Timbercorp agree that Timbercorp will lease parts of the land owned by OIM under long-term leases for periods of up to 20 years for use in agribusiness projects that Timbercorp Securities Limited ("TSL"), a wholly owned subsidiary of Timbercorp, proposes to establish in the future. The directors understand that it is the intention of Timbercorp and/or TSL to then



10 October 2003

Timbercorp Orchard Trust

Independent Accountant's Report on

Pro-Forma Statement of Financial Position

Page 2

sub-lease or licence smaller sections of the land, and the assets attributable to that land, to the participants in projects promoted by TSL.

The Trust has not traded since being established.

A prospectus to be dated on or about 13 October 2003 will be issued to raise \$37.553 million, by way of debentures ("the debenture issue"), to provide funds to assist the Trust in meeting its intended capital expenditure program as set out in section 4 of the offer document.

The purpose of the stapled securities offer is also to raise funds to assist the Trust in meeting its intended capital expenditure program.

Scope

You have requested Alexander & Spencer Group Pty Ltd ("Alexander & Spencer") to prepare a report covering the pro forma statements of financial position as at 30 September, 2003 of:-

- The Trust, assuming the completion of the debenture issue and stapled securities offer and the transactions contemplated to occur as a result; and
- OIM, in its capacity as responsible entity.

This report has been prepared for the sole purpose of inclusion in the offer document. We disclaim any assumption of responsibility for any reliance on this Report or on the pro forma statements of financial position to which it relates for any purpose other than that for which it has been prepared.

Pro-Forma Financial Information

The pro-forma statements of financial position which follow set out:-

- the financial position of the Trust at 30 September 2003 and incorporates such adjustments as are required on the assumption that the stapled securities issue and related transactions described in the offer document had taken place at that date, including the debenture issue and completion of the acquisition transactions; and
- the financial position of OIM at 30 September 2003.

The Directors of OIM are responsible for the preparation of the financial information, including determination of the adjustments.

We have conducted our review of the financial information in accordance with Auditing Standard AUS902 "Review of Financial Reports". We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

10 October 2003

Timbercorp Orchard Trust

Independent Accountant's Report on

Pro-Forma Statement of Financial Position

Page 3

- (a) a review of accounting records and other documents;
- (b) a review of the adjustments made to the pro-forma statement of financial position;
- (c) a review of the application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Trust as disclosed below;
and
- (d) enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Review Statement on Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma statements of financial position as at 30 September, 2003, as set out below do not present fairly the pro forma financial position of:-

- the Trust as at 30 September, 2003 as if the proposed transactions had occurred on that date; and
 - OIM as at 30 September 2003
- in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by the Trust or OIM.

Independence

Alexander & Spencer does not have any interest in the outcome of the Prospectus or the proposed capital raising, other than in connection with the preparation of this report for which normal professional fees will be received.

Yours faithfully,

ALEXANDER & SPENCER GROUP PTY LTD

Holder of Investment Advisers Licence No: 159702


Gary Graco

Authorised Representative



Pro Forma Statement of Financial Position of the Timbercorp Orchard Trust

The following is a pro forma statement of financial position of the Timbercorp Orchard Trust at 30 September, 2003 showing the effect of the Debenture Issue, the Private Equity and Annuity Bond Raising and completion of the acquisition transactions.

	Notes	30 September 2003 Actual	Debenture Issue	Private Raising	Acquisition Transactions	30 September 2003 Pro Forma
		\$'000's	\$'000's	\$'000's	\$'000's	\$'000's
Current Assets						
Cash	1	-	35,169	19,180	(36,271)	18,078
Receivables		-	-	-	-	-
Other		-	50	-	-	50
Total Current Assets		-	35,219	19,180	(36,271)	18,128
Non-Current Assets						
Property Plant & equipment	3	-	-	-	39,325	39,325
Other	4	-	2,334	312	-	2,646
Total Non-Current Assets		-	2,334	312	39,325	41,971
Total Assets		-	37,553	19,492	3,054	60,099
Current Liabilities						
Payables		-	-	-	-	-
Interest-bearing liabilities	5	-	-	569	-	569
Total Current Liabilities		-	-	569	-	569
Non-Current Liabilities						
Payables	6	-	-	-	3,054	3,054
Interest-bearing liabilities	5	-	37,553	6,567	-	44,120
Total Non-Current Liabilities		-	37,553	6,567	3,054	47,174
Total Liabilities		-	37,553	7,136	3,054	47,743
Net Assets		-	-	12,356	-	12,356
Equity						
Contributed equity	7	-	-	12,356	-	12,356
Retained profits		-	-	-	-	-
Total Equity		-	-	12,356	-	12,356



Notes to the Proforma Statement of Financial Position of the Timbercorp Orchard Trust at 30 September 2003

1. Transactions contemplated by the Trust and included in the preparation of the Statement of Proforma financial position at 30 September, 2003 are more fully described in section 4 of the offer document A summary of these transactions are:-
 - Issue of 375,530 Debentures at \$100 each, pursuant to this Prospectus, and the payment of approximately \$2.3 million costs associated with the issue and listing fees of \$0.05 million;
 - Issue of 7,136,000 Annuity Bonds of \$1 each and 7,136,000 units in the Trust of \$1 each fully paid by way of an Information Memorandum and payment of approximately \$0.93 million costs associated with the issues;
 - Issue of 5,838,000 units in the Trust of \$1 each fully paid to Timbercorp Limited;
 - Acquisition of the Kangara citrus Orchard for a total sum of \$12.201 million (including transaction costs);
 - Acquisition of the Kangara wine grape Vineyard for a total sum of \$19.350 million (including transaction costs);
 - Acquisition of Kangara vacant land for a total sum of \$2.505 million (including transaction costs);
 - Acquisition of The Grape House vacant land (Bella Vista and Costa's Crest Extension) for a total sum of \$1.927 million (including transaction costs); and
 - Acquisition of The Grape House table grape Vineyard (Costa's Crest) for a total sum of \$3.342 million (including transaction costs).

The remainder of the funds raised by the debenture, annuity bond and equity issues will be applied to development of the Table Grape Vineyard on Bella Vista, an extension of the existing Table Grape Vineyard on Costa's Crest, the acquisition of additional water rights and licences for the orchard and vineyards and general working capital.

2. Statement of Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation of the Pro-forma Statement of Financial Position:-

(a) Income Tax

The trust is not subject to income tax as all unitholders are presently entitled to its taxable income in any one tax year

(b) Borrowing Expenses

Costs incurred in negotiating, obtaining finance and the issue of financial debt instruments are deferred and amortised over the terms of the loans or final maturity of the debt instruments.



(c) Property, Plant & Equipment

(i) Investment Properties

(1) Categorisation

Each orchard or vineyard held for investment purposes is regarded as a composite asset, including the land and any improvement or component thereof (including water facilities, plant and equipment and horticultural plants affixed to the land) and are initially brought to account at cost, comprising the purchase price of each property or improvement or component thereof acquired.

OIM as the Responsible Entity will undertake revaluations of each investment property in accordance with the requirements of the Corporations Act 2001. Such valuations will take into account any of the interests of any leases granted for use of the property by third parties.

(2) Depreciation

As each property is held for investment purposes no depreciation is applied for accounting purposes. However, tax allowable depreciation and other capital allowances are taken into account for income tax purposes in calculating the Trust's taxable income/tax loss in any one year.

(ii) Water Rights & Licences

Water rights and licences acquired by the Trust, which give the owner access to irrigation water used for agribusiness on an annual basis for as long as the rights are held, are initially recorded at cost. Water rights are not depreciated as they do not have a finite life.

The Responsible Entity will regularly undertake a review of the carrying value of the rights and licences in open market conditions.

(d) Financial Instruments Issued by the Trust

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

(e) Issue Costs

In accordance with UIG 23, transaction costs incurred in raising equity capital are recognised directly in equity as a reduction of the proceeds of equity.

(f) Income & expenditure

Rental, interest and other income and expenditures are accounted for on an accruals basis.



**30 September
2003
Pro-forma
\$'000's**

3. *Property, Plant & Equipment*

Investment Properties

Kangara Citrus Orchard

11,040

Kangara Wine Vineyard

16,307

Kangara vacant land

2,505

The Grape House vacant land

1,927

The Grape House table grape vineyard

3,222

Total Investment Properties

35,001

Water Rights & Licences

4,324

Total Property, Plant & Equipment

39,325

4. *Other Non-Current Assets*

Borrowing Costs

2,646

5. *Interest-bearing liabilities*

Current

Annuity Bonds

569

Non-Current

Annuity Bonds

6,567

Debentures - Secured

37,553

44,120

6. *Payables – Non Current*

Amount payable under contract

3,054

7. *Contributed Equity*

Issued Units

12,974

Capital raising costs

(618)

12,356

PRO FORMA STATEMENT OF FINANCIAL POSITION OF OIM

The following is a pro forma statement of financial position of OIM as at 30 September 2003. There are no transactions proposed by the Prospectus, the Private Raising and completion of the acquisition transactions that impact the financial position of OIM in its own right.

	<u>\$'000's</u>
Current Assets	
Cash	50
Total Current Assets	<u>50</u>
Non-Current Assets	-
Total Assets	<u>50</u>
Total Liabilities	-
Net Assets	<u>50</u>
Equity	
Contributed equity	50
Retained profits	-
Total Equity	<u>50</u>

