

**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:

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This is the exhibit marked '**PWK14**' 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 'PWK14'

**Copy of TOT RE prospectus
dated 5 May 2005**

Orchard Investments Management Limited ACN 105 684 231 / AFSL No. 234554
As Responsible Entity of the

Timbercorp Orchard Trust ARSN 106 557 297

DEBENTURE PROSPECTUS NO. 2

For an issue of 239,000 Debentures at \$100.00 each.

9
%*P.A.

Interest Payable Quarterly
*Fixed to 15 December 2008,
then reset to the Two Year Bank
Bill Swap Rate + 3.5%p.a.

Lead Manager

ABN AMRO Morgans Limited
ABN 49 010 669 726 /
AFSL No. 235410



Co-Managers

Austock Limited
ABN 51 053 513 438 /
AFSL No. 244410



Shadforth's Limited
ABN 77 009 349 697 /
AFSL No. 233761



Asset Manager

Timbercorp Asset
Management Pty Ltd
ABN 19 105 888 364



Debenture Trustee

Permanent Nominees
(Aust) Limited
ACN 000 154 441



Important Information

This prospectus is dated 5 May 2005 and a copy of this prospectus was lodged with ASIC on that date. Neither ASIC nor the ASX takes responsibility for the contents of this prospectus.

No Debentures will be allotted or issued on the basis of this prospectus later than 13 months after the date of this prospectus.

No person is authorised to give information or to make representations concerning this Issue. Any information or representation concerning this Issue that is not contained in this prospectus should not be relied upon as having been authorised by Orchard Investments Management Limited (ACN 105 684 231) ("**OIML**") or its Directors.

This prospectus is issued under section 713 of the *Corporations Act 2001 (Cth)* ("**Corporations Act**"). This prospectus is therefore intended to be read in conjunction with publicly available information which OIML has notified to the ASX.

The prospectus does not take into account the investment objectives, financial situation or particular needs of investors. The prospectus does not constitute a recommendation or opinion that an investment in the Debentures is appropriate for you. This document is important and should be read in its entirety. If, after reading this prospectus, you have any questions about the Issue, then you should consult your stockbroker, accountant or other professional adviser without delay.

The Trustee and the Custodian have not authorised or caused the issue of this prospectus. Neither the Trustee or the Custodian, nor any member of the Trust Company Group, makes any representations as to the truth or accuracy of the contents of this prospectus other than references to its name. The Trustee and the Custodian have relied upon OIML for the accuracy of the content of this prospectus. The Trustee and the Custodian do not make any representation regarding, or accept any responsibility for, any statements or omissions in or from any other parts of this prospectus. Neither the Trustee or the Custodian, nor any member of the Trust Company Group, makes any representations as to the performance of the Debenture issue, the maintenance of capital or any particular rate of return.

No person, firm or corporation associated with the issue of this prospectus or the Trustee guarantees, warrants or underwrites the performance of the Debentures, the repayment of principal moneys, or the payment of interest, except where express provision is made in this prospectus.

This prospectus does not constitute an invitation or offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an invitation or offer. Any person who comes into possession of this prospectus should observe any restrictions that are applicable to them. The distribution of this prospectus in places outside Australia may be restricted by law and persons who obtain this prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

Electronic Prospectus

Orchard Investments Management Limited proposes to make available this prospectus on the website of ABN AMRO Morgans Limited (www.abnamromorgans.com.au). Any person accessing the electronic version of this document for the purpose of subscribing for the Debentures must be an Australian resident and must only access the information from within Australia. Debentures will only be issued under the electronic version of the prospectus on receipt of an Application Form issued together with the electronic version of the prospectus.

Glossary

Certain words and terms used in this prospectus have defined meanings, which appear in the Glossary in section 9.

Corporate Directory

Responsible Entity

Orchard Investments Management Limited (ABN 34 105 684 231)

Registered Office
Level 6, 505 St Kilda Road
Melbourne, Victoria 3004

Directors

Trevor Moyle (Chairman)
Michael Emery
Sol Rabinowicz
Richard O'Bryan

Lead Manager

ABN AMRO Morgans Limited

AFS Licence No: 235410
(ABN 49 010 669 726)

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

Co-Manager

Austock Limited

AFS Licence No: 244410
(ABN 51 053 513 438)

Level 1, 350 Collins Street
Melbourne, Victoria 3000

Co-Manager

Shadforth's Limited

AFS Licence No: 233761
(ABN 77 009 549 697)

Level 3, 111 Macquarie Street
Hobart, Tasmania 7000

Investigating Accountants to the Issue

Nexia Alexander & Spencer Pty Limited

Holder of Investment Advisers
AFS Licence No: 247262
(ACN 052 362 348)

Level 12A, 440 Collins Street
Melbourne, Victoria 3000

Registry

Computershare Investor Services Pty Limited (ABN 48 078 279 277)

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067

Auditor to the Trust

Horwath Melbourne

(ABN 43 774 280 973)
600 St Kilda Road
Melbourne, Victoria 3004

Asset Manager

Timbercorp Asset Management Pty Limited (ABN 19 105 888 364)

Level 8, 461 Bourke Street
Melbourne, Victoria 3000

Trustee for Debenture Holders

Permanent Nominees (Aust) Limited

AFS Licence No: 235140
(ACN 000 154 441)

Level 3, 151 Rathdowne Street
Carlton, Victoria 3053

Lawyers to the Responsible Entity

Baker & McKenzie

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

Custodian

Trust Company of Australia Limited

AFS Licence No: 235148
(ABN 59 004 027 749)

151 Rathdowne Street
Carlton, Victoria 3053

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5 May 2005

Dear Investor

Chairman's Letter

Orchard Investments Management Limited ("**OIML**"), as responsible entity of the Timbercorp Orchard Trust, is pleased to offer you the opportunity to apply for a new issue of Debentures under this prospectus.

OIML's initial Debenture prospectus opened on 31 October 2003 and closed fully subscribed on 4 December 2003, following which the Debentures were listed (ASX code: TODHA). The first issue raised \$37.553 million with 375,530 fully paid debentures being issued at a face value of \$100.00.

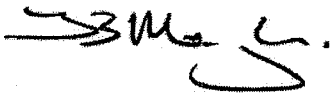
I am pleased to advise that the new issue of Debentures being offered under this prospectus will be issued at the same \$100.00 face value and carry the same interest rate as the initial issue.

A total amount of \$23.9 million in new Debentures is being sought and application will be made to list the Debentures on the ASX.

The new Debentures will pay the same fixed interest rate of 9.0% per annum until 15 December 2008, at which time the interest rate will be reset to the two year bank bill swap rate, plus a margin of 3.5%. The maturity date of all debentures remains 15 December 2010 on which date the face value (\$100.00) of each debenture will be repaid.

A limited priority will be given to existing Debenture holders and, as interest at 9.0% per annum will accrue from the date Application Moneys are received as cleared funds, I urge all intending investors to lodge their Application Form as soon as possible.

Yours sincerely

A handwritten signature in black ink, appearing to read 'T Moyle', with a stylized flourish at the end.

Trevor Moyle
Chairman

Summary of the Issue

Issuer	Orchard Investments Management Limited (ABN 34 105 684 231) as responsible entity of the Timbercorp Orchard Trust (ARSN 106 557 297).
Amount to be raised under this prospectus	\$23.9 million in 2 tranches: - Tranche 1 of the Issue: \$10 million of Debentures (being the minimum subscription for Tranche 1 of the Issue); - Tranche 2 of the Issue: \$13.9 million of Debentures (being the minimum subscription for Tranche 2 of the Issue).
Issue price	\$100.00 per Debenture.
Minimum Investment	\$5,000 and thereafter in multiples of \$1,000.
Interest	9% on the face value of the Debenture, being \$100.00 fixed to 15 December 2008, and thereafter to maturity reset to the Two Year Bank Bill Swap Rate plus 3.5% per annum.
Security	Fixed and floating charge over the Assets of the Orchard Trust and mortgages registered or to be registered over the Land.
Trustee	Permanent Nominees (Aust) Limited.
Term	Expiring on 15 December 2010, at which time the face value of the Debentures, \$100.00 per Debenture, will be repaid.
Ranking	The Debentures issued under this prospectus will rank equally with the Existing Debentures.
Minimum Subscription	Tranche 1 of the Issue requires a minimum subscription of 100,000 Debentures, subscribed for on or before the Closing Date, and the completion of the Tranche 1 Private Raising. Tranche 2 of the Issue requires a minimum subscription of 139,000 Debentures, subscribed for on or before the Closing Date, and the completion of the Tranche 2 Private Raising. If Tranche 2 of the Issue does not proceed, only some of the transactions and developments described in this prospectus will be undertaken, and application moneys in excess of the minimum subscription for Tranche 1 of the Issue will be refunded.

Indicative Timetable*

Expected Opening Date	5 May 2005
Priority Allocation Closing Date	5.00 pm AEST on Thursday 19 May 2005
Expected Closing Date	5.00 pm AEST on Tuesday, 31 May 2005 or earlier if fully subscribed before that date
Allotment	6 June 2005
Expected date for quotation of Debentures on the ASX	15 June 2005

* Please note that these dates are indicative only and are subject to change without notice. The Directors reserve the right to extend the Closing Date or close the Issue early at their discretion without notice.

How to apply

An application for Debentures can only be made by completing and lodging with the Registry, Computershare Investor Services Pty Limited, one of the Application Forms attached to, or accompanying, this prospectus or an electronic copy of this prospectus.

Application Forms must be completed and lodged in accordance with the instructions on the reverse side of the Application Form.

Applications must be for a minimum of 50 Debentures and thereafter in multiples of 10. The Debentures have an issue price of \$100.00 each. The minimum investment is therefore \$5,000 and thereafter in multiples of \$1,000.

Application Forms must be accompanied by a cheque drawn on an Australian bank in Australian currency for an amount of the Debentures for which application is made ("**Application Moneys**").

Cheques should be made payable to "Orchard Investments Management Limited – Debenture Issue" and crossed "not negotiable". Orchard Investments Management Limited will pay any stamp duty payable in respect of the creation and issue of the Debentures.

By completing and returning an Application Form, each Applicant acknowledges having received and read this prospectus in its entirety.

Applicants are encouraged to submit their Application Forms as early as possible as interest will accrue from the date Application Moneys are received as cleared funds following the lodgment of a completed Application Form before the Closing Date.

Priority Allocation for Existing Debenture holders

A priority allocation of up to 30,000 Debentures (\$3 million) will be made available to existing holders of TODHA Debentures until Thursday, 19 May 2005 ("**Priority Allocation Closing Date**") (refer to section 1.4 for further details).

1. Details of the Issue

1.1 The Issue

The Issue comprises 239,000 Debentures at an issue price of \$100.00 each to raise \$23.9 million before expenses. The terms of the issue of the Debentures are set out below in section 1.3. The Issue is not underwritten.

The Offer under this prospectus is being made in conjunction with a proposed issue of Units in the Orchard Trust to the value of \$7.2 million by OIML under an information memorandum. In conjunction with that raising, Timbercorp Limited ("**Timbercorp**") will also subscribe for additional Units in the Orchard Trust to the value of \$5.9 million. The offer under the information memorandum to "professional" and "wholesale" investors and subscription by Timbercorp is for a total of \$13.1 million ("**Private Raising**").

Two tranches

The Issue and the Private Raising will be made in 2 tranches, being:

- the Tranche 1 Raising of \$15 million, comprising \$10 million of Debentures and \$5 million of Units, of which \$2.25 million of Units will be issued to Timbercorp ("**Tranche 1 Raising**"). This is also the minimum subscription for the Tranche 1 Raising;
- the Tranche 2 Raising of \$22 million, comprising \$13.9 million of Debentures and \$8.1 million of Units, of which \$3.65 million of Units will be issued to Timbercorp ("**Tranche 2 Raising**"). This is also the minimum subscription for the Tranche 2 Raising.

No Debentures will be issued under this prospectus unless the minimum subscription for the Tranche 1 Raising is achieved. No Debentures will be issued under the Tranche 2 Raising unless the minimum subscription for the Tranche 2 Raising is achieved.

The Issue and the Private Raising are not underwritten.

The purpose of the Issue and the Private Raising

The purpose of the Issue and the Private Raising is to raise funds, after deduction of the expenses of the fundraising, to:

- (a) develop a further 300 hectares of citrus orchard (including the purchase of additional Water Licences) at Kangara Estate on undeveloped land already owned by the Orchard Trust (see section 2.1 for a description of this property), and to upgrade associated irrigation infrastructure;
- (b) acquire 295 hectares of land adjoining the Orchard Trust's existing Bella Vista property and to develop a new table grape vineyard on such land ("**Bella Vista #2**") (including the purchase of additional Water Licences); and
- (c) pay Timbercorp Asset Management Pty Limited ("**TAM**") for irrigation infrastructure improvements made at Bella Vista (see section 2.1 for a description of this property).

The areas to be developed are leased to Timbercorp on long-term leases (refer to sections 2.2, 2.3 and 2.4 for further details).

The Private Raising is due to close on or before the Closing Date of this Offer of Debentures.

The Tranche 1 Raising is independent of the Tranche 2 Raising, and the Tranche 1 Raising will proceed (subject to the minimum subscription for the Tranche 1 Raising being achieved)

even if the minimum subscription for the Tranche 2 Raising is not achieved by the Closing Date. If only the Tranche 1 Raising proceeds, OIML will only undertake the transactions described in paragraphs (a) and (c) above. The contract to purchase Bella #2 ("Bella Vista #2 Contract") is conditional on the Orchard Trust raising \$28 million on or before 31 August 2008. In the event that the Orchard Trust is not able to do so, the Orchard Trust will be entitled to rescind the Bella Vista #2 Contract.

Application for Official Quotation

Application for Official Quotation with the ASX of the New Debentures will be made within 7 days after the date of this prospectus. If the New Debentures are not admitted to Official Quotation before the expiration of 3 months after the date of issue of this prospectus (or such period as is varied by ASIC), OIML will not issue any New Debentures and will repay all moneys received as soon as practicable, together with interest at 9% per annum up until the date of repayment.

1.2 Closing Date

The Issue will close at 5.00 pm AEST on Tuesday, 31 May 2005, or any earlier or later date the Directors in their absolute discretion determine.

1.3 Terms of Issue of the Debentures

The terms of the Debentures are set out in the table below:

Amount of Issue and Conditions	\$23.9 million in two tranches: - Tranche 1 of the Issue: \$10 million of Debentures (being the minimum subscription for Tranche 1 of the Issue); - Tranche 2 of the Issue: \$13.9 million of Debentures (being the minimum subscription for Tranche 2 of the Issue). Tranche 1 of the Issue is conditional on the offer of Units in the Orchard Trust to the value of \$2.75 million to wholesale investors being fully subscribed and Timbercorp subscribing for Units in the Orchard Trust to the value of \$2.25 million. Tranche 2 of the Issue is conditional on the offer of additional Units in the Orchard Trust to the value of \$4.45 million to wholesale investors being fully subscribed and Timbercorp subscribing for additional Units in the Orchard Trust to the value of \$3.65 million. (refer to section 3.1.)
Type of security	The Debentures issued under this prospectus will be issued on the same terms and conditions as the Existing Debentures (ASX code TODHA) previously issued by OIML under a prospectus dated 24 October 2003 (subject to the payment of interest for the period to 30 June 2005 being paid to the original subscriber for a TODHB Debenture). The Debentures issued under this prospectus have the same face value of \$100.00, carry the same interest rate, and rank equally, and application will be made to list on the ASX within 7 days after the date of this prospectus as TODHB, and after that date, also as the ASX code TODHA.

Issue Price	The issue price will be \$100.00. The Existing Debentures currently quoted on the ASX were issued at their face value of \$100.00 per debenture and the volume weighted average ASX sale price for the period since 1 January 2005 has been \$102.24.
Timing	Applications for the Debentures under the Priority Allocation will close on 5 pm AEST on Monday, 19 May 2005 or earlier if fully subscribed before that date. Applications for the Debentures will close on 5.00 pm AEST on Tuesday, 31 May 2005 (subject to the right of Directors to extend the Closing Date or close the Issue early).
Interest	The interest rate is fixed at 9% per annum on the face value of \$100.00 until 15 December 2008, and thereafter reset to the Two Year Bank Bill Swap Rate plus 3.5% margin. Interest will accrue on a daily basis from the date Application Moneys are received as cleared funds. The first interest payment date will be for the period to 30 June 2005, with interest paid to the original subscribers no later than 3 Business Days after 30 June 2005. Thereafter interest is paid to Debenture Holders quarterly within 3 Business Days of the end of each quarter in each year during the currency of the Debentures.
Minimum Investment	\$5,000 of Debentures and thereafter in multiples of \$1,000
Maturity	All the Existing Debentures with ASX code TODHA, and the New Debentures issued under this prospectus, mature and will be repaid their face value of \$100.00 on their maturity date of 15 December 2010. There is no right of early repayment, although OIML may redeem Debentures in limited circumstances. For further details on this matter refer to section 7.1.
Trustee	Permanent Nominees (Aust) Limited.
Security	Secured by fixed and floating charge and mortgages registered or to be registered over the Orchard Trust's Assets comprising Land and including all improvements, capital works and Water Licences. See section 2 for details.
Covenants	The Gearing Ratio of the Orchard Trust must not exceed 80%. The Gearing Ratio following the Issue, the Private Raising and the transactions and developments described in this prospectus, based on the pro-forma statement of financial position as at 31 March 2005 (refer to section 4.2), will be 67.38%. The Debenture Gearing Ratio must not exceed 66.667%. The Debenture Gearing Ratio following the Issue, the Private Raising and the transactions and developments described in this prospectus, based on the pro-forma statement of financial position as at 31 March 2005 (refer to section 4.2), will be 61.02%.

1.4 Applications

OIML has the discretion to accept or reject any application.

How will the allocation of Debentures be determined?

If there is demand for Debentures above the minimum subscription for Tranche 1 of the Issue (but below the Tranche 2 of the Issue) or the Tranche 2 of the Issue, OIML, in consultation with the Lead Manager, will consider scaling back applications. This means that Applicants may be allocated fewer Debentures than they apply for and possibly no Debentures will be allocated to them.

Allocation of the Debentures will also be subject to the Priority Allocation.

The Priority Allocation

Existing Debenture holders, with an Australian address, on the register as at 5.00pm AEST on Wednesday, 4 May 2005 (the record date for the Priority Allocation), will be eligible to participate in a priority offering of New Debentures. These Debenture holders will be notified in writing. To take advantage of the priority offer, these Debenture holders will need to contact OIML on (03) 8615 1231 to receive a copy of the prospectus, and to pay the application amount and complete and return the Application Form that will be sent to them with the prospectus by the Priority Allocation Closing Date.

In the event that Existing Debenture holders apply for more than 30,000 Debentures, applications under the Priority Allocation will be scaled back in proportion to the number of Debentures applied for by each Existing Debenture holder.

Will Application Moneys be refunded?

The allocation of Debentures is at OIML's discretion and it may, in consultation with the Lead Manager, accept or reject any application for Debentures 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 seven days after the Closing Date. If Application Moneys are refunded to you, the Orchard Trust will pay interest to you at the rate of 9% per annum, calculated from the date the Application Moneys are received from you as cleared funds together with a completed Application Form.

If the minimum subscription for the Tranche 1 Raising or the Tranche 2 Raising is not reached, then the relevant part of your Application Moneys will also be refunded to you within seven days after the Closing Date, and the Orchard Trust will pay interest to you at the rate of 9.0% per annum, calculated from the date the Application Moneys are received from you as cleared funds together with a completed Application Form.

1.5 About the Debentures

The Debentures constitute a debt obligation of the Orchard Trust to the Debenture Holder. The obligation to repay this debt is secured by a fixed and floating charge over the Assets of the Orchard Trust and mortgages registered or to be registered over the Land owned by the Orchard Trust. The security is held by the Trustee on behalf of the Debenture Holders. If OIML defaults under its obligations under the Trust Deed, the Trustee may call in the security for the benefit of the Debenture Holders.

Produce from the Land (that is, the Citrus Crop, Table Grape Crop, Wine Grape Crop and Other Crops) does not form part of the security, and the Orchard Trust does not own this produce.

The effect of the proposed issue of the Debentures under this prospectus and the proposed Private Raising on the Orchard Trust is described in section 3 and the Investigating Accountant's Report in section 4.

1.6 Market prices

The last traded price for the Existing Debentures before this prospectus was lodged with ASIC was \$102.00 on 2 May 2005. During the three months prior to that date, the Existing Debentures traded on the ASX within a range of \$103.50 to \$101.00.

1.7 Taxation Implications

Section 5 contains a summary of the Australian taxation implications of becoming a Debenture Holder, and is based on the taxation laws as at the date of this prospectus. Each Debenture 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 prospectus are necessarily general in nature.

1.8 Investment Risks

You should read this prospectus 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, there are certain risks relating to the Orchard Trust, which could affect your investment in the Debentures. You should refer to section 6 for a discussion of these risks.

1.9 Continuous Disclosure Obligations

The Orchard Trust is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the Listing Rules (subject to permitted exceptions) to disclose to the ASX any information of which it is or becomes aware concerning OIML and which a reasonable person would expect to have a material effect on the price or the value of the Debentures.

This prospectus is a "transaction specific prospectus" and is required to contain information in relation to the effect of the issue of the Debentures on the Orchard Trust and the rights and liabilities attaching to them. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Orchard Trust. Accordingly, information that is already in the public domain as a result of the periodic reporting and continuous disclosure obligations of Orchard Trust has not been included in this prospectus other than those items which are considered necessary to make this prospectus complete.

Copies of documents lodged with ASIC by OIML may be obtained from, or inspected at, an ASIC office.

OIML will provide a copy of each of the following documents, free of charge, to any person on request up to the Closing Date of the Issue (or they can be obtained from the ASX website www.asx.com.au):

- the prospectus issued by OIML dated 24 October 2003;
- the annual financial report of the Orchard Trust for the financial year ended 30 June 2004 (being the last financial statements for a financial year of Orchard Trust lodged with ASIC);
- any half year financial report in respect of the Orchard Trust lodged with ASIC after the latest annual financial report but before the lodgement of this prospectus with ASIC; and

- any continuous disclosure notices given by OIML in respect of the Orchard Trust after the lodgement of the annual financial report referred to above and before the date of lodgement of the copy of this prospectus with ASIC, details of which are set out below:

Date	Description of Announcement
3 March 2005	Debenture interest payment
29 April 2005	Orchard Trust expansion

If you require any further information in relation to OIML, you should take advantage of the opportunity to inspect or obtain copies of these documents.

1.10 Any Questions?

If any matter is unclear or you are unsure whether the Debentures are a suitable investment for you, please contact your financial advisor.

If you are unsure as to how to complete the Application Form, contact ABN AMRO Morgans Limited on 1800 658 206.

2. About the Trust

2.1 Background

The Orchard Trust was established in September 2003 by OIML, the responsible entity. The Orchard Trust raised a total of \$57.663 million in 2003 through the issue of:

- 375,530 Debentures with a face value of \$100.00 to raise \$37.553 million;
- 12.974 million Units in the Orchard Trust at \$1.00 each to raise \$12.974 million; and
- 7.136 million Annuity Bonds at \$1.00 each to raise \$7.136 million.

The Annuity Bonds are unsecured debt obligations of OIML and rank below the Debentures. The trustee for the Annuity Bond holders is Sandhurst Trustees Limited.

Currently there are 46 Unit holders, 43 Annuity Bond holders and 1,499 Debenture holders in the Orchard Trust.

The funds were used by the Orchard Trust to:

- purchase a property called "Costa's Crest" at Euston, New South Wales on which there was an existing table grape vineyard, and to extend the vineyard ("**Costa's Crest**");
- purchase undeveloped land on a property called "Bella Vista" also at Euston, New South Wales, and develop a new 300 acre table grape vineyard on that land ("**Bella Vista**");
- purchase a property called "Kangara Estate" at Murtho in South Australia's Riverland region on which there was an existing citrus orchard and wine grape vineyard ("**Kangara Estate**");
- purchase the land forming part of the Kangara Estate which comprised undeveloped land and 13 hectares of existing wine grape vineyard ("**Kangara Estate Undeveloped Land**");
- acquire additional Water Licences for the above properties;
- pay property acquisition and capital raising costs.

The Custodian, Trust Company of Australia Limited, has been engaged by OIML as its custodian.

The Custodian holds assets as directed by OIML, which are registered in its name on behalf of OIML, and will hold the legal title to the assets on OIML's behalf.

2.2 Leases to Timbercorp

The Orchard Trust leases the Land to Timbercorp, which then sub-leases parts of the Land to Timbercorp Securities Limited ("**Timbercorp Securities**") for use in Timbercorp Projects.

Under the Timbercorp Projects, Growers pay or will pay licence fees or rent to Timbercorp Securities in each year of the Projects for the use and occupation of lots for which they have subscribed.

A summary of the leases in respect of the properties currently owned by the Orchard Trust is contained in section 2.3. A summary of the lease in respect of Bella Vista #2 is contained in sections 2.4 and 7.6.

2.3 Summary of leases over existing properties

Property	Lessee	Location	Area under cultivation	Cost (\$) (a)	Annual Rent from 1 January 2005 (b)	Lease Term	Option to renew (by the lessee)	Water Supply	Outgoings
Costa's Crest	Timbercorp Limited	Euston NSW	Table Grape Vineyard (planted 2002 & 2004) – 47 hectares	\$4,658 m	\$0.526 m	Expires on 29 June 2019.	An option to renew the lease for a further term of 6 years.	Fully irrigated. Permanent entitlement to 409.5 megalitres from the Murray River.	Rates, Insurance, Taxes and Charges in relation to the land.
Bella Vista	Timbercorp Limited	Euston NSW	Table Grape Vineyard (planted 2004) – 121 hectares	\$11,959 m	\$1,350m (c)	Expires on 29 June 2019.	An option to renew the lease for a further term of 6 years.	Fully irrigated. Permanent entitlement to 900 megalitres from the Murray River.	Rates, Insurance, Taxes and Charges in relation to the land.
Kangara Estate	Timbercorp Limited	Murtho SA	Citrus orchards (planted 1985-2003) – 355 hectares	\$15,346 m	\$1,732 m (e)	Expires on 30 June 2027.	An option to renew the lease over some or all of Kangara Estate for a further term of 5 years.	Fully irrigated with a sophisticated drip system. Permanent entitlement to 3,187 megalitres from the Murray River.	Rates, Insurance, Taxes and Charges in relation to the land.
Kangara Estate	Timbercorp Limited	Murtho SA	Wine grape vineyards (planted 1997-2000) – 430 hectares	\$20,272 m	\$2,288 m	Expires on 30 June 2027.	An option to renew the lease over some or all of Kangara Estate for a further term of 5 years.	Fully irrigated with a sophisticated drip system. Permanent entitlement to 3,010 megalitres from the Murray River.	Rates, Insurance, Taxes and Charges in relation to the land.
Kangara Estate	Timbercorp Limited	Murtho SA	Undeveloped Land - 510 hectares	\$2,520 m (d)	\$0,127 m (f) (g)	Expires on 30 June 2027.	An option to renew the lease over some or all of Kangara Estate for a further term of 5 years.		Rates, Insurance, Taxes and Charges in relation to the land.

(a) At original purchase cost plus transaction costs and development expenditure.

(b) Adjusted annually on 31 December of each year for movements in the consumer price index.

(c) The rent will be increased by \$0.087 million upon payment of the upgraded irrigation infrastructure at Bella Vista.

(d) The cost in respect of the total Kangara Estate property will increase from \$38,138 million to \$51,604 million following the establishment of the New Citrus Orchard on the undeveloped land.

(e) The rent will be increased by \$0,146 million following the upgrade to the existing Kangara Estate irrigation infrastructure.

(f) The rent is currently reduced by the amount derived from multiplying the unpaid purchase price in relation to the Kangara Estate Undeveloped Land and the existing Wine Grape Vineyard as at the end of each Quarter by a rate agreed by the parties or, failing agreement, at 1% below the 30 day Bank Bill Rate. This reduction will cease after 30 June 2005.

(g) The rent will be increased by \$1,335 million following the establishment of the New Citrus Orchard on the undeveloped land, and the purchase of 2,700 megalitres of permanent water entitlement.

2.4 Summary of lease over the Bella Vista #2 property

Property	Lessee	Location	Area under cultivation	Cost (\$) (b)	Annual Rent from date of completion of development (c)	Lease Term	Option to renew (by the lessee)	Water Supply	Outgoings
Bella Vista #2 (a)	Timbercorp Limited	Euston NSW	Table Grape Vineyard – 295 hectares	\$21.620	\$2.378 m	Expiring on 29 June 2020.	An option to renew the lease for a further term of 5 years.	(b)	Rates, Insurance, Taxes and Charges in relation to the land.

(a) This lease will terminate in the event that the Tranche 2 Raising does not proceed, and OIML is unable to otherwise raise the funds to complete the purchase of Bella Vista #2.

(b) At the estimated purchase cost plus transaction costs and development expenditure and the acquisition of 1,800 megalitres of permanent water entitlement.

(c) Will be adjusted annually on 31 December of each year for movements in the consumer price index, commencing on 31 December 2008.

2.5 OIML as the responsible entity of the Orchard Trust

The Directors of OIML

Name	Description
Trevor Moyle (Non-executive Chairman)	Mr Moyle is 55 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 a Non-executive Director and Chairman of Clear Objective Pty Ltd and Apogee International Pty Ltd, and an Executive Director of Teralbay Pty Limited, a privately owned corporate finance advisory business. He has extensive expertise in corporate finance advice, corporate governance, capital management, equity capital markets and mergers and acquisitions activity.
Michael Emery (Executive Director and Chief Executive Officer)	Mr Emery is responsible for the general and operational management of OIML. He is also a Director of Emery O'Bryan Pty Limited, a property developer and financier. Mr Emery is 39 years old, and has 15 years experience in property development, of commercial, residential and industrial projects, gained as developer and legal adviser.
Richard O'Bryan (Executive Director)	Mr O'Bryan is responsible for the design and implementation of projects for OIML. He is also a Director of Emery O'Bryan Pty Limited, a property developer and financier. Mr O'Bryan is 41 years old and has substantial expertise in the design, construction and implementation of property developments.
Sol Rabinowicz (Non-Executive Director)	Mr Rabinowicz is 38 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.

Compliance and the Orchard Trust

OIML is the responsible entity of the Orchard Trust and has a compliance plan, which sets out the methods that OIML will follow to ensure that it is complying with the Corporations Act and the constitution of the Orchard Trust. Horwath Melbourne independently audits the compliance plan.

The compliance committee comprises three members. The role of the compliance committee includes monitoring OIML's compliance with the Orchard Trust's compliance plan and reporting breaches of the Corporations Act and the Orchard Trust's constitution.

As an Australian financial services licensee, OIML has obligations under its licence and the Corporations Act. Those obligations include ensuring that OIML provides its financial services honestly, efficiently and fairly. The Corporations Act also imposes a specific duty on OIML, as an Australian financial services licensee, to manage conflicts of interest. OIML has an internal policy to manage existing and future conflicts of interest.

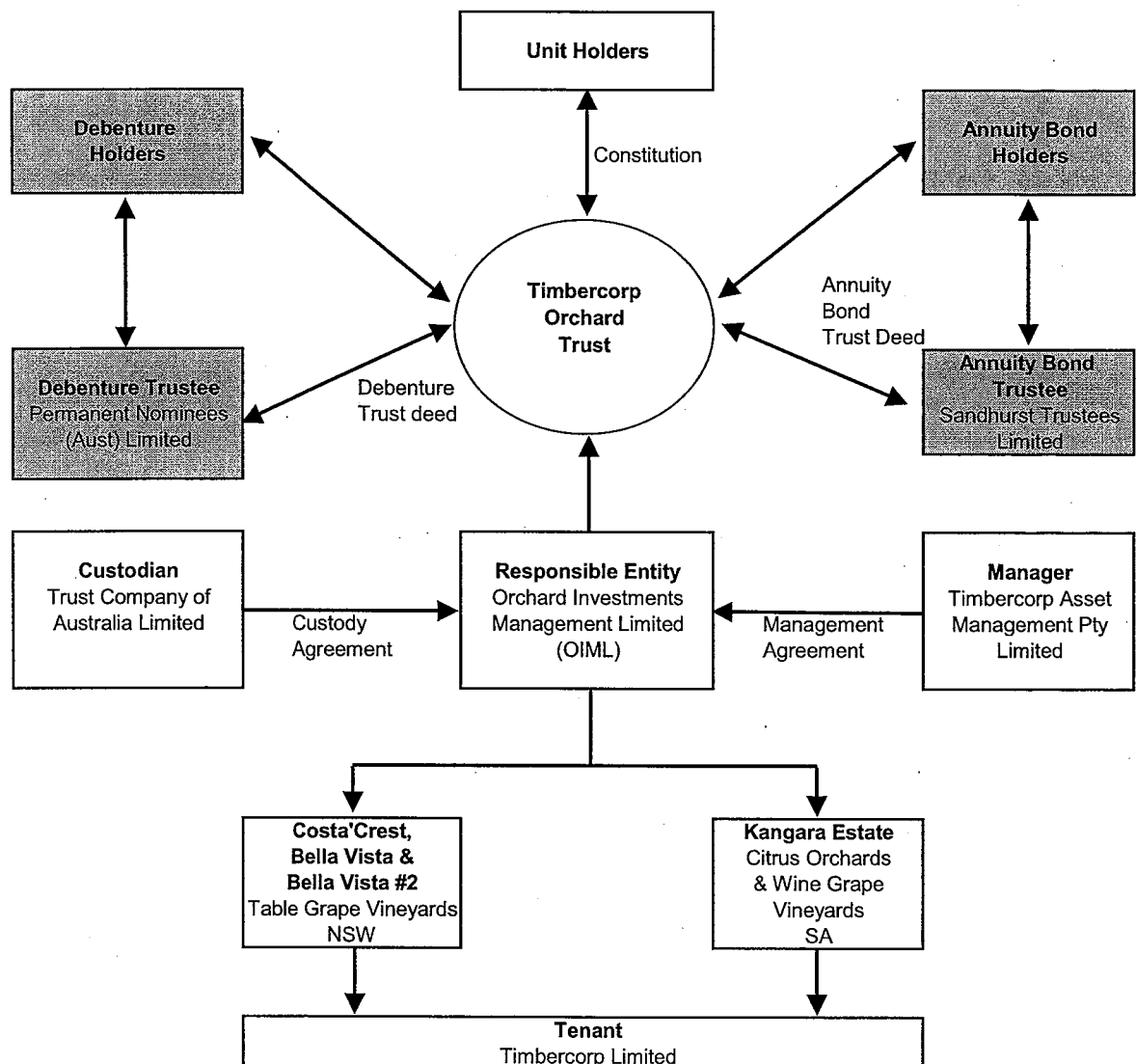
OIML is also required under the Debenture Trust Deed to report periodically to the Debenture Trustee in respect of certain matters, including compliance with the Debenture Gearing Ratio and the Gearing Ratio.

2.6 The Asset Manager

OIML has engaged TAM as the manager of the Orchard Trust's Assets. TAM's role is to undertake improvements to the Orchard Trust's 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 Debenture Holders.

TAM is a wholly owned subsidiary of Timbercorp, one of Australia's leading agribusiness investment managers. 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. These services are governed by a management agreement.

2.7 Structure of the Orchard Trust



2.8 Protection of Debenture Holders

The Orchard Trust's obligations to pay interest and repay the principal moneys are secured by a fixed and floating charge over the Orchard Trust's Assets. The Trustee also holds on behalf of Debenture Holders a first ranking mortgage over the Kangara Estate located in South Australia, other than the Kangara Estate Undeveloped Land, and is currently in the process of registering first ranking mortgages over Costa's Crest and Bella Vista in New South Wales.

The Trustee holds a registered second mortgage on behalf of Debenture Holders over the Kangara Estate Undeveloped Land. The registered second mortgage will convert to a registered first mortgage upon the Orchard Trust paying to Chiquita Agribusiness Pty Limited ("**Chiquita Agribusiness**") the final instalment of the purchase price for the Kangara Estate (refer to section 2.11 for further details).

The Trustee on behalf of Debenture Holders will also be granted a first ranking mortgage over Bella Vista #2 in New South Wales upon the Orchard Trust acquiring the property (subject to satisfaction or waiver of the conditions under the Bella Vista #2 Contract).

In the event of the Orchard Trust's liquidation, Debenture Holders will be entitled to receive an amount equal to the face value of their Debentures and the interest accrued over the period from the last interest payment date before winding up until the date of the court order for winding up, before any distribution of assets is made to other creditors and the unitholders of the Orchard Trust. Debenture Holders are not entitled to participate in any distribution of surplus assets.

2.9 Produce from the Land does not form part of the security

It should be noted that the Charge and the Mortgages described in section 2.9 do not or will not extend to:

- the Citrus Crop, being the products, rights, benefits or credits derived from the citrus trees on the Land;
- the Table Grape Crop, being the products, rights, benefits or credits derived from the table grape vines on the Land;
- 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 or other activities 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.

2.10 Mortgage of land granted to Chiquita Agribusiness

Chiquita Agribusiness, a wholly owned subsidiary of Chiquita Brands South Pacific Limited ("**Chiquita**"), holds a registered first mortgage over the Kangara Estate Undeveloped Land ("**Chiquita Mortgage**"). The Chiquita Mortgage has been granted to secure the balance of the purchase moneys payable to Chiquita Agribusiness under the contract of sale in relation to that part of Kangara Estate. The balance of the purchase moneys is payable by 30 June 2005 and will be paid out of moneys raised as part of the original capital raising in October 2003, which are held in a bank certificate of deposit awaiting settlement.

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

2.11 Trustee for the Debenture Holders

The Trustee for the Debenture Holders is Permanent Nominees (Aust) Limited. Its role is to act in the interests, and for the benefit, of Debenture Holders under this Issue.

Permanent Nominees (Aust) Limited is a member of a group of companies including Trust Company of Australia Limited, following the merger of Permanent Trustee Company Limited and Trust Company of Australia Limited in December 2002. The Trust Company Group was established in Melbourne in 1885 and acts as trustee in varying capacities for individuals, charities, banks, insurance and industrial companies and financial intermediaries.

2.12 Register

The persons whose names are registered as Debenture Holders will be treated as the absolute owners of that Debenture, and no trust or any other equitable or contingent interests will be recognised.

OIML has arranged for a Register of Debenture Holders to be established and maintained by Computershare Investor Services Pty Limited. The Register will be open during business hours for inspection free of charge by Debenture Holders.

Following the issue or transfer of Debentures to successful Applicants or transferees, Debenture Holders will receive a statement which sets out the Holder's Holder Identification Number ("HIN") in the case of a holding on the CHESS sub-register, or Securityholder Reference Number ("SRN") in the case of a holding on the issuer sponsored sub-register. Debenture Holders will be required to quote their HIN or SRN, as applicable, in all dealings with a broker or the Registrar. Holders will also receive subsequent statements if there has been a change to their holding on the Register and as otherwise required under the ASX Listing Rules, ASTC Settlement Rules and the Corporations Act.

Additional or replacement statements may be requested at any other time through the Holder's sponsoring broker in the case of a holding on the CHESS sub-register, or through the Registrar in the case of a holding on the issuer sponsored sub-register. OIML or the Registrar may charge a fee for the additional issuer sponsored statements.

Provisions relating to the transfers of the Debentures are set out in the Trust Deed, and the transfers will be made in accordance with the Trust Deed, the ASX Listing Rules and the ASTC Settlement Rules. The Debenture Holder may transfer all or any of the Debentures that it holds, and upon receipt of a valid transfer the Registrar will forthwith make the necessary entries in the Register.

A person who is entitled to be registered as a Holder as a result of death or bankruptcy of a Debenture Holder must be registered in accordance with all applicable laws upon producing such evidence as required by the Registrar.

2.13 Timbercorp Orchard Trust Debenture Trust Deed

Section 7.1 contains a summary of the key features of the Trust Deed.

3. The Raising

3.1 Proposed raising

Orchard Trust proposes to raise \$37 million by way of:

- the issue of Debentures under this prospectus (\$23.9 million); and
- an issue of Units to Timbercorp to raise \$5.9 million and to "professional" and "wholesale" investors to raise \$7.2 million.

The Issue and the Private Raising will be made in 2 tranches, being:

- the Tranche 1 Raising of \$15 million, comprising \$10 million of Debentures and \$5 million of Units, which is also the minimum subscription for the Tranche 1 Raising; and
- the Tranche 2 Raising of \$22 million, comprising \$13.9 million of Debentures and \$8.1 million of Units, which is also the minimum subscription for the Tranche 2 Raising.

The Issue and the Private Raising are not underwritten.

The Orchard Trust will use funds raised through this Issue and the Private Raising as follows, depending on whether Tranche 1 Raising and Tranche 2 Raising are fully subscribed:

	Amount if both the Tranche 1 and Tranche 2 Raisings occur	Amount if only the Tranche 1 Raising occurs
Property purchase		
Undeveloped Land – Bella Vista #2	\$3.360m	-
SUB-TOTAL	\$3.360m	-
Development		
New Citrus Orchard – Kangara Estate	\$8.192m	\$8.192m
Upgrade Infrastructure – Kangara Estate	\$1.327m	\$1.327m
New Table Grape Vineyard – Bella Vista #2	\$15.465m	-
Pay TAM for irrigation infrastructure improvements made at Bella Vista	\$0.793m	\$0.793m
Acquiring additional Water Licences for the New Citrus Orchard (including stamp duty)	\$3.947m	\$3.947m
Acquiring additional Water Licences for the New Table Grape Vineyard	\$2.610m	-
SUB-TOTAL	\$32.334m	\$14.259
Incidental Costs		
Property Transaction Costs (estimated)	\$0.185m	-
Capital Raising Costs (including Private Raising costs) (estimated)	\$1.121m	\$0.741m
SUB-TOTAL	\$1.3067m	\$0.741m
TOTAL	\$37.000m	\$15.000m

* All of the above amounts are on a GST-exclusive basis. Where GST is payable, the Orchard Trust will receive a credit (which in most cases will be for the full amount of GST) from the Australian Taxation Office.

In the event that the Tranche 2 Raising proceeds, but the purchase of Bella Vista #2 is subsequently not completed, OIML may, subject to the provisions of the Trust Deed and the Management Agreement, use the surplus funds available to acquire and develop alternative agricultural properties and infrastructure.

Alternative property acquisitions and their development will be the subject of investment proposals submitted by TAM that must be approved by the Board of OIML and importantly, must meet other standards and requirements set out in the Management Agreement.

3.2 Effect of the Issue on the Orchard Trust

The statement of financial position for the Trust, both pre and post the Tranche 1 Raising and Tranche 2 Raising is included in section 4 (which also includes the Investigating Accountant's Report).

3.3 New Citrus Orchard and irrigation infrastructure upgrade on the Kangara Estate

The New Citrus Orchard will be established on 300 hectares of undeveloped land forming part of Kangara Estate Undeveloped Land.

The land and the soils

The land has been soil tested and surveyed and found to be appropriate for commercial citrus production. The surveys were carried out to determine the most appropriate orchard layout and to ensure optimal irrigation system design. They describe the soils as quite shallow and limey with generally low levels of salinity.

Traditionally shallow and limey soil would have been regarded as marginal for citrus production, however, the potential hazards of shallow soil can be overcome with careful design and management. For example, areas with high lime concentrations will be mounded along the tree rows creating sufficient soil volume and areas with potential drainage hazards will be treated with soil amelioration techniques, a sophisticated drip irrigation management system and other drainage and nutrition management practices. These practices have been carried out elsewhere on similar soils and proved to be appropriate in producing high quality citrus.

Water Supply and Irrigation

Water for the New Citrus Orchard will be sourced from the Murray River, at Paringa and at Bookpurnong. Water quality has traditionally been very good, with salinity readings being well within acceptable levels. Good water quality monitoring, irrigation scheduling and in particular the use of drip irrigation on the new orchard will reduce any risk from slugs of salt that can occur in the Murray River from time to time. At full maturity the citrus trees, on average, will require 9 megalitres of water per hectare.

A new dam is being built to supply the New Citrus Orchard, with adequate capacity to hold enough water for 3 days irrigation at full maturity.

The new orchard will be developed with a new irrigation technology called MOHT (see below). These systems generally provide accurate watering to the specific requirements of the crop, and should be able to obtain very high water use efficiency.

Development

The Orchard Trust has engaged TAM to establish the New Citrus Orchard on the Kangara Estate for a fixed price, subject to any variations in the scope of the works ("**Kangara Estate Fixed Price Contract**"). This contract also provides for the acquisition of all necessary Water Licences on behalf of the Orchard Trust at a provisional sum, which is subject to variation.

TAM will sub-contract Chiquita Agribusiness to perform the capital works required for the establishment of the New Citrus Orchard. Chiquita Agribusiness is a wholly-owned subsidiary of Chiquita.

Timbercorp has guaranteed the obligations of TAM under the Kangara Estate Fixed Price Contract pursuant to the 2005 Kangara Estate Guarantee.

The Kangara Estate Fixed Price Contract and the 2005 Kangara Estate Guarantee are summarised in section 7.

Martinez Open Hydroponics Technology

Chiquita Agribusiness will adopt a production technique on the new orchard known as the Martinez Open Hydroponics Technology ("**MOHT**"). MOHT was developed by Professor Rafael Martinez, a plant physiologist from Universitas Miguel Hernandez in Spain, and is currently being successfully used in other citrus producing countries, such as South Africa, USA and Spain, to improve yields and fruit quality over traditional citrus production methods.

The emphasis is on restricting the root system, and eliminating the influence of the soil so that the plant physiological processes can be largely manipulated by nutrition and irrigation. Nutritional solutions are applied daily at times of maximum uptake, and irrigation takes place during the hot part of the day promoting improved photosynthesis, leading to a reduction in thinning fruit, foliar applications and ground applications of fertiliser.

Irrigation infrastructure upgrade

The Orchard Trust has also engaged TAM to upgrade the irrigation infrastructure at Kangara Estate at cost plus a 10% margin. The Orchard Trust has received an estimate from TAM that the total cost to the Orchard Trust for the upgrade will be \$1.327 million (plus GST). The upgrade includes the construction of a new dam to hold additional water for the New Citrus Orchard.

Changes to the Lease in respect of the Kangara Estate

In return for the Orchard Trust developing a further 300 hectares of citrus orchard on the Kangara Estate Undeveloped Land, including the upgrade of irrigation infrastructure, Timbercorp has agreed to amend the terms of the Kangara Estate lease with OIML to pay an additional amount of rent equal to 11% of the cost of the development.

OIML and Timbercorp have also agreed to vary the lease in respect of Kangara Estate to:

- increase the term of the lease to 30 June 2027;
- give Timbercorp an option to renew the Lease for a further term of 5 years upon expiry of the initial term on 30 June 2027;
- permit Timbercorp, at its cost and expense to undertake capital works (which will subject to OIML's approval), and be reimbursed for them upon expiry or lawful termination by Timbercorp of the lease or upon sale of the property, on the terms set out in the lease agreement.

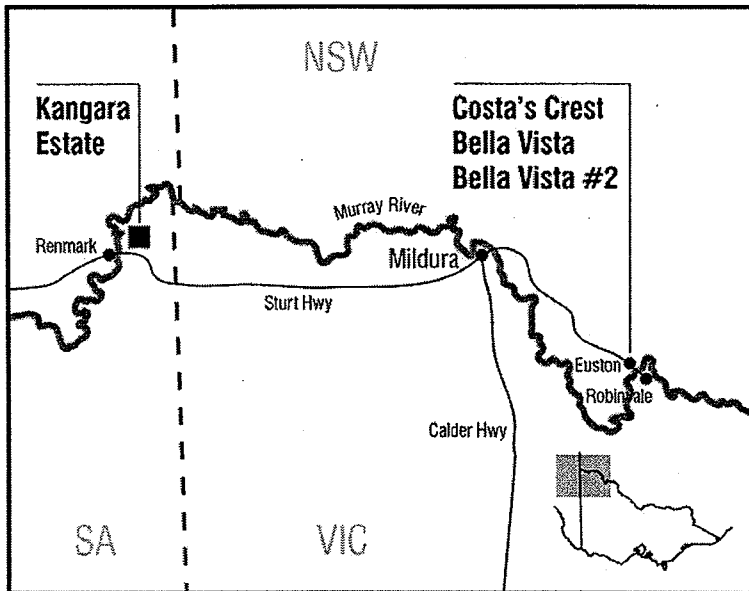
The changes to the lease are summarised in section 7.

3.4 Purchase and development of the Bella Vista #2 property

The acquisition and development of Bella Vista #2 by the Orchard Trust will only proceed if the Tranche 2 Raising is fully subscribed.

Property Description

Bella Vista #2 is located within close proximity to Euston, in southwest NSW and abuts a 131 hectare vineyard developed by the Orchard Trust on Bella Vista for use by the Timbercorp Group for the 2004 Timbercorp Table Grape Project. Euston is the sister city of Robinvale in northwest Victoria. The source of irrigation for Bella Vista #2 will be the Murray River.



The land and the soils

The land at Bella Vista #2 has been soil tested and surveyed not only to determine the most appropriate layout for the New Table Grape Vineyard, but also to ensure that the irrigation system design is optimised for the vines planted. The tests have shown that Bella Vista #2 is suitable for growing commercial crops of table grapes.

Water Supply and Irrigation

Growing table grapes requires irrigation water and the establishment of a new vineyard requires extensive planning in the areas of irrigation design, layout, installation and water monitoring in order to achieve optimum yields. At full maturity, the Bella Vista #2 table grape vines will, on average, require approximately 3 megalitres of water per acre.

TAM has procured or will procure for use on Bella Vista #2 1,800 megalitres of Water Licences, being the total estimated annual requirements of 600 acres of planted table grape vines when fully matured. These Water Licences will be acquired by Orchard Trust from funds raised from the Tranche 2 Raising.

Conditional Agreement to purchase Bella Vista #2

It is proposed that the Orchard Trust will acquire 295 hectares of the land ("**Bella Vista #2**"), being part of a much larger parcel of 1,959 hectares of undeveloped land ("**Vendors' Property**") abutting the existing 300 acre Bella Vista table grape vineyard owned by the Orchard Trust.

OIML has entered the Bella Vista #2 Contract to acquire the Bella Vista #2 property on several conditions including the grant of an amendment by the Department of Infrastructure,

Planning and Natural Resources ("**DIPNR**") to allow the land to be used for the growing and irrigation of table grape vineyards and to permit the application of up to 3.5 megalitres of water per acre per annum ("**Change of Use**").

The vendors of Bella Vista #2 are required to procure the Change of Use by 30 June 2005. The vendors' failure to obtain a Change of Use by that date entitles OIML to rescind the Bella Vista #2 Contract.

An application for Change of Use to allow table grapes to be grown on Bella Vista #2 is pending.

In addition, the vendors must also procure the registration of a plan of subdivision severing the area of 295 hectares from the larger 1,959 hectare property ("**Subdivision**").

Until the Subdivision is approved, OIML will lease the whole of the Vendors' Property from the vendors ("**Bella Vista #2 Interim Lease**"). The vendors are granted a licence to use the Vendors' Property, other than the 295 hectares, under the Bella Vista #2 Interim Lease.

If the plan of subdivision is not registered within 30 months after the date of the contract of sale or the Bella Vista #2 Interim Lease is terminated by the vendors, the Orchard Trust will acquire the whole of the Vendors' Property at no additional cost. However, the vendors will be entitled to have the Vendors' Property, less the 295 hectares, transferred back to them for \$1.00 in the event that the vendors subsequently procure the Subdivision, and exercise their right on or before 31 December 2008.

Completion of the Bella Vista #2 contract is also conditional upon:

- the Orchard Trust raising \$28 million on or before 31 August 2008 (if the money is not raised, OIML is entitled to rescind the Bella Vista #2 Contract);
- the consent of the responsible Minister of the Crown to the transfer being obtained; and
- the vendors obtaining on or before 15 May 2005 all necessary permits, licences, consents, authorities and the like from all government departments and landowners which are necessary to be held to permit the lawful extraction and conveyance of water from the Murray River to Bella Vista #2 to irrigate the New Table Grape Vineyard.

Development

Once the Change of Use and other relevant approvals are obtained, the Orchard Trust proposes to establish a 600 acre New Table Grape Vineyard comprising approximately 270,000 vines. The Orchard Trust intends to complete the development on or before 31 July 2005.

The Orchard Trust has engaged the Manager, TAM, to establish the New Table Grape Vineyard for a fixed price, subject to any variations in the scope of the works ("**Bella Vista #2 Fixed Price Contract**"). This contract also provides for the acquisition of all necessary Water Licences and installation of electrical works on behalf of the Orchard Trust at a provisional sum, which is subject to variation.

Timbercorp has guaranteed the obligations of TAM under the Bella Vista #2 Fixed Price Contract pursuant to the Bella Vista #2 Guarantee.

The Bella Vista #2 Fixed Price Contract and the Bella Vista #2 Guarantee are summarised in section 7.

TAM will sub-contract Costa Management Group Pty. Limited ("**Costa Management**") to perform 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.

TAM has also commissioned a qualified expert irrigation company to prepare a fully integrated irrigation design and an expert soil surveyor to prepare a drainage management plan for the New Table Vineyard.

The Orchard Trust will own the entire infrastructure and Capital Works on the New Table Vineyard, including the Water Licences and irrigation equipment.

Table Grape Varieties & Plant Breeders' Rights

The following table grape varieties will be planted on Bella Vista #2:

- "Red Rob" under licence from Andriske Research Pty Limited (ACN 006 565 260) ("**Andriske**");
- "Stanley Seedless" under licence from Andriske;
- "BW 41/5" under licence from Andriske;
- "Autumn Royal", which is a public variety.

The Orchard Trust has been granted a licence together with Timbercorp to grow the vines and sell the fruit from the vines which are planted on the Costa's Crest and Bella Vista properties ("**Andriske Licence Agreement #1**"). There are two table grape varieties planted on the Costa's Crest and Bella Vista properties, being the white seedless grape cultivar known as "Stanley Seedless" and the red seedless grape cultivar known as "Red Rob".

Except for a small number of pre-existing licences, the licence granted to the Orchard Trust and Timbercorp to plant and grow the vines is exclusive within the defined geographical area.

The licence also permits the Orchard Trust 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.

The Orchard Trust has also been granted a licence together with Timbercorp in respect of the "BW 41/5", a white seeded grape cultivar ("**Andriske Licence Agreement #2**"). The "BW 41/5" grape cultivar, referred to as the "Golden Globe", is a registered trademark of Andriske Table Grapes Pty Ltd (ACN 078 025 420). The Orchard Trust has the right to use the "Golden Globe" name in the marketing of the "BW 41/5" grape cultivar.

The Orchard Trust then sub-licenses its rights to lessees and licensees of the lands.

The Lease granted to Timbercorp in respect of Bella Vista #2

A summary of the terms and conditions of the lease that the Orchard Trust has granted to Timbercorp over Bella Vista #2 is contained in sections 2.4 and 7.6.

4. Financial Information, Investigating Accountant's Report and Financial Service Guide

4.1 Statements of Financial Performance – Timbercorp Orchard Trust

	31 December 2004 Actual <i>Audited</i> \$'000's	31 March 2005 Actual <i>Unaudited</i> \$'000's
Revenue		
Rental Revenue	2,889	4,333
Interest Revenue	274	356
Total Revenue from Ordinary Activities	3,163	4,689
Management and Administrative expenses		
Management Fees	(302)	(453)
Administrative Expenses	(84)	(174)
Total Management and Administrative Expenses	(386)	(627)
Borrowing Expenses		
Interest Paid/Payable	(1,994)	(2,968)
Amortisation of Borrowing Costs	(216)	(321)
Total Borrowing expenses	(2,210)	(3,289)
Total expenses	(2,596)	(3,916)
Profit from ordinary activities	567	773
Total changes in equity other than those resulting from transactions with unitholders as unitholders	567	773
Distributions Paid	360	360

4.2 Statements of Financial Position – Timbercorp Orchard Trust

The following are statements of financial position of the Timbercorp Orchard Trust at 31 December 2004 and 31 March 2005 and Proforma at 31 March 2005 showing the effect of the Issue, the Private Raising and completion of the transactions and developments described in section 3.1 of the prospectus ("Transactions") as if they had occurred at that date, assuming that both Tranches 1 and 2 Raisings proceed.

			31 March 2005		
			Pro forma Balances		
			Pro forma Adjustments for Prospectus & Private Raisings (Tranches 1 & 2) and Transactions	Assuming both Tranche 1 & 2 Raisings	Assuming Tranche 1 Raising only
Notes	31 December 2004 Actual Audited \$'000's	31 March 2005-Actual Unaudited \$'000's	\$'000's	\$'000's	\$'000's
Current Assets					
Cash	1	7,776	2,147	115	2,262
Receivables		29	50	-	50
Other financial assets	3	3,095	3,095	-	3,095
Total Current Assets		10,900	5,292	115	5,407
Non-Current Assets					
Other financial assets	3	54,904	55,548	35,086	90,634
Other	4	2,539	2,433	790	3,223
Total Non-Current Assets		57,443	57,981	35,856	93,857
Total Assets		68,343	63,273	35,991	99,264
Current Liabilities					
Payables	5	6,917	2,113	(793)	1,320
Interest-bearing Liabilities	6	840	1,384	-	1,384
Unearned Rent Income		1,444	1,534	-	1,534
Other	7	3,284	2,924	-	2,924
Total Current Liabilities		12,485	7,955	(793)	7,162
Non-Current Liabilities					
Interest-bearing Liabilities	6	43,081	42,334	23,900	66,234
Total Non-Current Liabilities		43,081	42,334	23,900	66,234
Total Liabilities		55,566	50,289	23,107	73,396
Net Assets		12,777	12,984	12,884	25,868
Unitholders Equity					
Settlement Capital	8	12,570	12,570	12,884	25,454
Retained profits		207	414	-	414
Total Unitholder Equity		12,777	12,984	12,884	25,868

To be read in conjunction with Notes to the Statements of Financial Position in section 4.3.

4.3 Notes to the Statements of Financial Position – Timbercorp Orchard Trust

1. Transactions contemplated by the Orchard Trust and included in the preparation of the Statements of Financial Position at 31 March 2005 (pro-forma) are more fully described in section 3 of the prospectus. A summary of these Transactions, assuming completion of both Tranches 1 and 2 as set out in section 3.1 of the prospectus are:-
 - Issue of 239,000 Debentures at \$100 each, pursuant to this prospectus, and the payment of approximately \$0.8 million of costs associated with the Issue;
 - Issue of \$7.2 million of fully paid units in the Orchard Trust by way of an Information Memorandum and payment of approximately \$0.21 million of costs associated with the issue of Units;
 - Issue of \$5.9 million of fully paid units in the Orchard Trust to Timbercorp Limited;
 - New 300ha development at Kangara Estate totalling \$8.192 million and upgrade of irrigation totalling \$1.327 million;
 - Acquisition of additional water rights for the citrus orchards and vineyards at Kangara Estate for a total sum of \$3.947 million (including transaction costs);
 - Acquisition of additional land known as Bella Vista #2 and development of a New Table Grape Vineyard on such land, totalling \$19.010 million (including transaction costs);
 - Acquisition of additional water rights for the New Table Grape Vineyard at Bella Vista #2 for a total sum of \$2.610 million; and
 - Paying TAM \$0.793 million for irrigation infrastructure improvements made at Bella Vista.

2. Statement of Significant Accounting Policies

The pro forma Statements of Financial Position are based on unaudited 31 March 2005 financial statements as prepared by the directors. The pro forma Statements of Financial Position do not include full disclosures of the type normally included in an annual financial report.

The following significant accounting policies have been adopted in the preparation of the pro forma Statements of Financial Position. The accounting policies have been consistently applied by the Orchard Trust and are consistent with those applied in the 31 December 2004 financial statements.

(a) Income Tax

The Orchard 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) Other Financial Assets

(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.

OIML as the responsible entity will undertake revaluations of each investment property in accordance with the requirements of the Debenture Trust Deed and 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 Orchard Trust's taxable income/tax loss in any one year.

(ii) Water Rights & Licences

Water rights and licences acquired by the Orchard 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.

OIML as 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 Orchard 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

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.

(g) Receivables

Trust receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(h) Payables

Payables are recognised when the Orchard Trust becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

(j) Adoption of Australian equivalents to international financial reporting standards

Australia recently adopted new Accounting Standards in accordance with International Financial Reporting Standards (IFRS), effective for financial years commencing 1 January 2005. The first reporting period that new standard will apply for the Orchard Trust is for the half year ended 31 December 2005.

OIML's directors have assessed the significance of these changes and are preparing for their implementation.

The directors of OIML are of the opinion that the key differences in the Orchard Trust's accounting policies which will arise from the adoption of IFRS are:

Investment properties

Investment properties are currently brought to account at the cost of acquisition. The cost of acquisition includes the purchase consideration plus any incidental costs directly attributable to the acquisition. These properties are currently carried at cost, however they are not depreciated in accordance with AASB 1021 "Depreciation" as they are investment properties.

The introduction of AASB 140 "Investment Property" requires that investment property be measured initially at its cost which includes transaction costs on its acquisition. However after initial recognition a decision must be made by the directors of OIML to record investment property under the fair value or cost methodology.

If the cost methodology is selected all investment property must be measured in accordance with the requirements of AASB 116 "Property, Plant and Equipment", that is at cost less any accumulated depreciation and any accumulated impairment losses (i.e. depreciation is charged to the profit and loss). If the fair value method is selected the fair value of the investment property shall reflect market conditions at reporting date, and a gain or loss arising from a change in fair value of the investment shall be recognised in the profit or loss for the period in which it arises.

The directors of OIML have formed a preliminary view that it is most likely the directors of OIML will apply the 'fair value method' on the implementation of IFRS as this is more closely aligned to the current accounting policy for the investment properties owned by the Orchard Trust. The directors are not yet able to access what impact a valuation of the properties on the implementation of IFRS will have. However given that a long term lease has been entered into with the tenant of the investment property, guaranteeing set rental streams based upon the acquisition and development costs incurred by the Orchard Trust, it is not currently anticipated that a valuation would not have any significant detrimental effect on the current carrying values of the investment properties.

(h) Payables

Payables are recognised when the Orchard Trust becomes obliged to make future payments resulting from the purchase of goods and services.

(i) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

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If the cost methodology is selected all investment property must be measured in accordance with the requirements of AASB 116 "Property, Plant and Equipment", that is at cost less any accumulated depreciation and any accumulated impairment losses (i.e. depreciation is charged to the profit and loss). If the fair value method is selected the fair value of the investment property shall reflect market conditions at reporting date, and a gain or loss arising from a change in fair value of the investment shall be recognised in the profit or loss for the period in which it arises.

The directors of OIML have formed a preliminary view that it is most likely the directors of OIML will apply the 'fair value method' on the implementation of IFRS as this is more closely aligned to the current accounting policy for the investment properties owned by the Orchard Trust. The directors are not yet able to assess what impact a valuation of the properties on the implementation of IFRS will have. However given that a long term lease has been entered into with the tenant of the investment property, guaranteeing set rental streams based upon the acquisition and development costs incurred by the Orchard Trust, it is not currently anticipated that a valuation would not have any significant detrimental effect on the current carrying values of the investment properties.

(c) Other Financial Assets

(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.

OIML as the responsible entity will undertake revaluations of each investment property in accordance with the requirements of the Debenture Trust Deed and 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 Orchard Trust's taxable income/tax loss in any one year.

(ii) Water Rights & Licences

Water rights and licences acquired by the Orchard 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.

OIML as 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 Orchard 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

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.

(g) Receivables

Trust receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(k) Working capital deficiency

The Statements of Financial Position show a net working capital deficiency, which is largely the result of current liabilities including a non-cash item relating to rental income received in advance. The Orchard Trust has a \$1.9 million loan facility in place that is fully available to cover any unforeseen expenditure arising. Accordingly, notwithstanding the working capital deficiency, the pro forma Statements of Financial Position have been prepared on a going concern basis as the directors believe the Orchard Trust will generate sufficient cash flow to meet its debts as and when they fall due.

				31 March 2005 Pro forma Balances	
	31 December 2004 Actual Audited	31 March 2005 Actual Unaudited	Pro forma Adjustments for Prospectus & Private Raisings (Tranches 1 & 2) and Transactions	Assuming both Tranche 1 & 2 Raisings	Assuming Tranche 1 Raising only
3. Other Financial Assets					
Current					
Negotiable certificates of deposit	3,095	3,095	-	3,095	3,095
Non-Current					
Investment Properties					
Costa's Crest - Table Grape Vineyard	4,240	4,240	-	4,240	4,240
Bella Vista # 1 - Table Grape Vineyard	10,897	11,536	-	11,536	11,536
Bella Vista # 2 - Table Grape Vineyard	-	-	19,010	19,010	-
Kangara Estate - Citrus Orchard	11,174	11,176	1,327	12,503	12,503
Kangara Estate - Wine Grape Vineyard	16,587	16,590	-	16,590	16,590
Kangara Estate - Land/Development 510 Ha	2,520	2,520	8,192	10,712	10,712
Total Investment Properties	45,418	46,062	28,529	74,591	55,581
Water Rights & Licences	9,486	9,486	6,557	16,043	13,433
Total Property, Plant & Equipment	54,904	55,548	35,086	90,634	69,014
4. Other Assets					
Non-Current					
Borrowing Costs (Debentures & Annuity bond) - at cost	2,962	2,962	790	3,752	3,357
Less Accumulated Amortisation	(423)	(529)		(529)	(529)
	2,539	2,433	790	3,223	2,828

31 March 2005					
Pro forma Balances					
	31 December 2004 Actual Audited \$'000's	31 March 2005 Actual Unaudited \$'000's	Pro forma Adjustments for Prospectus & Private Raisings (Tranches 1 & 2) and Transactions \$'000's	Assuming both Tranche 1 & 2 Raisings \$'000's	Assuming Tranche 1 Raising only \$'000's
5. Payables – Current					
Trade Creditors & Accrued Expenses	521	418	-	418	418
Interest Payable	922	902	-	902	902
Amounts Payable Under Contract					-
- Timbercorp	5,474	793	(793)	-	-
	6,917	2,113	(793)	1,320	1,320
6. Interest-bearing liabilities					
Current					
Annuity Bonds	840	1,384	-	1,384	1,384
Non-Current					
Annuity Bonds	5,528	4,781	-	4,781	4,781
Debentures - Secured	37,553	37,553	23,900	61,453	47,553
	43,081	42,334	23,900	66,234	52,334
7. Other liabilities					
Current					
Non-interest bearing loan secured	2,924	2,924	-	2,924	2,924
Distribution Payable	360		-	-	-
	3,284	2,924	-	2,924	2,924
8. Contributed Equity					
Issued Units	12,974	12,974	13,100	26,074	17,974
Capital raising costs	(404)	(404)	(216)	(620)	(504)
	12,570	12,570	12,884	25,454	17,470

4.4 Statement of Financial Position of Orchard Investments Management Limited

The following is a statement of financial position of OIML (in its personal capacity) as at 31 December 2004 (audited) and 31 March 2005. The Issue pursuant to this the prospectus, the Private Raising and completion of the Transactions will not directly impact on the financial position of OIML in its personal capacity.

	31 December 2004 Actual <i>Audited</i> \$'000's	31 March 2005 Actual <i>Unaudited</i> \$'000's
Current Assets		
Cash	38	163
Receivables	167	-
Other	42	117
Total Current Assets	247	280
Non-Current Assets		
Property, Plant & Equipment	6	6
Total Non-Current Assets	6	6
Total Assets	253	286
Current Liabilities		
Payables	20	24
Current Tax Liabilities	23	31
Total Current Liabilities	43	55
Non-Current Liabilities		
Interest-bearing Liabilities	105	107
Total Non-Current Liabilities	105	107
Total Liabilities	148	162
Net Assets	105	124
Equity		
Contributed Capital	50	50
Retained profits	55	74
Total Equity	105	124

4.5 Investigating Accountant's Report on Financial Information

Level 12A, 440 Collins Street Melbourne
Australia 3000
Telephone: (03) 9608 0100
Facsimile: (03) 9670 8325
Email: enquiry@nexiaas.com.au

5 May 2005

The Directors
Orchard Investments Management Limited
Level 6, 505 St Kilda Road,
Melbourne, Victoria 3004

Dear Sirs,

We have prepared this Investigating Accountant's Report for inclusion in a prospectus dated on or about 5 May 2005 ("Prospectus") relating to the proposed issue of 239,000 Debentures of \$100 each pursuant to the Timbercorp Orchard Trust Debenture Trust Deed between Orchard Investments Management Limited and Permanent Nominees (Aust) Limited.

The Timbercorp Orchard Trust ("Orchard Trust") is registered as a managed investment scheme. Orchard Investments Management Limited ("OIML") is the responsible entity. Details concerning the establishment, operations and objectives of the Orchard Trust are set out in Section 2 of this Prospectus.

Details of the proposed capital raisings are set out in Section 3 of this Prospectus.

It is proposed that application for listing of the debentures issued under this Prospectus will be made to the Australian Stock Exchange.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services Licence under the Financial Services Reform Act 2001. Nexia Alexander & Spencer Pty Ltd holds the appropriate Australian Financial Services Licence.

Scope

You have requested Nexia Alexander & Spencer Pty Ltd to prepare an Investigating Accountant's Report ("Report") covering the following information, set out above in Sections 4.2 to 4.4.

Financial information

- (a) the unaudited statement of financial performance of the Orchard Trust for the 9 months ended 31 March 2005;
- (b) the unaudited statement of financial position of the Orchard Trust as at 31 March 2005;
- (c) the pro forma statement of financial position of the Orchard Trust as at 31 March 2005 assuming that the Tranche 1 and Tranche 2 Raisings and all the transactions and developments described in section 3.1 of the Prospectus had taken place at that date;

- (d) the pro forma statement of financial position of the Orchard Trust as at 31 March 2005 assuming that only the Tranche 1 Raising and the transactions and developments described in section 3.1 of the Prospectus to be funded by the Tranche 1 Raising had taken place at that date;
 - (e) the unaudited statement of financial position of OIML as at 31 March 2005,
- (collectively, "the Financial Information");

This Report has been prepared for the sole purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it has been prepared.

Scope of Review of Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information. The statement of financial position of the Orchard Trust as at 31 March 2005 has been extracted from the unaudited management accounts of the Orchard Trust. The Directors have determined that no adjustments are required to be made to this information to make it reflective of the business going forward.

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

- (a) review of audited financial statements at 30 June 2004 and 31 December 2004, work papers, accounting records and other documents;
- (b) a review of the assumptions used to compile the pro forma financial position;
- (c) a comparison of consistency in application of the recognition and measurement principles of applicable Accounting Standards, other mandatory professional reporting requirements and the accounting policies adopted by the Orchard Trust; and
- (d) inquiry of Directors and management.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance 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 Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- (a) the Financial Information does not fairly represent the financial performance of the Orchard Trust for the period ended at 31 March 2005 in accordance with:
 - (i) the accounting policies of the Orchard Trust; and
 - (ii) the recognition and measurement principles prescribed in applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- (b) the Financial Information does not fairly represent the financial position of the Orchard Trust and OIML as at 31 March 2005 in accordance with:
 - (i) accounting policies of the Orchard Trust or OIML, as the case requires; and
 - (ii) the recognition and measurement principles prescribed in applicable Accounting Standards and other mandatory professional reporting requirements in Australia;

- (c) the pro forma transactions do not form a reasonable basis for the pro forma financial information;
- (d) the pro forma statements of financial position of the Orchard Trust as at 31 March 2005 have not been properly prepared on the basis of the pro forma transactions; or
- (e) the pro forma statements of financial position are not presented fairly in accordance with:
 - (i) the accounting policies of the Orchard Trust; and
 - (ii) the recognition and measurement principles prescribed in applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Subsequent Events

Having regard to the scope of our Report, to the best of our knowledge and belief, there have been no material items, transactions or events subsequent to 31 March 2005 that are not otherwise disclosed in the Prospectus which require comment on, or adjustment to, the information referred to in this Report or which would cause such information to be misleading or deceptive.

Independence and Disclosure of Interests

Neither Nexia Alexander & Spencer Pty Ltd nor its directors, partners or employees has any interest in the outcome of this Prospectus other than in the preparation of this Report and participation in due diligence procedures and the preparation of an Investigating Accountant's Report for the Information Memorandum relating to the Private Raising for which normal professional fees will be received. Fees are charged on an hourly basis based on personnel undertaking the engagement work. In the preparation of this report our fees are approximately \$7,500 exclusive of GST.

Nexia Alexander & Spencer Pty Ltd also provides taxation and other advisory services to the Orchard Trust.

OIML has agreed to indemnify and hold harmless Nexia Alexander & Spencer Pty Ltd and its employees from any claims arising out of misstatement or omission in any material or information supplied by OIML to Nexia Alexander & Spencer Pty Ltd.

Consent to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it appears has been given. At the date of this report, this consent has not been withdrawn.

Yours faithfully

NEXIA ALEXANDER & SPENCER PTY LTD

Holder of Australian Financial Services Licence No: 247262

GARY GRACO

Authorised Representative

4.6 Nexia Alexander & Spencer Pty Ltd Financial Services Guide

This Financial Services Guide is dated 5 May 2005.

1. About us

Nexia Alexander & Spencer Pty Ltd (ABN 25 825 209 842, Australian Financial Services Licence no 247262) ("Nexia A&S") has been engaged by Orchard Investments Management Limited ("OIML") in its capacity as responsible entity of the Timbercorp Orchards Trust ("Orchard Trust") to provide a report in the form of an Investigating Accountant's Report (the "Report") for inclusion in the Prospectus to be dated on or about 5 May 2005 for the issue by the OIML of 239,000 Debentures of \$100 each.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Nexia A&S generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to retail and wholesale clients.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

Nexia A&S charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages Nexia A&S to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are approximately \$7,500 excluding GST.

Directors or employees of Nexia A&S, Nexia Alexander & Spencer, or other associated entities, may receive partnership distributions, salary or wages from Nexia A&S.

6. Associations with issuers of financial products

Nexia A&S and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Nexia Alexander & Spencer may be the auditor of, or provide financial services to, the issuer of a financial product in the ordinary course of its business.

Nexia A&S provides advisory services to OIML, in its capacity as responsible entity of the Orchard Trust, which is involved in issuing this prospectus.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavor to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

8. Contact Details

Nexia A&S can be contacted by sending a letter to the following address:

Kevin Mullen

Nexia Alexander & Spencer Pty Ltd

Level 12A, 440 Collins St, Melbourne, Vic, 3000

5. Taxation implications

The following is a summary of Australian income tax implications of an investment in the Debentures and is based on the income tax law as at the date of this prospectus. 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.

5.1 Interest Payments

Interest paid to a Debenture Holder will be assessable income according to ordinary concepts under the *Income Tax Assessment Act* ("ITAA") 1997. Interest is generally assessable at the time the interest is paid to the Debenture Holder. However, where a Debenture Holder carries on business in which it generally recognises interest income on an accrual basis, the Debenture Holder will normally be required to bring the interest to account on a daily accrual basis, to the extent that the Debentures 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 aspects of the taxation of non-resident investors with Australian source income. However, these rules will not alter the position with respect to interest payments on Debentures.

5.2 Redemption or Disposal of the Debentures

The Debentures are "traditional securities" as defined under section 26BB(1) of the ITAA 1936, unless an investor holds the Debentures 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 a Debenture 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 Debenture, or the cost of acquisition if the Debenture is not acquired on the initial issue.

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

A capital loss will not arise for a Debenture Holder on a redemption or disposal of a Debenture 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.

6. Risk Factors

The risk factors associated with an investment in the Debentures under this prospectus fall into three broad categories. Those applicable to any listed entity, those applicable to an investment in Debentures 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 prospectus and consult their professional advisors before deciding whether or not to apply for Debentures under this prospectus.

6.1 Risks Specific to a Listed Security

There are general risks associated with investing in any security listed on the ASX. The quoted price of the Debentures may rise or fall in response to a number of factors. These include the economic conditions in Australia and elsewhere, political stability, and the performance of the stock market generally. There is also a risk that the market for the Debentures on the ASX may not be liquid.

6.2 Risks Specific to the Debentures

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

Anything that affects OIML's ability to pay interest on the Debentures constitutes a risk to Debenture Holders. In certain limited circumstances, such as an event of default, the Trustee may require OIML to redeem the Debentures and immediately pay to the Debenture Holders all moneys owing under the Debentures. The ability of OIML to redeem the Debentures in these circumstances constitutes a risk to Debenture Holders. Some of the risks which may affect OIML's ability to redeem the Debentures or its ability to pay interest on the Debentures are discussed below.

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 attained 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 property assets are subject to long-term leases with Timbercorp, an ASX/S&P 200 company, that extend well beyond the maturity date of the Debentures.

OIML will procure independent valuations of each property every three years in accordance with the Australian accounting standards or at such other times as OIML's 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 by the Trustee to meet the Orchard Trust's obligations in relation to the Debentures.

Climate, Disease, Poor Management and Natural Disasters

Adverse climatic conditions, such as drought, flood, 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 Table Grape and Wine Grape Vineyards or Citrus Orchards 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 becomes insolvent.

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 or allocation may be increased or decreased from time to time.

Under the Lease Agreements with Timbercorp, the Orchard Trust is required to make available to Timbercorp a specified level of Water Licences. It should be noted however that the authorities may reduce access to the Water Licences in any irrigation season. However, the Orchard Trust is not required to make available additional water should the authorities reduce access to the Water Licences in any 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 vendors of the properties which were sold to the Orchard Trust were attained by way of 2 perpetual leases granted by the Western Lands Authority in New South Wales pursuant to the *Western Lands Act 1901 (NSW)*. The Orchard Trust acquired these rights and interests in the 2 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 title 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 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 leases pursuant to which the Orchard Trust took possession of Costa's Crest and the Bella Vista properties are of different legislative origin to the Wilson Lease. However, the leases transferred to the Orchard Trust are 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.

The rights and interests in the Bella Vista #2 property that the Orchard Trust will acquire upon completion of the contract of sale are also in the form of a perpetual Western Land Lease. Accordingly, the comments above also apply to the Bella Vista #2 property.

Development Delays

The development of the New Citrus Orchard on the Kangara Estate and the New Table Grape Vineyard on Bella Vista #2 may be affected by delays in obtaining planning permits and approvals from governmental authorities.

However, the rent payable by Timbercorp under the amended lease of Kangara Estate in respect of the New Citrus Orchard and the lease in respect of the New Table Grape Vineyard on Bella Vista#2 is based on the budgeted development cost, and accordingly any development delay will not affect the Orchard Trust's cashflows.

Property Expenses

Under the leases with Timbercorp, Timbercorp is required to pay insurances, rates, taxes and repairs and maintenance in respect of the Land and improvements. However, there may be unforeseen property expenses that Timbercorp does 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 Debenture Holders and other creditors.

Capital Expenditure

Unforeseen capital expenditure requirements may affect the ability of the Orchard Trust to meet its obligations to the Debenture Holders and other creditors. 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 affect its ability to meet its obligations to the Debenture Holders.

TAM has agreed to develop the New Citrus Orchard and the New Table Grape Vineyard for the Orchard Trust for fixed prices (subject to any variations in the scope of the works), which will minimise the risk in relation to those developments. The fixed prices do not extend to the acquisition of all necessary Water Licences and installation of electrical works, which are on a provisional sum basis, and are subject to any variations.

TAM may agree with OIML to undertake further developments for the Orchard Trust for fixed prices.

OIML 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 OIML a \$1.9 million stand-by facility on arm's length commercial terms.

It should be noted that the Orchard Trust will be required to spend approximately \$900,000 on or before May 2006 to expand the external irrigation infrastructure that delivers water to Bella Vista, and which will deliver water to Bella Vista #2.

The capacity of the infrastructure needs to be expanded to cater for the water requirements of the table grape vineyards at Bella Vista and Bella Vista #2 upon full maturity. OIML will consider how this additional capital expenditure will be funded in the second half of 2005. Timbercorp, as the lessee, may also undertake the works (which will be subject to OIML's approval), and be reimbursed for them upon expiry or lawful termination by Timbercorp of the lease or upon sale of the property on the terms set out in the relevant lease agreement.

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 the 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 assets.

This will only be relevant to Debenture Holders should the need arise to sell the Orchard Trust's assets to meet the Orchard Trust's obligations under the Debentures.

Unforeseen Circumstances

Major unforeseen circumstances, such as major litigation may occur in respect of the Orchard Trust and its assets, which may affect the ability of the Orchard Trust to meet all of its obligations under the Debentures.

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.

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, its assets and their value.

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 out 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 will be materially affected should the tenant, 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 Holders.

Any default by Timbercorp, as the sole lessee of the Orchard Trust's properties will have a material adverse impact on the Orchard Trust, particularly if the 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 Timbercorp's horticultural 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

OIML 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 OIML or TAM are employed under service contracts.

6.3 Seek Advice

OIML will not give you any personal financial product advice.

Accordingly, you should consider carefully the purchase of Debentures in the context of your objectives and financial situation and obtain independent financial and legal advice before applying for Debentures.

7. Summary of the Material Documents

Set out below is a summary of some of the material and significant documents that OIML has entered into, and which are material to this Issue. Please note that not all material and significant documents that OIML has entered into have been summarised for the reasons set out in section 1.9. These documents include the leases over the properties described in sections 2.2, 2.3 and 2.4.

Terms or expressions used in this section that are capitalised and are not defined elsewhere in this prospectus 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.

7.1 Trust Deed

Permanent Nominees (Aust) Limited is the trustee for the Debenture Holders under the Trust Deed. This Deed governs the issue of the Debentures, sets out the rights and obligations of various parties and the terms and conditions of this Issue.

OIML has entered into this Deed in its capacity as responsible entity of the Orchard Trust and the obligations and liabilities of whatever kind undertaken or incurred by it are incurred solely in its capacity as responsible entity of the Orchard Trust.

OIML will, in the absence of fraud, gross negligence, breach of trust or breach of duty, 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 Trustee

Under the Trust Deed, the Trustee is the trustee for the Debenture Holder, of the rights of action under the Debentures, the Trust Deed, the Fixed and Floating Charge, conditions of issue of the Debentures described in Schedule 2 of the Trust Deed (Conditions) and the Mortgages and of the proceeds of those rights.

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

- a right to enforce OIML's obligations to repay Debentures under the Trust Deed and the Conditions;
- each Mortgage, the Fixed and Floating Charge or other security interest granted under the terms of the Trust Deed; or
- the right to enforce any other duties of OIML under the Trust Deed, the Mortgages, the Fixed and Floating Charge, a Debenture or the Corporations Act.

Trustee's Discretion, Powers and Duties

Subject to certain obligations regarding the application of moneys received by the Trustee, the Trustee has absolute discretion as to the exercise of the powers and discretions vested in it under the Trust Deed. In the absence of a failure to show the degree of care and diligence required of a Trustee under the Corporations Act, the 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 Trustee enters into the Trust Deed only in its capacity as trustee of the Debenture Holders and in no other capacity. A liability arising under or in connection with this Deed or a transaction document is limited to and can be enforced against the Trustee only to the extent to which the Trustee is actually indemnified for the liability.

The Trustee is obliged to observe various duties, such as exercising reasonable diligence to ascertain whether the property of OIML will be sufficient to meet the repayment obligations to the Debenture Holders, and doing everything to ensure that OIML remedies any breach known to the

Trustee unless the Trustee is satisfied that the breach will not materially prejudice your interest as a Debenture Holder.

Trustee May Enforce Proceedings

Upon the occurrence of an event of default, the Trustee may institute such proceedings as it thinks fit to enforce repayment of the Debentures and recover any other moneys owing under the Trust Deed. It may exercise all rights capable of being conferred by the legislation, regulations and other laws of any relevant jurisdiction upon chargees under mortgage and such rights may be exercised by the Trustee immediately upon or any time after any default by OIML.

Trustee's Remuneration

The Trustee is currently paid a fixed fee of \$20,000 per annum for its services as trustee, to be increased to \$25,000 per annum following the issue of Debentures under this prospectus. The fee is adjusted annually for changes in the consumer price index. 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 Debenture Holders.

Retirement, Removal and Appointment of Trustee

The Trustee may generally retire or resign upon giving OIML at least 4 months prior written notice. Retirement is only effective when a trustee company has been appointed in its place. OIML may remove the Trustee from office if the Trustee ceases to be a trustee company, or a special resolution of Debenture Holders determines that the Trustee should be removed.

Debenture Issue

Debentures are issued on the condition that Debentures are issued with a face value of \$100.00 each.

Borrowing Limit

OIML's ability to incur liabilities is limited while there are any Debentures issued and outstanding. It must not permit the Debenture Gearing Ratio to exceed 66.667% or the Gearing Ratio to exceed 80% whilst there are any Debentures on issue.

Valuation of Land

OIML must cause valuations of the Land and Improvements to be undertaken at the times and in the manner specified in the Constitution and the Corporations Act by a Valuer.

Early Redemption by OIML

Where a Tax Event has occurred in respect of OIML and/or the Orchard Trust, and such event cannot be avoided by taking reasonable measures available other than the payment of money, the Debentures may be redeemed at the option of OIML, in whole, but not in part, on giving not less than 20 Business Days notice to the Debenture Holders.

Enforcement

Charge

The Debentures constitute obligations of OIML, as responsible entity of the Orchard Trust, which are secured by a fixed and floating charge and registered Mortgages over the Land and Improvements. However, the security does not cover Citrus Crops, Table Grape Crops, Wine Crops or any other crops derived from the Projects, as they remain the property of the participants in the Projects, the responsible entities and managers of the Projects and their nominees, any lessee or licensee of a person of the responsible entities and managers, and any other person who derives title to the Citrus Crops, Grape Crops or Other Crops derived from the Projects through any of them.

The Trustee acknowledges the grant of the Occupancy Agreements for the purpose of the Projects, and the leases, sub-leases, licences and other rights of occupancy for the purpose of the Projects, of

any Land and Improvements or part thereof to and by the responsible entities and managers of Projects and their nominees, the participants in the Projects and anyone claiming through any of them whether those Occupancy Agreements, leases, sub-leases, licences and other rights of occupancy exist at the date of this Deed, the Fixed and Floating Charge or the Mortgages or arise subsequently.

OIML must not create any encumbrance in relation to the Assets unless the encumbrance is acknowledged by the Trustee as described above, or ranks in priority below the Fixed and Floating Charge and the Mortgages or has been disclosed to and approved by the Trustee.

Events of Default

The "Events of Default" are set out in clause 12.1 of the Trust Deed, and they are briefly summarised as follows:

- if OIML does not repay or otherwise redeem any Debentures within 14 days after the day upon which such repayment or redemption becomes due;
- if OIML does not pay any interest or other moneys (except principal moneys) which become due and payable pursuant to the Trust Deed; in the case of interest, within 14 days after it becomes due for payment and in the case of any such other moneys, within 14 days after demand is made upon it;
- if OIML allows the Debenture Gearing Ratio to exceed 66.667% or the Gearing Ratio to exceed 80% whilst there are Debentures on issue. Where the breach has occurred, OIML must remedy the breach within 30 days of receiving notice of the breach from the Trustee;
- if OIML becomes insolvent;
- if the Transaction Documents are terminated or it becomes unlawful for OIML 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 a representation, warranty or statement made or deemed to be made by OIML in a Transaction Document is untrue or misleading in a material respect;
- if the Debentures cease to be listed for quotation on the ASX as a direct consequence of the action of OIML;
- if without the Trustee's prior written consent, any alteration is made to the terms and conditions of the Constitution which might, in the Trustee's opinion, detrimentally affect the Debenture Holder's position under this Deed.

Upon the happening of any one or more of the Events of Default, the Trustee may institute proceedings against OIML to enforce the performance of the provisions of the Trust Deed.

Covenants

Acknowledgement of Indebtedness

OIML, as responsible entity of the Orchard Trust acknowledges its indebtedness to the Trustee in respect of the principal moneys represented by the Debentures and the interest payable thereon. OIML agrees to pay to the Trustee the principal moneys represented by the Debentures or, as the case may be, such part of the Debentures as ought to be redeemed on the date due for repayment and will, in the meantime and until the whole of the Debentures have been redeemed, pay to the Trustee interest on the principal moneys represented by the Debentures.

OIML's Covenants

OIML has covenanted with the Trustee that it will:

- not permit the Debenture Gearing Ratio to exceed 66.667% or the Gearing Ratio to exceed 80% whilst there are any Debentures on issue;
- strive to carry on and conduct its business in a proper and efficient manner;
- provide to the Trustee audited financial statements, a directors' report and auditor's report for OIML and the Orchard Trust as at the end of each financial year;
- make available for inspection by the Trustee, or any registered company auditor appointed by the Trustee, OIML's and Orchard Trust's financial and other records;
- if so requisitioned by Debenture Holders holding not less than 10% of the amount of Outstanding Debentures, convene a meeting of Debenture Holders for the purpose of considering the most recent financial statements of the Orchard Trust and OIML, or to give to the Trustee directions in relation to the exercise of its powers;
- duly comply with all applicable requirements of the Corporations Act and with all statutory requirements with respect to the filing of reports and statements and registration of mortgages and charges 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 Trust Deed and the effectiveness of the Transaction Documents are obtained;
- comply with and observe each and every covenant, obligation, provision and condition of the Trust Deed and the conditions of issue of all Debentures;
- cause insurance to be taken out in the names of the Trustee and itself and to insure their respective insurable interests in the Land and Improvements, keep the Land and Improvements in good repair and comply with all laws applicable to it;
- not encumber the Land, Improvements or horticultural or viticultural assets as security for payment of any borrowings unless such encumbrance ranks in priority below the Mortgages and the Fixed and Floating Charge and is subject to terms and conditions the Trustee considers reasonably necessary to protect the interests of Debenture Holders unless such encumbrance has been disclosed to the Trustee in clause 4.11 of the Deed;
- apply for admission of the Debentures to quotation on the official list of the ASX within 7 days after the date of the prospectus and to repay all Moneys Owed to Debenture Holders if the Debentures are not admitted to quotation within 3 months after the date of the prospectus.

Meeting of Debenture Holders

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

Variation of the Trust Deed

OIML and the Trustee have power to amend the Trust Deed:

- to correct manifest errors;
- to make technical amendments;
- to enable the Debentures to be listed for quotation on the ASX and if the amendment is otherwise not considered by the Trustee to be materially prejudicial to the interests of Debenture Holders;
- in any way authorised by a special resolution of Debenture Holders;
- to comply with the law or requirements of statutory authorities.

Definitions used in the Trust Deed

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;
Cost:	for the purposes of Condition 6.3, means the aggregate of: (a) the purchase price of the Land; (b) all costs, fees and duties associated with the acquisition of the Land; and (c) all capital expenditure incurred or to be incurred in the development of a citrus orchard, vineyard (table and wine grapes) and any other horticultural and viticultural assets, including any other infrastructure on the Land, where applicable;
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 Liability:	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 the Trust Deed;
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: (a) all Liabilities which are non-interest bearing; (b) the amount of all hybrid Units and instruments convertible to ordinary Units; (c) all Subordinated Member Loans;
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 Gearing Ratio; B = Debt (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;

Improvements: all capital works, trees, Water Licences attributed to the Land and other improvements forming part of the Orchard Trust Assets, including irrigation works;

Land: the real property forming part of the Orchard Trust Assets that becomes subject to a Mortgage or a lease encumbered under the Mortgage of Contractual Rights, and the Trust Deed;

Last Statement of Financial Position:

- (a) until the first occasion on which a consolidated statement of financial position of the Orchard Trust is delivered to the Trustee under paragraphs 7.2(d) or 7.2(e), the consolidated statement of financial position of the Orchard Trust as at 30 September 2003;
- (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 OIML to the Trustee under paragraphs 7.2(d) or 7.2(e);

Market Value: the value of the Land and Improvements as determined by the Valuer in accordance with Condition 6.3;

Moneys Owning: the principal moneys and interest from time to time payable in respect of the Debentures to the Trustee or to any Debenture Holder under or pursuant to this Deed or the terms of issue of any of the Debentures and all other moneys from time to time payable under or by virtue of the Trust Deed;

Occupancy Agreements: any lease, licence or other occupancy agreement entered into by OIML in respect of the Land and Improvements;

Subordinated Member Loans:

- (a) the aggregate of all moneys advanced to OIML as responsible entity of the Orchard Trust and Orchard Trust's Related Corporations by persons who at the time of their advance are unit holders of the Orchard Trust or any of the Orchard Trust's Related Corporations the repayment of which is postponed until all of the interest bearing Liabilities of OIML as responsible entity of the Orchard Trust and 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 OIML as responsible entity of the Orchard Trust and Orchard Trust's Related Corporations going into Liquidation until those interest bearing Liabilities of OIML as responsible entity of the Orchard Trust and 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.

Transaction Documents include:

- (a) the Trust Deed, any deed subsequently amending or replacing the Deed, any other document or documents which are used in or assist in the carrying out of any act or obligation under the Deed (including the Fixed and Floating Charge);
- (b) the Mortgages; and

	(c) any other documents agreed by OIML and the Trustee to be Transaction Documents;
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;
Valuer:	a person: (a) who has at least five years experience in assessment of rural properties in such area where the Land and Improvements are situated; (b) being a member or members of Australian Property Institute Incorporated or its successor; and (c) who has no pecuniary interest that could reasonably be regarded as being capable of affecting his or her ability to give an unbiased opinion.

7.2 Mortgages granted by OIML to the Trustee

The Debentures issued by OIML, as responsible entity of the Orchard Trust are secured by registered Mortgages over the Orchard Trust's Land in favour of the Trustee ("**Mortgagee**").

OIML has entered into the existing Mortgages in its capacity as responsible entity of the Orchard Trust under the Constitution of the Orchard Trust. The general terms and conditions of the Mortgages are set out below, noting that there are variations between the Mortgages.

It is also proposed that a registered first mortgage will be granted over Bella Vista #2 should it be acquired by the Orchard Trust, on similar terms and conditions.

What do the Mortgages Secure?

The Mortgages are granted to the Mortgagee as security for the due and punctual payment of all moneys (whether present or future, actual or contingent, secured or unsecured, as principal or surety) owing by OIML to the Mortgagee in all its capacities pursuant to the Transaction Documents ("**Secured Money**").

The Mortgages over the Land do not extend to:

- the Citrus Crops, being the products, rights, benefits or credits derived from the citrus trees on the Land;
- the Table Grapes, being the products, rights, benefits or credits derived from the grapevines on the Land;
- the Wine Grapes, being the products, rights, benefits or credits that are derived from the grapevines on the Land; and
- Other Crops derived from the Projects.

Dealing with the Land

The Mortgagee 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 specified 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 relevant Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge or arise subsequently, have priority over the rights of the Mortgagee, and the Mortgagee consents to the rights of the persons described above having such priority.

The Mortgagee also consents to:

- leases, sub-leases, licences and other rights of occupancy granted for the purpose of the Projects, of any Land and Improvements or part thereof to the persons described in the preceding paragraph;
- Occupancy Agreements granted 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 relevant Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge or arise subsequently.

The Mortgagee has consented to OIML as responsible entity of the Orchard Trust:

- entering into Occupancy Agreements with Timbercorp in relation to the Land which currently forms part of the Assets of the Orchard Trust;
- granting a first-ranking mortgage to Chiquita Agribusiness in relation to the Kangara Estate Undeveloped Land being purchased from Chiquita Agribusiness to secure the payment of the purchase price deferred under the contract of sale in relation to that Land;
- entering into a 99-year lease agreement with Chiquita Agribusiness in relation to approximately 2 hectares of the Land which is part of the Land described in Certificate of Title Register Book Volume 5097 Folio 567,

and agrees and acknowledges that the relevant Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge are granted subject to the rights and interests described above, whether those rights and interests exist at the date of the relevant Mortgage, the Debenture Trust Deed or the Fixed and Floating Charge or arise subsequently.

The Mortgagee also agrees and acknowledges that OIML must not at any time following the purchase of the Land from Chiquita Agribusiness described in Certificate of Title Register Book Volume 5171 Folio 743 and Certificates of Title Volume 5097 Folios 564, 565, 566 and 567, Volume 5131 Folio 62 and Volume 5509 Folios 65 and 66 ("**Kangara Property**"), sell the Kangara Property to a third party without first offering to Chiquita Agribusiness the Kangara Property at the same price and on the same terms and conditions as those upon which OIML proposes to sell the Kangara Property to a third party.

OIML may subdivide the Land with the Mortgagee's consent, which must not be unreasonably withheld.

OIML may, in its absolute discretion, lease, assign or licence the Water Licences to a third party subject to the lease, assignment or licence being for a term of not greater than 12 months and for market value.

Payment and Other Obligations

OIML must pay all Secured Money to the Mortgagee in accordance with the terms of the Debenture Trust Deed, the Mortgage of Contractual Rights and the Mortgages. Other obligations of OIML include (but are not limited to) the following:

- insuring the improvements on the Land on a replacement and reinstatement basis, but it is not required to insure the Citrus Crops, Table Grapes, Wine Grapes and Other Crops derived from the Projects. OIML must also maintain public risk insurance to the sum of \$10 million;

- keeping the Land in good condition and ensuring that any Building Work on the Land is completed properly;
- ensuring that any Building Work carried out on the Land is done to a reasonable standard and in a timely and workmanlike manner and in a way that complies with all appropriate legislation and the requirements of government agencies;
- complying with all laws and the requirements of councils and other government bodies in relation to the Land, and notifying the Mortgagee as soon as it becomes aware of any notice or order from any authority in relation to the use or condition of the Land;
- paying all rates, taxes and other amounts payable in relation to the Land by the due dates for payments;
- not to dispose of, encumber or grant any interest over any of its material rights and obligations under leases, sub-leases or licences existing over the whole or any part of the Land without the Mortgagee's consent, which will not be unreasonably withheld. OIML may only encumber the Land with the Mortgagee's consent, provided that such encumbrances rank in priority below the Mortgages, and on terms and conditions that the Mortgagee considers reasonably necessary or desirable to protect its interests and the interests of the Debenture Holders under the Debenture Trust Deed and the Mortgages;
- notifying the Mortgagee in writing if it becomes aware that the Land is or may be compulsorily acquired or resumed by any government, and keeping the Mortgagee fully informed of all steps taken in relation to such resumption or acquisition;
- allowing the Mortgagee and the Mortgagee's officers to enter the Land on reasonable notice for the purpose of inspecting it;
- keeping the Mortgagee informed of all matters which are likely to significantly affect the Land, or its value, or OIML's ability to carry out its obligations under the Mortgages;
- taking all such other steps as may be reasonably required to ensure that the Mortgagee has proper and enforceable mortgages over the Land.

What amounts to Default?

OIML will be in default if:

- there is an Event of Default;
- if it does not pay any part of the Secured Money when it is due for payment;
- it breaches any other provisions of the Mortgages;
- incorrect or misleading information is given to the Mortgagee in connection with the Mortgages;
- the Mortgagee reasonably believes that OIML acted fraudulently in connection with the Mortgages;
- it become insolvent.

What happens in the Event of a Default?

Subject to the giving of one month's notice, and the opportunity to remedy any breaches if they are capable of being remedied, and the rights of growers, other members of the Timbercorp Group and the persons described above under the heading "Dealing with the Land", to use the Land, the Mortgagee may exercise its rights under the Mortgages and any applicable law to do any of the acts below. The Mortgagee may:

- enter the Land and take physical possession of all or any part of it;
- sell all or any part of the Land;

- order the removal of all items on the Land not subject to the Mortgages;
- demand the payment of Secured Money from OIML;
- rectify that breach at the Mortgagor's cost;
- take any action in relation to the Land that the Mortgagor could take if the Land were not mortgaged;
- do anything it believes is necessary or desirable for any of the above purposes.

Discharge of Mortgages

The Mortgages will be discharged when the Mortgagor has fulfilled all of the obligations under the Debenture Trust Deed, the Mortgages, the Mortgage of Contractual Rights and any Collateral Security and when the Mortgagee is satisfied that all Secured Money has been paid in full.

7.3 Mortgage of Contractual Rights

The Debenture Trustee will also hold on behalf of Debenture Holders a mortgage over:

- the Bella Vista #2 Interim Lease pending the Subdivision; and
- the Bella Vista #2 Contract.

The rights of the Trustee under the Mortgage of Contractual Rights are subject to the rights of participants in the Timbercorp Table Grape Projects conducted on Bella Vista #2.

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 #2 Interim Lease to be terminated upon the transfer of part or all of the Bella Vista #2 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 #2 property, the Orchard Trust must promptly grant a registrable first mortgage over the Bella Vista #2 property to the Debenture Trustee on substantially the same terms as the other Mortgages.

It should be noted that all of the Vendors' Property will be transferred to the Orchard Trust should the Subdivision not proceed by 28 October 2008.

7.4 Deed of Variation to the Lease Agreement for Kangara Estate

OIML and Timbercorp have entered into a deed of variation to amend the lease granted over the existing citrus orchard at Kangara Estate and the Kangara Estate Undeveloped Land in order to:

- extend the term by 1 year to 30 June 2027;
- increase the rent payable to the Orchard Trust to take into account the New Citrus Orchard being developed on the Kangara Estate;
- permit Timbercorp, at its cost and expense to undertake capital works on Kangara Estate (which will be subject to OIML's approval), and be reimbursed for them upon expiry or lawful termination by Timbercorp of the lease or upon sale of the property, on the terms set out in the lease agreement;
- give Timbercorp an option to renew the lease for a further term of 5 years.

7.5 Deed of Variation to the Lease Agreement for Bella Vista

OIML and Timbercorp have entered into a deed of variation to amend the lease granted for the Bella Vista property in order to:

- increase the rent payable to the Orchard Trust to take into account the payments made to TAM for irrigation infrastructure improvements at Bella Vista;

- permit Timbercorp, at its cost and expense to undertake capital works on Bella Vista (which will be subject to OIML's approval), and be reimbursed for them upon expiry or lawful termination by Timbercorp of the lease or upon sale of the property on the terms set out in the lease agreement;
- give Timbercorp an option to renew the lease for a further term of 6 years.

7.6 Lease Agreement for Bella Vista #2

Under the Lease Agreement for Bella Vista #2 between OIML, Timbercorp and Timbercorp Securities:

- the Orchard Trust has a number of obligations in relation to the proposed table grape developments;
- Timbercorp has an option to renew the Lease for a further term of 5 years upon expiry of the initial term on 29 June 2020;
- the Orchard Trust is required to establish the New Table Grape Vineyard on or before 31 July 2005;
- the Orchard Trust acknowledges and agrees that during the term of the 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 Timbercorp, Timbercorp Securities or the Growers);
- a number of cultivation and maintenance obligations and other duties in relation to the 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 arrangements 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 must maintain certain types of insurance approved by OIML in the names of Timbercorp, OIML and any other person named by OIML and Timbercorp;

- OIML must not enforce, conduct, settle or compromise claims under any insurance policy, even if that policy also covers other property, if Timbercorp gives OIML a notice that it wishes to do these things;
- OIML and Timbercorp deal with any insurance proceeds as set out in the Lease Agreement;
- OIML 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;

- on default by Timbercorp, OIML's rights to re-enter and take possession of Bella Vista #2 are subject to the rights granted by Timbercorp or Timbercorp Securities to the Growers under the Occupancy Agreements;
- plant breeders' rights (as described in section 3.4) are licensed to Timbercorp, and Timbercorp must pay turnover rent on the fruit sold off the "Stanley Seedless", the "Red Rob" and the "BW 41/5" table grape vines on the New Table Grape Vineyard;
- permit Timbercorp, at its cost and expense to undertake capital works on Bella Vista #2 (which will be subject to OIML's approval), and be reimbursed for them upon expiry or lawful termination by Timbercorp of the lease or upon sale of the property on the terms set out in the lease agreement;
- the rights of both parties to terminate the Lease Agreement are outlined;
- Timbercorp must pay when due all taxes, charges and assessments levied upon Bella Vista #2.

7.7 Summary of Andriske Licence Agreement #1

OIML and Timbercorp have each severally entered into a licence agreement with Andriske dated 9 October 2003 (as varied by a deed of variation on 12 November 2004) under which the Orchard Trust has been granted an exclusive licence to plant the "Stanley Seedless" and the "Red Rob" table grape varieties in certain geographical areas and a non-exclusive licence to sell the fruit from the "Stanley Seedless" and the "Red Rob" table grape vines which are planted on the table grape vineyards.

Andriske Licence Agreement #1 allows the Orchard Trust to plant the "Stanley Seedless" and the "Red Rob" table grape varieties on Bella Vista #2.

Andriske Licence Agreement #1 is more fully described in the prospectus dated 24 October 2003 lodged with both the ASX and ASIC.

OIML, Timbercorp and Andriske agreed to vary Andriske Licence Agreement #1 on 12 November 2004 to:

- increase the licence fee paid to Andriske from \$2.00 per vine to \$9.00 plus GST per vine;
- reduce the royalty rate paid on the sales of the fruit from 8% to 3%;
- limit the term of the licence granted to plant and grow the vines and sell the fruit of the "Stanley Seedless" variety to the date of expiry of the "Stanley Seedless" plant variety rights, which is 24 May 2027); and
- limit the term of the licence granted to plant and grow the vines and sell the fruit of the "Red Rob" variety to the date of expiry of the "Red Rob" plant variety rights, which is 20 June 2028.

Andriske also grants OIML and Timbercorp pursuant to the deed of variation a non-exclusive licence to use any of Andriske's trade marks used in connection with the production and sale of the "Stanley Seedless" and the "Red Rob" grapes and vines.

7.8 Summary of the Andriske Licence Agreement #2

The Orchard Trust and Timbercorp have each severally entered into a licence agreement with Andriske dated 12 November 2004 under which the Orchard Trust has been granted a non-exclusive licence to plant and grow the "BW 41/5" table grape variety and to process and sell the fruit from the "BW 41/5" table grape vines in Australia and around the world.

Andriske Licence Agreement #2 allows the Orchard Trust to plant the "BW 41/5" table grape variety on Bella Vista #2.

The Orchard Trust must pay royalties in relation to the "BW 41/5" table grape fruit sold from the New Table Grape Vineyard. It will recover such royalties to the maximum extent possible from Timbercorp as additional rent.

The Orchard Trust must also pay a licence fee in respect of all "BW 41/5" vines planted or to be planted on the New Table Grape Vineyard at \$9.00 per vine within 30 days of the planting of that vine.

The term of the licence to plant and grow the vines and sell the fruit of the "BW 41/5" variety ends on the expiry of Andriske's plant breeders' rights to the "BW 41/5" variety, which will occur on 27 March 2027.

7.9 Summary of the 2005 Kangara Estate Fixed Price Contract

The Orchard Trust has engaged the Manager, TAM, under the 2005 Kangara Estate Fixed Price Contract to establish the New Citrus Orchard for a fixed price of \$8.192 million, plus GST (subject to any variations in the scope of the works). The fixed price does not include the acquisition of all necessary Water Licences and upgrade of irrigation infrastructure, which are to be acquired on a provisional sum basis, estimated at \$3.645 million plus stamp duty and \$1.327 million respectively.

7.10 Summary of the Bella Vista #2 Fixed Price Contract

The Orchard Trust has engaged the Manager, TAM, under the Bella Vista #2 Fixed Price Contract to develop the New Table Grape Vineyard for a fixed price of \$15.250 million, plus GST (subject to any variations in the scope of the works). The fixed price does not include the acquisition of all necessary Water Licences and the installation of electrical works, which are to be acquired on a provisional sum basis, estimated to be \$2.610 million and \$0.215 million respectively.

7.11 Summary of the 2005 Kangara Estate Guarantee and the Bella Vista #2 Guarantee

Timbercorp pursuant to the 2005 Kangara Estate Guarantee and the Bella Vista #2 Guarantee:

- unconditionally and irrevocably guarantees to the Orchard Trust the performance by TAM of TAM's obligations in accordance with the terms of the 2005 Kangara Estate Fixed Price Contract or the Bella Vista #2 Fixed Price Contract (as the case requires);
- agrees to perform TAM's obligations immediately on demand should TAM default in the punctual performance of its obligations in accordance with the terms of the 2005 Kangara Estate Fixed Price Contract or the Bella Vista #2 Fixed Price Contract (as the case requires).

7.12 2005 Facility Agreement

Timbercorp has made available to OIML a facility of up to \$1.9 million to ensure that the Orchard Trust can meet any unforeseen expenditures. This facility has been made available on an unsecured basis, and replaced an existing \$3 million subordinated facility agreement.

7.13 Other documents

Other documents relevant to the operation of the Orchard Trust have been fully described in the prospectus dated 24 October 2003 lodged with both the ASX and ASIC.

8 Additional Information

8.1 Expenses of or connected with the Orchard Trust and the Debenture Issue

Management Fee to OIML

OIML receives a fee of 0.25% per half year (0.5% 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 is indexed for changes in the consumer price index as at 31 December of each year, beginning on 31 December 2004.

The management fee above is exclusive of GST and OIML will receive a further amount for any GST payable in relation to the management fee.

Orchard Investments Management Limited has received management fees of \$334,000 (including GST) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Management Fee and other amounts to the Asset Manager

TAM receives 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 is indexed for changes in the consumer price index as at 31 December of each year, beginning on 31 December 2004.

The management fee above is exclusive of GST and TAM will receive a further amount for any GST payable in relation to the management fee.

TAM has received management fees of \$316,095 (including GST) and been paid amounts of \$15,923,116 (including GST) for capital works and water entitlements from the Orchard Trust since the Orchard Trust's establishment in September 2003.

TAM is also entitled to receive the amounts under the fixed price contracts described in section 7.9 and 7.10, the amount of \$871,917.20 for irrigation infrastructure improvements made at Bella Vista and an estimated \$1,327,012 for the irrigation infrastructure upgrade at Kangara Estate.

Trustee's Fee

The Trustee is currently paid a fixed fee of \$20,000 per annum for its services as trustee, to be increased to \$25,000 per annum following the issue of Debentures under this prospectus. The fee is adjusted annually for changes in the consumer price index. The Trustee 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.

The Trustee has received fees of \$22,000 (including GST) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Lead Manager's Fee

The Lead Manager will receive a total of 3.0% of the total amount raised by the Issue, comprising a management fee of 1.0% and a selling fee of 2.0%. In addition, OIML will pay the GST payable on such fees and commissions where applicable. The Lead Manager, at its discretion, may pay away all or part of the selling fee.

The Lead Manager has received \$163,555 (including GST) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

The Co-Managers' Fee

Each Co-Manager will receive 2.0% of the total amount raised by them from the Lead Manager. The Co-Managers, at their discretion, may pay away all or part of their selling fee.

Austock Limited has received \$140,998 (including GST) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Shadforths Limited has received \$Nil from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Custody Fee

The Custodian currently receives 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 fee is indexed for changes in the consumer price index on 31 December of each year. It is also entitled to be reimbursed for 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.

The Custodian has received fees of \$19,258 (including GST) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Nexia Alexander and Spencer Pty Limited's Fee

Nexia Alexander & Spencer is entitled to be paid a fee of \$11,500 (plus GST and disbursements) for the preparation of the pro-forma accounts and the Investigating Accountant's Report for OIML, included in this prospectus and the Information Memorandum supporting the Private Raising.

Nexia Alexander & Spencer has received fees of \$69,943 (including GST and disbursements) from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Baker & McKenzie, Lawyers' Fee

Baker & McKenzie, Lawyers have acted and continue to act as OIML's lawyers in connection with this prospectus. Baker & McKenzie is entitled to receive fees of \$65,000 plus GST and disbursements for those services and further amounts for any future services in accordance with their usual time-based charges.

Baker & McKenzie has received fees of \$199,961 from the Orchard Trust since the Orchard Trust's establishment in September 2003.

Debenture Registry

Computershare Investor Services Pty Limited has been engaged to maintain the Register for the Debentures.

Annuity Bond Trustee's Fee

Sandhurst Trustees Limited, the trustee for Annuity Bond holders currently receives an annual fee of \$12,500. The fee is adjusted each year for changes in the consumer price index. 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.

Expenses

In addition to the fees and commissions referred to above, other costs, charges and expenses can 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 Debenture 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 Debenture Holders by the Corporations Act or the constitution of the Orchard Trust; and
- the costs of convening and holding meetings of Debenture Holders.

The costs of preparing this prospectus will be paid out of the moneys raised.

8.2 Benefits & Interests of Directors

Except as set out in this prospectus:

- no Director has, or had within two years before lodgement of this prospectus with ASIC, any interest in the promotion or formation of the Orchard Trust, property acquired or proposed to be acquired in connection with its promotion or formation of the Orchard Trust, or the Issue under this prospectus; and
- no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director to induce the Director to become or to qualify as a Director or for services rendered by him or her in connection with the formation or promotion of the Orchard Trust or the Issue under this prospectus.

The Board has determined that for each financial year, commencing with the financial year ending 30 June 2004, the Chairman will be paid \$31,000 (indexed for changes in the consumer price index), each executive Director will be paid \$25,000 (indexed for changes in the consumer price index) and non executive Directors will not be paid a director's fee.

The Directors have received the following directors' fees in the past two years up to 31 March 2005:

Directors	Directors' Fees (\$)
Trevor Moyle (Chairman)	52,750
Michael Emery (Executive Director)	44,000
Richard O'Bryan (Executive Director)	44,000
Sol Rabinowicz (Non-executive Director)	Nil

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

8.3 Consents and Liability Statements

The following persons have given, and have not before the date of this prospectus withdrawn, their written consent to be named in this prospectus in the form and context in which they are named:

- ABN AMRO Morgans Limited, as Lead Manager to the Issue;
- Austock Limited as Co-Manager to the Issue;
- Shadforths Limited as Co-Manager to the Issue;
- Nexia Alexander & Spencer Pty Limited as the Investigating Accountants;
- Permanent Nominees (Aust) Limited as the Debenture Trustee;
- Horwath Melbourne as the Auditor of the Orchard Trust and the Orchard Trust's compliance plan;
- Trust Company of Australia Limited as Custodian to the Orchard Trust;
- Timbercorp Asset Management Pty Ltd as the Manager of the Orchard Trust's assets;
- Baker & McKenzie as lawyers to the Offer and to OIML; and
- Computershare Investor Services Pty Limited as Registrar.

Liability Statements

ABN AMRO Morgans Limited consents to being named in the corporate directory of this prospectus as Lead Manager to the Issue, but does not make or purport to make any statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Austock Limited consents to being named in the corporate directory of this prospectus as Co-Manager to the Issue but does not make or purport to make any statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Shadforths Limited consents to being named in the corporate directory of this prospectus as Co-Manager to the Issue but does not make or purport to make any statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Nexia Alexander and Spencer Pty Limited has had no involvement in the preparation of any part of this prospectus other than the Investigating Accountant's Report. Nexia Alexander & Spencer Pty Limited expressly disclaims and takes no responsibility for any part of this prospectus other than the Investigating Accountant's Report.

Horwath Melbourne has given its consent to be named as the Auditor of the Orchard Trust and Compliance Plan Auditor for the Orchard Trust in this prospectus. Horwath Melbourne has also consented to the inclusion in the prospectus of financial information extracted from the audited financial statements of the Timbercorp Orchard Trust and Orchard Investments Management Limited contained in section 4 of this prospectus, but does not make or purport to make any other statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Permanent Nominees (Aust) Limited (Trustee) and Trust Company of Australia Limited (Custodian) have not authorised or caused the issue of this prospectus. Neither the Trustee or the Custodian, nor any member of the Trust Company Group, makes any representations as to the truth or accuracy of the contents of this prospectus other than references to its name. The Trustee and the Custodian have relied upon OIML for the accuracy of the content of this prospectus. The Trustee and the Custodian do not make any representation regarding, or accept any responsibility for, any statements or omissions in or from any other parts of this prospectus. Neither the Trustee or the Custodian, nor any member of the Trust Company Group, makes any representations as to the performance of the Debenture issue, the maintenance of capital or any particular rate of return. Timbercorp Asset Management Pty Ltd consents to being named in the corporate directory of this prospectus as the manager to the Orchard Trust but does not make or purport to make any statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Baker & McKenzie consents to being named in the corporate directory of this prospectus as the lawyers to OIML, but does not make or purport to make any statement in this prospectus. Baker &

McKenzie has not authorised or caused the issue of any part of this prospectus and it expressly disclaims and takes no responsibility for this prospectus.

Computershare Investor Services Pty Limited consents to being named in the corporate directory of this prospectus as the Registry but does not make or purport to make any statement in this prospectus nor has it authorised or caused the issue of any part of this prospectus.

Sandhurst Trustees Limited has had no involvement in the preparation of this prospectus and does not take any responsibility for any part of this prospectus. Its name appears for information purposes only.

8.4 Other Interests:

Except as set out in this prospectus:

- all persons named in this prospectus as having performed services in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus do not have and have not had within 2 years before lodgement of this prospectus with ASIC, any interest in the formation or promotion of the Orchard Trust, any property acquired or proposed to be acquired by the Orchard Trust in connection with the promotion or formation of the Orchard Trust or in the Issue; and
- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to any persons named in this prospectus as having performed services in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus, in connection with the formation or promotion of the Orchard Trust or the Issue.

Horwath Melbourne

Horwath Melbourne has received fees of \$81,236 from the Orchard Trust and OIML since the Orchard Trust's establishment in September 2003.

8.5 Litigation

The Orchard Trust is not involved in any actual or threatened litigation or administrative action that could have a material effect on the Trust.

8.6 ASIC Relief

OIML has obtained relief from ASIC in connection with sections 713 and 727(3) of the Corporations Act.

8.7 Your Personal Information

When submitting your Application Form, you will be providing OIML 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 OIML holds about you in accordance with the National Privacy Principles.

OIML has requested this information to enable it to issue Debentures offered under this prospectus in your name and to keep you updated during the term of your Debentures by, for example, sending you statements, reports, and correspondence in relation to the Debentures and possibly other activities of OIML. OIML is required by law to maintain a Register of Debenture 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 Debenture Holders to ASIC and other regulatory bodies from time to time.

OIML 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.

OIML 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 OIML using and disclosing your personal information as described above.

You can gain access to any information that OIML holds about you by calling (03) 8615 1231.

If you do not provide OIML with the information requested in the Application Form, it will be unable to issue Debentures to you. If you provide OIML with incomplete or incorrect information, it will be unable to inform you of the continuing circumstances of your investment in the Debentures.

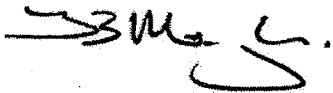
8.8 Inspection of documents

During the Offer Period, copies of the Trust Deed, the Fixed and Floating Charge and the Mortgages, may be inspected or obtained free of charge during normal business hours at OIML's registered office at Level 6, 505 St Kilda Road, Melbourne, Victoria.

8.9 Directors' consents

Each Director of OIML has given, and not withdrawn as at the date of this prospectus, their consent to the lodgement of this prospectus in accordance with section 720 of the Corporations Act.

This prospectus is signed by a Director of Orchard Investments Management Limited in accordance with section 351 of the Corporations Act.



Trevor Moyle
Chairman

9. Glossary

"AEST" means the Australian Eastern Standard Time;

"Andriske" means Andriske Research Pty Limited (ACN 006 565 260);

"Andriske Licence Agreement #1" means the licence agreement between Andriske, OIML and Timbercorp dated 9 October 2003 (as varied by a deed of variation on 12 November 2004) under which the Orchard Trust and Timbercorp have been granted an exclusive licence to plant the "Stanley Seedless" and the "Red Rob" table grape varieties in certain geographical areas and sell the fruit from such vines;

"Andriske Licence Agreement #2" means the licence agreement between Andriske, OIML and Timbercorp dated 12 November 2004 under which the Orchard Trust and Timbercorp have been granted a licence to plant the "BW 41/5" table grape variety and sell the fruit from such vines;

"Annuity Bonds" means the annuity bonds issued under the Annuity Bond Trust Deed made between OIML and Sandhurst Trustees Limited in October 2003 with a face value of \$1.00 each;

"Applicant" means a person who applies to subscribe for Debentures issued under this prospectus;

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

"Application Moneys" means subscription moneys for Debentures issued under this prospectus;

"Assets" means the assets of the Orchard Trust excluding any crops or produce generated from the Land;

"ASIC" means the Australian Securities and Investments Commission;

"ASTC Settlement Rules" means the operating rules of ASX Settlement & Transfer Corporation Pty Limited (ABN 49 008 504 532);

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

"Auditor" means Horwath Melbourne (ABN 43 774 280 973);

"Bella Vista" means the land described as such in section 2.1, and more particularly described in Folio Identifier 1/1067588;

"Bella Vista #2" means the land described as such in section 3.4, being the proposed lot of approximately 295 hectares to be carved out of Lot 2 in DP 1067588;

"Bella Vista #2 Contract" means the contract of sale to purchase Bella Vista #2 or the whole of the Vendors' Property, as follows: (a) if the plan of subdivision in relation to Bella Vista #2 does not occur within 30 calendar months after the date of the contract of sale or the vendors properly terminate the Bella Vista #2 Interim Lease, the whole of the Vendors' Property, at no additional cost to the Orchard Trust; or (b) if the plan of subdivision in relation to Bella Vista #2 occurs within 30 calendar months after the date of the contract of sale, the Vendors' Property Bella Vista #2;

"Bella Vista #2 Fixed Price Contract" means the fixed price contract under which TAM will establish the New Table Grape Vineyard;

"Bella Vista #2 Guarantee" means the guarantee given by Timbercorp to OIML in respect of TAM's obligations under the Bella Vista #2 Fixed Price Contract;

"Bella Vista #2 Interim Lease" means the interim lease between OIML and the vendors of Bella Vista #2;

"Board" means the board of Directors of OIML;

"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 the ASX declares is not a business day;

"Change of Use" means the grant of an amendment by the DIPNR to allow Bella Vista #2 to be used for the growing and irrigation of table grape vineyards and to permit the application of up to 3.5 megalitres of water per acre per annum; **"CHESS"** means Clearing House Electronic Sub-register System;

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

"Chiquita Agribusiness" means Chiquita Agribusiness Pty Limited (ACN 093 583 049), formerly known as Kangara Foods Pty Ltd;

"Chiquita Mortgage" means the registered first mortgage given by the Orchard Trust in favour of Chiquita Agribusiness (formerly known as Kangara Foods Pty Ltd), 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 Orchards" means the citrus orchards established or to be established on Kangara Estate;

"Closing Date" means 31 May 2005 or such other date as the Directors determine in their sole discretion;

"Co-Manager" means Austock Limited or Shadforths Limited, as the case requires;

"Compliance Plan Auditor" means Horwath Melbourne (ABN 43 774 280 973);

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

"Costa's Crest" means the land described as such in section 2.1, and more particularly described in Folio Identifier 2/1046695;

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

"Crops" means the Wine Grape Crop, the Table Grape Crop, the Citrus Crop and the Other Crops;

"Custodian" means Trust Company of Australia Limited (ABN 59 004 027 749);

"Debentures" means the debentures issued under the Trust Deed with a face value of \$100.00 each;

"Debenture Gearing Ratio" has the same meaning as in section 7.1;

"Debenture Holders" means the holders of Debentures from time to time;

"Debt" is defined in section 7.1 of this prospectus;

"DIPNR" means the Department of Infrastructure, Planning and Natural Resources;

"Directors" means the directors of OIML from time to time;

"Events of Default" means events set out in clause 12.1 of the Trust Deed, and summarised in section 7.1 of this prospectus;

"Existing Debentures" means the Debentures issued under the prospectus issued by OIML dated 24 October 2003;

"Fixed and Floating Charge" means the mortgage debenture charge over the Assets;

"Gearing Ratio" has the same meaning as in section 7.1;

"Global Debenture" means the global debenture issued to the Trustee by Timbercorp, which evidences or acknowledges the indebtedness of Timbercorp to the Trustee (on trust for each person named, for the amounts noted, in the Register);

"Grower" means a participant in projects promoted by the Timbercorp group as a "Timbercorp Citrus Project", "Timbercorp Table Grape Project", "Timbercorp Wine Grape Project", "Timbercorp

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

"HIN" means Holder Identification Number;

"Issue" the proposed issue of Debentures described in this prospectus;

"ITAA" means the *Income Tax Assessment Act*;

"Kangara Estate" means the Land described as such in section 2.1, and more particularly described in Certificates of Title Volume 5171 Folio 743, Volume 5097 Folios 564, 565, 566 and 567, Volume 5131 Folio 62 and Volume 5509 Folios 65 and 66;

"Kangara Estate Fixed Price Contract" means the fixed price contract under which TAM will establish the New Citrus Orchard;

"Kangara Estate Guarantee" means the guarantee given by Timbercorp to OIML in respect of TAM's obligations under the Kangara Estate Fixed Price Contract;

"Kangara Estate Undeveloped Land" means the land described as such in section 2.1, and more particularly described in Allotment 9/ FP 106444 on Certificate of Title 5171/743;

"Kangara Property" means the land described in Certificate of Title Register Book Volume 5171 Folio 743 and Certificates of Title Volume 5097 Folios 564, 565, 566 and 567, Volume 5131 Folio 62 and Volume 5509 Folios 65 and 66;

"Land" means the real property described in section 2.1 and in the Mortgages, and any further real property that is acquired by the Orchard Trust and becomes subject to the Trust Deed, collectively, the Citrus Orchards, the Table Grape Vineyards and the Wine Grape 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;

"Lead Manager" means ABN AMRO Morgans Limited (ABN 49 010 669 726);

"Lease Agreements" means the lease agreements between the Orchard Trust and Timbercorp in relation to any one or more of Costa's Crest, Bella Vista, Kangara Estate and Bella Vista #2;

"Listing Rules" means the listing rules of the ASX;

"Maturity Date" means 15 December 2010, being the date on which OIML is obliged to repay the principal moneys payable to Debenture Holders;

"MOHT" means Martinez Open Hydroponics Technology, the production technique to be implemented on the New Citrus Orchard on the Kangara Estate;

"Moneys Owing" is defined in section 7.1 of this prospectus;

"Mortgagee" means the Trustee, Permanent Nominees (Aust) Limited;

"Mortgages" means the registered first and second mortgages to be given by OIML in favour of the Trustee over the Land in the usual form;

"New Citrus Orchard" means the citrus orchard to be established on Kangara Estate;

"New Debentures" means the Debentures offered under this prospectus;

"New Table Grape Vineyard" means the table grape vineyard to be established on Bella Vista #2;

"Offer" means the offer of Debentures that is subject to this prospectus;

"Offer Period" means the period from the Opening Date until the Closing Date;

"Official Quotation" has that meaning given to it in the Listing Rules;

"OIML" means Orchard Investments Management Limited in its capacity as responsible entity of the Orchard Trust;

"Opening Date" means 5 May 2005, or such other date as determined by the Directors in their sole discretion;

"Orchard" means the citrus orchards established or to be established on that specified and identifiable part of the Land;

"Orchard Trust" means the registered managed investment scheme (ARSN 106 557 297) of which OIML is the responsible entity or Orchard Investments Management Limited in its capacity as responsible entity of the Orchard Trust, as the case requires;

"Other Crops" means crops, products, rights, benefits or credits derived from horticultural, viticultural, silvicultural or other agricultural activities undertaken on the Land, other than the Citrus Crop, the Table Grape Crop and the Wine Grape Crop;

"Priority Allocation" means the priority allocation of up to 30,000 Debentures (\$3 million) made available to existing holders of TODHA Debentures until the Priority Allocation Closing Date;

"Priority Allocation Closing Date" means Monday, 19 May 2005;

"Private Raising" means the raising of \$13.1 million through the issue of \$13.1 million of Units in the Orchard Trust ;

"Project Sub-lease Agreements" means the sub-lease agreements entered into, or to be entered into, by Timbercorp and Timbercorp Securities in relation to parts of Costa's Crest, Bella Vista, Kangara Estate and Bella Vista #2 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;

"Register" means the register of persons who are registered as Debenture Holders and includes an electronic issuer sponsored sub-register and a sub-register established and maintained under CHESS;

"Registrar" or "Registry" means Computershare Investor Services Pty Limited (ABN 48 078 279 277);

"Secured Money" means moneys owing by OIML to the Mortgagee under the Transaction Documents (as defined in the Trust Deed) and secured by the Mortgages;

"SRN" means Securityholder Reference Number;

"Subdivision" means the plan of registration severing the area of 295 hectares from the larger 1,959 hectare Bella Vista property;

"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 Vineyards" means the table grape vineyards which have been established on the Costa's Crest and Bella Vista properties and the New Table Grape Vineyard;

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

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

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

"Timbercorp Group" means Timbercorp and its controlled entities;

"Tranche 1 of the Issue" means the raising of \$10 million through the issue of \$10 million of Debentures, as part of the Tranche 1 Raising;

"Tranche 2 of the Issue" means the raising of \$13.9 million through the issue of \$13.9 million of Debentures, as part of the Tranche 2 Raising;

"Tranche 1 Private Raising" means the raising of \$5 million through the issue of \$5 million of Units, as part of the Tranche 1 Raising;

"Tranche 2 Private Raising" means the raising of \$8.1 million through the issue of \$8.1 million of Units, as part of the Tranche 2 Raising;

"Tranche 1 Raising" means the raising of \$15 million, comprising \$10 million of Debentures and \$5 million of Units;

"Tranche 2 Raising" means the raising of \$22 million, comprising \$13.9 million of Debentures and \$8.1 million of Units;

"Transactions" means the transactions and developments described in section 3.1 of this prospectus;

"Trustee" means Permanent Nominees (Aust) Limited (ACN 000 151 441), the trustee under the Trust Deed;

"Trust Company Group" means Trust Company of Australia Limited and its associated entities;

"Trust Deed" or **"Debenture Trust Deed"** means the trust deed between OIML and the Trustee made on or about 17 October 2003;

"Two Year Bank Bill Swap Rate" means the average rate calculated by taking the rates quoted on the Reuters Screen BBSW Page at approximately 10:00am, Sydney time, expressed as a yield percentage per annum to maturity, on each of the five Business Days up to and including 15 December 2008 for each reference bank so quoting (but not fewer than five) as being the mean buying and selling rate for a bill having a tenor of 2 years, eliminating the highest and the lowest mean rates and taking the average of the remaining mean rates and then (if necessary) rounding the resultant figure upwards to four decimal places. If in respect of the five Business Days up to and including 15 December 2008 fewer than five reference banks have quoted rates on the Reuters Screen BBSW Page, the rate must be calculated as above by taking the rates otherwise quoted by 5 of the reference banks on application by the parties for such a bill of the same tenor. If in respect of the five Business Days up to and including 15 December 2008 the rate cannot be determined in accordance with the foregoing procedures then the rate will be such rate as is agreed between OIML and the Trustee having regard to comparable indices then available;

"Unit" means a unit in the Orchard Trust;

"Vendors' Property" means the 1,989 hectare property described in Lot 2 in DP 1067588 that is owned by Charlie and Paul Costa;

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

"Wilson Lease" means the lease considered by the High Court of Australia in *Wilson v Anderson*;

"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 **"Debenture Holder"** or **"Holder"** means a person (or in the case of joint Applicants, those persons) who subscribe(s) for Debentures pursuant to an application under this prospectus and who remain(s) the registered holder for the time being of any relevant Debentures; and the expression "all Debenture Holders" means all persons who have so subscribed for Debentures under this prospectus or previously under the prospectus dated 24 October 2003 and remain the registered holders for the time being of any relevant Debentures.

How to Complete the Application Form

Please complete all relevant sections of the Application Form using **BLOCK LETTERS**

- A** Enter the **NUMBER OF DEBENTURES** you wish to apply for.
Applications must be for a minimum of 50 Debentures (\$5,000)
- B** Enter the **TOTAL AMOUNT** of application money payable. To calculate this amount, multiply the number of Debentures applied for by \$100.00.
- C** Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s).
Refer to the **Name Standards** below for guidance on valid registration.
- D** Enter the **POSTAL ADDRESS** for all communications from Orchard Investments Management Limited. Only one address can be recorded.
- E** Enter telephone numbers and a contact person the registry can speak with if they have any queries regarding this application.
- F** If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN) – optional.
- G** Enter the **TAX FILE NUMBER(s)** (TFN) or exemption category of the applicant(s). Where applicable, please enter the TFN for each joint applicant. Collection of TFNs is authorised by taxation laws. However, it is not compulsory to provide your TFN. Tax may be withheld from any dividend should you choose not to provide your TFN.
- H** Payment must be made in **Australian currency** and cheques must be drawn on an Australian bank or financial institution. Cheques or bank drafts must be payable **ORCHARD INVESTMENTS MANAGEMENT LIMITED** and crossed **Not Negotiable**. Cheques not properly drawn may be rejected. Cheques will generally be deposited on the day of receipt.

Forward the completed Application Form together your payment to Computershare Investor Services Pty Limited

IMPORTANT NOTICE IF YOU OBTAINED AN ELECTRONIC COPY OF THE PROSPECTUS

This prospectus expires on 4 June 2006. The Corporations Act prohibits any person from passing on to another person the Application Form that was attached to the electronic copy of the prospectus unless the Application Form is attached to a complete and unaltered copy of the electronic prospectus. You should read the prospectus before applying. Orchard Investments Management Limited will send you, at no charge on request, a paper copy of the electronic prospectus if you ask for one during the Offer Period described in the prospectus. If you apply for Debentures on the basis of the Application Form attached to the electronic prospectus, you are deemed to declare to Orchard Investments Management Limited that you received personally the electronic prospectus, or a print out of it, attached to the Application Form before applying for Debentures. If you give another person access to this Application Form you must at the same time and by the same means give the other person access to the prospectus and any supplementary prospectus.

Standards Note that only legal entities are allowed to hold Debentures. Applications must be in the name of a natural person or natural persons, company or other legal entity acceptable to Orchard Investments Management Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use OIML's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partner's personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

How to Complete the Application Form

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- A** Enter the **NUMBER OF DEBENTURES** you wish to apply for.
Applications must be for a minimum of 50 Debentures (\$5,000)
- B** Enter the **TOTAL AMOUNT** of application money payable. To calculate this amount, multiply the number of Debentures applied for by \$100.00.
- C** Enter the **FULL NAME(S)** and **TITLE(S)** of all legal entities that are to be recorded as the registered holder(s).
Refer to the **Name Standards** below for guidance on valid registration.
- D** Enter the **POSTAL ADDRESS** for all communications from Orchard Investments Management Limited. Only one address can be recorded.
- E** Enter telephone numbers and a contact person the registry can speak with if they have any queries regarding this application.
- F** If you are sponsored in CHESS by a stockbroker or other CHESS participant enter your Holder Identification Number (HIN) – optional.
- G** Enter the **TAX FILE NUMBER(s)** (TFN) or exemption category of the applicant(s). Where applicable, please enter the TFN for each joint applicant. Collection of TFNs is authorised by taxation laws. However, it is not compulsory to provide your TFN. Tax may be withheld from any dividend should you choose not to provide your TFN.
- H** Payment must be made in **Australian currency** and cheques must be drawn on an Australian bank or financial institution. Cheques or bank drafts must be payable **ORCHARD INVESTMENTS MANAGEMENT LIMITED** and crossed **Not Negotiable**. Cheques not properly drawn may be rejected. Cheques will generally be deposited on the day of receipt.

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Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use OIML's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partner's personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

DEBENTURE PROSPECTUS
NO. 2

