

Orchard Property Limited
ABN 90 006 387 435 AFSL No. 233191
Orchard Industrial Property Fund
ARSN 120 121 002



25 June 2009

**ASX ANNOUNCEMENT
ORCHARD INDUSTRIAL PROPERTY FUND (ASX: OIF)
MEETING BOOKLET FOR RECAPITALISATION AND RESTRUCTURE OF
ORCHARD INDUSTRIAL PROPERTY FUND**

In accordance with ASX Listing Rule 3.17, please find attached a Meeting Booklet (comprising an Explanatory Memorandum, Notice of Meeting and Prospectus) relating to a proposal to recapitalise and restructure the Fund, which will be mailed to relevant Unitholders.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Matt Kilbride".

Matt Kilbride
Company Secretary

Melbourne
Sydney
Brisbane

Level 28, 1 Spring Street, Melbourne VIC
Level 4, 346-348 Kent Street, Sydney NSW
Level 6/52 Merivale Street, South Brisbane QLD



meeting booklet

Orchard Industrial Property Fund

ARSN 120 121 002

Responsible Entity Orchard Property Limited ACN 006 387 435 AFSL 233191

This Meeting Booklet relates to the Proposal to recapitalise and restructure the Orchard Industrial Property Fund

The Directors of Orchard Property Limited **unanimously recommend** the Proposal to Unitholders and recommend Unitholders vote in favour of all Resolutions in the absence of a superior proposal

The Independent Expert has concluded the Proposal is in the **Best Interests** of Unitholders



Funds Management

IMPORTANT INFORMATION

About this Meeting Booklet

This Meeting Booklet, dated 25 June 2009, provides Unitholders with information about the Proposal. The Proposal involves a restructure and recapitalisation of the Trust. The Proposal requires Unitholder approval and will be considered at a Meeting of Unitholders at 10:00am on Thursday 30 July 2009.

This Meeting Booklet comprises an Explanatory Memorandum, Notice of Meeting and Prospectus. The Explanatory Memorandum and Notice of Meeting have been prepared by the Responsible Entity. The Prospectus has been prepared by the Company.

Within 7 days of the date of this Meeting Booklet, an application will be made to ASX for quotation of the Stapled Securities. No Stapled Securities will be issued until ASX approves the admission of the Stapled Group to its official list. If the Stapled Securities are not admitted to quotation on ASX within 3 months after the date of this Meeting Booklet then the issue of Stapled Securities will be void and the Proposal will not proceed.

Regulatory information

A copy of this Meeting Booklet (which contains an Explanatory Memorandum, Notice of Meeting and Prospectus) has been lodged with ASX and ASIC. The fact that ASX might admit the Stapled Group to the official list of ASX is not taken in any way as an indication of the merits of the Company, the Trust or the Stapled Group.

None of ASX, ASIC and their respective officers takes any responsibility for the content of this Meeting Booklet.

Do not rely on forward-looking statements

This Meeting Booklet contains forward-looking statements. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, at the date of this Meeting Booklet, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Responsible Entity and the Company.

Neither the Responsible Entity nor the Company can or do give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Meeting Booklet will actually occur and Unitholders are cautioned not to place undue reliance on these forward-looking statements.

Statements of past performance

This Meeting Booklet includes information regarding the past performance of the Trust and Growthpoint. Unitholders should be aware that past performance should not be relied upon as being indicative of future performance.

No representations other than in this Meeting Booklet

Only the information in this Meeting Booklet should be relied upon. No person is authorised to provide any information or to make any representations in connection with the Proposal, the Responsible Entity or the Company, which is not contained in this Meeting Booklet. Any information or representations not contained in this Meeting Booklet may not be relied upon as having been authorised by the Responsible Entity and/or the Company in connection with the Proposal. Except as required by law, and only to the extent that it is required by law, none of the Issuers, any Orchard entity, their advisers, directors, officers or employees nor any other person, firm or corporation associated with the preparation and issue of this Meeting Booklet guarantees, warrants or underwrites the performance of the Stapled Group, the repayment of capital to Stapled Securityholders, the payment of distributions to Stapled Securityholders, the performance of the Stapled Group generally or any particular rate of return to Stapled Securityholders.

This Meeting Booklet does not provide investment advice

The information provided in this Meeting Booklet is not investment advice or financial product advice and has been prepared without taking into account individual Unitholders' investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that Unitholders read this

Meeting Booklet in full before deciding whether to vote on the Resolutions and consider the risk factors in the Meeting Booklet that could affect the performance of Units, Shares, Stapled Securities, the Trust, the Company and the Stapled Group. Unitholders should carefully consider these risk factors in light of their investment objectives, financial situation and particular circumstances (including financial and taxation issues) and seek professional advice from their legal, investment, taxation or other professional adviser before deciding whether to vote in favour of the Resolutions.

Photographs and diagrams

Photographs used in this Meeting Booklet which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Meeting Booklet or its contents or that the assets shown in them are owned by the Trust or the Company. Diagrams used in this Meeting Booklet are illustrative only and may not be drawn to scale.

Privacy and personal information

The Responsible Entity and the Company will need to collect personal information to implement the Proposal. The personal information may include the names, contact details and details of holdings of Units, as well as contact details of individuals appointed by Unitholders as proxies, corporate representatives or attorneys at the Meeting.

The collection of some of this information is required or authorised by the Corporations Act. Unitholders who are individuals and other individuals in respect of whom personal information is collected have certain rights to access the personal information collected about them and can contact the Responsible Entity's company secretary if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to the Responsible Entity, the Company and their advisers to the extent necessary to effect the Proposal.

If the information above is not collected, the Responsible Entity may be hindered in, or prevented from conducting the Meeting or implementing the

Proposal effectively, if at all. Unitholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting, should inform that individual of the matters outlined above. It is noted that all persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Group's Register. The Register contains personal information about Unitholders.

Changes to the information in this Meeting Booklet

Information in this Meeting Booklet may change from time to time. If changes are not materially adverse to Unitholders, the Issuers will provide updated information online at www.orchardfunds.com. Otherwise, the Issuers will issue a supplementary or new Meeting Booklet.

Electronic Meeting Booklet

This Meeting Booklet is also available at www.orchardfunds.com. The website and its contents do not form part of this Meeting Booklet and are not to be interpreted as part of, nor incorporated into, this Meeting Booklet. Any persons accessing an electronic version of this Meeting Booklet must be a resident of Australia, New Zealand, Japan or China and only access it from within Australia, New Zealand, Japan or China.

You may request a paper copy of the Meeting Booklet free of charge by telephoning the Unitholder Information Line on 1800 260 453.

Defined words and expressions

Capitalised terms used in this Meeting Booklet are defined in the Glossary in section 13.

A reference to A\$, \$ or cents in this Meeting Booklet is a reference to Australian currency. Where applicable, the conversion ratio of Australian Dollars to South African Rand is at 1 : 6.43.

A reference to time in this Meeting Booklet is a reference to the time in Melbourne, Victoria, Australia.

All figures presented in this Meeting Booklet are on a pre Consolidation basis.

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1.

INTRODUCTION

1. INTRODUCTION

1.1 WHAT IS THIS DOCUMENT?

This Meeting Booklet contains information relating to the Proposal to restructure and recapitalise the Trust. The Proposal requires Unitholder approval. The Proposal comprises three stages as follows:

1. A \$55.6 million placement of securities to Growthpoint (Growthpoint Placement) and an internalisation of the Trust's management (Management Internalisation) thus forming the Stapled Group;
2. A \$144.4 million renounceable Rights Issue underwritten by Growthpoint; and
3. A Top Up Placement (if required) such that Growthpoint achieves a 60.0% interest.

Following the Growthpoint Placement and Management Internalisation, 10 securities in the Stapled Group will be Consolidated into one security. The placements and Rights Issue will each be completed at 16 cents per Security (on a pre Consolidation basis). **All figures presented in this Meeting Booklet are on a pre Consolidation basis.**

1.2 ACTIONS REQUIRED BY UNITHOLDERS

Step 1 – Read this Meeting Booklet

Unitholders should read this Meeting Booklet including the Notice of Meeting in full before voting on the Proposal. If Unitholders have any questions, they should contact the Unitholder Information Line on 1800 260 453 or email info@orchardfunds.com.

Step 2 – Consider and consult

Unitholders should consider all advantages, disadvantages, risks and other information regarding the Proposal in light of their own investment objectives and circumstances. Unitholders should seek independent advice if required.

Step 3 – Vote on the Resolutions

It is very important that Unitholders vote on the Resolutions. The Notice of Meeting details the Resolutions to be put to Unitholders at the Meeting.

The Meeting is to be held at The Theatre, 1 Spring Street, Melbourne, Victoria at 10:00am Thursday 30 July 2009.

If Unitholders are unable to vote in person, they may vote by attorney, or by corporate representative, or by completing and returning the enclosed Proxy Form. Forms must be received by the Registry no later than 10:00am Tuesday 28 July 2009. Enclosed is a reply paid envelope addressed to the Registry.

The Directors UNANIMOUSLY RECOMMEND that Unitholders vote in favour of ALL of the Resolutions in the absence of a superior proposal. The Independent Expert, Deloitte Corporate Finance, has evaluated the Proposal and concluded it is in the BEST INTERESTS of Unitholders.

1.3 KEY DATES¹

Event	Indicative date and time
Deadline for lodgement of Proxy Forms for the Meeting	10:00am Tuesday 28 July 2009
Meeting	10:00am Thursday 30 July 2009
Implementation Date ²	Monday 3 August 2009

1. The above dates are indicative only and subject to change. The Issuers reserve the right to vary these dates without prior notice including, subject to the law, to extend the deadline for lodgement of Proxy Forms, or delay the Meeting.

2. Implementation of the Growthpoint Placement and Management Internalisation on the Implementation Date is subject to the Conditions Precedent being satisfied or waived. If the Conditions Precedent have not been satisfied or waived by the date specified above for implementation, implementation may be delayed.

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2.

CHAIRMAN'S LETTER

2. CHAIRMAN'S LETTER

25 June 2009

Dear Investor,

Orchard Property Limited entered into an Implementation Agreement on 18 May 2009 with Growthpoint Properties Limited in relation to a proposal to recapitalise and restructure the Trust.

Growthpoint is the largest publicly listed property group in South Africa. It has assets of approximately A\$4.5 billion and a market capitalisation of approximately A\$2.8 billion. Growthpoint's existing property portfolio comprises 437 properties spanning the office, retail and industrial property sectors.

The Proposal involves a \$55.6 million placement to Growthpoint, an internalisation of the Trust's management, a consolidation of Securities on a 1 for 10 basis, a \$144.4 million renounceable rights issue underwritten by Growthpoint and a further placement (if needed) for Growthpoint to obtain a 60.0% interest in the Stapled Group. The placements and Rights Issue will each be conducted at 16 cents per Security (on a pre Consolidation basis).

The Proposal requires Unitholder approval and is subject to the satisfaction or waiver of a number of conditions.

Under the Proposal, Growthpoint nominees will hold three of the seven Board positions, the Stapled Group's investment mandate will be expanded to include office and retail properties, the Stapled Group will be renamed Growthpoint Properties Australia and Growthpoint will hold a minimum interest of 60.0% and maximum interest of 78.3% in the Stapled Group.

The key benefit of the Proposal is an improvement in the Group's capital position and financial stability such that Group debt will reduce by \$176.5 million which will result in an improvement in the Group's LVR to 50.3%, as well as a \$15.8 million reduction of interest costs in FY10. Also, if the Proposal proceeds, a distribution of 1.4 cents per Stapled Security is forecast for FY10, which represents a distribution yield of 8.6% on the issue price of 16 cents per Stapled Security. On a pro forma basis, if the Proposal were effective on 1 July 2009, the pro forma distribution would be approximately 1.5 cents per Stapled Security which represents a distribution yield of approximately 9.4% (refer to section 8.6 for additional information regarding the changes in this forecast distribution). Following the Proposal, the Group will have approximately \$150 million in committed but undrawn debt available to acquire properties at what should be earnings accretive prices.

If Unitholders do not approve the Proposal, it is likely the Trust LVR will exceed debt covenants and the Directors will need to consider other means to reduce gearing, including asset sales and the suspension of distributions. If the Proposal is not fully implemented, the alternatives are expected to be detrimental to Unitholder value.

The Independent Expert, Deloitte Corporate Finance, has evaluated the Proposal and concluded it is in the BEST INTERESTS of Unitholders. The Directors UNANIMOUSLY RECOMMEND that Unitholders vote in favour of the Proposal in the absence of a superior proposal.

The meeting to consider the Proposal will be held at The Theatre, 1 Spring Street, Melbourne, Victoria at 10:00am on Thursday 30 July 2009.

I encourage you to read this Meeting Booklet and to vote at the Meeting either via proxy or in person.

If you require additional information please call the Unitholder Information Line on 1800 260 453 or visit the Trust's website at www.orchardfunds.com.

Yours sincerely,



Lyn Shaddock
Independent Chairman

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3.

THE PROPOSAL

3. THE PROPOSAL

3.1 PROPOSAL SUMMARY

The Proposal comprises a restructure and recapitalisation of the Trust to be undertaken in three stages:

Stage 1 – Growthpoint Placement and Management Internalisation

1. Growthpoint Placement – The Trust will raise \$55.6 million via a placement of 347,563,813 new Units to Growthpoint at a price of 16 cents per Unit. This will result in Growthpoint owning 50.1% of the Trust;
2. Management Internalisation – Shares in OML (the Company) will be sold to Unitholders in return for Consideration of \$6.2 million (Unitholders will receive a capital return out of the Trust which will be used to acquire Shares in OML). This will result in each Unitholder owning an equal number of Shares and Units. Shares will be Stapled to Units such that each Share and Unit can only be traded as a single Stapled Security. The Company will replace OPL as responsible entity of the Trust and together the Company and Trust will comprise the Stapled Group; and
3. Other changes – In conjunction with the Proposal, changes will be made to the Board composition, investment policy and the Group's name, and Securities will be consolidated. It is the intention for the key management executives to continue their existing management roles in the Stapled Group going forward.

It is anticipated that stage 1 of the Proposal will be implemented on or around Monday 3 August 2009.

Stage 2 – Rights Issue

The Stapled Group will undertake a fully underwritten renounceable Rights Issue to raise an additional \$144.4 million at 16 cents per Stapled Security (on a pre Consolidation basis). Rights will be offered in the ratio of 13 new Stapled Securities for every 10 existing Stapled Securities held at the Rights Issue Record Date. Unitholders will also be offered additional Stapled Securities (in excess of their rights entitlement) up to a number of Stapled Securities equal to that held as at the Rights Issue Record Date. It is intended that applications received for additional Stapled Securities will be filled from any Rights Issue Shortfall and will be scaled back on a pro rata basis should applications exceed the shortfall.

Stage 3 – Top Up Placement

Should participation in the Rights Issue result in Growthpoint not having a minimum 60.0% interest in the Stapled Group, the Directors have agreed to make a further additional placement to Growthpoint at 16 cents per Stapled Security (on a pre Consolidation basis) such that it has a 60.0% interest in the Stapled Group.

All Securities issued under the Growthpoint Placement, Rights Issue and Top Up Placement will rank pari passu with existing securities at the time of issue.

Impact of the Proposal

Following implementation of the Proposal, investors will hold Stapled Securities in an internally managed property group. The structure of the Group pre and post the Proposal is shown below.

Exhibit 3.1: Current and post Proposal comparison

Structure	Current	Post Proposal
Investor holding	Units	Stapled Securities
ASX code	OIF	GOZ
Securities on issue	346.2 million	1,596.2 million ¹
Market capitalisation ²	\$55.4 million	\$255.4 million
FY10 Distributions per Security	n/a ³	1.4 cents ⁴
Total borrowings ⁵	\$503.2 million	\$326.7 million

1. This figure has been included for comparative purposes only. It does not reflect the proposed Stapled Security Consolidation referred to in section 3.5. This 1,596.2 million will be 159.6 million after the Stapled Security Consolidation.

2. Assumes outstanding number of Units or Stapled Securities at a price of 16 cents. The actual market capitalisation may vary according to the ASX price on a particular day.

3. If the Proposal does not proceed, payment of a distribution for FY10 may not occur as it will depend on a range of factors including the success of alternative equity raising strategies and asset sales.

4. See sections 7.3.7, 8.2 and 8.6 for further information relating to FY10 distributions. It does not reflect the proposed Stapled Security Consolidation referred to in section 3.5.

5. Pro forma based on 31 December 2008 accounts. Refer to Exhibit 8.8 for additional information.

The impact of the Proposal on the Group's Register and the timing of the Register changes are presented below.

Exhibit 3.2: Impact of Proposal on Group Register¹

Stage of Proposal	Date	Capital raised (\$m)	Group Register (% voting power)			Total
			Existing Unitholders (excluding ODPF ²)	ODPF ²	Growthpoint (including any associates) ⁶	
Current	n/a	\$0.0m	58.5%	41.5%	0%	100.0%
Growthpoint Placement	3 August 2009	\$55.6m	29.2%	20.7%	50.1%	100.0%
Rights Issue ^{3,4}	Early to mid September 2009	\$144.4m	12.7%-40.9%	9.0% ⁵	50.1%-78.3%	100.0%

1. If a Top Up Placement is required, new Stapled Securities will be issued such that Growthpoint achieves a 60.0% interest in the Stapled Group and Existing Unitholders and ODPF will be diluted. The combined participation rate of ODPF and Existing Unitholders must be at least 64.9% for the Top Up Placement to occur.
2. ODPF is an acronym for Orchard Diversified Property Fund which is an unlisted diversified property trust managed by Orchard Capital Investments Limited (an entity owned by Orchard Funds Limited).
3. Depending on Existing Unitholder participation in the Rights Issue, Existing Unitholders' interest will be between 12.7% and 29.2% and ODPF's interest will be between 9.0% and 20.7%. Consequently, Growthpoint's interest will be between 50.1% and 78.3% prior to the Top Up Placement and, in the event of a Top Up Placement, Growthpoint's interest will be 60.0%.
4. Assumes no Oversubscription Facility participation.
5. ODPF's responsible entity has indicated at this stage that it will not be exercising its rights under the Rights Issue. If that were to change ASX will need to be notified.
6. No associate of Growthpoint holds any interest or has any voting power in the Securities.

3.2 DETAILS OF GROWTHPOINT PLACEMENT AND MANAGEMENT INTERNALISATION

3.2.1 Growthpoint Placement

The Growthpoint Placement involves Growthpoint investing \$55.6 million to subscribe for 347,563,813 new Units in the Trust. Following the Growthpoint Placement, Growthpoint will own 50.1% of the Trust's Units. The new Units will be issued at a price of 16 cents per Unit and will rank pari passu with existing Units.

3.2.2 Management Internalisation

Overview of Management Internalisation

Internalisation refers to the process whereby the responsibility for management of a trust is transferred from a third party (external) manager to a company within the same consolidated group as the trust. This is achieved via a process known as stapling. This creates an independently managed group with investors owning and having greater control over management. The stapled structure is a common structure for asset-intensive businesses operating in Australia, in particular real estate and infrastructure businesses. Investors in stapled groups own stapled securities.

The Management Internalisation will be completed in three steps:

- acquisition of Shares by Unitholders;
- Stapling of Units to Shares; and
- the Company replacing OPL as the responsible entity of the Trust.

As discussed in greater detail in section 3.2.2(b), Units will be stapled to Shares. The reason for stapling to the Company (rather than the company which is currently the responsible entity of the Trust), is that the Company has no trading history (other than as responsible entity of a trust which did not trade and has subsequently been deregistered) and no material liabilities.

The Company is currently owned by Orchard Funds Limited (OFL). However, as a result of the Management Internalisation, the Company will be owned by the Stapled Securityholders. Following Implementation, the Company will be removed from OFL's income tax consolidated group and should not be liable for any tax or other liabilities relating to the OFL income tax consolidated group.

(a) Acquisition of Shares

The initial step of the Management Internalisation requires a share split such that the number of Shares will equal the number of Units on issue following the Growthpoint Placement. Shares will then be transferred from the current sole shareholder, OFL, to Unitholders in the ratio of one Share for each Unit held. As payment for these Shares, Consideration of \$6.2 million will be paid to OFL. The Consideration represents \$6.0 million for the management rights to the Trust and \$0.2 million equivalent to the value of net assets in the Company. The Consideration will be funded on behalf of Unitholders by the Trust via a capital return to Unitholders which will be automatically applied to acquire the Shares.

The capital return will be undertaken by OPL as responsible entity of OIF to distribute \$6.2 million as a capital return to Unitholders. This will not result in a change to the number of Units on issue. Unitholders will be required to automatically apply the capital return to acquire OML shares.

(b) Stapling of Units to Shares

After Unitholders acquire the Shares, it is proposed that Shares will be Stapled to Units. Stapling comprises the pairing of each Unit with one Share (to create a Stapled Security) and imposing a restriction on dealing in the securities such that a Share can only be issued, transferred or redeemed if the corresponding Unit is simultaneously issued or transferred or redeemed respectively to the same person. Following the Stapling, each pairing of a Unit and a Share will trade on ASX together as a single Stapled Security. An investment in a Stapled Security will operate like an investment in a single entity. Specifically:

- the Company and the Trust will have common business objectives. They will enter into a Stapling Deed which provides that they must cooperate in the conduct of their affairs;
- the constitutions of the Company and the Trust in conjunction with the Stapling Deed will provide that Stapled Securities must trade together as one security on ASX and must not be traded or dealt with separately;
- Stapled Securityholders will receive combined reports for the Stapled Group;
- the Stapled Group will account for the Company and the Trust as one consolidated entity such that transactions between the Company and the Trust will not be reflected in the Stapled Group's financial statements; and
- subject to a distribution being declared, Stapled Securityholders will receive a distribution comprising either or both a distribution from the Trust and a dividend payment from the Company each half year. As the Company is expected to have minimal profits after tax, it is anticipated the distribution will be almost entirely from the Trust.

Notwithstanding the Stapling, the Company and the Trust remain separate entities for Australian accounting, tax and legal purposes. As a consequence, upon a sale of Stapled Securities, the sale price will, for Australian tax purposes, be apportioned between the Shares and the Units (refer to section 11 for further details).

(c) Change in Responsible Entity

Subject to ASIC issuing the Company a draft varied AFSL, Unitholders will consider whether the Company should replace OPL as responsible entity of the Trust. If Unitholders pass the resolution to change the responsible entity of the Trust, OPL and the Company will execute an agreement whereby OPL will resign as responsible entity of the Trust and the Company will be appointed as the responsible entity of the Trust.

In the event that the Company does not receive a draft varied AFSL by the time of the Meeting, the change of responsible entity resolution will not be considered at the Meeting. OPL will continue to act as responsible entity of the Trust until such time as the Company's AFSL is varied and an ordinary resolution of Stapled Securityholders is passed to approve the appointment of the Company as responsible entity of the Trust.

Following the Stapling of Shares to Units, once the Company is appointed as responsible entity of the Trust, the Trust's management will have been internalised.

3.2.3 Other changes

In conjunction with the Growthpoint Placement and Management Internalisation, the following changes will also be made to the Stapled Group:

- changes to the Board composition will be made resulting in Growthpoint nominees holding three of the seven Board positions. The other four positions will be filled by existing directors of the Responsible Entity;
- the Stapled Group's investment policy will be amended such that it can invest in office and retail property assets as well as industrial property assets;
- it is intended that key executives currently responsible for the management of the Trust will become employees of the Stapled Group and continue their existing management roles;
- the Stapled Group will be renamed Growthpoint Properties Australia; and
- the Group's Stapled Securities will be consolidated (Stapled Security Consolidation) at the ratio of one Stapled Security for every 10 Stapled Securities held. For comparison purposes, numbers of Shares, Units and Stapled Securities and financial amounts relating to those numbers (such as distributions per Security) are **set out in this Meeting Booklet as if the Stapled Security Consolidation does not occur** - refer to section 3.5.

3.3 DETAILS OF THE RIGHTS ISSUE

3.3.1 Renounceable Rights Issue

Following completion of the Growthpoint Placement and Management Internalisation, the Stapled Group will undertake a renounceable Rights Issue to all Stapled Securityholders to raise approximately \$144.4 million. Subject to the fulfilment of the relevant Conditions Precedent and the terms of the Underwriting Agreement, it is proposed Growthpoint will fully underwrite the renounceable Rights Issue.

Details of the Rights Issue

Under the Rights Issue, Stapled Securityholders with a registered address in Australia or New Zealand will be entitled to subscribe for 13.008274 new Stapled Securities for every 10 Stapled Securities (throughout this document referred to as 13 new Stapled Securities for every 10 Stapled Securities) held as at the Rights Issue Record Date resulting in the issue of 902,436,191 new Stapled Securities (on a pre Consolidation basis). The issue price for each new Stapled Security will be 16 cents (on a pre Consolidation basis), which is the same price at which the Securities will be issued to Growthpoint under the Growthpoint Placement. Stapled Securities issued pursuant to the Rights Issue will be issued on a fully paid basis and will rank equally in all respects with existing Stapled Securities.

Oversubscription Facility

Eligible Stapled Securityholders may apply for additional new Stapled Securities (in excess of their entitlement under the Rights Issue) up to the number of Stapled Securities they hold as at the Rights Issue Record Date under an Oversubscription Facility. It is intended that Oversubscription Facility applications will be filled from any Rights Issue Shortfall. Stapled Securityholders will be allocated additional Stapled Securities on a pro rata basis according to the amount of Stapled Securities available under the Oversubscription Facility. There is no guarantee that a Stapled Securityholder will receive additional new Stapled Securities in excess of their entitlement.

For example, a Stapled Securityholder with 1,000 Stapled Securities at the Rights Issue Record Date will be entitled to 1,300 Stapled Securities under the Rights Issue. The same investor will also be able to apply for up to an additional 1,000 Stapled Securities under the Oversubscription Facility. Allocations under the Oversubscription Facility will be filled on a pro rata basis from any Rights Issue Shortfall.

Alternatives available to Stapled Securityholders

The Rights Issue is renounceable and therefore Stapled Securityholders will have a choice with regard to their entitlements. Specifically, Stapled Securityholders may elect to:

- exercise part or all of their entitlements under the Rights Issue to purchase new Stapled Securities;
- exercise all of their entitlements under the Rights Issue to purchase new Stapled Securities and apply for additional Stapled Securities under the Oversubscription Facility subject to the limitations described above;
- allow their entitlements to lapse; or
- sell their rights on ASX during the rights trading period.

Underwriting and participation by Growthpoint

Growthpoint has agreed to underwrite the Rights Issue under the terms of the Implementation Agreement. The key terms of the Underwriting Agreement have been agreed and are set out in summary in section 12.4.2. It is intended Growthpoint will sign the Underwriting Agreement prior to lodgement of the Rights Issue Offer Document.

If the Proposal is implemented, Growthpoint's holding in the Stapled Group as at the date of the Rights Issue Record Date will be 50.1%. In the event there are no subscriptions for Stapled Securities under the Rights Issue, Growthpoint's underwriting commitment means it will invest an additional \$144.4 million (including its own entitlement under the Rights Issue) and will have a total interest in the Stapled Group of 78.3%. If all Stapled Securityholders take up their entitlements under the Rights Issue in full, Growthpoint will invest an additional \$135.5 million (consisting of \$72.3 million via exercising its entitlement under the Rights Issue and \$63.2 million via the Top Up Placement – refer to section 3.4 for additional information) such that it will have a total interest in the Stapled Group of 60.0%.

If the Underwriting Agreement is terminated, the Rights Issue may not proceed. Refer to section 3.12 for the potential implications should the Proposal not proceed.

The Directors intend that the proceeds of the Rights Issue (after deducting associated costs) will be used to repay borrowings - see section 8.1 for further details.

Details in relation to the Rights Issue will be included in the Rights Issue Offer Document which is expected to be issued shortly after the Meeting.

3.4 DETAILS OF THE TOP UP PLACEMENT

Should participation in the Rights Issue (including the Oversubscription Facility) result in Growthpoint's interest in the Stapled Group being below 60.0%, the Stapled Group will make an additional placement of new Stapled Securities to Growthpoint at 16 cents per Stapled Security (on a pre Consolidation basis) such that Growthpoint has a 60.0% interest in the Stapled Group. The Stapled Securities issued pursuant to the Top Up Placement will be issued on a fully paid basis and will rank equally in all respects with existing Stapled Securities.

If all Stapled Securityholders take up their entitlements under the Rights Issue in full, the maximum number of Securities issued under the Top Up Placement will be 395,053,646 (on a pre Consolidation basis) for a total of \$63.2 million and hence the maximum amount of capital raised under the Proposal is \$263.2 million.

3.5 STAPLED SECURITY CONSOLIDATION

Each 10 Stapled Securities are to be consolidated into one Stapled Security as part of the Proposal (Consolidation). Implementation of the Consolidation will occur immediately following the Growthpoint Placement and Management Internalisation. The consolidated Stapled Securities will trade on a deferred settlement basis for 5 business days after the Consolidation.

Implementation of the Consolidation will affect many numerical amounts presented in this Meeting Booklet. For comparison purposes, numbers of Shares, Units and Stapled Securities and financial amounts relating to those numbers (such as distributions per Security) are set out in this Meeting Booklet as if the Consolidation does not occur.

If the Consolidation occurs, the number of Stapled Securities shown will be divided by 10 and all financial amounts shown on a per-security basis should be multiplied by 10. For example, a reference to 100 Securities should be read as a reference to 10 Securities and a reference to a distribution of 1.0 cent per Security should be read as a reference to a distribution of 10.0 cents per Security.

In the event that Stapled Securityholders hold a number of Stapled Securities that is not a multiple of 10, any post Consolidation holding of Stapled Securities will be rounded up to the nearest whole Stapled Security. For example, if a Unitholder owns 1,002 Units prior to the Consolidation, that Unitholder would hold 101 Stapled Securities post the Consolidation.

3.6 CONDITIONS

There are a number of Conditions Precedent that need to be satisfied or waived before the Growthpoint Placement and the Management Internalisation may be implemented. These include approvals from regulatory bodies, third party consents, Unitholder approval of the Resolutions, amendment of the Current Debt Facilities and signing several ancillary agreements relating to the Proposal.

Please refer to section 12.1 for further detail in relation to the Conditions Precedent.

The proposed Implementation Date of Monday 3 August 2009 may be delayed if any of the relevant Conditions Precedent are not satisfied or waived by that date.

3.7 MEETING AND VOTING

3.7.1 Meeting

The Meeting is to be held at The Theatre, 1 Spring Street, Melbourne, Victoria at 10:00am Thursday 30 July 2009.

3.7.2 Resolutions

In order to effect the Proposal, Unitholder approval is required in respect of each of the Resolutions. These Resolutions relate to the Growthpoint Placement, Management Internalisation, Rights Issue, Top Up Placement, and the change in investment policy. The Notice of Meeting, which appears in Appendix A of this Meeting Booklet, outlines the Resolutions listed below:

Resolution 1	Approval of the Growthpoint Placement (equating to 50.1% of issued Units post-subscription)
Resolution 2	Amendments to the OIF Constitution
Resolution 3	Approval of the Management Internalisation
Resolution 4	Change in responsible entity of the Trust from OPL to the Company (this Resolution will only be considered at the Meeting if ASIC has issued the Company a draft varied AFSL)
Resolution 5	Approval to undertake a renounceable Rights Issue of Stapled Securities at an issue price of 16 cents per Stapled Security (on a pre Consolidation basis)
Resolution 6	Approval of the acquisition of Stapled Securities by Growthpoint under the Underwriting Agreement
Resolution 7	Approval of the acquisition of Stapled Securities by Growthpoint under the Top Up Placement
Resolution 8	Amendments to the Trust's investment mandate to allow investment in office and retail property assets
Resolution 9	Approval to use Trust assets to support a bank guarantee required by the Company to meet its AFSL financial obligations

All of the Resolutions except for Resolution 2 are ordinary resolutions of Unitholders. More than 50% of votes cast by Unitholders present in person or by proxy or attorney are required to be in favour of ordinary resolutions in order for the Resolutions to be approved. Resolution 2 is a special resolution of Unitholders, requiring more than 75% of votes cast by Unitholders present in person, or by proxy or by attorney to be in favour in order for that Resolution to be approved. Unitholders are able to vote by proxy by completing and returning their Proxy Form.

For the Proposal to proceed, all of the Resolutions (other than Resolution 9 and Resolution 4 if it is not put to Unitholders) must be approved.

If you vote against the Resolutions but they are approved by the required majority of Unitholders, the Proposal may be implemented. If the Proposal is implemented, even though you may have not voted in favour of the Resolutions, you will be issued with Shares and your Units will be stapled to the Shares issued to you.

3.8 FINDINGS AND RECOMMENDATIONS

3.8.1 Independent Expert's finding

The Independent Expert, Deloitte Corporate Finance, has found, after having regard to the advantages, disadvantages and risks of the Proposal that **the Proposal is in the BEST INTERESTS of Unitholders**. In reaching this view, the Independent Expert notes that the Growthpoint Placement is fair and reasonable.

Unitholders should read the full text of the Independent Expert's Report in section 10, which sets out the Independent Expert's scope and findings.

3.8.2 Directors' recommendation and voting intentions

The Directors have considered the Proposal and its key advantages, disadvantages and risks and in the absence of a superior proposal:

- **RECOMMEND that Unitholders vote in favour of all the Resolutions;**
- intend to vote in favour of the Resolutions in respect of Units held by them or on their behalf; and
- note that the Independent Expert has concluded that the Proposal is in the best interests of Unitholders.

3.9 TAX IMPLICATIONS OF THE PROPOSAL

Section 11 contains a summary of the Australian income tax, Goods and Services Tax (GST) and stamp duty implications for investors resulting from the Proposal should it proceed. However, the income tax, GST and stamp duty implications of investing in Stapled Securities and implementation of the Proposal may be impacted by a Unitholder's individual circumstances and Unitholders should obtain their own advice in relation to these matters.

3.10 DISTRIBUTION POLICY IF THE PROPOSAL IS APPROVED

If the Proposal is approved, any distributions by the Stapled Group will consist of either or both a distribution from the Trust and a dividend from the Company. It is intended that distributions will be made on a half yearly basis subject to and following Directors' consideration of financial results and the Group's operating outlook. As the Company is expected to have minimal profits after tax, it is anticipated any distributions will be almost entirely from the Trust.

The Stapled Group will adopt a distribution policy where, to the extent possible, all available net cash receipts are distributed to Stapled Securityholders (net cash receipts primarily comprise the net income received from rent on the portfolio, less any cash expenses, cash fees, and interest paid and allowances for certain provisions and accruals).

The forecast distribution per Unit for the 6 month period ending 30 June 2009 is anticipated to be 0.75 cents resulting in a total distribution for the 12 month period ending 30 June 2009 of 3.3 cents. A distribution of 1.4 cents per Stapled Security is forecast in FY10. This represents a distribution yield of 8.6% on the issue price of 16 cents per Security.

3.11 ORCHARD DIVERSIFIED PROPERTY FUND INTEREST

Orchard Diversified Property Fund (ODPF) currently has a 41.5% interest in the Trust. At the time of the Trust's initial public offering it was agreed that almost all of this interest would be held in escrow until 4 July 2010.

Should the Proposal be implemented, ODPF's interest will be released from escrow effective from the Implementation Date. This is due to ODPF's interest in the Trust decreasing from 41.5% to 20.7% following the Growthpoint Placement and effective control of the Trust passing to Growthpoint following the Growthpoint Placement.

ODPF's responsible entity and the Trust's responsible entity are currently part of the same corporate group (ie wholly owned by Orchard Funds Limited). Information barriers have been established to prevent OPL and the responsible entity of ODPF sharing information and hence avoid conflicts of interest.

OPL is not aware of how ODPF intends to vote its interest in respect of the Resolutions.

ODPF's responsible entity has indicated at this stage that it will not be exercising its rights under the Rights Issue. If that were to change, ASX will need to be notified.

3.12 IMPLICATIONS IF THE PROPOSAL IS NOT APPROVED

If Unitholders do not approve the Resolutions required for the Proposal to proceed, the Growthpoint Placement and Management Internalisation, Rights Issue and Top Up Placement will not occur. If these do not occur and, therefore, no capital raising is undertaken, the estimated Trust LVR will be 77% based on the Pro Forma Financial Statements. This is in excess of the Current Debt Facility default LVR covenant of 75% (reducing to 65% post 31 December 2009). If the Trust LVR exceeds 60% during 2010, or 55% thereafter, all available cashflow must be used in reducing debt and no distributions may be made by OIF. In addition to LVR covenants, a reduction of the facility amount of at least \$50 million is required to be committed by 30 September 2009 with settlement proceeds received no later than 31 December 2009. Therefore, if the Proposal is not implemented in full, the Directors will need to consider other means to reduce gearing, such as alternative capital raising proposals or the sale of approximately \$50 million of property by 30 September 2009 and in excess of \$250 million of property at current Directors' valuations by 31 December 2009.

If the Proposal is not fully implemented the alternatives are expected to be detrimental to Unitholder value.

A Break Fee may be payable under the Implementation Agreement if the Proposal is not implemented. See section 12.1 for details of when a Break Fee is payable.

3.13 OTHER INFORMATION

3.13.1 Disposal of Units

You can sell your Units on ASX at the prevailing market price at any time before the close of trading on ASX on 24 July 2009. If the Proposal is implemented, you will be able to trade Stapled Securities from the day after the Meeting on a deferred settlement basis.

In order to effect implementation of the Growthpoint Placement and Management Internalisation, it will be necessary to suspend trading in Securities from 27 July 2009 to 30 July 2009 (inclusive).

3.13.2 Confirmation of holding

The Stapled Group will apply to participate in CHESS and, in accordance with the ASX Listing Rules and the ASTC Settlement Rules, will maintain an electronic issuer sponsored subregister and an electronic CHESS subregister.

Following the issue of Stapled Securities under the Proposal, Stapled Securityholders will be issued a transaction confirmation statement that sets out the number of Stapled Securities that they hold.

This statement will also provide details of a Stapled Securityholder's Holder Identification Number (HIN) in the case of a holding on the CHESS subregister, or Securityholder Reference Number (SRN) in the case of a holding on the issuer sponsored subregister. Stapled Securityholders will be required to quote their HIN or SRN, as appropriate, in all dealings with a stockbroker or the Registry.

Stapled Securityholders will be issued subsequent statements during the first week of the following month if there has been a change to their holding on the Register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Stapled Securityholder's sponsoring broker, in the case of a holding on the CHESS subregister, or through the Registry in the case of a holding on the issuer sponsored subregister. The Stapled Group or the Registry may charge a fee for these additional issuer sponsored statements.

3.13.3 Electronic document

This Meeting Booklet may be viewed online at www.orchardfunds.com. A paper copy of this Meeting Booklet will be provided free of charge to any Unitholder who requests a copy by contacting the Company Secretary by phone, by mail or in person at:

Orchard Funds Limited
Level 28
1 Spring Street
Melbourne VIC 3000
Phone: 1800 260 453

3.13.4 Unitholder enquiries

This Meeting Booklet is important and requires Unitholders' attention. It should be read in its entirety. If Unitholders are in any doubt as to the course of action they should follow, they should consult their accountant, stockbroker, lawyer or other professional adviser. If additional information is required, please call the Unitholder Information Line on 1800 260 453 or contact us at info@orchardfunds.com.

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4.

TIMETABLE

4. TIMETABLE

Outlined below is an indicative timetable for the Proposal. The dates outlined below are indicative only and may be subject to change.

Exhibit 4.1: Indicative timetable¹

Event	Indicative date and time
General dates	
Despatch of Meeting Booklet to Unitholders	Monday 29 June 2009
Units cease trading on ASX	Monday 27 July 2009
Deadline for lodgement of Proxy Forms for the Unitholder Meeting	10:00am Tuesday 28 July 2009
Unitholder Meeting	10:00am Thursday 30 July 2009
Commencement of trading in Stapled Securities on a Consolidated and deferred settlement basis ²	Friday 31 July 2009
Implementation Date ³	Monday 3 August 2009
Despatch of confirmation of holding statements to Stapled Securityholders and end of deferred settlement trading	Thursday 6 August 2009
Normal trading in Stapled Securities commences	Friday 7 August 2009
Rights Issue dates	
Ex-date for rights entitlement	Tuesday 11 August 2009
Rights Issue Record Date	Monday 17 August 2009
Despatch of Rights Issue Offer Document	Wednesday 19 August 2009
Allotment of new Stapled Securities	Early to mid September 2009

1. The above dates are indicative only and subject to change. The Issuers reserve the right to vary these dates without prior notice including, subject to the law, to extend the deadline for lodgement of Proxy Forms, or delay the Meeting.

2. Under normal circumstances, trades involving listed securities are settled on the third business day after the transaction. Deferred settlement trading allows Stapled Securities to be traded prior to Unitholders being issued with confirmation of holding statements.

3. Implementation of the Growthpoint Placement and Management Internalisation on the Implementation Date is subject to the Conditions Precedent being satisfied or waived. If the Conditions Precedent have not been satisfied or waived by the date specified above for implementation, implementation may be delayed.

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5.

ADVANTAGES,
DISADVANTAGES
AND RISKS OF THE
PROPOSAL

5. ADVANTAGES, DISADVANTAGES AND RISKS OF THE PROPOSAL

This section outlines the main advantages, disadvantages and risks of the Proposal.

The advantages, disadvantages and risks described in this section do not take into account the investment objectives, financial situation, taxation position or particular needs of individual Unitholders and are not exhaustive. Unitholders should consider all advantages, disadvantages, risks and any other information in light of their own particular investment objectives and circumstances and seek independent advice where required.

5.1 ADVANTAGES

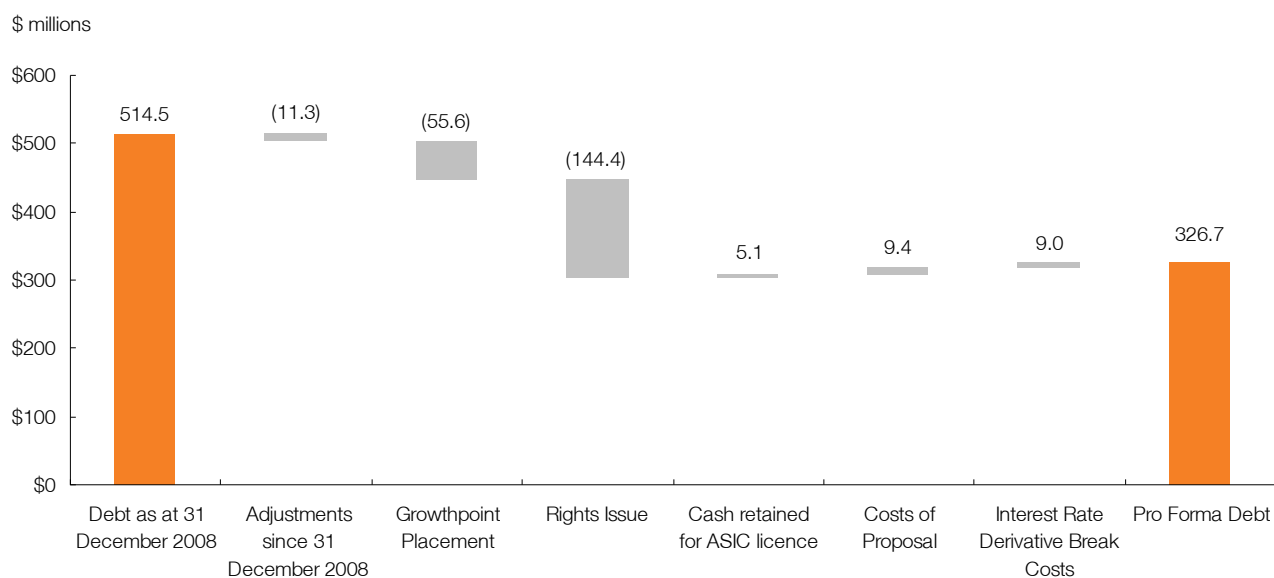
5.1.1 A significant reduction in debt will improve the Group's financial stability

The Stapled Group's debt is projected to reduce by \$176.5 million from \$503.2 million (post adjustments since 31 December 2008) to \$326.7 million (as shown in Exhibit 5.1) should the Growthpoint Placement and Rights Issue be implemented (after transaction costs and assuming the Top Up Placement does not occur). Based on the Stapled Group's Pro Forma Balance Sheet (refer to Exhibit 8.8 for detailed information) the Stapled Group's LVR will be 50% which currently provides 10% headroom under the Revised Debt Facility operating LVR covenants.

Under the terms of the Revised Debt Facility, the Group will have \$153 million in committed but undrawn debt available to acquire properties at what should be earnings accretive prices.

If the Proposal does not proceed, the Trust's LVR is estimated to be 77% based on the Pro Forma Balance Sheet. Should this occur, the Stapled Group will be required to look at other means to reduce the LVR including asset sales and the suspension of distributions.

Exhibit 5.1: Effect of Proposal on Stapled Group debt balance^{1,2}



1. \$6.2 million capital return required to effect the Management Internalisation assumed to be funded via existing cash reserves.

2. Assumes Top Up Placement does not occur.

5.1.2 Debt reduction supports improved debt facility terms and pricing

The Growthpoint Placement and Rights Issue will result in the Stapled Group's outstanding debt, and consequently financing risks, reducing significantly. In recognition of this improved financial position, the Finance Parties have agreed to improve the pricing and terms of the Revised Debt Facility.

The terms of the Revised Debt Facility are expected to result in total interest costs payable to the Finance Parties declining approximately \$15.8 million per annum. Key non-price related improvements include greater LVR flexibility and the capacity to utilise undrawn but committed debt for agreed acquisitions and capital expenditure.

A summary of the Revised Debt Facility is in section 12.7.

5.1.3 New cornerstone investor with sound financial profile

Growthpoint's commitment to invest up to \$200 million and hold a minimum 60.0% of the Stapled Group's issued Stapled Securities, demonstrates Growthpoint's significant commitment to the Stapled Group. The intention for the Stapled Group to be renamed Growthpoint Properties Australia, as well as the appointment of three new Growthpoint directors to the Stapled Group's Board, is also consistent with this commitment and a desire to enhance and maximise the value of the Stapled Group.

Whilst Growthpoint has not previously invested in Australia, it is a highly regarded and experienced property investor in South Africa owning over A\$4.5 billion of property assets and having a market capitalisation of approximately A\$2.8 billion. Growthpoint's gearing as at 31 December 2008 was 36.3% and its committed but undrawn debt facilities were more than A\$310 million.

5.1.4 Improved alignment of interests

Approval of the Proposal will result in the Stapled Group's activities expanding to include both property ownership and management of the Trust. An effect of this will be the elimination of fees to an external manager. The net Consideration payable to OFL in order to effect the Management Internalisation is \$6.0 million. The net reduction in management costs payable by the Stapled Group relative to that previously incurred by the Trust is expected to be approximately \$1.2 million per annum.

If the Proposal is successful, Unitholders will hold an investment in a Stapled Security which is the structure utilised by approximately 80% of Australian listed real estate trusts (by market capitalisation).

5.1.5 Enhanced distribution capacity

In the absence of the reduced debt and interest expense, the Trust is unlikely to have been able to continue to make distribution payments in the near term as it would need to retain cash to apply to debt reduction. Following the placements and Rights Issue, the Stapled Group will have a significantly enhanced ability to pay distributions as a result of a lower LVR and lower debt margins as well as a reduced interest expense due to reduced debt levels.

5.2 DISADVANTAGES

5.2.1 Dilution due to capital raising

The issue of 347.6 million new Units pursuant to the Growthpoint Placement will result in the proportionate ownership interest of Unitholders in the Trust being diluted by approximately 50.1%. However, the Trust will receive \$55.6 million in cash from the issue of these Units.

Depending on the extent to which Unitholders participate in the Rights Issue and Oversubscription Facility, their interests may be further diluted by the issue of new Stapled Securities to Growthpoint under the underwriting and Top Up Placement. Please see Exhibit 3.2 for details on Growthpoint's interest and voting power.

5.2.2 Stapled Group to be controlled by a major Securityholder

If the Proposal is approved, the Stapled Group will be majority owned by a single member, Growthpoint, who will initially hold at least a 60.0% interest. As a result, Growthpoint will have significant influence over decisions made by the Stapled Group, including Board and senior management team appointments, strategy, operations and distribution policy.

Growthpoint's significant investment is likely to ensure it is motivated to maximise the performance of the Stapled Group.

5.2.3 Significant costs of Proposal

The total equity raising costs of implementing the Proposal are expected to be approximately \$9.4 million. These costs will be borne by the Company and the Trust.

If the Proposal does not proceed, the Trust will be required to pay costs relating to the Proposal of approximately \$1.3 million. In certain circumstances, the Trust may also be required to pay a break cost of \$1.0 million to Growthpoint. Therefore, costs of the Proposal will be approximately \$7.1 – \$8.1 million greater if the Proposal proceeds.

5.2.4 Change in nature of distributions

Unitholders are currently receiving distributions from the Trust which to date have been 100% tax deferred primarily due to the effect of depreciation benefits and building allowances relating to the underlying property investments. As a consequence, distributions have not historically been required to be treated as assessable income by Unitholders but have reduced the cost base of Units held giving rise to a potential increased CGT liability if Units are sold.

If the Proposal is successful, Unitholders become Stapled Securityholders in a Stapled Group and, consequently, distributions may comprise both a distribution from the Trust (which may include a tax deferred component) and a dividend from the Company (which may be franked). Tax deferred distributions and franked dividends give rise to different tax consequences for Stapled Securityholders.

Unitholders should refer to section 11 of this Meeting Booklet for further details of the tax consequences of the Proposal. However, investors should seek and only rely upon their own tax advice in relation to the tax consequences of the Proposal.

5.3 TRANSACTION SPECIFIC RISKS

5.3.1 Market perception risk

The extent to which the Proposal enhances value for Unitholders depends on the Proposal being viewed as a positive initiative by the market. There is a risk that will not be the case. For example:

- the market's attitude to stapled property securities may change;
- the market may not value the Stapled Group as highly as anticipated;
- the market may be concerned about the potential for additional acquisitions which reduce headroom in debt facility covenants;
- the market may be concerned regarding a change in investment policy; and
- the market may be concerned with the level of control held by Growthpoint.

This may adversely impact on the market price of the Stapled Securities.

5.3.2 The investment mandate of the Stapled Group is likely to change

Currently, the Trust has a mandate to invest exclusively in industrial property. Should the Proposal proceed, the Stapled Group's investment mandate will be expanded to also incorporate office and retail property assets.

Any diversification of the Stapled Group's portfolio will occur over a period of time with no guarantee that this will improve risk adjusted returns to Stapled Securityholders. In addition, the acquisition and management of assets in different sectors requires different management skills and introduces different risks.

5.3.3 Proposal is not approved or fully implemented

If the Proposal is not approved at the Meeting or fully implemented such that there is a minimum capital raising of \$200 million, the Trust's debt will not be reduced as forecast and consequently the Trust will incur a significantly higher interest expense and is likely to also exceed its Current Debt Facility LVR covenant. In these circumstances the Trust is unlikely to make distribution payments until this situation improves and may implement other measures to reduce gearing.

Implementation of the Proposal will occur in a number of stages. Following the completion of the Growthpoint Placement and Management Internalisation, there is a period of up to approximately 2 months before the Rights Issue is completed. Notwithstanding Growthpoint's commitment to complete both the Growthpoint Placement and Management Internalisation as well as the Rights Issue, there is the possibility that the Rights Issue will not be completed due to a breach or non-fulfilment of any one of a number of clauses which allow Growthpoint's underwriting of the Rights Issue to lapse or be terminated.

If the Proposal is not fully implemented, the alternatives are expected to be detrimental to Unitholder value.

5.3.4 Cost of cancelling interest rate derivatives may vary

Following each stage of the Proposal it is the intention to use the capital raising proceeds to repay part of the Stapled Group's outstanding debt. An effect of reducing debt will be that the Stapled Group will hold interest rate derivative agreements with a notional value in excess of the remaining outstanding debt balance. It is the Stapled Group's intention to cancel interest rate derivative agreements with a value equal to the reduction in the debt facility such that the Stapled Group will continue to have 100% of its debt hedged.

The cost of cancelling the interest rate derivative agreements is dependent on the Stapled Group's hedging requirements post the implementation of the Proposal, as well as interest rates and other cancellation costs at the time of cancellation. These costs may differ from the costs estimated in this Meeting Booklet and hence vary the amount of capital raising proceeds available for debt reduction and the future interest expense incurred.

5.3.5 Trust taxation status

The forecasts presented in this Meeting Booklet assume that the Trust will not incur tax on income before that income is distributed. However, the Trust would lose this tax transparency if:

- there was a legislative change which removed the tax transparency of property trusts; or
- the Trust engaged in business activities which lead to it being treated as a company for tax purposes.

Depending on investors' individual circumstances, a loss of the Trust's tax transparency may adversely affect post tax investment returns.

In addition, the taxation treatment of Stapled Securityholders is dependent upon the tax law as currently enacted in Australia. Changes in tax law or changes in the way tax law is expected to be interpreted in Australia may adversely impact the outcomes outlined in the Taxation Report at section 11.

5.3.6 Company may incur tax

Previously, Unitholders have held Units in the Trust, which were not taxed on income before that income was distributed. Following the Management Internalisation, the Unitholders will also own a Share in the Company. To the extent the Company has taxable income, the Company will be required to pay income tax on that income. If the Company pays tax it will receive franking credits and may pay franked dividends to its Securityholders.

5.3.7 Sale of Stapled Securities by significant Securityholders

After implementation of the Proposal, the Stapled Group will have two significant Securityholders (Growthpoint and ODPF) who will collectively hold in excess of 69% of the Stapled Securities on issue. The sale of Stapled Securities by either of these significant Stapled Securityholders may adversely impact the price of Stapled Securities on ASX.

5.3.8 Indemnity from the Trust assets

If Resolution 9 is passed, the assets of the Trust will be used to support a bank guarantee required by the Company to meet its net tangible assets and surplus liquid fund requirements under its AFSL until completion of the Proposal (anticipated to be early to mid September 2009). On completion of the Proposal, part of the proceeds to the Rights Issue will be used to satisfy the net tangible assets and surplus liquid fund requirements of the Company. This means that, subject to the Rights Issue proceeding, the bank guarantee will be cancelled in early to mid September 2009 at which time the assets of the Trust will no longer be used to support the bank guarantee.

Until completion of the Rights Issue there is a risk that the guarantee may be enforced by the bank if the Company breaches its obligations under the guarantee. If this occurs it will result in a loss to Unitholders as the assets of the Trust will be used to satisfy any payment required pursuant to the bank guarantee.

5.4 TRUST SPECIFIC RISKS

5.4.1 Market movement risk

The value of Properties held by the Group may fluctuate from time to time due to market and other conditions. Factors relevant to determining value include rental, occupancy levels and property yield, and these may change significantly over time for a variety of reasons. Valuations represent only the analysis and opinion of qualified experts at a certain date – they are not guarantees of present or future values. The valuation of a property may be materially higher than the amount that can be obtained from the sale of a property in certain circumstances, such as under a distressed or liquidation sale. A reduction in the value of Properties may result in the Trust breaching debt facility LVR covenants.

5.4.2 Buildings condition and defects

The properties are professionally managed by experienced property managers. Nevertheless, there is a risk that latent defects in the Properties may prevent the Properties being available for their intended use and/or may require additional capital expenditure. This may adversely affect returns available to Stapled Securityholders.

5.4.3 Tenant risk

There is a possibility that tenants may default on their rental or other obligations under leases with the Group, leading to capital losses or a reduction in the income of the Group or increased costs as a result of enforcement action being required. In addition, there is a risk that if the Group is not able to negotiate lease extensions with existing tenants at the end of lease terms, nor replace the leases on expiry with leases at equivalent rates, there may be a significant impact on the distributable income of the Group and the value of that particular property. The ability of the Group to secure lease renewals or attract new tenants to its properties may also be influenced by any leasing incentives granted to prospective tenants and the supply of property available to let in the market, which, in turn, may increase the time required to let vacant space.

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6.

OVERVIEW OF
THE STAPLED GROUP
POST THE PROPOSAL

6. OVERVIEW OF THE STAPLED GROUP POST THE PROPOSAL

6.1 OVERVIEW OF THE STAPLED GROUP

6.1.1 The Trust

The Trust owns interests in 23 industrial properties across Australia which, following the Directors' revaluations as at 31 May 2009, are valued at \$650 million (refer below for additional information regarding the revaluations). The Trust's Portfolio includes 22 single tenant properties and one dual tenant property. The Portfolio's largest tenant is Woolworths Limited, with 67.9% of FY10 net income being derived from the six properties leased to Woolworths (refer to Exhibit 6.2 for additional information regarding the Trust's tenant diversity). 93% of the Trust's leases (weighted by FY10 income) are subject to fixed annual rental increases of between 2.5%-4.0% per annum with the remainder of the leases subject to annual rental increases based on CPI. The leases in the Portfolio are typically long term in nature with the Trust's WALE by FY10 income being 11.0 years.

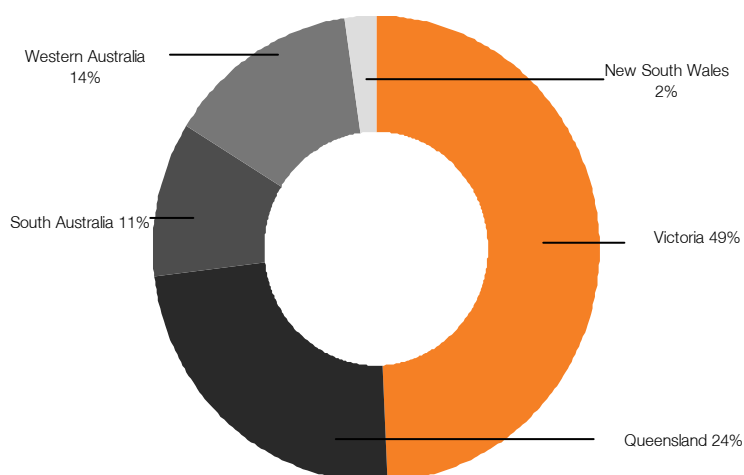
Exhibit 6.1: Key statistics

Total Portfolio value (as at 31 May 2009)	\$650 million
Number of Properties	23
Number of tenants	17
Occupancy (by area)	98%
Total NLA	662,922 sqm
Weighted average yield	8.9%
Weighted average lease expiry (by FY10 income)	11.0 years

The Trust is well diversified by geography with exposure to five states throughout Australia. Approximately 49% of the Trust's Portfolio by value is located in Victoria. Refer to Exhibit 6.2 for a summary of the Trust's diversification by geography and tenant.

Exhibit 6.2: Geographic and tenant diversity

Portfolio value by location



Top 10 tenants by FY10 income

%

Top 10 tenants by FY10 income	%
Woolworths	67.9
Star Track Express	5.9
Laminex Group	3.3
Paperlinx Australia	2.7
The Reject Shop	2.6
ARB Corporation	2.5
Blue Star Print Group	2.4
VIP Plastics	2.3
Willow Ware Australia	2.3
Repco	1.9
Total for Top 10	93.8

Exhibit 6.3: Portfolio summary

Property address	Major Tenant	Interest	Leasehold expiry	Completed / Refurbished	Value (\$m) ²
Victoria					
28 Bilston Drive, Barnawartha (Wodonga)	Woolworths	Leasehold ³	2306	2005	64.8
120 Northcorp Boulevard, Broadmeadows	Woolworths	Leasehold ³	2306	1995	57.2
522-550 Wellington Road, Mulgrave	Woolworths	Leasehold ³	2306	1996/1999	43.4
44-54 Raglan Street, Preston	Paperlinx	Freehold	n/a	1970/1980	24.2
40 Annandale Road, Tullamarine ¹	Star Track Express	Leasehold	2047	2003/2009	34.6
130 Sharps Road, Tullamarine ¹	Laminex Group	Leasehold	2047	2002	18.7
120 Link Road, Tullamarine ¹	The Reject Shop	Leasehold	2047	2006	15.9
42-44 Garden Street, Kilsyth	ARB Corporation	Freehold	n/a	2004	15.2
60 Annandale Road, Tullamarine ¹	Willow Ware Australia	Leasehold	2047	2003	13.0
45-55 South Centre Road, Tullamarine ¹	Vacant	Leasehold	2047	2003	8.2
31 Garden Street, Kilsyth	Fleetguard International Corp	Freehold	n/a	1990/2005	6.7
75 Annandale Road, Tullamarine ¹	Caterpillar	Leasehold	2047	2003	6.4
1304 Ferntree Gully Road, Scoresby	VIP Plastics	Freehold	n/a	1990/2002	6.7
6-10 Koornang Road, Scoresby	VIP Plastics	Freehold	n/a	1981	5.3
Queensland					
70 Distribution Street, Larapinta	Woolworths	Leasehold	2072	2007	141.4
5 Viola Place, Brisbane Airport ¹	Repco	Leasehold	2047	2004	11.6
45 Northlink Place, Virginia	Qantum Food Services	Freehold	n/a	1999	3.3
3 Viola Place, Brisbane Airport ¹	GE Capital Finance	Leasehold	2047	2004	2.7
South Australia					
599 Main North Road, Gepps Cross	Woolworths	Freehold	n/a	2005	52.2
12-16 Butler Boulevard, Port Adelaide ¹	Cheap as Chips	Leasehold	2048	2006	9.6
10 Butler Boulevard, Port Adelaide ¹	Toll Transport	Leasehold	2048	2005	7.0
Western Australia					
2 Horrie Miller Drive, Perth Airport	Woolworths	Leasehold	2047	2004/2009	89.9
New South Wales					
81 Derby Street, Silverwater	Blue Star Printing	Freehold	n/a	2000	12.5
Total/Weighted Average					650.0²

1. Property adjoins Melbourne, Brisbane or Adelaide airport (refer to section 8.3 for additional information).

2. Figures may not sum due to rounding.

3. Orchard Capital Investments Limited holds call options in respect of the land on which these properties are situated which, if exercised, convert these properties to a freehold interest.

Land area (sqm)	Gross building area (sqm)	Value per sqm GBA (\$)	FY10 NOI (\$'000 p.a.)	FY10 NOI (\$/sqm p.a.)	Annual rent review	Lease expiry	WALE (yrs) at June 2009	Yield
250,000	57,440	1,127	5.4	94	Fixed 2.50%	2021	12.1	8.4%
250,000	57,861	988	4.8	82	Fixed 2.50%	2021	12.1	8.3%
191,200	68,144	637	3.8	56	Fixed 2.50%	2021	12.1	8.8%
59,770	39,820	606	1.5	38	n/a ¹	n/a ¹	4.2	10.9%
61,892	33,485	1,033	3.3	98	Fixed 3.75%	2019	10.0	9.5%
47,446	28,100	665	1.8	65	Fixed 3.50%	2012	3.0	9.8%
51,434	26,517	598	1.5	55	Fixed 3.50%	2017	7.6	9.2%
55,990	25,887	585	1.4	55	Fixed 2.50%	2017	8.2	9.4%
34,726	16,276	796	1.3	78	Fixed 3.25%	2018	8.9	9.8%
24,799	14,082	582	0.1 ²	7	-	-	-	10.6%
17,610	8,828	759	0.7	78	CPI	2012	2.7	10.3%
16,930	10,280	623	0.5	53	Fixed 3.75%	2016	7.4	8.5%
12,154	7,621	873	0.7	93	3.00%	2012	2.6	10.7%
12,198	7,385	719	0.6	82	Fixed 3.00%	2012	2.7	11.4%
250,900	75,425	1,875	11.8	157	Fixed 2.50%	2022	12.7	8.4%
35,166	14,726	784	1.0	71	Fixed 3.25%	2015	6.5	9.1%
3,304	1,870	1,738	0.4	196	Greater of CPI & 3.00%	2016	7.2	11.3%
12,483	3,429	787	0.3	80	Fixed 4.00%	2012	3.1	10.1%
233,500	67,238	776	4.4	66	Fixed 2.50%	2021	12.1	8.5%
30,621	16,800	571	0.9	55	Fixed 3.25%	2015	6.4	9.6%
16,100	8,461	827	0.7	80	Fixed 3.25%	2018	8.7	9.6%
193,936	65,263	1,378	7.9	120	Fixed 2.50%	2025	16.3	8.7%
13,490	7,984	1,559	1.3	167	Market	2012	3.2	10.7%
1,875,649	662,922	981	56.2	85		2020	11.0	8.9%

1. 44-54 Raglan Street, Preston is a dual-tenant property. Refer to section 8.3 for additional information.

2. 45-55 South Centre Road was vacated in April 2009. \$100,000 represents approximate anticipated rent received from the former tenant, however a bank guarantee is in place in respect of this property. Refer to section 8.3 for additional information.

Portfolio summary

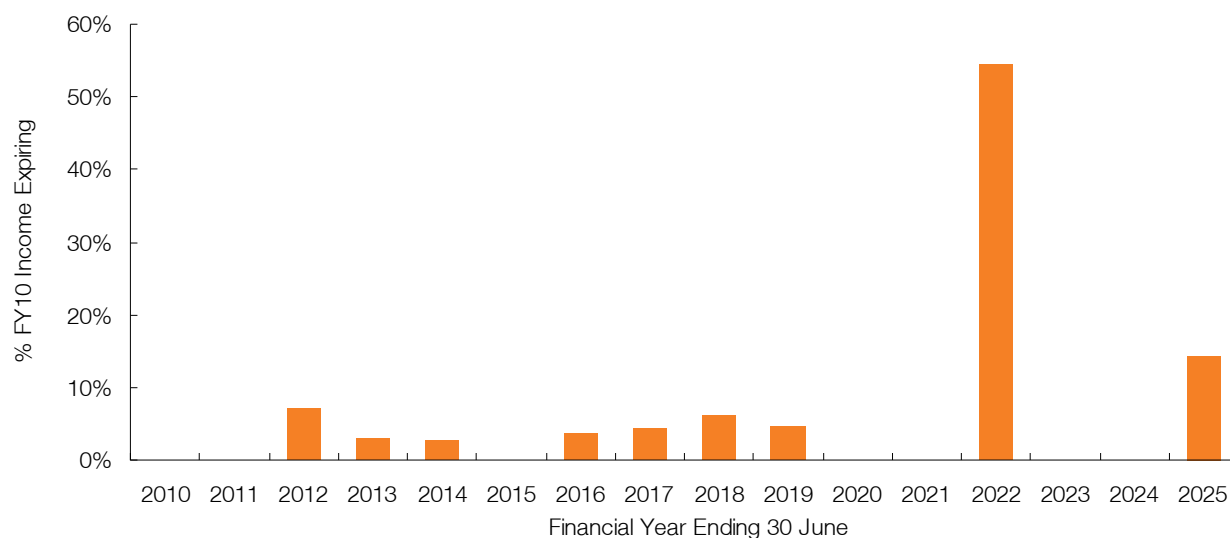
Directors have revalued the Portfolio as at 31 May 2009 at \$650 million, taking account of current property market conditions. After allowing for properties that have been sold and capital expenditure estimated to be incurred during the half year ended 30 June 2009, a total write-down in property values of \$98.2 million is estimated, equating to a 13.1% decline in values from 31 December 2008 valuations. The average yield for the Portfolio is now 8.9% as compared to 7.6% as at 31 December 2008.

While the rental cashflows of nearly all tenants remain secure, the Directors have become aware of increasing transaction evidence which supports the value of all grades of industrial property in Australia declining substantially. In addition, the volume of industrial sales remains relatively depressed and patchy, particularly for high-value properties. Accordingly, while the adopted valuations reflect the Directors' best assessment of current market conditions, the Directors emphasise the greater than normal difficulty in assessing current valuations and note that selling properties in a 'forced' situation may realise less than their assessed book value.

Lease profile

The Trust's long term leases result in a WALE of 11.0 years, with over 54% of forecast FY10 income derived from leases that expire in FY22. Exhibit 6.4 provides a summary of the Trust's lease expiry profile. Refer to Exhibit 6.3 for further details of the Trust's leases.

Exhibit 6.4: Lease expiry profile



6.1.2 The Company

The Company is currently dormant, however, it does hold an AFSL. Prior to the Stapling, OFL will subscribe for shares in the Company so that the Company has sufficient cash to satisfy its cash requirements under its AFSL. Following the subscription by OFL, the Company will have approximately \$160,000 in assets and \$0 in liabilities resulting in \$160,000 in net assets. All of OFL's shares in the Company, including the newly issued shares, will be split to equal the number of units on issue in OIF and then transferred to the Unitholders as part of the Stapling process. Apart from this subscription by OFL for shares in the Company, the Growthpoint Placement, the Rights Issue and the Top-Up Placement, the Company has not raised any capital for the 3 months before the date of this Meeting Booklet and will not need to raise any capital for 3 months after the date of this Meeting Booklet.

Subject to the Company's AFSL being varied, the successful implementation of the Growthpoint Placement and Management Internalisation will result in the Company becoming the responsible entity of the Trust and undertaking operations such as strategic planning, acquisitions and divestments, leasing, property management, property

developments as well as the financial management of the Trust. The Company may also engage third parties to assist in its management of the Trust from time to time. To the extent the Company has surplus capital the Company may elect to lend some or all of the capital to the Trust on an arms length basis. Equally, the Company may enter into borrowing arrangements which it regards as appropriate both for itself and the Trust.

Other than acting as responsible entity to a trust which did not trade and has subsequently been deregistered, the Company has never traded. If the Proposal is approved, the Company will be appointed as the responsible entity of the Trust. Assuming the Company does become the responsible entity of the Trust, it will be obligated to at all times satisfy its licence requirements which include employing appropriately qualified responsible managers and satisfying certain capital requirements. Prior to completion of the Proposal, the Company intends to in part satisfy its net tangible asset (NTA) and surplus liquid funds (SLF) AFSL financial requirements via a bank guarantee supported by the assets of the Trust. Following completion of the Proposal, it is expected the bank guarantee will be cancelled as the Company will have sufficient capital to satisfy the NTA and SLF AFSL financial requirements.

6.1.3 Structure post Management Internalisation

The Trust is presently managed by OPL in its capacity as responsible entity of the Trust. Under this arrangement, the Trust pays to OPL an annual fee equal to 0.40% of gross assets of the Trust plus a performance fee and plus certain cost recoveries in return for OPL managing the Trust and its assets.

Following the Management Internalisation, Shares and Units will be stapled together. As the responsible entity of the Trust, the Company intends to initially provide its services on a cost recovery basis plus an additional profit margin of 5.0%. The Company reserves the right to vary the costs of its services at its sole discretion in the future without consultation with Stapled Securityholders (within the limits allowed by the OML Constitution).

The Stapled Group's management, funding and ownership structure before and after implementation of the Proposal respectively is shown in the diagrams below:

Exhibit 6.5: Investment structure prior to the Proposal

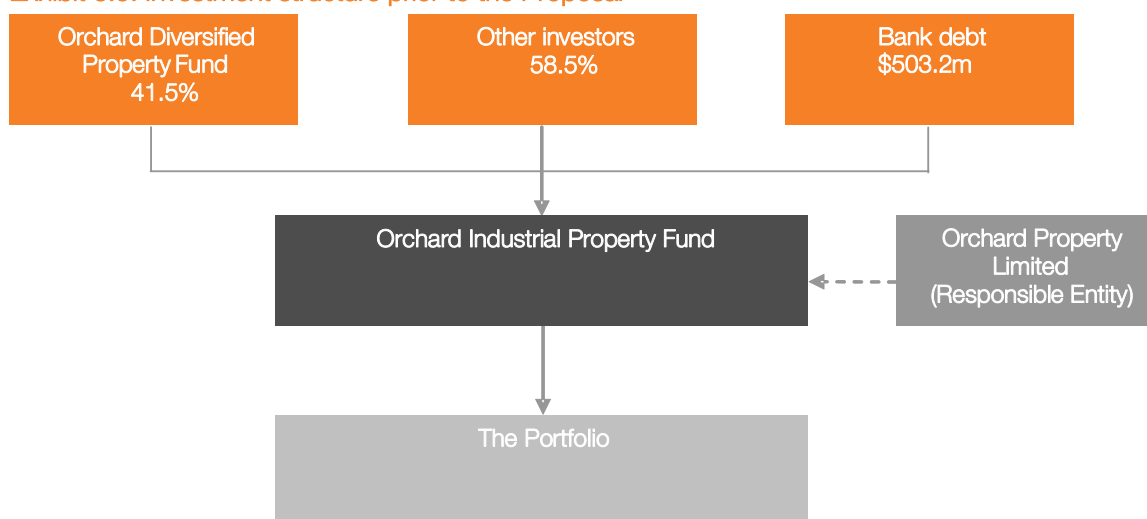
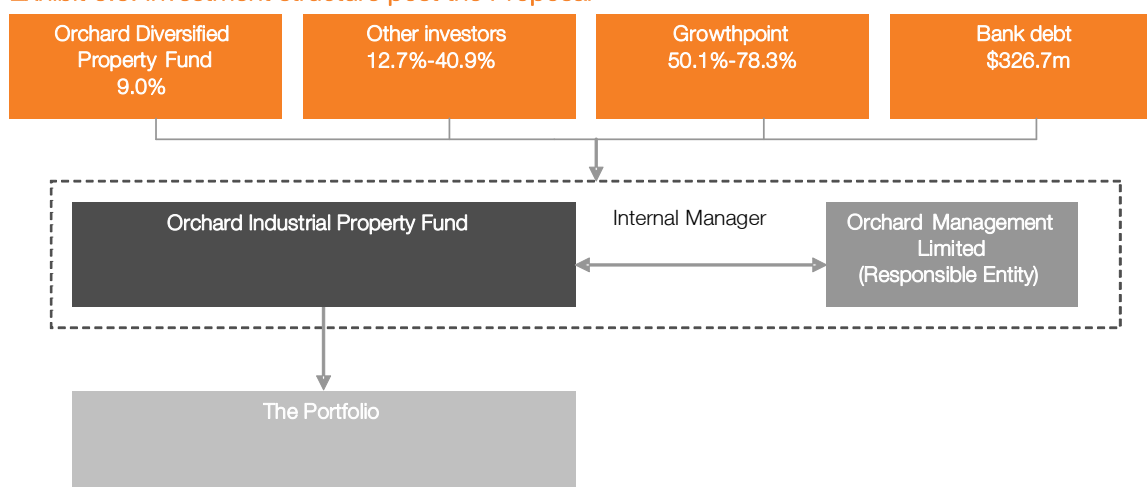


Exhibit 6.6: Investment structure post the Proposal¹



1. Assumes no Top Up Placement undertaken. However, if Top Up Placement occurs, Growthpoint's interest will be 60.0% and other investors' interests will change accordingly.

The respective interests of ODPF, other investors and Growthpoint in the Stapled Group post the implementation of the Proposal will be dependent on the extent to which Growthpoint, ODPF and other investors exercise their entitlement and utilise the Oversubscription Facility under the Rights Issue. Refer to section 3.3 for further details on the Rights Issue.

6.2 OVERVIEW OF GROWTHPOINT

6.2.1 Background

Growthpoint is an internally managed property investment group, incorporated and registered as a public company and listed on the Johannesburg Securities Exchange Limited (JSE). Growthpoint has recently been included in the JSE Top 40 index, the FTSE EPRA/NAREIT Emerging Index and the MSCI Emerging Market Index.

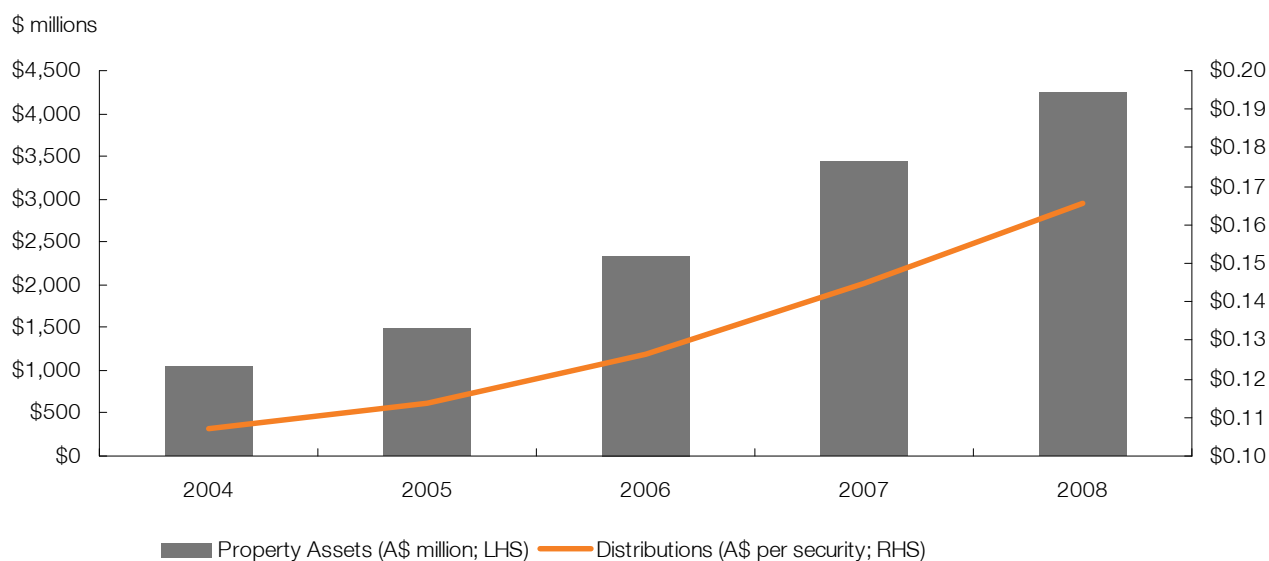
Since 2001, Growthpoint has built a sizeable and high quality portfolio through the acquisition of direct property portfolios as well as merger and acquisition activity within the South African listed property sector. Growthpoint has also benefited from its strategic relationships with South Africa's leading property developers and brokers.

Growthpoint is currently the largest listed property group on the JSE and has property assets valued at A\$4.5 billion and a market capitalisation of approximately A\$2.8 billion. This represents significant growth since 2001, when Growthpoint's total assets and market capitalisation were less than A\$20 million. Growthpoint's securities are widely held by some of South Africa's leading institutional investors who collectively hold in excess of 75% of Growthpoint's issued securities. Growthpoint has four substantial securityholders each holding in excess of 5% of total securities on issue, including the Public Investment Corporation which holds 29% of total Growthpoint securities on issue.

Growthpoint has consistently delivered growing income and capital growth to its securityholders and the latest interim results for December 2008 showed an annual distribution growth of 10.2%. The graph below illustrates Growthpoint's asset and distribution growth for the last 5 years.

Further information regarding Growthpoint is available at www.growthpoint.co.za.

Exhibit 6.7: Growthpoint assets under management and distributions



6.2.2 Growthpoint's strategy

Growthpoint's strategy focuses on the creation of sustainable value for securityholders by managing and growing its existing asset base. To achieve this Growthpoint focuses on the following:

- active management of its property portfolio with the intention of acquiring properties that offer opportunities for income and capital growth while divesting properties that no longer meet Growthpoint's investment profile;
- investing in the existing property portfolio where there are opportunities for income and capital growth;
- optimising the portfolio tenant mix; and
- pursuing conservative financial management policies in respect of gearing and interest rate risk.

6.2.3 Property portfolio

Growthpoint owns a diversified portfolio of 437 prime quality properties within the retail, office and industrial sectors in prime business locations across South Africa. As at 31 December 2008 the valuation of these properties was A\$4.5 billion with gross lettable area (GLA) of all properties more than 4.5 million m², and vacancy across the portfolio of 3.5%. The majority of Growthpoint's GLA is situated in the Greater Johannesburg area (54%), with the balance located in the Western Cape (20%), Pretoria (12%) and other provinces throughout South Africa.

Exhibit 6.8: Sectoral analysis of Growthpoint's portfolio

	Office	Retail	Industrial	Total
Value (A\$ billion)	1.9	1.5	1.0	4.5
% by value	43%	35%	23%	100%
GLA m ²	1,202,809	965,426	2,366,013	4,534,248
% by GLA	27%	21%	52%	100%
Vacancy	5.3%	3.0%	2.7%	3.5%

Note: Totals may not sum due to rounding.

Growthpoint has in excess of 3,300 companies in occupancy across its portfolio, with tenants including international and South Africa's leading blue-chip companies and retail brands. Growthpoint's portfolio consists of:

- Retail: the majority of Growthpoint's retail portfolio consists of premier shopping centres in South Africa's major metropolitan cities;
- Office: Growthpoint's office portfolio consists predominantly of premier and A Grade properties located in South Africa's prime office nodes; and
- Industrial: Growthpoint's industrial properties are located in established industrial nodes that are well-served by transport, energy and other infrastructure, including warehouse and showroom properties.

Growthpoint assumed responsibility of its property and asset management functions following the internalisation of its management in July 2007. Growthpoint has three regional offices in Johannesburg, Durban and Cape Town.

6.2.4 Financial structure

Growthpoint strives to continually reduce its cost of debt while minimising risk by keeping gearing levels below 50% and ensuring that at least 75% of debt is at fixed interest rates. At 31 December 2008, the nominal value of Growthpoint debt was \$1.6 billion, resulting in a gearing ratio of 36.3%. Approximately 97% of debt is fixed at a weighted average interest rate of 9.5% for a weighted average period of 9.8 years. In December 2008, Growthpoint successfully raised \$270.9 million through a fully subscribed rights offer. Growthpoint has total additional facilities of more than \$310 million with various financial institutions to fund future acquisitions and developments.

6.2.5 Directors and executives

The Growthpoint board of directors consists of 3 executive directors and 10 non-executive directors, including an independent, non-executive Chairman. The three executive directors are Norbert Sasse (Chief Executive Officer), Estienne de Klerk (Executive Director) and Stuart Snowball (Finance Director).

The Growthpoint board has different sub-committees that focus on audit and risk management, property, transformation, nomination and remuneration.

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7.

STAPLED GROUP
INVESTMENT
STRATEGY, BOARD
AND MANAGEMENT

7. STAPLED GROUP INVESTMENT STRATEGY, BOARD AND MANAGEMENT

7.1 OBJECTIVES

If the Proposal is implemented, the Trust will become part of a Stapled Group listed on ASX. The objective of the Stapled Group will be to provide investors a tradable security producing consistently growing income returns and long-term capital appreciation. To achieve this, the Stapled Group will seek to invest in well-located property assets diversified by both sector and geography.

7.2 STRATEGY

The Strategy of the Stapled Group will be to:

- actively grow the Stapled Group to a size that is able to attract institutional investors through the acquisition of properties that offer income and capital growth to Securityholders;
- optimise the quality of income streams by diversifying into other real estate classes, primarily office and retail;
- pursue conservative financial management policies in respect of gearing and interest rate risk; and
- seek to pay distributions semi-annually that consist of rental income after expenses and interest costs.

The Stapled Group will invest only in direct property and other listed A-REITs where there are opportunities to acquire portfolios indirectly through corporate activity in the A-REIT sector.

7.3 INVESTMENT POLICIES

7.3.1 Portfolio characteristics

The portfolio is intended to consist of diversified property investments in the retail, office and industrial sectors in prime business locations across Australia.

The following broad criteria will be applied in building the property portfolio:

- limits will be applied to the size of a single asset relative to the overall size of the portfolio;
- diverse mix of high quality tenants;
- geographic diversity to manage the Stapled Group's exposure to one city or State; and
- sectoral diversification across industrial, retail and office sectors.

7.3.2 Development

The Stapled Group will seek to invest only in income earning properties and will not actively seek to engage in property developments unless pre-commitment lease contracts exist with current and prospective tenants.

The Stapled Group will not undertake speculative developments or develop properties for the purpose of selling to third parties.

7.3.3 Borrowings

The Stapled Group will use borrowings to partially fund its investments. The pro forma LVR of the Stapled Group assuming the successful implementation of the Proposal is 50%. Subsequent to the Proposal the Stapled Group will have approximately \$153 million of undrawn facilities available for further acquisitions. The Stapled Group intends to continue to utilise debt as part of its capital management strategy with a long-term gearing target of between 50% and 60%. In terms of the Stapled Group's agreements with the Finance Parties, the Stapled Group can gear its Portfolio to a maximum Operating LVR of 60% subject to a minimum interest cover ratio of 1.4x post the recapitalisation.

The Responsible Entity will seek to structure the Stapled Group's borrowings to minimise exposure to refinancing and margin risk.

7.3.4 Interest rate management

The Stapled Group will not speculate on interest rates and therefore seeks to adopt a policy of ensuring that at least 75% of its borrowings are on a fixed rate basis.

7.3.5 Asset management

The Stapled Group's internalised management team will be responsible for the active management of each asset in the portfolio to maximise its income and capital growth.

A yearly review will be undertaken on each of the properties to develop a short and long-term strategy with the intention of identifying non-performing properties and properties which no longer meet the Stapled Group's portfolio characteristics. Yearly budgets will be prepared across the portfolio for approval by the Board. Performance against the budgets will be reviewed quarterly, with detailed variance analysis and commentary provided on a half yearly basis. The fund manager will liaise closely with the appointed external property managers on issues such as rental collection, performance of tenants and other property related operational issues.

7.3.6 Distribution policy

If the Proposal is approved, it is intended that the Stapled Group will make distributions consisting of either or both a distribution from the Trust and a dividend from the Company on a half yearly basis subject to and following directors' consideration of financial results and the Group's operating outlook. As the Company will have minimal earnings after tax, it is anticipated any distributions will be almost entirely from the Trust.

The Stapled Group will adopt a distribution policy where, to the extent possible, all available net cash receipts are distributed to Stapled Securityholders (net cash receipts primarily comprise the net income received from rent on the portfolio, less any cash expenses, cash fees, and interest paid and allowances for certain provisions and accruals).

A distribution of 1.4 cents per Stapled Security is forecast in FY10. This represents a distribution yield of 8.6% on the issue price of 16 cents per Security.

Distributions will be paid by a cheque posted to the Stapled Securityholder's address as it appears on the register or by direct credit to the account nominated by the Stapled Securityholder for this purpose. Stapled Securityholders will also be sent distribution statements which set out the details of their distributions and an annual tax statement which will include any tax deferred component of their distributions.

7.4 DIRECTORS AND MANAGEMENT

7.4.1 Board composition

OPL is the current responsible entity of the Trust. Following the implementation of the Management Internalisation (and subject to the Company's AFSL being varied) the Company will be the responsible entity of the Trust. The table below details the composition of the board of OPL (the existing responsible entity) and the proposed composition of the Company (the proposed responsible entity):

Name	Director of OPL	Proposed Director of the Company
Lyn Shaddock (Chairman)	✓	✓
David Hinde	✓	✓
Grant Jackson	✓	✓
David Spruell	✓	✓
Greg McMahon	✓	x
Chris Thiris ¹	✓ ¹	x
Francois Marais	x	✓
Norbert Sasse	x	✓
Estienne de Klerk	x	✓

1. Chris Thiris is an alternate for David Hinde.

If the Proposal is approved, the Company Board will consist of 7 members. 3 of those will be nominated by Growthpoint, one of which, Francois Marais, will be independent. Growthpoint has also nominated Norbert Sasse and Estienne de Klerk as directors. David Hinde will continue as director of the Company to the extent that ODPF holds more than 5% of the Stapled Securities. It is proposed that Lyn Shaddock, Grant Jackson and David Spruell will also be appointed as directors and Chris Thiris and Greg McMahon will retire as directors from the Company Board.

Whilst Lyn Shaddock will be appointed Chairman of the Board, it is envisaged that a new independent non-executive Chairman (who will be an Australian citizen) will be appointed at the next annual general meeting (AGM) of the Stapled Group. It is anticipated that Mr Shaddock will continue to serve as an independent non-executive director of the Company Board subsequent to the AGM.

7.4.2 Profile of proposed Company Board members

Below are profiles of the Company directors:

Lyn Shaddock (Independent Chairman)

Over a 50-year career in the property industry Lyn has been involved with many property projects in a wide range of locations, including with successful developments in Sydney, Melbourne, Brisbane, San Francisco & Kuala Lumpur. He has been involved with many developments from inception to completion, and in some instances managed the building post completion. His experience spans a wide range of business conditions and economic cycles.

He was a member of the Central Sydney Planning Committee involved in planning Sydney and administering major development approvals from 1989 – 1993. He was a member of the NSW Heritage Council until August 1991 serving a five-year term.

Mr Shaddock was a member of the NSW Executive of the Building Owners & Managers Association (now known as the Property Council) from 1971 – 1991 and was President of its NSW Division from 1980 – 1983. He was also an Honorary Director and Chairman of the National Finance Committee from 1988 to 1996. Mr Shaddock was awarded honorary life membership of both the NSW & National bodies.

In addition to being the Independent Chairman of the Trust, Lyn also acts as Independent Chairman of Calibre Capital (a wholesale workout fund) and advises Dexus Limited on 1 Bligh Street, a major office building currently in construction.

Estienne de Klerk (Growthpoint nominee)

Estienne has 14 years experience in the banking sector, 6 years experience in property finance and been involved with listed property for 8 years. Estienne joined Investec Private Bank in Pretoria and in 1998 he was appointed head of the Private Client team. Estienne later qualified as a Chartered Accountant and was appointed at Investec Property Group Ltd to act as Chief Financial Officer for Growthpoint. In November 2004, Estienne was appointed as the Fund Manager of the industrial property company Metboard. In June 2006, Estienne together with Norbert Sasse were responsible for the scheme of arrangement to merge Metboard and Growthpoint. Estienne has served on the board of Metboard, where he was appointed as Executive Director in March 2005. Post the successful conclusion of the merger between Metboard and Growthpoint, Estienne joined the Growthpoint executive team where he was appointed as an executive director in 2008. Estienne is a member of the South African Institute of Chartered Accountants and a board member of the Property Sector Charter Council.

David Hinde (ODPF nominee)

David is the Chief Executive Officer of Orchard Funds Limited. He is responsible for overseeing all aspects of Orchard Funds Limited's strategic development, fund raising and core operations. David has 19 years experience in funds management. Prior to joining Orchard, David was Managing Director of Becton Property Group's funds management division. Previously he held management positions at MCS Property (now CentroMCS) and Lend Lease. David has a Bachelor of Business (Property), Graduate Diplomas of Business (Accounting) and Applied Finance and Investment. David is also a member of the Institute of Chartered Accountants and fellow of the Financial Services Institute of Australasia.

Grant Jackson (Independent)

Grant has over 20 years experience in the property industry, including over 18 years as a qualified valuer. Grant's diverse experience involves all property types, including major office buildings, shopping centres and industrial estates. Grant's expertise in statutory valuations is highly regarded and he regularly provides expert evidence to courts and tribunals around Australia. Grant holds an Associate Diploma in Valuations from RMIT University, is a fellow of the Australian Property Institute and is a member of the Divisional Professional Board of the Australian Property Institute.

Francois Marais (Independent)

After qualifying as an attorney, Francois worked as senior manager in Central Merchant Bank's corporate finance division. Presently, Francois is the practice leader and senior director of Glyn Marais, a corporate law firm with offices in Johannesburg and Cape Town which is associated with London-based Denton Wilde Sapte. He specialises in corporate finance with particular emphasis on mergers and acquisitions, listings, private equity, leveraged buy-outs, equity and debt offerings, joint ventures, privatisations, JSE and SRP issues and debt restructurings. Francois is Chairman of Growthpoint Properties Limited, as well as chairman of a smaller venture capital company involved in the isotope separation industry.

Norbert Sasse (Growthpoint nominee)

Norbert has 10 years experience in corporate finance dealing with issues such as listings, de-listings, mergers, acquisitions and capital raisings, and over 10 years experience in the listed property market. Norbert qualified as a Chartered Accountant in 1990 after qualifying as a Chartered Accountant with Ernst & Young in South Africa. In April 2002, Norbert joined Investec Property Group from Investec Corporate Finance where he was responsible for the Fund Management business unit of Investec Property Group, which managed direct property assets valued at more than \$3.7 billion. Norbert was instrumental in growing Growthpoint from a listed property fund having assets of \$16 million and a market capitalisation of \$5 million in 2001 to being South Africa's largest listed property company with assets of over \$4.4 billion and a market capitalisation of approximately \$2.8 billion. Norbert was appointed to the Growthpoint Board of Directors in May 2003 and was appointed CEO of Growthpoint in October 2004. In 2004, Norbert was involved in establishing the Association of Property Loan Stock Companies (PLS Association). The PLS Association is the representative umbrella body of the property loan stock sector comprised of voluntary members, with the weight of nearly all of the funds within the sector behind it. The combined market capitalisation of the members of the PLS Association amounts to approximately \$11 billion. Norbert was appointed the inaugural Chairman. Norbert is also a director of Sandton Business Improvement District, as well as a member of the South African Institute of Chartered Accountants.

David Spruell (Independent)

David has nearly 40 years experience in investment management and financial services in both the UK and Australia. He was head of Investment Management at Prudential in Australia and chief executive of its Investment Dealer group. He was also CEO of Allianz Asset Management Australia. He was a director of many of the subsidiaries of Prudential and Allianz Australia Limited. David is chairperson of the Workers Compensation Insurance Fund Investment Board in New South Wales, a non-executive director of Rabo Financial Advisors Limited and the Lead Independent Director at Macquarie DDR Management Limited, the Responsible Entity for the Macquarie DDR Trust. He is a fellow of the Australian Institute of Company Directors and a fellow of the Financial Services Institute of Australasia. David has been an Independent Director of Orchard Funds Limited since October 2007 and is also a Director of Orchard Capital Investments Limited.

7.4.3 Key management executives

It is the intention for the key personnel currently responsible for managing the Trust to continue their existing management roles in the Stapled Group going forward. The management team comprises highly experienced and skilled property professionals with in depth knowledge of the Australian property market and a significant understanding of the existing properties in the Trust. Their property experience spans the industrial, office and retail property sectors, which is consistent with the Stapled Group's long term strategy to build a diversified property portfolio. Additional property expertise and resources may be added to the Stapled Group to complement the existing management team as required.

Details in relation to the key executives are set out below.

Timothy Collyer, Fund Manager

Tim will be responsible for overseeing the management of the Trust, a role which Tim has performed for Orchard Funds Limited since the Orchard Industrial Fund initial public offering in July 2007. Whilst with Orchard Funds Limited, Tim also assisted with management of Orchard's unlisted property funds business, with approximately \$3.2 billion of funds under management. Tim has over 20 years experience in listed and unlisted property funds management, property investment and development, valuation and advisory roles, and has worked across office, industrial and retail property sectors. Previously, Tim was the Property Trust Manager at Australand Property Group and responsible for management of its listed and unlisted property trusts for a period of six years. Tim holds a Bachelor of Business (Property) and a Graduate Diploma in Applied Finance and Investment. He is also an Associate of the Australian Property Institute and Fellow of the Financial Services Institute of Australasia.

Patrick Burns, Financial Controller

Patrick will be responsible for the financial reporting obligations of the Stapled Group, a role which he has performed for Orchard Funds Limited since April 2007. During that time, Patrick was involved with the initial public offer of the Trust. He has over 20 years experience in accounting roles in both corporate and advisory roles. Prior to Orchard Funds Limited, Patrick spent six years at Centro Properties Group where he was Group Financial Accountant and was responsible for Centro's financial reporting obligations under the Corporations Act and ASX Listing Rules. Patrick holds a Bachelor of Commerce degree from the University of Melbourne, is a member of the Institute of Chartered Accountants and a Fellow of the Financial Services Institute of Australasia.

Michael Green, Portfolio Manager

Michael joined Orchard Funds Management in January 2009 as Portfolio Manager for the Orchard Industrial Property Fund. He oversees the asset management, transaction management and property analysis functions of the Trust. Michael has over 7 years experience in listed and unlisted property fund management, property investment and development both in Australia and Europe. Prior to joining Orchard, Michael was based in London and worked as a Transaction Manager for Cordea Savills. Michael was responsible for acquisitions and asset management in the BENELUX region for Cordea Savills Pan European Funds. Prior to moving to Europe he spent four years as the Property Analyst for Australand's listed and unlisted property trusts. Michael holds a Bachelor of Business (Property).

7.5 CORPORATE GOVERNANCE

7.5.1 Role of the Board of Directors

The Directors will continue to be responsible for the overall management of the Stapled Group, with the aim of increasing Stapled Securityholder value. The Responsible Entity is committed to ensuring that it acts responsibly and with integrity in relation to its dealings with the Stapled Group and Stapled Securityholders.

The Directors are also responsible for overseeing the investment activities of the Stapled Group. Their role includes the following:

- adoption and implementation of appropriate corporate governance practices;
- establishing the Stapled Group strategies and objectives;
- approval of material transactions;
- establishment of processes and controls with respect to financial reporting and financial records; and
- adoption of relevant internal controls and risk management processes.

The Board has established an Audit Committee and Compliance Committee to assist it in undertaking its duties and responsibilities.

7.6 AUDIT COMMITTEE

The Responsible Entity currently has an Audit Committee in place that oversees its financial reporting activities. This Committee will perform a range of functions including reviewing financial statements, overseeing the Stapled Group's relationship with external auditors and monitoring the Stapled Group's capital position. If the Proposal is approved, the Company will be appointed as the Responsible Entity and the members of the Audit Committee will comprise a majority independent non-executive directors as well as a representative from Growthpoint.

7.7 COMPLIANCE PLAN

Pursuant to Part 5C of the Corporations Act governing managed investment schemes, the Company will update and lodge with ASIC an updated Compliance Plan for the Trust. The Compliance Plan describes the procedures that the Responsible Entity will apply in operating the Trust to ensure compliance with the Corporations Act, Constitution, any other disclosure document, the Company's Australian Financial Services Licence and how these procedures will be monitored. The Company will continue to adhere to the existing Compliance Plan.

7.8 COMPLIANCE COMMITTEE

The Responsible Entity will have a Compliance Committee that monitors its compliance with the Compliance Plan and where necessary report certain breaches of the Corporations Act to the Company or ASIC. The Compliance Committee will also assess at regular intervals whether the compliance plan is adequate, report to the responsible entity on the assessment and make recommendations as to any changes that it considers should be made to the plan.

7.9 REPORTING AND DISCLOSURE OBLIGATIONS

The Stapled Group will be a disclosing entity for the purposes of the Corporations Act and will continue to comply with the continuous disclosure regime under the Listing Rules and Corporations Act. The Stapled Group will establish internal systems and procedures to ensure that timely disclosure is made to ASX to support an informed market.

The Stapled Group will also provide periodic reports to Stapled Securityholders, place announcements on its website, and convene an annual general meeting of Stapled Securityholders.

As a disclosing entity, the Stapled Group will be subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Stapled Group (which are not documents of the type referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an ASIC office. Copies of continuous disclosure documents lodged with ASX in relation to the Stapled Group may be obtained from ASX.

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8.

FINANCIAL
INFORMATION

8. FINANCIAL INFORMATION

8.1 INTRODUCTION

The pro forma financial information of the Stapled Group contained in this section assumes the completion of the Proposal and the following associated transactions (not listed in the order in which they will occur):

- a \$6.2 million capital return by the Trust to Unitholders with the proceeds automatically applied to acquire Shares in the Company from OFL. The \$6.2 million consideration represents \$6.0 million for the management rights and \$0.2 million for net assets held by the Company at the time of the acquisition;
- a subsequent Stapling of Units to Shares;
- a capital raising of \$200 million comprising:
 - a \$55.6 million placement to Growthpoint (Growthpoint Placement);
 - a \$144.4 million Rights Issue to be underwritten by Growthpoint;
- the proceeds of the capital raising are assumed to be utilised as follows:
 - \$176.5 million to repay bank borrowings;
 - \$9.4 million to pay for associated capital raising costs;
 - \$9.0 million to cancel some interest rate derivative contracts; and
 - \$5.1 million to be retained as cash held by the Company to satisfy ASIC licensing requirements within the Responsible Entity.

If the above transactions do not result in Growthpoint achieving a 60.0% ownership interest in the Stapled Group, a further Top Up Placement to Growthpoint will occur such that its ownership interest becomes 60.0%. If participation in the Rights Issue is less than 64.9%, the Top Up Placement will not occur. For the purpose of the pro forma financial information shown in this section, no Top Up Placement is assumed.

A breakdown of funding sources and uses is shown in the table below:

Exhibit 8.1: Funding sources and uses¹

Sources	(\$ millions)	Uses	(\$ million)
Growthpoint Placement	55.6	Repayment of borrowings	176.5
Rights Issue	144.4	Equity raising costs	9.4
		Cancel interest rate derivative contracts	9.0
		Cash retained to meet ASIC licensing requirement	5.1
Total	200.0	Total	200.0

1. \$6.2 million capital return required to effect the Management Internalisation assumed to be funded via existing cash reserves.

8.1.1 Historical financial information

The historical income statement for the year ended 30 June 2008 (FY08) has been extracted from the Trust's audited financial statements for the year ended 30 June 2008.

The pro forma balance sheet has been extracted from the Trust's reviewed 31 December 2008 financial statements and adjusted for the effect of certain transactions post 31 December 2008 as well as completion of the transactions contemplated in this Meeting Booklet as if they had occurred on 31 December 2008.

8.1.2 Forecast financial information

The forecast income statements (the Forecasts) comprise:

- the forecast income statement for the year ending 30 June 2009 (FY09), representing actual results for the half year period to 31 December 2008 extracted from the Trust's reviewed financial statements for the half year ended 31 December 2008, 3 month actual results extracted from unaudited management accounts to 31 March 2009 and a forecast for the 3 month period to 30 June 2009; and
- the pro forma forecast income statement for the financial year ending 30 June 2010 (FY10) which assumes completion of the transactions contemplated in this Meeting Booklet as if they occurred on 1 July 2009.

8.1.3 Basis of preparation

The Forecasts have been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards with the exception of the following items that will be reflected in the periodic financial reports of the Stapled Group:

- any unrealised profit or loss arising from the revaluation of investment properties (net of the effect of straight-lining of rental income and lease incentive amortisation); and
- any unrealised profit or loss arising from the revaluation of financial instruments used to hedge interest rate risk.

The financial information has been presented in a summarised format. It does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

Unitholders should refer to the financial reports for the half year ended 31 December 2008 and the year ended 30 June 2008 for more detailed financial disclosures and commentary on the historical financial performance of the Trust, including the Trust's significant accounting policies (available at www.orchardfunds.com).

The financial information should be read in conjunction with the Responsible Entity's key assumptions used in the preparation of the Forecasts as set out in section 8.3 and the risk factors in sections 5.3 and 5.4.

PricewaterhouseCoopers Securities Ltd has prepared an Investigating Accountant's Report in respect of certain financial information included in this section. This report is included in section 9. Investors should note the scope and limitation of that report.

The Responsible Entity has prepared the Forecasts based upon various assumptions. Due care and attention has been given to the preparation of the Forecasts and the assumptions represent the Responsible Entity's best estimate of anticipated future transactions and events based on information and documentation available at the date of issue of this Meeting Booklet. The Responsible Entity considers the Forecasts to be reasonable and that there is a reasonable basis for the preparation of the Forecasts. Investors should appreciate that forecasts by their very nature are subject to uncertainties which may be outside of the control of the Responsible Entity or may not be capable of being foreseen or accurately predicted. As such, actual results may differ from the Forecasts and such differences may be material. There can be no guarantee or assurance that the Forecasts will be achieved.

8.2 INCOME STATEMENT

Exhibit 8.2: Income statement

\$ millions	Audited FY08	Forecast FY09 ¹	Pro forma forecast FY10 ^{1,2}
Income			
Net property income	59.2	64.9	62.9
Interest income	2.9	1.1	0.3
Expenses			
Responsible entity management fees	(1.4)	(1.9)	-
Borrowing costs	(34.8)	(38.5)	(29.4) ³
Other expenses from ordinary activities	(1.0)	(1.1)	(2.8)
Profit before fair value adjustments and non-recurring items	24.9	24.5	31.0
Investment property revaluation	(3.8)	(186.3)	(6.7) ⁴
	9		
Loss on sale of investment properties	-	(2.2)	-
Gain/(loss) on interest rate derivatives	14.4	(54.2)	-
Net profit/(loss) before tax	35.5	(218.2)	24.3
Income tax expense ⁵	-	-	(0.1)
	35.6		
Net profit/(loss) after tax	35.5	(218.2)	24.2
Basic earning/(loss) per Security (cents)	10.3	(63.1)⁶	1.5⁷
Number of Securities on issue (millions)	345.0	346.2	1,596.2

1. Refer to section 8.3 for information on key assumptions used in preparing the Forecasts.

2. Refer to Exhibit 8.3 for the composition of the FY10 pro forma forecast income statement.

3. Included in FY10 borrowing costs is a commitment fee of \$1.0 million which assumes the available capacity of the Revised Debt Facility remains undrawn for the 6 month period ending 30 June 2010.

4. Represents an adjustment for straight lining of property income required by Australian Accounting Standards.

5. No income tax is payable by the Trust. Income tax is payable by the Company in FY10.

6. Based on a weighted average of 345.7 million Units.

7. Based on a weighted average of 1,596.2 million Units, inclusive of 1,250.0 million Units issued under the Growthpoint Placement and Rights Issue as if these transactions occurred on 1 July 2009.

The table below adjusts the Trust forecast FY10 income statement for the impact of the Growthpoint Placement, Management Internalisation and Rights Issue. The Trust forecast shown in the first column assumes the Trust is a going concern. However, this may not be representative of the Trust's forecast FY10 income statement if the Proposal is not approved as banking covenants and target gearing ranges may be breached resulting in the sale of certain properties. If the Proposal is not approved, it is not possible to forecast with any degree of accuracy which properties, if any, would be divested, and the resulting impact on the Trust that may arise.

Exhibit 8.3: Composition of pro forma forecast FY10 income statement

\$ millions	Trust Forecast FY10 (prepared on a going concern basis assuming Proposal proceeds)	Impact of Growthpoint Placement and Management Internalisation, and use of proceeds	Impact of Rights Issue and use of proceeds	Stapled Group pro forma Forecast FY10
Income				
Net property revenue	62.9	-	-	62.9
Interest income	0.3	-	-	0.3
Expenses				
Responsible entity management fees	(2.7)	2.7 ¹	-	-
Borrowing costs	(45.2)	4.6 ²	11.2 ³	(29.4)
Other expenses from ordinary activities	(1.3)	(1.5) ¹	-	(2.8)
Profit before fair value adjustments and non-recurring items	14.0			31.0
Investment property revaluation	(6.7) ⁴	-	-	(6.7)
Profit/(loss) on sale of investment properties	-	-	-	-
Gain/(loss) on interest rate derivatives	-	-	-	-
Net profit before tax	7.3			24.3
Income tax expense	-	(0.1) ⁵	-	(0.1)
Net profit after tax	7.3			24.2

1. Following the Management Internalisation, no external management fees will be incurred. However, other Stapled Group expenses are forecast to increase by \$1.5 million, reflecting the cost of services previously provided by the Responsible Entity.

2. An adjustment of \$4.6 million has been made to reflect the estimated interest savings assuming the net proceeds of \$52.1 million from the Growthpoint Placement are used to pay down the Stapled Group's borrowings. The weighted average interest cost of the Stapled Group's borrowings is assumed to be 8.79% based on the average hedged rate plus margin for the period ending 30 June 2010.

3. An adjustment of \$11.2 million has been made to reflect the estimated interest savings assuming net proceeds of \$124.4 million from the Rights Issue proceeds are used to pay down the Stapled Group's borrowings. The weighted average interest cost of the Stapled Group's borrowings is assumed to be 8.79% as above plus a further incremental margin saving arising from a higher ICR upon repayment of additional borrowings. A commitment fee of \$1.0 million for the undrawn portion of the Revised Debt Facility is also included for the 6 month period ending 31 December 2009 as further described in section 8.3.

4. Represents an adjustment for straight-lining of property income required by Australian Accounting Standards.

5. Calculated by reference to the profit of the Company at the current corporate income tax rate in Australia of 30%.

8.3 KEY ASSUMPTIONS USED IN PREPARING THE FORECASTS

Property acquisitions and disposals

The Forecasts assume that the Stapled Group does not acquire or divest any interest in property in the 3 month period ending 30 June 2009 and FY10.

Net property income

Net property income has been forecast based on existing leases and assumptions for future market rentals and future leasing. The Forecasts assume all leases are enforceable and are performing in accordance with their terms.

Net property income comprises gross rental income and recovery of property outgoings from tenants after deducting property expenses. Property outgoings consist of rates, taxes and other property expenses in relation to the Portfolio.

Where future rental increases are subject to market review, rental increases are assumed to occur at the minimum amount in the lease. For the purpose of the Forecasts, rental reviews subject to CPI are increased at an average of 2.3% per annum, and rental reviews subject to fixed rental increases are increased at an average of 3.2% per annum.

Property expenses have been forecast based on existing contracts, assumptions for future costs and an assumed growth rate of 3.0% per annum.

Lease and vacancy

No leases are scheduled to expire prior to the forecast period ending 30 June 2010.

In April 2009, the receiver of the former tenant of 45-55 South Centre Road, Tullamarine vacated the property. The property has been assumed to be leased from January 2010 at similar rates to historical rentals on this property. Approximately \$500,000 of income for FY10 will be drawn from remaining bank guarantees for this property.

In May 2009, the tenant of Lot 1, 44-54 Raglan Street, Preston vacated the property. The lease remains in place; however, the ability of the tenant to fulfil its lease obligations is not known. No rental income is included for Lot 1, 44-54 Raglan Street, Preston in the FY10 forecast.

Capital expenditure

Allowance has been made for committed capital expenditure of \$24.5 million in the three month period ending 30 June 2009 (refer to Exhibit 8.4).

The Stapled Group may be required to expand certain properties for an amount of \$43.6 million under the terms of certain contracts. Other than the above committed capital expenditure, the Forecasts assume that no capital expenditure in relation to these contracts occurs during the Forecast Period, due to the inability to reliably forecast their amount or timing.

However, in the event that capital expenditure in relation to these contracts is required during FY10, the Company believes that there is unlikely to be any material impact on the forecast distributions per Stapled Security to Securityholders. This is due to a number of factors including:

- any capital expenditure will be funded out of debt and/or equity;
- any capital expenditure will immediately trigger a rental uplift;
- the likely lead time required in terms of the notification period relating to the capital expenditure and the completion thereof is unlikely to result in a significant amount being incurred in FY10; and
- the likely capital expenditure during FY10 is sufficiently small compared to the net asset value and forecast cash flows of the Stapled Group such that the impact of any capital expenditure on distributions per Stapled Security is expected to be immaterial.

Exhibit 8.4: Capital expenditure

Capital expenditure
commitment for the 3 months
ending 30 June 2009

\$ millions

120 Northcorp Boulevard, Broadmeadows	1.6
599 Main North Road, Gepps Cross	1.5
522-550 Wellington Road, Mulgrave	1.4
40 Annandale Road, Tullamarine	8.2
2 Horrie Miller Drive, Perth Airport	11.8 ¹
Committed capital expenditure	24.5
Less: valuation based on current yield rates	(1.2)
Directors' valuation of committed capital expenditure	23.3

1. Recognised on the balance sheet as investment properties but not included in Directors' valuations of \$650.0 million as not payable until FY10.

Management fees

In the absence of the Proposal, the FY10 management fee is forecast to be \$2.7 million (FY09: \$1.9 million after the Responsible Entity had waived a portion of its fee).

Following the Management Internalisation, no management fees will be paid to external parties, resulting in a saving of this fee on a consolidated basis. Other Stapled Group expenses are forecast to increase by \$1.5 million, reflecting the cost of services previously provided by OPL, resulting in a forecast net saving of \$1.2 million.

Other expenses

The Stapled Group will incur operating expenses including listing fees, registry fees, custodian fees, legal, audit and tax fees, investor reporting costs and other miscellaneous expenses. These costs have been forecast by taking into account factors likely to influence the level of these expenses including the Stapled Group's market capitalisation and gross assets. Other Stapled Group expenses have been escalated at 2.3% per annum.

Borrowing and financing costs

The Stapled Group has received credit approved terms for a Revised Debt Facility from National Australia Bank and Westpac Banking Corporation (the Lenders). The Revised Debt Facility will mature on 30 June 2012. The Revised Debt Facility is conditional on satisfaction of a number of terms including completion of the Proposal and completion of the facility's documentation.

The Revised Debt Facility has an initial limit of \$525 million which, based on implementation of the Proposal, will be drawn to \$326.7 million resulting in an LVR of 50.3% as shown in the pro forma balance sheet as per Exhibit 8.8. This compares to an operating LVR covenant in the Revised Debt Facility of 60%. If the operating LVR covenant of 60% is exceeded, no redraw may occur and if the LVR exceeds 65%, all available cashflow of the Stapled Group must be used in debt reduction. If the 'default' LVR covenant is exceeded (70% until 31 December 2010, 65% thereafter), an event of default will occur. The facility limit is expected to be permanently reduced to \$480 million upon completion of the Rights Issue.

The interest rate on the Revised Debt Facility will consist of a base rate, commitment fee (payable quarterly in advance) and margin (payable monthly in arrears). The base rate will be determined via reference to the floating bank bill rate. The commitment fee and margin will be determined via reference to the Stapled Group's Interest Coverage Ratio (ICR), with a higher ICR resulting in a lower commitment fee and margin. Based on the pro forma forecast income statement it is assumed the ICR will result in a margin on drawn funds of 220 basis points for the year ending 30 June 2010, and a commitment fee of 132 basis points on undrawn funds.

The pro forma \$153.3 million undrawn component of the Revised Debt Facility post the Rights Issue will attract the commitment fee and can be used for agreed purposes which include capital expenditure for expansions on existing sites and acquisitions of income producing properties (which must be acceptable to the Lenders if the LVR following that acquisition is greater than 55%). The undrawn component of the Revised Debt Facility will be cancellable at the Stapled Group's election with 14 days notice. It is the intention to utilise the facility to take advantage of yield-enhancing acquisition opportunities currently available in the depressed Australian property market. The timing, terms and quantum of these potential acquisitions are not yet known, therefore the FY10 forecast includes a \$1.0 million expense on the assumption that the pro forma undrawn component of the debt facility remains undrawn for 6 months. In the event that the debt facility is not drawn upon within a 6 month period, the continuation of the undrawn component will be reviewed.

The Revised Debt Facility requires the Stapled Group's property portfolio be revalued annually as instructed by the Lenders. The next valuation will be at 31 December 2009 and annually thereafter.

Mortgages over the Stapled Group's properties and charges over the Stapled Group and its sub-trusts have been granted in favour of the Lenders to secure repayment of the Revised Debt Facility. If an unremedied event of default has occurred under the Revised Debt Facility, no distributions may be made to Stapled Securityholders by the Stapled Group until that default is remedied. If a change of control event occurs in relation to the Stapled Group, the Stapled Securities in the Stapled Group cease to be listed on ASX, a review event (Review Event) will occur under the Revised Debt Facility. A Review Event will enable the Lenders to request amendments to the Revised Debt Facility and requires the Lenders and the Stapled Group to negotiate in good faith the amendments they determine are appropriate to that Review Event. If those amendments cannot be agreed within 30 days, the Lenders may require the entire Revised Debt Facility to be repaid or refinanced within 90 days.

Interest rate derivatives

As at 31 May 2009, the Trust has interest rate derivatives of \$512.7 million such that its Current Debt Facility is almost 100% hedged with the base interest rate fixed at an average rate of 6.24%. Under the interest rate derivative contracts, the Stapled Group pays interest on the notional derivative amounts at a fixed rate and receives interest at variable rates. As at 31 May 2009, the interest rate derivatives have various maturities with a weighted average of 3.7 years.

Under Australian Accounting Standards, the Stapled Group measures the fair value of interest rate derivatives at each reporting date with changes in fair value recognised in the income statement. For the purposes of arriving at the FY09 forecast value of the interest rate derivatives, the value at 31 May 2009 has been used in lieu of what the actual value will be at 30 June 2009. The \$(54.2) million loss on interest rate derivatives included in the FY09 forecast reflects a loss of \$(67.4) million incurred in the 6 months to 31 December 2008 and gain of \$13.2 million in the 5 months to 31 May 2009. The interest rate derivatives are not revalued for the purpose of Forecasts as future profit or losses arising from the revaluation of financial instruments used for hedging financial risks will be dependent upon future interest rates which cannot be reliably forecast. Unrealised gains or losses on financial instruments used for hedging purposes will not affect distributions or dividends to investors.

Following the Proposal, the Stapled Group's pro forma debt is expected to reduce by \$176.5 million to \$326.7 million. Consistent with the Stapled Group's hedging policy, the Stapled Group intends to reduce its interest rate derivative book. Based on market interest rates as at 31 May 2009, the cost of cancelling the derivatives is estimated to be \$9.0 million. There is no assurance that the costs of cancelling the derivatives will be the same when this strategy is implemented after the implementation of the Growthpoint Placement and Management Internalisation and the Rights Issue.

Following the cancellation of the interest rate derivatives, the remaining interest rate derivative book is expected to continue to have a base interest rate fixed at an average 6.24% and a weighted average of 4.5 years.

Valuation of Investment Properties

Directors have revalued the Portfolio as at 31 May 2009 at \$650 million, taking account of current property market conditions. After allowing for properties that have been sold and capital expenditure estimated to be incurred during the half year ended 30 June 2009, a total write-down in property values of \$98.2 million is estimated, equating to a 13.1% decline in values from 31 December 2008 valuations. The average yield for the Portfolio is now 8.9% as compared to 7.6% as at 31 December 2008. The average yield of 8.9% reflects the following:

- properties tenanted by Woolworths having an average yield of 8.5%;
- properties adjoining Melbourne, Brisbane or Adelaide airport having an average yield of 9.6%; and
- the balance of properties having an average yield of 10.5%.

The Directors' valuation of \$650.0 million as at 31 May 2009 excludes an additional \$11.8 million of capital expenditure recognised on the balance sheet as investment properties as it is not payable until FY10. For the purpose of the pro forma balance sheet, this is reflected as \$642.4 million within investment properties and straight-line rental receivables of \$19.4 million.

No further revaluations of the investment properties have been assumed in the Forecasts as there is no reasonable basis on which future valuations can be based. Future valuations will be subject to market forces outside of the control of the Stapled Group.

Proposal costs

Equity raising costs of \$9.4 million are recognised directly in equity and will be funded from the proceeds of the Proposal.

Taxation

The Trust is not liable to pay Australian income tax on the basis that Unitholders will be presently entitled to net income of the Trust during the Forecasts. Hence, no allowance for income tax has been made by the Trust. The Company will be required to pay Australian income tax on its net taxable income. An Australian income tax rate of 30% has been assumed.

Future capital raisings

Other than the Proposal, no further capital raisings are assumed to occur during the Forecasts. This does not mean that the Stapled Group will not engage in further capital raisings to fund future activities, such as new asset acquisitions.

General assumptions

The Company has made certain general assumptions in preparing the Forecasts regarding the general economic and regulatory environment in which the Stapled Group operates.

- inflation assumed to be an average of 2.3% per annum;

- there is no material change in the competitive environment affecting the Stapled Group; and
- there is no material change in applicable regulations or legislation affecting the Stapled Group.

8.4 SENSITIVITY ANALYSIS OF THE PRO FORMA FORECAST INCOME STATEMENT

A summary of the possible impact of movements in certain key assumptions on the FY10 pro forma forecast income statement is set out below. However, it should be noted that the disclosed changes in the key assumptions are not intended to be indicative of the complete range of variations that may occur.

Care should be taken in interpreting these sensitivities as they consider movements on an isolated basis, whereas in reality the effects of movements may be offset or compounded by movements in other variables. Furthermore, in the normal course of business, management would be expected to respond to any adverse changes in these key variables to minimise the net effect on financial performance.

8.4.1 Interest rates

The Stapled Group has interest rate derivatives that result in the base interest rate of the Stapled Group's borrowings being fixed. The pro forma debt of \$326.7 million is assumed to remain 100% hedged at the end of the Forecasts. The Forecasts are therefore not sensitive to movements in base interest rates.

However, the Forecasts remain sensitive to changes in the interest rate margin and commitment fee margin, both of which are determined based on interest coverage ratio. The table below shows sensitivities to interest coverage ratio.

Exhibit 8.5: Interest cover sensitivity

Interest coverage ratio (ICR)	Margin	Change in borrowing costs (\$ millions)
Pro forma ICR of $\geq 1.60x$	2.20%	nil
ICR of $\geq 1.50x$	2.45%	(0.8)
ICR of $\geq 1.40x$	2.70%	(1.6)

8.4.2 Property valuations

The Forecasts assume no unrealised profit or loss arising from the revaluation of investment properties from the Directors' valuation of \$650.0 million.

To the extent future valuations (required for bank purposes at 31 December 2009) result in a variance from this value, an unrealised gain or loss will arise. For illustrative purposes, a 5% increase/decrease in property values would result in a \$32.5 million gain/loss respectively.

8.4.3 Market rent reviews

Market rent reviews are assumed in the Forecasts to be at the minimum level set in the lease. Due to the low number of leases with market reviews during the Forecasts, the Forecasts are not sensitive to increases from market rents above the minimum level set in the lease.

The Stapled Group's expected reported results for FY10 will be different to the pro forma forecast results provided as per Exhibit 8.2, as the effective accounting date of the transaction is expected to be different from 1 July as assumed in the pro forma income statement. The Growthpoint Placement and Management Internalisation is expected to occur on 3 August 2009, and the Rights Issue early September 2009.

8.5 RECONCILIATION OF FY10 PRO FORMA FORECAST TO THE EXPECTED RESULT

The pro forma forecast net profit is reconciled to the expected reported FY10 net profit of the Stapled Group in the table below.

Note, this expected profit excludes the impact, if any, of:

- any unrealised profit or loss arising from the revaluation of investment properties (net of the effect of straight-lining of rental income and lease incentive amortisation); and
- any unrealised profit or loss arising from the revaluation of financial instruments used to hedge interest rate risk.

Exhibit 8.6: Reconciliation of FY10 pro forma forecast to the expected result

	\$ millions
Pro forma forecast net profit after tax (per Exhibit 8.2)	24.2
Add 1 month interest expense due to Growthpoint Placement completed on 3 August 2009	(0.4)
Add 1 month management fee due to acquisition of the Company completed on 3 August 2009	(0.1)
Add 2 months of interest expense due to Rights Issue completed in early September 2009	(1.8)
Expected reported net profit after tax of the Stapled Group	21.9
Expected distribution per Stapled Security (pre Consolidation) (cents)	1.4

8.6 FORECAST DISTRIBUTION GUIDANCE

Distributions to Stapled Securityholders, to the extent they are paid, are expected to be payable 6 monthly in arrears for the periods ending 30 June and 31 December. Stapled Securityholders will be entitled to the distributions if they are on the register of Stapled Securityholders on the record date. Distributions are expected to be paid within 2 months following the end of each half year period.

The historical and forecast distributions are set out in the table below:

Exhibit 8.7: Distribution guidance

	Audited FY08	Forecast FY09	Pro forma FY10	Expected FY10
Distribution per Security (cents)	8.1	3.3	1.5	1.4

- The forecast distribution per unit for the 6 month period ending 30 June 2009 is anticipated to be approximately 0.75 cents, resulting in a total distribution for the 12 month period ending 30 June 2009 of 3.25 cents.
- The pro forma FY10 distribution is for FY10 is 1.5 cents. However due to the timing of the Proposal steps, the expected forecast distribution for the 12 month period ending 30 June 2010 is anticipated to be approximately 1.4 cents assuming the Proposal is fully implemented by early September 2009.
- The reduction in distributions per Security between FY08 and FY09 is attributable to the change in distribution policy, whereby distributions were paid out of cash savings generated from the capitalisation of interest, as well as higher interest margin costs reflecting the increase in LVR following the revaluation of the Portfolio. The reduction in distributions per Security between FY09 and FY10 is primarily attributable to the dilution as a result of the increase in the Securities on issue, as well as a full year impact of the higher interest margin costs.

8.7 BALANCE SHEET

Exhibit 8.8: Balance sheet

\$ millions	Trust actual 31 December 2008	Events subsequent to 31 December 2008	Adjusted 31 December 2008	Growthpoint Placement and Management Internalisation	Rights Issue	Stapled Group pro forma 31 December 2008
Cash and cash equivalents	27.9	(20.4)	7.5	(6.0)	5.1	6.6
Trade and other receivables	14.9	5.7	20.6	-	-	20.6
Investment properties	734.0	(91.6)	642.4	-	-	642.4
Total assets	776.8	(106.3)	670.5	(6.0)	5.1	669.6
Trade and other payables	(22.9)	(4.5)	(27.4)	-	-	(27.4)
Interest bearing liabilities	(514.5)	11.3	(503.2)	52.1	124.4	(326.7)
Interest rate derivatives	(43.4)	13.2	(30.2)	-	9.0	(21.2)
Other liabilities	(4.4)	-	(4.4)	-	-	(4.4)
Total liabilities	(585.2)	20.0	(565.2)	52.1	133.4	(379.7)
Net assets	191.6	(86.3)	105.3	46.1	138.5	289.9
Contributed equity	332.5	-	332.5	46.1	138.5	517.1
Retained earnings/(losses)	(140.9)	(86.3)	(227.2)	-	-	(227.2)
Total Securityholder equity	191.6	(86.3)	105.3	46.1	138.5	289.9
Number of Securities on issue (millions)	346.2		346.2	347.5	902.5	1,596.2
NTA per Security	0.55		0.30			0.18
LVR	68.8%		77.4%			50.3%

Notes to balance sheet

Material pro forma adjustments to the 31 December 2008 historical balance sheet are summarised below:

— Events subsequent to 31 December 2008

- \$20 million of accrued capital expenditure at 31 December 2008 has now been paid in full.
- Net cash proceeds of \$11.3 million from sale of property valued at \$12.6 million were used to repay interest bearing liabilities.
- Cash payment of \$0.4 million for capital expenditure incurred in the 3 month period to 31 March 2009.
- Property values at 31 December 2008 have been reduced by \$98.2 million to reflect Directors' valuations. Associated adjustments have been made to other items included in the valuations, namely, a \$5.7 million increase to recognise straight-lining of lease receivables, a corresponding decrease in investment properties and \$24.5 million of accrued capital expenditure (this capital expenditure includes an amount of \$11.8 million not included in the Directors' valuations as it is not payable until FY10).
- For the purposes of the Pro Forma Balance Sheet, a value of \$642.4 million is adopted reflecting an increase of \$11.8 million relating to capital expenditure not payable until FY10 and a decrease of \$19.4 million due to an accounting adjustment to the market value for the straight-lining of lease receivables.
- Interest rate derivatives balances at 31 December have increased by \$13.2 million to reflect bank valuations at 31 May 2009.
- LVR of 77.4% reflecting interest bearing liabilities of \$503.2 million and investment properties of \$650.0 million (including \$19.4 million relating to straight-lining of rental income and classified as a receivable in the balance sheet, and excluding capital expenditure of \$11.8 million recognised on the balance sheet as investment properties as it is not payable until FY10).

— Growthpoint Placement and Management Internalisation

- The Trust will undertake a \$6.2 million capital return to Unitholders, with the money automatically applied to acquire the Company from Orchard Funds Limited. Shares in the Company will then be stapled to Units in the Trust. The stapling results in the consolidation of the Company balance sheet which will comprise \$0.2 million cash and \$0.2 million equity at the time of the acquisition.
- The Growthpoint Placement reflects additional equity contributions of \$52.1 million (net of \$3.5 million equity raising costs) raised via the Growthpoint Placement, based on the issue of 347.6 million new units at 16 cents per unit. Proceeds are proposed to be used to repay borrowings.

— Impact of Rights Issue and use of proceeds

- Reflects additional equity contributions of \$138.5 million (net of \$5.9 million equity raising costs) raised via the Rights Issue, based on the issue of 902.5 million new Stapled Securities at 16 cents per Stapled Security (on a pre Consolidation basis).
- \$124.4 million of Rights Issue proceeds are proposed to be used to repay borrowings.
- \$9.0 million used to cancel existing interest rate derivative contracts that are no longer required as a result of reduced borrowings.
- \$5.1 million to be retained as cash held by the Company to satisfy ASIC licensing requirements within the responsible entity.
- LVR of 50.3% reflecting interest bearing liabilities of \$326.7 million and investment properties of \$650.0 million (based on \$642.4 million investment properties per the Pro Forma Balance Sheet, plus \$19.4 million relating to straight-lining of rental income and classified as a receivable in the balance sheet, and excluding capital expenditure of \$11.8 million recognised on the balance sheet as investment properties as it is not payable until FY10).

8.8 SENSITIVITY ANALYSIS OF THE PRO FORMA BALANCE SHEET

Position in relation to Revised Debt Facility LVR operating covenants

The Pro Forma Balance Sheet is based on a capital raising of \$200 million and the assumptions described in section 8.7. The Pro Forma Balance Sheet at 31 December 2008 may not be representative of the future market conditions, operations and financing position nor loan agreements. However, the table below presents, for illustrative purposes, a summary of Revised Debt Facility covenants and available headroom according to the Pro Forma Balance Sheet as at 31 December 2008 and current covenant limits.

Exhibit 8.9: Revised Debt Facility operating covenant sensitivity

Size of capital raising	Revised Debt Facility Operating LVR covenant limit ¹	Pro forma LVR	Decline in property values before Revised Debt Facility Operating LVR covenant breach (%) ²
\$200 million	60.0% ³	50.3%	16.2%

1. According to the Revised Debt Facility as detailed in section 12.7.
2. Based on Directors' valuations of investment properties of \$650.0 million and borrowings set out in Exhibit 8.8.
3. Greater than 55% is restricted to acceptable acquisitions requirements and Woolworths capital expenditure requirements; greater than 60% - no draw or re-draw against facility.

Rights Issue participation

If the participation in the Rights Issue by existing Stapled Securityholders is less than 64.9%, Growthpoint will have an interest greater than 60.0% and the Top Up Placement will not be required.

Should the participation in the Rights Issue by existing Stapled Securityholders be 100%, a Top Up Placement of \$63.2 million additional Stapled Securities to Growthpoint will be required to increase its ownership interest to 60.0%. The proceeds of the Top Up Placement will be used to repay borrowings. The impact of the Top Up Placement in these circumstances on debt covenants is set out in the table below.

Exhibit 8.10: Rights Issue participation sensitivity

Rights Issue participation ¹ (%)	Growthpoint interest pre Top Up Placement (%)	Top Up Placement (\$ million)	Revised Debt Facility Operating LVR covenant limit ²	Pro forma LVR ³	Percentage decline in relevant property values before Operating LVR covenant breach
0%	78.3%	0	60.0%	50.3%	16.2%
64.9%	60.0%	0	60.0%	50.3%	16.2%
100%	50.1%	63.2	60.0%	40.5%	32.4%

1. Participation of non-Growthpoint Unitholders in aggregate as a percentage of non-Growthpoint Units on issue.
2. According to the Revised Debt Facility as detailed in section 12.7.
3. Based on Directors' valuations of investment properties of \$650.0 million and borrowings set out in Exhibit 8.8, and adjusted by the Top Up Placement.

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9.

INVESTIGATING
ACCOUNTANT'S REPORT

The Directors
Orchard Property Limited
As responsible entity of Orchard Industrial Property Fund
Level 28
1 Spring Street
MELBOURNE VIC 3000

The Directors
Orchard Management Limited
Level 28
1 Spring Street
MELBOURNE VIC 3000

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website: www.pwc.com/au

25 June 2009

Dear Directors

Subject: Investigating Accountant's Report on Historical and Forecast Financial Information

We have prepared this report on certain historical and forecast financial information of Orchard Industrial Property Fund (the "Trust") for inclusion in an Explanatory Memorandum and Prospectus (collectively, the "Meeting Booklet") dated on or about 25 June 2009 relating to:

- a \$6.2 million capital return by the Trust to Unitholders with the proceeds automatically applied to acquire the shares in Orchard Management Limited ("Successor Responsible Entity") from Orchard Funds Limited.
- a subsequent stapling of Trust units to shares in the Successor Responsible Entity, to form the "Stapled Group".
- a capital raising comprising;
 - a \$55.6 million placement of units to Growthpoint Properties Limited ("Growthpoint"); and
 - a \$144.4 million rights issue of stapled securities to be underwritten by Growthpoint;
- the use of the proceeds to primarily repay bank borrowings.
(collectively, the "Proposal")

Expressions defined in the Meeting Booklet 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 Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence.

Scope

Orchard Property Limited (“OPL”) as responsible entity for the Trust, and Orchard Management Limited (“OML”) has requested PricewaterhouseCoopers Securities Ltd to prepare this investigating accountant’s report (the “Report”) covering the following information:

Historical financial information

- (a) the historical income statement of the Trust for the year ended 30 June 2008;
- (b) the historical balance sheet of the Trust as at 31 December 2008; and
- (c) the pro forma balance sheet of the Stapled Group as at 31 December 2008 (the “Pro Forma Balance Sheet”) which assumes completion of the proposed transactions disclosed in Section 8 of the Meeting Booklet (the “Pro Forma Transactions”);

(the “Historical Financial Information”).

Forecast financial information

- (d) forecast income statement of the Trust for the year ending 30 June 2009
- (e) pro forma forecast income statement of the Stapled Group for the year ending 30 June 2010 which assumes completion of the Pro Forma Transactions.

(the “Forecasts”).

This Report has been prepared for inclusion in the Meeting Booklet. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information or the Forecasts to which this Report relates for any purposes other than the purpose for which it was prepared.

Scope of review of Historical Financial Information

The Historical Financial Information set out in Section 8 of the Meeting Booklet has been extracted from the audited and reviewed financial statements of the Trust. The financial statements for the year ended 30 June 2008 were audited by PricewaterhouseCoopers that issued an unqualified audit opinion on them. The financial statements for the six month period ended 31 December 2008 were reviewed by PricewaterhouseCoopers that issued an unqualified review opinion on them. The Historical Financial Information incorporates such pro forma transactions and adjustments as the Directors of the Responsible Entity considered necessary to present the Historical Financial Information on a basis consistent with the Forecasts. The Directors of the Responsible Entity are responsible for the preparation of the Historical Financial Information, including the determination of the Pro Forma Transactions and adjustments.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the financial performance of the Trust for the relevant historical period
- a review of work papers, accounting records and other documents

- a review of the adjustments made to the Historical Financial Information
- a review of the assumptions (which include the Pro Forma Transactions) used to compile the Pro Forma Balance Sheet
- a comparison of consistency in application of the recognition and measurement principles under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Trust, and
- enquiry of Directors, management and others.

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

Review statement on Historical Financial Information

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

- the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions
- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet
- the Historical Financial Information, as set out in Section 8 of the Meeting Booklet, does not present fairly:
 - (a) the historical income statement of the Trust for the year ended 30 June 2008;
 - (b) the historical balance sheet of the Trust as at 31 December 2008; and
 - (c) the pro forma balance sheet of the Stapled Group as at 31 December 2008, assuming completion of the Pro Forma Transactions

in accordance with the recognition and measurement principles prescribed under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Trust.

Scope of review of Forecasts

The Directors of the Responsible Entity are responsible for the preparation and presentation of the Forecasts, including the best estimate assumptions (which include the Pro Forma Transactions) on which they are based.

Our review of the best estimate assumptions underlying the Forecasts was conducted in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures as we considered necessary to form an opinion as to whether anything has come to our attention which causes us to believe that:

- (a) the best estimate assumptions do not provide a reasonable basis for the Forecasts;
- (b) in all material respects, the Forecasts are properly prepared on the basis of the best estimate assumptions and are presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Trust; or
- (c) the Forecasts are unreasonable.

The Forecasts have been prepared by the Directors of the Responsible Entity to provide investors with a guide to the Trust's and Stapled Group's potential future financial performance based upon the achievement of certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecasts. Actual results may vary materially from the Forecasts and the variation may be materially positive or negative. Accordingly, investors should have regard to the description of investment risks set out in Sections 5.3 and 5.4 of the Meeting Booklet.

Our review of the Forecasts and the best estimate assumptions upon which the Forecasts are based is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecasts included in the Meeting Booklet.

Review statement on the Forecasts

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

- (a) the best estimate assumptions set out in Section 8.3 of the Meeting Booklet do not provide a reasonable basis for the preparation of the Forecasts;
- (b) in all material respects, the Forecasts are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Trust; or
- (d) the Forecasts are unreasonable.

The best estimate assumptions set out in Section 8.3 of the Meeting Booklet are subject to significant uncertainties and contingencies often outside the control of the Trust or its responsible entity. If events do not occur as assumed, actual results and distributions achieved by the Trust may vary significantly from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

Subsequent events

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary

course of business of the Trust have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or disclosure of interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Proposal other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully



Andrew Hanson
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 25 June 2009

1 About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwC Securities") has been engaged by Orchard Property Limited ("OPL"), as responsible entity of Orchard Industrial Property Fund ("the Trust") and by Orchard Management Limited to provide a report in the form of an Investigating Accountant's Report on certain financial and forecast financial information of the Trust for inclusion in the Meeting Booklet dated on or about 25 June 2009.

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 PwC Securities 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 a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

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

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities 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 will be charged on an hourly basis.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6 Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the auditor of Orchard Management Limited, Orchard Property Limited and their ultimate parent Orchard Funds Limited and of Orchard Industrial Property Fund.

7 Complaints

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

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("FOS"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8 Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Mr. Andrew Hanson
PricewaterhouseCoopers Securities Ltd
Southbank Boulevard, GPO Box 1331L
MELBOURNE VIC 3001



10.

INDEPENDENT
EXPERT'S REPORT

Deloitte.

Orchard Industrial Property Fund

Independent expert's report

25 June 2009

Financial services guide

What is a Financial Services Guide?

This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (Deloitte Corporate Finance, we, us or our) the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of our dispute resolution systems and how you can access them.

Information about us

We have been engaged by Orchard Property Limited as Responsible Entity for Orchard Industrial Property Fund to give general financial product advice in the form of a report to be provided to you in connection with the recapitalisation and restructure of the Orchard Industrial Property Fund. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

The financial product advice in our report is provided by Deloitte Corporate Finance and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

Associations and relationships

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and the Australian partnership of Deloitte Touche Tohmatsu (and its related bodies corporate) may from time to time provide professional services to financial product issuers in the ordinary course of business.

What financial services are we licensed to provide?

The AFSL we hold authorises us to provide the following financial services to retail and wholesale clients:

- provide financial product advice in respect of:
 - debentures, stocks or bonds to be issued or proposed to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities
- deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
 - debentures, stocks or bonds issued or to be issued by a government
 - interests in managed investment schemes including investor directed portfolio services
 - securities.

Information about the general financial product advice we provide

The financial product advice provided in our report is known as “general advice” because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued by another party, we recommend you obtain and read carefully the relevant disclosure document provided by the issuer of the financial product. The purpose of the disclosure document is to help you make an informed decision about the acquisition of a financial product.

How are we and our employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services.

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Our fee is \$180,000 and will also be disclosed in the relevant disclosure document prepared by the issuer of the financial product. Deloitte Corporate Finance, its directors and officers, any related bodies corporate or associates and their directors and officers, do not receive any commissions or other benefits, except for the fees rendered to the party or parties who actually engage us.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

What should you do if you have a complaint?

If you have any concerns regarding our report, you may wish to advise us. Our internal complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing addressed to:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FOS at:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: +61 3 9613 6399
Email: info@fos.org.au

The Directors
Orchard Property Limited as responsible entity for
Orchard Industrial Property Fund
Level 28
1 Spring Street
Melbourne VIC 3000

25 June 2009

Dear Directors

Independent expert's report

Introduction

On 18 May 2009, the directors of Orchard Property Limited (OPL) (the Directors) as the responsible entity (the Responsible Entity) of the Orchard Industrial Property Fund (the Trust, or OIF) announced that it had entered into an Implementation Agreement with Growthpoint Properties Limited (Growthpoint) to recapitalise and restructure the Trust.

The recapitalisation and restructure of the Trust (the Proposal) consists of the following three stages:

1. a \$56 million placement of units to Growthpoint at 16 cents per unit in consideration for 50.1% of the newly issued units in the Trust (the Growthpoint Placement) and an internalisation of the management of the Trust (the Management Internalisation). The Management Internalisation will be executed through the stapling of the units in the Trust to shares in a company that will be appointed as the new Responsible Entity, Orchard Management Limited (OML), thus forming a stapled group (the Stapled Group)
2. a \$144 million rights issue to be underwritten by Growthpoint for an underwriting fee of 3.0% (the Rights Issue)
3. a top up placement of securities (if required) to Growthpoint at 16 cents per security such that Growthpoint holds a minimum 60% interest in the Trust (the Top Up Placement).

In addition, the investment mandate of the Stapled Group will be broadened and the securities of the Stapled Group will be consolidated at a ratio of one security for every ten securities held (the Consolidation). All figures in this report are set out on a pre-Consolidation basis. The Proposal is subject to approval by the unitholders of the Trust (Unitholders) at a Unitholder Meeting proposed to be held in July 2009. If the Proposal is approved by Unitholders, Growthpoint will hold an equity interest in the group of between 60% and 78%, depending on the participation of Unitholders in the underwritten Rights Issue. The Stapled Group will be renamed Growthpoint Properties Australia, and three of the seven directors of the Stapled Group will be appointees of Growthpoint. The Chairman will remain unchanged.

The Directors have prepared a meeting booklet (the Meeting Booklet) that incorporates an Explanatory Memorandum, Prospectus and Notice of Meeting which contains the terms of the Proposal and the resolutions to be approved at the Unitholder Meeting (the Resolutions). An overview of the Proposal and the Resolutions are provided in Section 1 of our report.

Purpose of the report

Whilst an independent expert's report in respect of the Proposal is not required to meet any statutory obligations, the Directors have requested that Deloitte Corporate Finance Pty Limited (Deloitte) provide an independent expert's report advising whether, in our opinion, the Proposal as a whole is in the best interests of Unitholders.

We have prepared this report having regard to the relevant Australian Securities and Investments Commission (ASIC) Regulatory Guides, in particular ASIC Regulatory Guide 74 which provides guidance on transactions involving the allotment or purchase of securities agreed to by securityholders and ASIC Regulatory Guide 111 in relation to the content of expert reports.

This report is to be included in the Meeting Booklet to be sent to Unitholders and has been prepared for the exclusive purpose of assisting Unitholders in their consideration of the Proposal. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

Basis of evaluation

ASIC Regulatory Guide 111 provides guidance in relation to the content of independent expert's reports prepared for various transactions. In particular, Regulatory Guide 111 provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that the reasonably anticipated concerns of the people affected by the proposed transaction are adequately dealt with.

We have assessed whether the Proposal as a whole is in the best interests of Unitholders by considering the advantages and disadvantages of the Proposal for Unitholders. This assessment included consideration of whether the Growthpoint Placement is fair and reasonable by assessing whether the issue price of the Growthpoint Placement is equal to or greater than the value of a unit in the Trust. We have also considered the other advantages and disadvantages of the Proposal as a whole.

In considering the advantages and disadvantages of the Proposal as a whole, we have also had reference to:

- the process undertaken by the Trust which resulted in the Proposal
- the alternatives available to the Trust
- the current pricing and terms of the debt facilities of the Trust.

Summary and conclusion

In our opinion the Proposal as a whole is in the best interests of Unitholders. In arriving at this opinion, we have had regard to the factors set out below.

Advantages of the Proposal

The likely advantages of the Proposal to Unitholders include:

The Growthpoint Placement is fair

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. We have assessed whether the Growthpoint Placement is fair by considering whether the issue price of the units is equal to or greater than the value of a unit in the Trust.

We have estimated the fair market value of a unit in the Trust using the net assets on a going concern basis method, which estimates the value of the Trust by aggregating the fair market value of its assets and liabilities. Our assessment of the fair market value of the Trust's net assets has been based on the 31 December 2008 audited financial statements, adjusted to reflect material events subsequent to this date, including a downward revaluation of the Trust's properties by the Directors (the Directors' Valuation).

In our view, to estimate the fair market value of the Trust it is appropriate to apply a discount of 45% to 55% to the net assets of the Trust in order to take account of its very difficult financial position and current industry factors. We have taken into account the following factors to determine this discount:

- the Directors' Valuation valued the portfolio of properties of the Trust as at 31 May 2009 at \$650 million¹. The weighted average capitalisation rate based on the Directors' Valuation is 8.9%. Based on the Directors' Valuation, the loan to value ratio (LVR) of the Trust is approximately 77%. The current debt facilities of the Trust require a default LVR of less than 75%. Accordingly, based on the Directors' Valuation, the Trust is currently likely to be in breach of its debt covenants. Further to this, to meet its ongoing debt covenants, the Trust is required to have an operating LVR of 60% by 31 December 2009 and may be required to sell further properties to meet this requirement.

In the absence of the Proposal, the Trust would likely need to sell 50% or more of its property assets. It is unlikely that this can be achieved, given the large volume of property and the current status of the property market, at the yields implied by the Directors' Valuation, and therefore even more property would need to be sold to raise the required funds to lower the LVR of the Trust. In addition, portfolios of properties for sale are likely to attract a further value discount, given the current difficulties in raising debt secured by property

- the main alternative for the Trust is a rights issue, to raise the full amount of around \$200 million. It is unlikely that this would be a viable option for the Trust, as it is challenging to underwrite capital raisings in this sector at present, without the presence of a strategic cornerstone investor, and the proportion of capital required to be raised is approximately four times the Trust's current market capitalisation of approximately \$55 million. To have any chance of success, a rights issue would need to be at a significant discount to the current share price and to be taken up by most Unitholders, which is not considered to be realistic

¹ The Directors' Valuation of \$650 million includes \$19.4 million of rental income recognised on a straight line basis as a receivable and \$12.7 million of capital expenditure to be incurred by 30 June 2009, which has been re-valued to \$11.5 million based on current market yields, but excludes \$11.8 million of capital expenditure to be incurred by 30 June 2010

- recent capital raisings in this sector have been undertaken at very large discounts to net tangible assets, in the order of approximately 30% to 80%, and large discounts to share prices in the order of approximately 20% to 50%. In particular, recent capital raisings undertaken via an entitlement offer have been undertaken at a median discount to net tangible assets of approximately 70%.

Given the substantial leverage of the Trust, applying a discount to the Directors' Valuation equating to an approximate 75 basis point increase in the valuation capitalisation rate for the portfolio, results in a 45% to 55% reduction in the net asset position of the Trust.

Set out in the table below is a comparison of our assessment of the fair market value of a unit in the Trust based on the net assets approach with the Growthpoint Placement price.

Table 1: Evaluation of fairness

	Low (\$)	High (\$)
Estimated fair market value of a unit in the Trust (Section 9)	0.14	0.17
Growthpoint Placement price (Section 1.2.1)	0.16	0.16

Source: Deloitte analysis

The Growthpoint Placement price is within the range of our estimate of the fair market value of a unit in the Trust. Accordingly it is our opinion that the Growthpoint Placement is fair.

Growthpoint's participation in the Rights Issue (and the Top Up Placement if required) will result in Growthpoint acquiring a minimum interest in the Trust of 60% at a price of 16 cents per security. As we are of the opinion that the Growthpoint Placement for a 50.1% interest in the Trust at 16 cents per unit is fair, accordingly we consider the issue of the additional securities to Growthpoint under the Rights Issue and the Top Up Placement (if required) to also be fair.

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Growthpoint Placement is reasonable.

As the various stages of the Proposal are inter-conditional we have also formed our opinion on the reasonableness of the Growthpoint Placement based on our analysis of the other likely advantages and disadvantages to Unitholders of the Proposal as a whole.

The Proposal recapitalises the Trust

Based on the Directors' Valuation of the portfolio of properties of the Trust as at 31 May 2009 of \$650 million, the Trust is likely to be in breach of its debt covenants, including the required LVR. Therefore, if the Proposal is not approved the Trust could be required to either divest properties or recapitalise through an injection of equity.

The Proposal provides the Trust with approximately \$200 million in capital against a market capitalisation of the Trust of approximately \$55 million. This capital will be utilised to pay down the debt facilities of the Trust. As indicated in the pro-forma financial statements set out in section 8 of the Meeting Booklet, after the injection of this capital, the LVR of the Trust is expected to be 50%.

Therefore, the recapitalisation will strengthen the balance sheet of the Trust and remove the financing risk that the Trust currently faces. In addition, the Trust is unlikely to need to raise additional capital during the foreseeable future and be further reliant on uncertain credit markets.

The recapitalisation of the Trust, pursuant to the Proposal could trigger a re-rating of the securities of the Trust. The current unit trading price of the Trust reflects the financial risk of the Trust and the uncertainty regarding property valuations. To the extent the Proposal is considered to reduce these risks it could result in a positive market re-rating of the units of the Trust.

The Proposal appears to be the best alternative available to Unitholders

In late 2008, the Directors became aware that with declining property values the Trust could be close to breaching its LVR debt covenants. At this time, the Trust had a debt covenant LVR requirement of below 70%. Based on property valuations as at 31 December 2008 the LVR of the Trust was approximately 68.8%. The Directors sought to improve the financial position of the Trust through capital management initiatives and property sales.

The Directors have evaluated a range of alternative proposals for the Trust with the objective that any type of proposal should maximise Unitholder value and secure the future operation of the Trust.

The Directors have advised they believe the Proposal with Growthpoint meets these objectives. The Proposal provides the Trust with an equity injection of approximately \$200 million. However, in exchange for this equity, the Trust is giving up a minimum of 60% equity to Growthpoint which is a substantial controlling stake in the Trust.

In the absence of the Proposal and an alternative capital raising proposal, the Trust is likely to be required to reduce its current gearing level by selling a large proportion of its property portfolio. As indicated in Section 6.4, the Trust is required to have an operating LVR of less than 60% by 31 December 2009. Based on the Directors' Valuation, the LVR of the Trust is 77%. Therefore, more than approximately \$300 million of properties would need to be divested to reduce the LVR of the Trust to below 60% by 31 December 2009 based on the Directors' Valuation.

As set out in Section 9, we are not aware of any sales of large properties or portfolios since January 2009, indicating that there is currently a limited market for these types of assets. In addition, to divest large prime grade industrial property within a reasonable timeframe, it is likely that vendors would be required to accept significantly lower values. If properties cannot be sold at prices consistent with the Directors' Valuation, or if property values deteriorate further, even more property would need to be sold to reduce the LVR of the Trust to the required levels. The Proposal removes the requirement of the Trust to divest a significant portion of its portfolio in a difficult market.

In the absence of the Proposal and if the Trust is unable to divest a large amount of property to reduce its gearing, the Trust could be forced into external administration by its financiers or the Directors. In an external administration, an administrator is appointed to manage the business whilst assessing the options available to the company. An administrator is appointed to act in the best interests of creditors. Under these circumstances, it is likely that there would be no or minimal return of value to Unitholders.

Based on the above, it is evident that there are limited alternatives available for the Trust and that the Proposal appears to be the best alternative available to the Trust.

The Management Internalisation will benefit Unitholders

There are a number of benefits to Unitholders which will result from the Management Internalisation, which will involve a change in the Responsible Entity from OPL to OML, and the internalisation of management of the Trust:

- based on our analysis of the consideration payable by comparable trusts to internalise management, we consider that the \$6 million² consideration payable by the Trust to Orchard Funds Limited is on commercial terms
- the Management Internalisation will result in significant savings to the Trust, as the operating costs of the Responsible Entity are projected to be less than half the management fees currently payable to OPL, resulting in an increase in distributions of approximately 18%
- the management team of the Responsible Entity will largely remain the same under the Proposal
- as part of the Proposal, the Responsible Entity will change from OPL to OML, which will have no other significant assets or liabilities apart from those associated with having an Australian Financial Services Licence (AFSL) authorising it to act as a responsible entity. OML will be owned by the security holders of the Stapled Group and, apart from Orchard Diversified Property Fund's (ODPF) interest in the Stapled Group, will no longer have any association with the Orchard Group. The stapling of OML shares to OIF units and the subsequent change in the Responsible Entity to OML will allow the Stapled Group to be recapitalised as a stand-alone entity
- over the last ten years there has been a significant movement towards internalisation of management for property trusts, with a majority of the Australian real estate investment trusts (A-REITs) now adopting a stapled structure, facilitating the internalisation of management. This movement has been driven partially by investor concerns over perceived conflicts of interest between trust owners and management, in particular because management fees are often based on assets under management, creating an incentive for managers to increase assets under management at the expense of trust returns. As a result of the Proposal, there will be alignment between the interests of the Responsible Entity and the Trust
- we understand that the Responsible Entity is likely to have minimal earnings after tax, and as a result distributions from the Stapled Group are likely to remain predominately pre-tax distributions, in line with historical distributions from the Trust.

Based on the above factors, we consider the Management Internalisation to be beneficial to Unitholders.

A reduction in debt levels results in more favourable financing terms

Due to the recapitalisation of the Trust and strengthening of its balance sheet reflected in the reduction in gearing levels, the financing risk that the Trust currently faces will reduce. In recognition of this, the financiers of the Trust have agreed to provide the Trust with more favourable financing terms if the Proposal is approved.

The new debt facility is expected to result in a reduction in the margin payable on the facility and more favourable LVR and interest coverage ratio (ICR) debt covenants. As set out in section 5.1.2 of the Meeting Booklet, the revised financing terms would reduce the total costs payable to the lenders by approximately \$15.8 million per annum as a result of both a reduction in the total debt outstanding and more favourable terms.

² The consideration of \$6 million payable by the Trust to Orchard Fund Limited represents payment for the management rights of OML. Consideration of \$0.2 million will also be paid for the equivalent value of the net assets of OML.

Disadvantages of the Proposal

The likely disadvantages of the Proposal to Unitholders include:

Unitholders existing interests in the Trust will be diluted

The interests of Unitholders in the Trust will be diluted as a result of the Proposal. The Stapled Group is expected to have a diluted net tangible asset backing of \$0.18 per security if the Proposal is approved, compared to \$0.30 per unit for the Trust based on the adjusted 31 December 2008 balance sheet. This represents a dilution of \$0.12 per security or approximately 40% for Unitholders. This dilution in net tangible asset backing will be due to the Growthpoint Placement, Rights Issue, and the Top Up Placement if required, pursuant to which Growthpoint will acquire a minimum 60% interest in the newly issued securities of the Stapled Group.

The diluted net tangible asset backing of the Stapled Group is comparable to the current unit trading price of the Trust of \$0.16.

The Stapled Group will be controlled by Growthpoint

Currently, the largest single Unitholder in the Trust is ODPF, with a 41.5% interest in the Trust. If the Proposal is approved, Growthpoint will have a minimum 60% interest in the Stapled Group, and accordingly will control board and management appointments, strategic direction, operations and the distribution policy of the Stapled Group.

The controlling stake held by Growthpoint could limit the opportunities for the Trust to receive an alternative takeover offer or equity injection.

The investment mandate of the Trust will change

As part of the Proposal, the investment mandate of the Trust will be broadened to include investments in other classes of property, including retail and commercial property, in addition to industrial property. It is possible that the composition of this broadened investment portfolio may not suit individual investors' preferences. In particular, investors who sought to gain exposure to the industrial property sector may not view the proposed change in the investment mandate of the Trust favourably.

Significant costs will be incurred to implement the Proposal

The implementation costs to be incurred, if the Proposal is approved, are estimated by the Trust to be approximately \$9.4 million, relating to the capital raising.

The Trust is also estimated to incur a cost of \$9.0 million relating to the cancellation of interest rate derivative contracts, however this cost is offset by a reciprocal reduction in the liability balance of the derivative financial instruments on the balance sheet of the Trust.

We note that if the Proposal does not proceed, the Trust may be liable to pay a \$1.0 million break fee and approximately \$1.3 million of other costs relating to the Proposal.

Other matters

Analysis of the underwriting fee

Based on our analysis of the underwriting fees payable under other recent capital raisings by comparable trusts and companies, we consider that the underwriting fee payable under the Proposal to be on commercial terms.

We have considered the following factors in assessing the reasonableness of the underwriting fee:

- we understand that it is challenging to secure the underwriting services of financial intermediaries for capital raisings by relatively small property trusts such as the Trust, in the current market

- the Rights Issue will raise \$144 million, which is a very large capital raising relative to the current market capitalisation of the Trust of \$55 million
- although the current unit price of the Trust is 16 cents, it has been trading at lower levels since the Proposal was announced. Unitholders who want to increase their interest in the Trust may be able to do so at a lower price by buying units on-market.

Given the size of the Rights Issue, the financial situation of the Trust, and the fact that the current unit price is equal to the Rights Issue price, it is likely that a significant proportion of the rights will not be taken up by Unitholders other than Growthpoint. Accordingly, it is highly likely that any underwriter of the Rights Issue would be called upon to take up a significant interest in the Trust to fulfil its obligations under the underwriting agreement.

Tax consequences

The tax consequences of the Proposal may vary depending on the particular circumstances of an individual Unitholder. For further details on the tax consequences of the Proposal, refer to section 11 of the Meeting Booklet.


Opinion

In our opinion, the Proposal as a whole is in the best interests of Unitholders. An individual Unitholder's decision in relation to the Proposal may be influenced by his or her particular circumstances. If in doubt the Unitholder should consult an independent adviser.

This opinion should be read in conjunction with our detailed report which sets out our scope and findings.

Yours faithfully

DELOITTE CORPORATE FINANCE PTY LIMITED



Stephen Reid

Director



Mark Pittorino

Director

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1 Terms of the Proposal

1.1 Summary

On 18 May 2009, the Directors of OPL as the Responsible Entity of the Trust announced that it had entered into an Implementation Agreement with Growthpoint to recapitalise and restructure the Trust.

The Proposal consists of the following three stages:

1. **the Growthpoint Placement and the Management Internalisation:** a \$56 million placement of units to Growthpoint at 16 cents per unit in consideration for 50.1% of the newly issued units in the Trust and an internalisation of the management of the Trust executed through the stapling of the units in the Trust to shares in the newly appointed Responsible Entity, OML, for consideration of \$6 million
2. **the Rights Issue:** a \$144 million rights issue to be underwritten by Growthpoint for an underwriting fee of 3.0%
3. **the Top Up Placement:** a top up placement of securities (if required) to Growthpoint at 16 cents per security such that Growthpoint holds a minimum 60% interest in the Stapled Group.

In addition, the investment mandate of the Stapled Group will be broadened and the Consolidation will result in securities of the Stapled Group being consolidated at a ratio of one security for every ten securities held. All figures in this report are set out on a pre-Consolidation basis.

The Proposal is subject to approval by Unitholders at a Unitholder Meeting proposed to be held in July 2009. If the Proposal is approved by Unitholders, Growthpoint will hold an equity interest in the group of between 60% and 78%, depending on the participation of Unitholders in the Rights Issue. The Stapled Group, to be listed on the ASX, will be renamed Growthpoint Properties Australia. Three of the seven directors of the Stapled Group will be appointees of Growthpoint. The Chairman will remain unchanged.

The Directors have agreed to unanimously recommend the Proposal in the absence of a superior proposal.

The Directors have prepared a Meeting Booklet which contains the terms of the Proposal and the Resolutions to be approved at the Unitholder Meeting.

1.2 Key terms of the Proposal

The key terms of the Proposal are described below.

1.2.1 Growthpoint Placement

Growthpoint will invest \$56 million to subscribe for approximately 50.1% of the issued units in the Trust through a placement of units at 16 cents per unit. The new units issued via the placement will rank pari passu with existing units.

1.2.2 Management Internalisation

The Management Internalisation will result in management of the Trust being internalised via a stapling of units in the Trust to shares in OML. Consideration of \$6 million will be paid to Orchard Funds Limited, the parent entity of OML, for the management rights. Consideration of \$0.2 million will also be paid for the equivalent value of the net assets of OML. Following this OML will replace OPL as Responsible Entity of the Trust.

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1.2.3 Rights Issue

The Directors have also announced a renounceable pro-rata rights issue at 16 cents per security to raise an additional \$144 million. The rights will be offered in the ratio of 13 new securities for every 10 existing securities held. Growthpoint will underwrite the Rights Issue for an underwriting fee of 3.0% of capital raised payable on the entire \$144 million, including the portion of the rights to which Growthpoint will be entitled.

1.2.4 Top Up Placement

As part of the Rights Issue and subsequent to the Growthpoint Placement, if Growthpoint does not obtain a 60% interest in the Trust, the Top Up Placement to Growthpoint at 16 cents per security will be made to increase the interest in the Trust held by Growthpoint to at least 60%.

1.2.5 Debt facility

A condition of the Proposal is that the current pricing and terms of the debt facility held by the Trust are improved subsequent to the proposed capital raising.

Discussions have been held with the financiers of the Trust and a term sheet reflecting the revised pricing and terms has received credit approval.

1.2.6 Investment mandate

The investment mandate of the Trust is currently limited to industrial property. If the Proposal is approved, the investment mandate of the Trust will be broadened to also include office and retail property.

1.3 The Resolutions

The Proposal requires Unitholder approval, which will be proposed to Unitholders via nine inter-conditional resolutions. A summary of the Resolutions are provided below and detailed in Appendix A of the Meeting Booklet:

- **Resolution 1:** Approval to be given by **ordinary resolution** for the Growthpoint Placement for the purposes of ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act
- **Resolution 2:** Approval to be given by **special resolution** to amend the existing constitution of the Trust to ensure it is properly authorised to effect the Proposal
- **Resolution 3:** Approval to be given by **ordinary resolution** to the Responsible Entity of the Trust to take all necessary and incidental actions to implement the Management Internalisation and thus create the Stapled Group
- **Resolution 4:** Approval to be given by **ordinary resolution** for OPL to retire as the Responsible Entity of the Trust and OML be appointed as the new Responsible Entity of the Trust
- **Resolution 5:** Approval to be given by **ordinary resolution** for the Rights Issue to take place at an issue price of \$0.16 per unit
- **Resolution 6:** Approval to be given by **ordinary resolution** for Growthpoint to acquire securities as part of the Rights Issue for the purposes of item 7 of section 611 of the Corporations Act

- **Resolution 7:** Approval to be given by **ordinary resolution** for Growthpoint to acquire further securities to effect a holding of at least 60% of the securities for the purposes of ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act
- **Resolution 8:** Approval to be given by **ordinary resolution** to replace the investment mandate of the Trust
- **Resolution 9:** Approval to be given by **ordinary resolution** to use the assets of the Trust to support a bank guarantee required to meet the Responsible Entity's AFSL obligations.

The Resolutions consist of both “special” and “ordinary” resolutions. Special resolutions require at least 75% of the votes cast by Unitholders to be in favour of the Resolutions while ordinary resolutions require at least 50% of the votes cast by Unitholders to be in favour of the Resolutions.

For the Proposal to proceed all of the Resolutions must be approved by Unitholders.

1.4 Growthpoint's intentions

The Proposal provides a platform from which Growthpoint can enter the Australian market. The intention of Growthpoint is to be a long-term investor in the Australian property market.

1.5 Key conditions of the Proposal

The Proposal is subject to a number of conditions including:

- Unitholder approval
- Foreign Investment Review Board approval
- ASX and ASIC approval
- completion of the amendments to the debt facility terms of the Trust
- relevant third party consents.

A full listing of these conditions is set out in section 12.1 of the Meeting Booklet.

2 Scope of the report

2.1 Purpose of the report

Whilst an independent expert's report in respect of the Proposal is not required to meet any statutory obligations, the Directors have requested that Deloitte provide an independent expert's report advising whether, in our opinion, the Proposal as a whole is in the best interests of Unitholders. Included in this opinion will be an evaluation of whether the Growthpoint Placement is fair and reasonable.

We have prepared this report having regard to the relevant ASIC Regulatory Guides, in particular ASIC Regulatory Guide 74 which provides guidance on transactions involving the allotment or purchase of securities agreed to by securityholders and ASIC Regulatory Guide 111 in relation to the content of expert reports.

This report is to be included in the Meeting Booklet to be sent to Unitholders and has been prepared for the exclusive purpose of assisting Unitholders in their consideration of the Proposal. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose.

2.2 Basis of evaluation

2.2.1 Guidance

In determining whether the Proposal as a whole is in the best interests of Unitholders, we have had regard to common market practice and to ASIC Regulatory Guides, in particular ASIC Regulatory Guide 111 regarding the content of expert's reports.

Regulatory Guide 111 provides guidance in relation to the content of independent expert's reports prepared for various transactions. In particular, Regulatory Guide 111 provides general guidance that an expert, in deciding the appropriate form of analysis for the report, should ensure that the reasonably anticipated concerns of the people affected by the proposed transaction are adequately dealt with. In our opinion, the most appropriate basis on which to evaluate whether the Proposal as a whole is in the best interests of Unitholders is to consider the overall effect of the Proposal on Unitholders and whether the expected benefits to Unitholders outweigh any disadvantages that may result from the Proposal. The financial impact of the Proposal on Unitholders is an important element to consider, however given the circumstances, it is not the only element which is relevant.

On this basis, in forming an opinion as to whether the Proposal as a whole is in the best interests of Unitholders, we have:

- considered the potential financial impact of the Proposal on Unitholders, including considering whether the Growthpoint Placement is fair and reasonable.

In respect of control transactions, under ASIC Regulatory Guide 111 an offer is:

- fair, when the value of the consideration is equal to or greater than the value of the securities subject to the proposed transaction. The comparison must be made assuming 100% ownership of the target company (i.e. including a control premium)
- reasonable, if it is fair, or, despite not being fair, after considering other significant factors, securityholders should accept the offer under the proposed transaction, in the absence of any higher bids before the close of the offer.

On this basis, we have evaluated the Growthpoint Placement by considering whether the issue price of the units is equal to or greater than the value of a unit in the Trust

- considered the financial impact of the Management Internalisation and the Rights Issue, including the underwriting of the Rights Issue
- considered the process undertaken by the Trust and its advisors to arrive at the Proposal
- considered alternatives to the Proposal which are available to the Trust to address its current financial situation, and the potential financial impact of these alternatives on Unitholders
- considered the current pricing and terms of the debt facility of the Trust and the likely pricing and terms of the debt facility of the Trust if the Proposal is approved
- considered the impact on Unitholders of not voting for the Proposal
- considered other advantages and disadvantages of the Proposal for Unitholders.

2.2.2 Individual circumstances

We have evaluated the Proposal for Unitholders as a whole and have not considered the effect of the Proposal on the particular circumstances of individual investors. Due to their particular circumstances, individual investors may place a different emphasis on various aspects of the Proposal from the one adopted in this report. Accordingly, individuals may reach different conclusions to ours on whether the Proposal is in the best interests of Unitholders. If in doubt investors should consult an independent adviser.

2.3 Limitations and reliance on information

The opinion of Deloitte is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. This report should be read in conjunction with the declarations outlined in Appendix 6.

We would specifically draw to the attention of Unitholders that recent volatility in capital markets and the current economic outlook has created significant uncertainty with respect to the valuation of assets. Recognising these factors, we consider that our opinions may be more susceptible to change than would normally be the case.

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

Our procedures and enquiries do not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

3 Australian real estate industry

3.1 Introduction

The Trust is an ASX listed A-REIT with a portfolio of industrial investment properties wholly located within Australian.

A-REITs allow investors to purchase an interest in a diversified and professionally managed portfolio of real estate and in general, adopt one of two structures:

- stand-alone trusts providing investors pure exposure to the underlying real estate portfolio
- stapled securities providing investors exposure to funds management, property development and/or other corporate activities in addition to the real estate portfolio.

The Trust currently adopts the first A-REIT structure and investors are exposed to the underlying property portfolio of the Trust. In the event the Proposal is approved, the Trust will convert to the stapled security structure.

Accordingly, in this section we have presented an overview of the following:

- A-REIT structure
- industrial property sector overview
- key business drivers
- critical success factors
- current performance of the industry.

3.2 A-REIT structure

A-REITs provide an opportunity for investors to purchase an interest in a professionally managed portfolio generally comprising quality investment-grade properties offering increased liquidity compared to direct property investment.

Investors gain exposure to both the value of the real estate owned by the A-REIT and regular rental income generated from the properties.

A-REITs invest across a range of properties in a variety of geographical regions, with varying lease lengths and tenant types. Investors generally evaluate A-REITs by assessing the security of the income stream which is typically derived from rental income on the underlying assets, the quality of the individual properties and tenants, the length of tenant leases, the level of gearing, rental yields and the quality of management. The relative risk of these elements will generally be reflected in the yield (return on investment) of individual A-REITs.

A-REITs are often sector-specific concentrating on a particular sub-sector of the property market. These sub-sectors primarily include office, industrial and retail, as well as other alternative property assets and diversified portfolios (which invest in a mixture of the sub-sectors).

The Trust invests in industrial properties such as warehouses and distribution centres. We present an overview of the industrial property sector below.

3.3 Industrial property sector

The major asset classes within the industrial property sector include:

- *prime grade* industrial buildings which comprise both a warehouse and modern office component. The warehouse component is generally eight metres in height with minimal internal columns, is sprinklered throughout and has suitable parking for large trucks and other vehicles. The properties are typically located in industrial precincts within capital city metropolitan boundaries and within two kilometres of major arterial links
- *secondary grade* industrial buildings which comprise a warehouse and basic office component. Generally, the warehouse is an older style of reasonable quality with an internal clearance of less than eight metres and numerous internal columns. These properties are located in non-traditional industrial areas
- *unit estate* industrial buildings which are predominantly warehouse developments with an office component. The property will have three or more tenants in a complex intended for multiple tenants. Tenants will typically occupy less than 2,000 square metres
- *high tech* industrial buildings which are typically complexes with a significant office component, typically between 40% to 70%, and are usually located within a specialised precinct
- *warehouse* industrial sites which are typically described as storage facilities
- *distribution* industrial sites which are typically conventional warehouse accommodation of a size greater than 20,000 square metres
- *specialised* industrial sites which are typically constructed for a special purpose, such as purpose built factories and as such the improvements are unlikely to be of value for another purpose beyond the current use.

Consistent with other property sectors, the larger prime grade industrial properties are regarded as having a more stable income stream than secondary industrial properties and are characterised by blue chip tenants with long-term lease profiles. As a consequence, these properties have historically been keenly sought after by listed property trusts, institutional investors and high net worth investors, resulting in correspondingly lower valuation rental yields. The Trust primarily holds prime grade industrial properties consisting mainly of distribution sites.

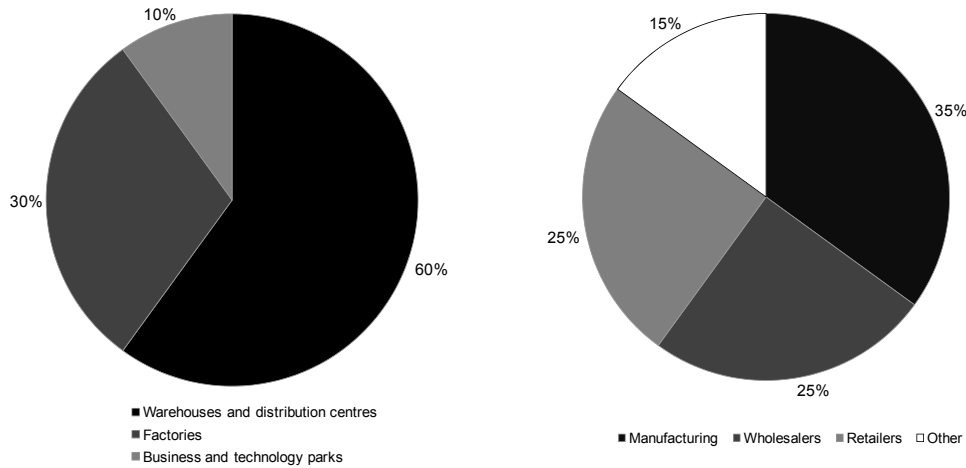
The industrial property market represents approximately 23%³ of the total Australian investment-grade real estate. Whilst the industrial property sector can be divided into the above asset classes, it can also be broadly characterised by asset type such as warehouses and distribution centres, factories and business and technology parks.

³ IBISWorld Pty Limited, Industrial and Other Property Operators and Developers in Australia, 8 April 2009 (IBISWorld)

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Figure 1 sets out the proportion of revenue generated from each asset type.

Figure 1: Breakdown of industrial property market **Figure 2: Breakdown of business activities**



Source: IBISWorld

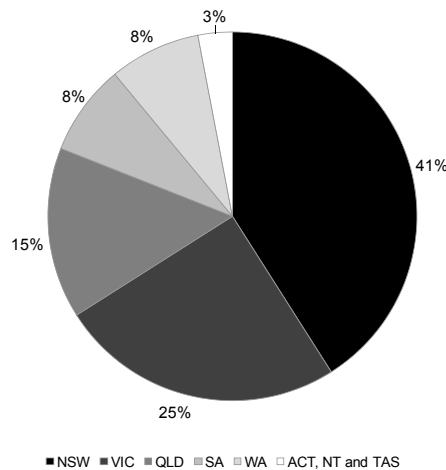
Source: IBISWorld

In general, tenants of Australian industrial properties are businesses engaged in manufacturing, wholesaling, retailing and warehousing and distribution and therefore usually seek property in areas conveniently located to suppliers, customers and sources of employees. Due to the nature of these tenants, long-term leases are generally entered into with the leaseholder. Figure 2 sets out the proportion of revenue generated from each of these industry sectors.

The Australian industrial property industry is highly concentrated in three states, being New South Wales (NSW), Victoria (VIC) and Queensland (QLD). The level of industry concentration is a reflection of the level of economic activity in these states. The industrial property industry is more concentrated in states with higher levels of manufacturing activity, transport, infrastructure and larger populations.

The following figure sets out the proportion of industrial property rental revenue earned in each state for the year to date 2009.

Figure 3: Rental revenue by state for the year to date 2009



Source: IBISWorld

3.4 Key business drivers

The following are factors that affect the value of property assets and the security of their income streams:

- *levels of economic activity* in the various business sectors such as manufacturing and retailing, will impact the level of demand for the various types of property. As these business sectors grow, construction activity increases and employment levels rise. This growth results in an increase in tenant demand as the need for warehousing and distribution centres increases. For example, as a result of the increased economic activity in the Western Australia (WA) resources sector, the value of industrial property in the WA region has increased.

In recent times, the global economic downturn has had a negative impact on the Australian industrial property industry. With a decrease in economic activity and decline in levels of manufacturing and retailing, tenant demand for industrial property decreased

- *vacancy levels* across each of the property sectors
- *changes in infrastructure*, particularly new road networks, can alter the underlying dynamics of existing markets
- *costs of construction*, vary depending on the location of the property
- *other risks associated with construction*. These costs include industrial disputes, inclement weather, supply shortages or construction difficulties. There is also the risk that tenants will not be obtained for the redeveloped space
- *availability of credit*. The shortage of available credit results in lower growth as investment in additional properties to grow a portfolio is limited
- *interest rates*. Low interest rates encourage greater investment into Australian property, hence increasing supply of property assets, as investors shift their funds from cash into other forms of investment such as property
- *rental rates* impact the supply of property in the market. Increased rental rates generally lead to an increase in the supply of industrial property as the return to investors becomes more attractive.

3.5 Critical success factors

Factors that are critical to the success of entities in the industrial property trust sector in general include:

- asset management of the property portfolio. This includes the ability to effectively manage and develop existing properties to maintain growth and acquire new properties with attractive growth prospects
- ability to grow or at least maintain net income levels from property assets so as to maintain distributions to unitholders. The maintenance of distributions in order to provide security of income to investors, similar to that of a fixed interest investment, is highly desirable for investors. Entities in the A-REIT sector that have consistent increases in distributions tend to be rewarded by further investment and price appreciation

- maintenance of appropriate gearing levels and financial risk management policies. A-REITs in general currently have higher gearing levels compared to the historical average for the sector. In 2008 listed property trusts had gearing levels of approximately 42%⁴. Following the current economic downturn, there has now been a trend by A-REITs to reduce the levels of gearing. At the same time, as a result of the current economic downturn, the availability of credit has significantly reduced as lender confidence has reduced. The shortage of available credit results in lower growth as investment in the industry is limited
- maintenance of relationships with tenants.

3.6 Current performance and outlook

In the period from 2000 to 2007, the listed A-REIT sector performed strongly.

However, the recent global financial crisis resulted in A-REIT market capitalisation falling by approximately 60% in the 12 month period to December 2008, compared to the general Australian equity market capitalisation which fell by approximately 40%. The highly publicised refinancing problems of a number of property-related entities including Centro Property Group, Goodman Group and GPT Group has contributed to a decline in investor confidence, resulting in A-REITs being re-rated. The A-REIT market capitalisation continued to fall from January 2009 to June 2009 by 17% while general equity indices improved marginally during this period by 7%. The performance gap between general equity indices and property indices continued to widen from late 2007 to the present, irrespective of the narrowing of this performance gap during September 2008, as illustrated in the figure below.

Figure 4: Performance of A-REIT index relative to ASX200 index (2000 – June 2009)



Source: Bloomberg

⁴ Citigroup Global Markets Incorporated, Australian REITs 101: Introduction to The Australian REIT Industry, 23 December 2008

Further to this, the global financial crisis has had a significant impact on the availability of debt financing which is critical to the success of A-REITs as set out in Section 3.5. The debt market has changed considerably since late 2007 with increasing interest rate margins, more stringent covenants and reduced liquidity as financiers repriced risk.

Another key consideration during this period of high volatility has been the refinancing obligations that borrowers in the debt market have faced. In many instances the higher rate at which debt can be refinanced has led to assets and projects becoming unviable. Covenants that lenders are imposing on borrowers are also becoming more onerous as lenders themselves reassess their risk exposure.

Within the A-REIT sector, market sentiment is still relatively negative with many industry participants signalling lower distributions and asset realisations or restructures in an attempt to lower balance sheet gearing levels. Recent company reports have been characterised by property and intangible asset impairments which have reduced net asset values. A-REIT security prices are trading at significant discounts to their reported net asset value and net tangible assets.

These substantial asset write downs have put pressure on debt covenants and pushed bank lenders to demand either aggressive asset sales or equity raisings to re-capitalise A-REIT balance sheets. The immediate focus for many participants in the sector is on de-leveraging their balance sheet.

In addition to the negative impact on debt financing, the global financial crisis has also had a significant negative impact on property valuation yields. Overall, Australian property values are expected to decline further in 2009. Jones Lang LaSalle⁵ expects that prime industrial values are likely to decline by 30% to 35% from the peak in 2007/2008 to the trough which Jones Lang LaSalle expects to occur in the first quarter of 2010. According to the ANZ Property Outlook for March 2009, historical industrial property yields in Sydney, Melbourne and Brisbane contracted from 2000 to 2007 from approximately 9.0% to 9.5%, to approximately 7%.

Since the onset of the global financial crisis, prime sector industrial property yields have increased by approximately 100 basis points to 150 basis points. However, with only a small number of transactions in the market, there have been limited opportunities to test capital value.

According to the Colliers International Research (Colliers)⁶ report for the Melbourne Industrial Market for the second quarter of 2009, industrial property yields for secondary assets averaged 10.25% while prime yields have expanded by 25 to 50 basis points since January 2009 to an average of 8.5% to 9.0%. Colliers expects industrial property yields in Melbourne to expand further by an additional 25 to 50 basis points over the next six months.

⁵ Jones Lang LaSalle – The Property Market Downturn of 2009

⁶ Colliers International Research – Melbourne Industrial Market Update Q2 2009

4 Profile of the Trust

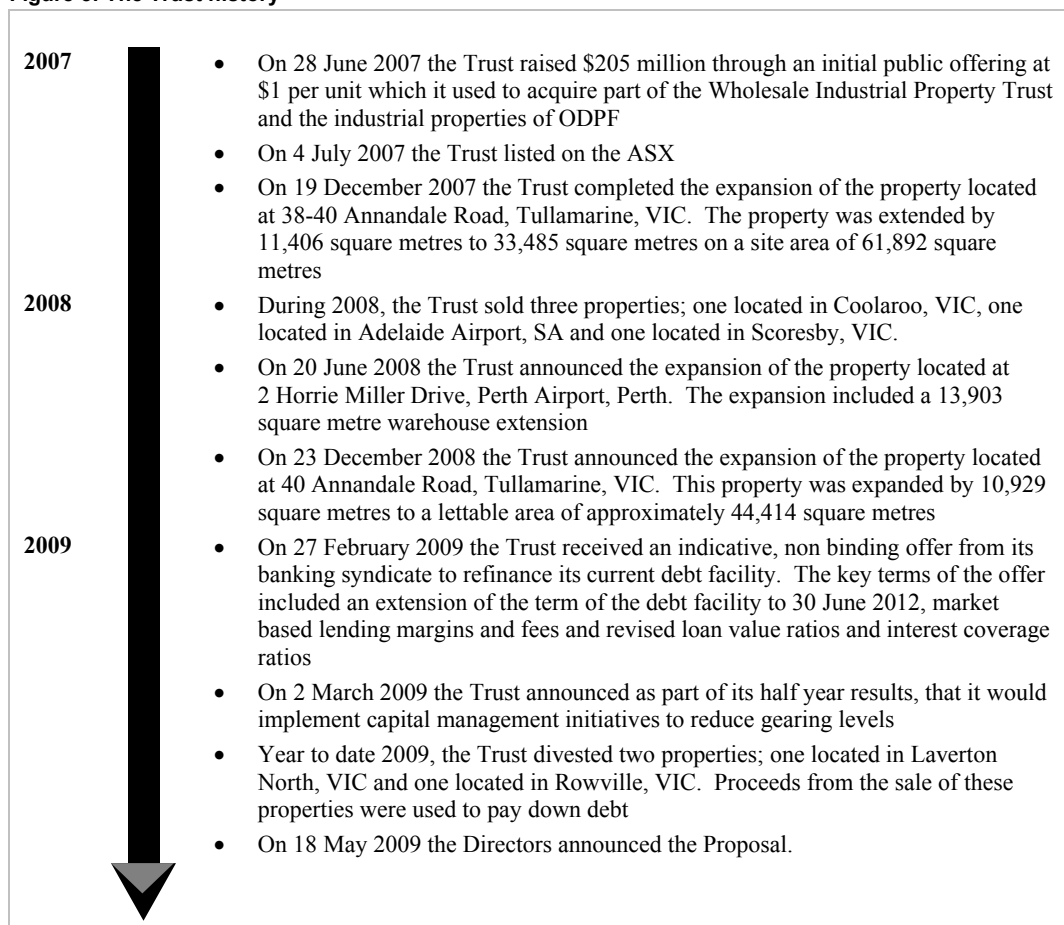
4.1 Introduction

The Trust is an ASX listed industrial A-REIT, holding a portfolio of 23 industrial properties. The property portfolio of the Trust is located throughout Australia, predominantly in capital cities.

4.2 Trust history

We set out below the history of the Trust.

Figure 5: The Trust history

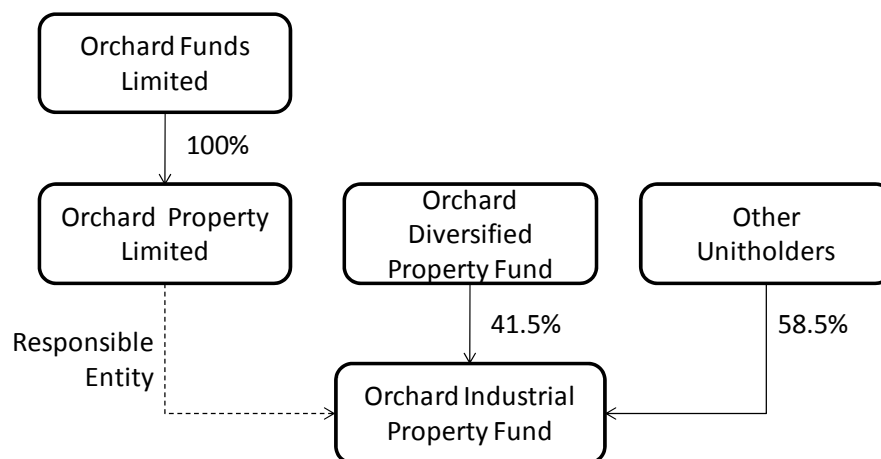


Source: ASX announcements

4.3 Organisational structure

The following figure sets out the organisational structure of the Trust.

Figure 6: the Trust organisational structure



Source: the Trust

The following is a brief description of the entities presented in the figure above.

Orchard Funds Limited

Orchard Funds Limited is an unlisted public company that is primarily involved in property funds management. Orchard Funds Limited manages investments in commercial property including retail, office and industrial property held by its listed and unlisted funds. Orchard Funds Limited also manages investments in other property asset classes such as medical centres, hospitals and child care centres. As at 31 December 2008, Orchard Funds Limited had approximately \$3 billion in funds under management.

Orchard Property Limited (OPL)

OPL is a wholly-owned subsidiary of Orchard Funds Limited. The principal function of OPL is to act as Responsible Entity for the Trust.

OPL charges the Trust a fee for funds management services it provides as Responsible Entity of the Trust. OPL is entitled to a management fee of 0.4% (plus goods and services tax (GST)) per annum of the gross value of the assets of the Trust at the end of the six month periods ending 30 June and 31 December. At the time of the initial public offering of the Trust, OPL as Responsible Entity agreed to waive a portion of the management fees payable by the Trust, which would be equal to \$1.85 million for the year ended 30 June 2008 and \$1.35 million for the year ending 30 June 2009.

In addition to the management fee described above, OPL is entitled to a performance fee when the Trust outperforms against the benchmark index, the Standard and Poor's (S&P)/ASX300 Property Accumulation Index. The performance fee is equal to 15% (plus GST) of the market capitalisation of the Trust at 30 June multiplied by the amount by which the total return of the Trust in the prior six month period exceeds the benchmark index. The payment of performance fees is subject to the recovery of any underperformance of the Trust in the prior three years.

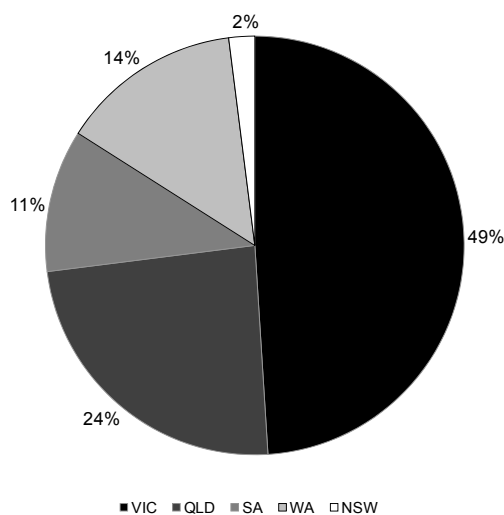
Orchard Diversified Property Fund (ODPF)

ODPF is an unlisted fund that is primarily involved in direct property and property securities investment. ODPF invests in commercial property such as retail, office and industrial property and invests in other properties such as medical centres, hospitals, child care centres and agricultural infrastructure. These properties are located predominately in Australia and New Zealand. ODPF invests directly and indirectly in property through the 12 property investments it holds and through unlisted funds, including the Trust, in which it has a 41.5% interest.

4.4 Portfolio overview

The following figure sets out the geographical location of the property investments held by the Trust as at 31 May 2009.

Figure 7: Location of property investments held by the Trust as at 31 May 2009



Source: the Trust

As illustrated above, approximately half of the property investments of the Trust are held in VIC.

The table below summarises the key statistics in regard to the portfolio of properties held by the Trust as at 31 May 2009.

Table 2: Key portfolio statistics of the Trust

	Statistic as at 31 May 2009
Property portfolio value	\$650 million ¹
Number of properties	23
Number of tenants	17
Total net lettable area	662,922 square metres
Occupancy (by area)	98%
Weighted average lease expiry (by income)	11 years
Weighted average initial yield	8.9%
Weighted average capitalisation rate	8.9%

Source: the Trust

Note:

- Includes \$12.7 million of capital expenditure to be incurred by 30 June 2009, which has been re-valued to \$11.5 million based on current market yields, but excludes \$11.8 million of capital expenditure to be incurred by 30 June 2010

As illustrated above, the weighted average lease expiry of the portfolio is 11 years. This relatively long lease expiry is due to the long lease terms for Woolworths Limited which is the major tenant of the portfolio.

The following figure sets out the top ten tenants of the Trust based on expected net operating income for the year ending 30 June 2010.

Table 3: Top ten tenants for the year ending 30 June 2009

	Percentage of net operating income 30 June 2010 (%)
Woolworths Limited	67.9
Star Track Express Pty Limited	5.9
Laminex Group Pty Limited	3.3
PaperlinX Australia Pty Limited ¹	2.7
The Reject Shop Limited	2.6
ARB Corporation Limited	2.5
Blue Star Print Group Pty Limited	2.4
VIP Plastics Pty Limited	2.3
Willow Ware Australia Pty Limited	2.3
Repcor Corporation Limited	1.9
Subtotal	93.8
Other tenants	6.2
Total	100.0

Source: the Trust

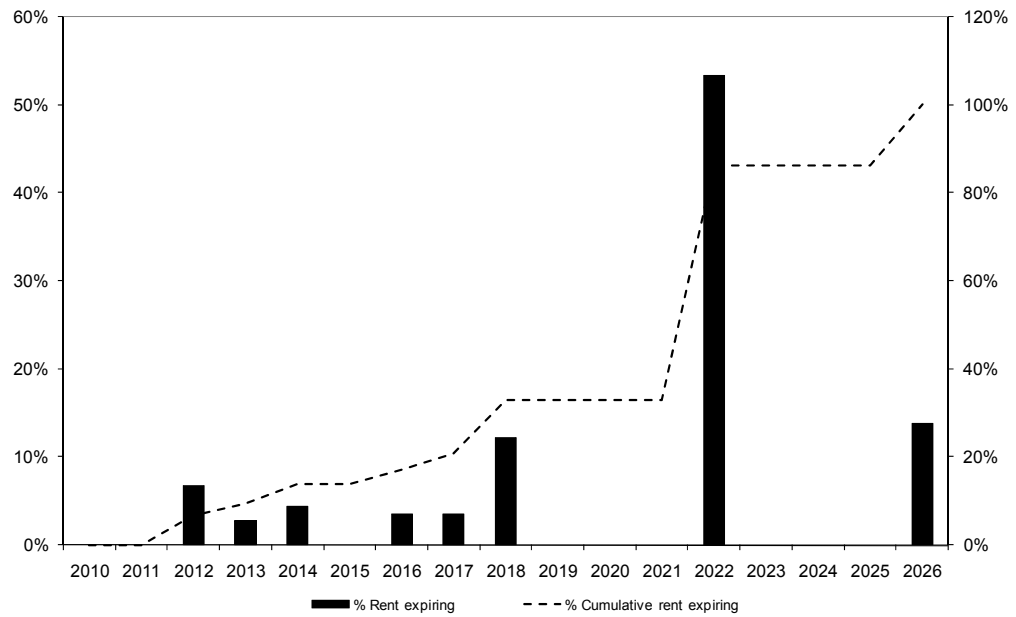
Note:

- Recently acquired by Nippon Paper Group Inc.

Deloitte: Orchard Industrial Property Fund – Independent expert’s report

The following figure sets out the lease expiry profile of the Trust.

Figure 8: the Trust lease expiry profile



Source: The Trust

6.1 Capital structure and unit holders

The Trust currently has 346.2 million units on issue. ODPF is the largest Unitholder of the Trust holding a 41.5% interest. At the time of the initial public offering of the Trust, it was decided that a proportion of ODPF's units in the Trust (40.4%) would be held in escrow until 1 July 2010. Refer to section 3.11 of the Meeting Booklet for further information on this escrow.

The remaining units of the Trust are held by minority Unitholders and are freely tradeable on the ASX.

6.2 Unit price performance

A summary of the unit price performance of the Trust since its listing on the ASX on 4 July 2007 is provided in the table below.

Table 4: Quarterly share price information of the Trust

Quarter end date	High (\$)	Low (\$)	VWAP (\$) ¹	Last Trade (\$)	Volume (million)
September 2007	0.96	0.85	0.93	0.88	51.1
December 2007	0.89	0.76	0.84	0.80	22.6
March 2008	0.81	0.44	0.56	0.45	25.9
June 2008	0.49	0.32	0.40	0.33	37.6
September 2008	0.40	0.30	0.35	0.36	32.3
December 2008	0.34	0.13	0.20	0.17	42.9
March 2009	0.25	0.11	0.16	0.14	18.1
April 2009 to announcement date	0.20	0.13	0.15	0.15	8.5

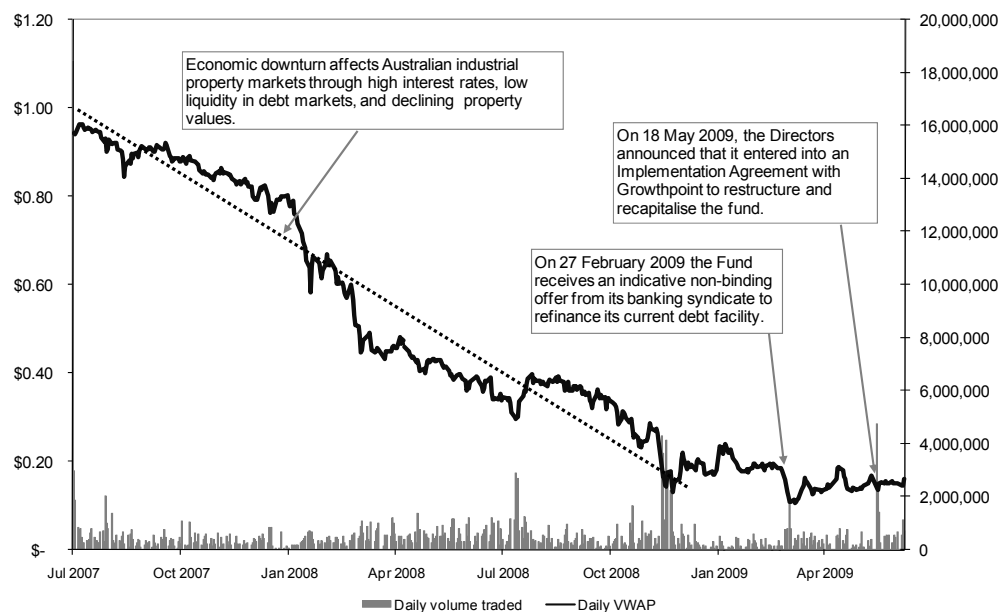
Source: Bloomberg

Note:

1. VWAP = Volume weighted average price

These unit price movements based on a daily VWAP and trading volumes are presented graphically in the figure below.

Figure 9: Unit price activity of the Trust on the ASX



Source: Bloomberg

Approximately 2.2 million units in the Trust were traded on a weekly basis in the six months prior to the announcement of the Proposal. This equates to an average trading volume of approximately 0.7% of total units on issue and 1.1% of free float units on issue per week. This indicates the units in the Trust are relatively illiquid. The units in the Trust have traded at an average daily VWAP of \$0.15 since the announcement of the Proposal.

6.3 Financial performance

The audited income statement of the Trust for the year ended 30 June 2008, the reviewed income statement for the half-year ended 31 December 2008 and the forecast income statement for the year ended 30 June 2009 are summarised in the table below.

Table 5: Financial performance

	June 2008 12 months audited (\$'000)	December 2008 6 months reviewed (\$'000)	June 2009 12 months forecast (\$'000)
Property revenue	65,238	34,650	64,900
Gain on financial derivatives carried at fair value through profit and loss	14,411	-	-
Interest income	2,850	751	1,100
Total revenue	82,499	35,401	66,000
Property expenses	6,043	3,344	-
Responsible Entity management fees	1,410	983	1,900
Loss on financial derivatives carried at fair value through profit and loss	-	67,338	54,200
Fair value losses for investment properties	3,816	82,412	186,300
Loss on sale of investment properties	-	885	2,200
Borrowing costs	34,778	17,579	38,500
Other expenses from ordinary activities	943	469	1,100
Total expenses	46,990	173,010	284,200
Profit/(Loss) attributable to the Trust	35,509	(137,609)	(218,200)
Profit/ (loss) per unit (cents) ¹	10.3	(39.8)	(63.1)

Source: the Trust

Note:

1. Based on 346.2 million units currently on issue

We note the following in regards to the financial performance of the Trust:

- for the half year ended 31 December 2008, the Trust earned property revenue of \$34.7 million, which equates to approximately 53% of the property revenue for the 12 months ended 30 June 2008 of \$65.2 million. Property revenue has remained relatively stable as a result of the nature of the tenant lease agreements the Trust enters into, which are fixed long-term contracts
- for the six months ended 31 December 2008, the Trust incurred a loss of \$137.6 million. As a result of the economic downturn and overall declines in property values, the Trust has had adverse movements in the values of the following key items:

- loss on investment properties – the Trust incurred a loss on investment properties of \$82.4 million. This loss is the result of significant property devaluations. From June 2008 to December 2008 the weighted average capitalisation rates implied by the carrying values of the Trust’s properties increased from 6.8% to 7.6%
- loss on financial derivatives – the Trust incurred a loss on financial derivatives carried at fair value through profit and loss of \$67.3 million in the six months ended 31 December 2008 compared to a gain of \$14.4 million for the year ended 30 June 2008. The loss relates to adverse movements on the interest rate swaps that the Trust has entered into as part of its hedging policy
- for the forecast 12 months ended 30 June 2009, the Trust is expected to incur a loss of \$218.2 million. This loss is approximately \$80 million more than the loss recorded for the six months to 31 December 2008, and is primarily due to the further decline in property valuations. For further information on the forecast financial performance of the Trust refer to the Investigating Accountant’s Report included in section 9 of the Meeting Booklet
- the Trust incurred borrowing costs of \$17.6 million for the six months ended 31 December 2008 and \$34.8 million for the year ended 30 June 2008
- management fees paid by the Trust to OPL for the year ended 30 June 2008 and for the six months ended 31 December 2008 were \$1.4 million and \$983,000 respectively.

The significant adverse movements in property values and derivative instruments discussed above have been reflected in the financial position of the Trust.

6.4 Financial position

The audited balance sheet of the Trust as at 30 June 2008, the reviewed balance sheet as at 31 December 2008 and the adjusted balance sheet as at 31 December 2008 are summarised in the table below.

Table 6: Financial position

	June 2008 audited (\$'000)	December 2008 reviewed (\$'000)	Adjusted December ¹ 2008 (\$'000)
Cash and cash equivalents	17,560	27,878	7,478
Trade and other receivables	2,060	1,204	1,204
Derivative financial instruments	8,553	-	-
Total current assets	28,173	29,082	8,682
Trade and other receivables	9,972	13,668	19,368
Derivative financial instruments	15,396	-	-
Investment properties	809,902	734,029	642,400 ²
Total non current assets	835,270	747,697	661,768
Total assets	863,443	776,779	670,450
Trade and other payables	1,625	22,899	27,399
Interest bearing liabilities	-	514,517	-
Derivative financial instruments	-	10,490	30,238
Provision for distribution payable	6,986	4,327	4,327
Total current liabilities	8,611	552,233	61,964
Interest bearing liabilities	517,328	-	503,217
Derivative financial instruments	-	32,899	-
Total non current liabilities	517,328	32,899	503,217
Total liabilities	525,939	585,132	565,181
Net assets	337,504	191,647	105,269
Net tangible assets per unit³	0.97	0.55	0.30

Source: the Trust

Notes:

1. The balance sheet as at 31 December 2008 has been adjusted for material events subsequent to 31 December 2008
2. The Directors' Valuation of investment property includes \$12.7 million of capital expenditure to be incurred by 30 June 2009 (which has been re-valued to \$11.5 million based on current market yields), and \$11.8 million of capital expenditure to be incurred by 30 June 2010, but excludes \$19.4 million classified as receivables (rental income recognised on a straight line basis)
3. Based on 346.2 million units currently on issue

Reported 31 December 2008 financial position

The net asset position of the Trust declined from \$337.5 million as at 30 June 2008 to approximately \$191.6 million as at 31 December 2008. This movement is largely due to the recent devaluations of property investments and losses on financial derivatives, as discussed below:

- property values – property values in Australia have decreased significantly as a result of reduced access to capital, poor economic conditions and uncertainty regarding future economic conditions. During the half year ended 31 December 2008 Savills and Jones Lang LaSalle prepared independent valuations for all of the properties of the Trust. The value of investment properties held by the Trust declined by \$75.9 million, from \$809.9 million in June 2008 to \$734.0 million in December 2008. The decline is the result of an increase in the capitalisation rates used by the valuers. From June 2008 to December 2008 weighted average capitalisation rates for properties of the Trust increased from 6.8% to 7.6%
- interest bearing liabilities – as at 31 December 2008 the Trust had current interest bearing liabilities of \$514.5 million. Of the total interest bearing liabilities, 98% is hedged against interest rate fluctuations. Interest bearing liabilities imply a gearing level of 66.2%, a LVR of 68.8% and an interest coverage ratio for the half year of 1.58 times. The Trust has a LVR debt covenant of 70% and an ICR ratio covenant of 1.4 times. Over the past 18 months, the Trust has been using the proceeds from the sale of non-core assets to reduce its debt levels. On 27 February 2009 the Trust renegotiated its debt facilities
- financial derivatives – the Trust entered into interest rate swap contracts to hedge its exposure to interest rate fluctuations. The fair value of the interest rate swap derivatives declined from an asset position of \$23.9 million as at 30 June 2008 to a liability position of \$43.4 million as at 31 December 2008. This adverse movement is the result of the decline in interest rates. In June 2008, 90 day bank bill rates were in excess of 8.0%, compared to 4.3% in December 2008.

Adjusted 31 December 2008 financial position

The adjusted net asset position of the Trust as at 31 December 2008 is \$105.3 million. The net asset position of the Trust as at 31 December 2008 has been adjusted for material events subsequent to this date to arrive at an adjusted 31 December 2008 net asset position. The movement compared to the actual net asset position of the Trust as at 31 December 2008 is largely due to the recent devaluations of property investments and reduction in the loss on financial derivatives, as discussed below:

- property values – the Directors' Valuation of \$650 million includes \$19.4 million of rental income recognised on a straight line basis as a receivable and \$12.7 million of capital expenditure to be incurred by 30 June 2009, which has been re-valued to \$11.5 million based on current market yields, but excludes \$11.8 million of capital expenditure to be incurred by 30 June 2010. Based on the Directors' Valuation of \$650 million, but excluding \$19.4 million of rental income recognised on a straight line basis as a receivable, the value of the investment properties held by the Trust have declined by approximately \$103.4 million since 31 December 2008. This decline is the result of an estimated increase in capitalisation rates by the Directors. Based on the Directors' Valuation, the weighted average capitalisation rates for the properties of the Trust increased from 7.6% to 8.9% since 31 December 2008
- financial derivatives – the fair value of the interest rate swap derivatives declined from a liability position of \$43.4 million as at 31 December 2008 to a liability position of \$30.2 million at present. This reflects the bank's revaluation as at 31 May 2009.

Deloitte: Orchard Industrial Property Fund – Independent expert's report

For further information on the adjusted asset position of the Trust refer to section 8.7 of the Meeting Booklet.

Refinancing of debt facilities

In early 2009, the Directors were able to renegotiate the debt facility of the Trust with its financiers. The new debt facility included:

- an extension of the loan facility for two years until 30 June 2012
- an interim margin of 255 basis points
- LVR and ICR adjustments. In particular, the Trust is required to maintain:
 - a maximum operating LVR of 60% by 31 December 2009 and 55% by 31 December 2010. Failure to reduce the operating LVR will result in the free cash flow of the Trust being applied to permanent debt reduction until the operating LVR is restored
 - a maximum default LVR of 75%, reducing to 65% by 31 December 2009 and remaining at this level thereafter.

To realise these LVRs, significant equity would need to be raised, or asset sales executed.

7 Profile of the Stapled Group

7.1 Introduction

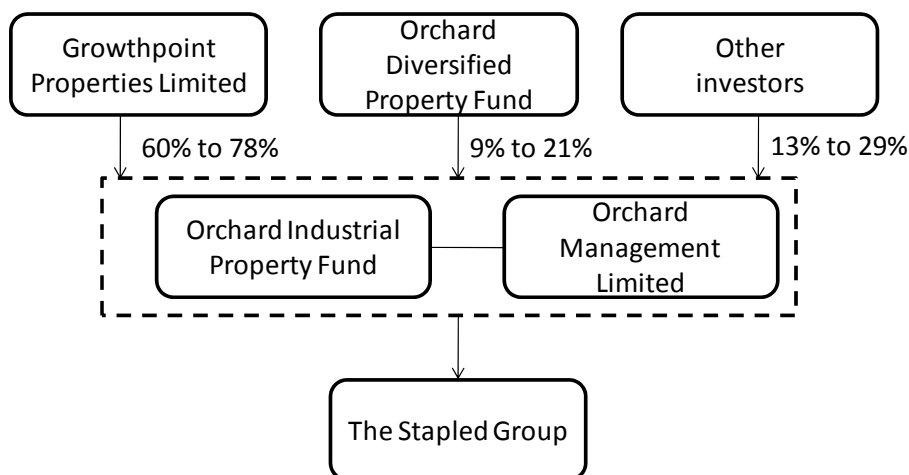
If the Proposal is approved, the Stapled Group will be created subsequent to the Management Internalisation (being the stapling of the units in the Trust to the shares in OML, the new Responsible Entity of the Trust). The Stapled Group will be renamed Growthpoint Properties Australia and will be listed on the ASX.

Should the Proposal proceed, the investment policy of the Stapled Group will be amended to also include the ability to invest in office and retail property assets. An overview of the investment strategy and management of the Stapled Group is presented in section 6 of the Meeting Booklet.

7.2 Organisational structure

The following figure sets out the organisational structure of the Stapled Group.

Figure 10: The Stapled Group organisation structure



Source: the Trust and Deloitte analysis

The actual interests of ODPF, other investors and Growthpoint are dependent on the extent to which ODPF and the other investors participate in the Rights Issue.

7.3 Management of the Stapled Group

The Stapled Group's Board composition will change such that there will be seven Directors, of which three will be nominated by Growthpoint. The Chairman will remain unchanged.

Key executives of the Stapled Group will comprise members of the existing management team including:

- Mr Timothy Collyer – Fund Manager
- Mr Patrick Burns – Financial Controller
- Mr Michael Green – Portfolio Manager.

Deloitte: Orchard Industrial Property Fund – Independent expert's report

7.4 Financial position of the Stapled Group

The pro-forma 31 December 2008 balance sheet of the Stapled Group and a comparison to the adjusted balance sheet of the Trust as at 31 December 2008 are summarised in the table below.

Table 7: Financial position

	Adjusted December ¹ 2008 (\$'million)	Growthpoint Placement and Management Internalisation (\$'million)	Rights Issue (\$'million)	Pro-forma 31 December 2008 (\$'million)
Cash and cash equivalents	7.5	(6.0)	5.1	6.6
Trade and other receivables	20.6			20.6
Investment properties ²	642.4			642.4
Total assets	670.5			669.6
Trade and other payables	27.4			27.4
Interest bearing liabilities	503.2	52.1	124.4	326.7
Derivative financial instruments	30.2		9.0	21.2
Provision for distribution payable	4.4			4.4
Total liabilities	565.2			379.7
Net assets	105.3			289.9
Net tangible assets per security	0.30³			0.18⁴

Source: the Trust

Notes:

1. The balance sheet as at 31 December 2008 has been adjusted for material events subsequent to 31 December 2008
2. The Directors' Valuation of investment property includes \$12.7 million of capital expenditure to be incurred by 30 June 2009, which has been re-valued to \$11.5 million based on current market yields, and \$11.8 million of capital expenditure to be incurred by 30 June 2010, but excludes \$19.4 million classified as receivables (rental income recognised on a straight line basis)
3. Based on 346.2 million units currently on issue
4. Based on 1.6 billion securities estimated to be on issue prior to the Consolidation

As a result of the Proposal, the Stapled Group's debt is projected to reduce by approximately \$176.5 million from \$503.2 million to \$326.7 million should the Growthpoint Placement and Rights Issue be implemented (after transaction costs and assuming the Top Up Placement does not occur). This debt reduction is intended to reduce the LVR of the group to 50%. If the Proposal is approved, the debt facility of the Stapled Group will be improved with a reduction in the interest rate margin and more favourable LVR and ICR debt covenants.

The Stapled Group is expected to have a net tangible asset backing of \$0.18 per security compared to \$0.30 per unit for the Trust, based on the adjusted 31 December 2008 balance sheet.

8 Valuation methodology

8.1 Valuation methodologies

To estimate the fair market value of the units in the Trust, and to consider whether the consideration payable for the Management Internalisation and the underwriting fee payable in connection with the Rights Issue are on commercial terms, we have considered common market practice and the valuation methodologies recommended by ASIC Regulatory Guide 111, which deals with the content of independent expert's reports. These are discussed below.

8.1.1 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its securities or the market value of comparable companies. Market based methods include:

- capitalisation of maintainable earnings
- analysis of a company's recent security trading history
- industry specific methods.

The capitalisation of maintainable earnings method estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable.

The most recent security trading history provides evidence of the fair market value of the securities in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using rules of thumb for a particular industry. Generally rules of thumb provide less persuasive evidence of the market value of a company than other valuation methods because they may not account for company specific factors.

8.1.2 Discounted cash flow methods

Discounted cash flow methods estimate market value by discounting a company's future cash flows to a net present value. These methods are appropriate where a projection of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

8.1.3 Asset based methods

Asset based methods estimate the market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method
- liquidation of assets method
- net assets on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to securityholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

Deloitte: Orchard Industrial Property Fund – Independent expert's report

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the market values of the net assets of a company but does not take account of realisation costs.

These asset based methods ignore the possibility that the company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements and goodwill. Asset based methods are appropriate when companies are not profitable, a significant proportion of a company's assets are liquid, or for asset holding companies.

8.2 Selection of valuation methodologies

8.2.1 Valuation of units in the Trust

We have utilised the following valuation methodologies to estimate the value of a unit in the Trust as follows:

- ***net asset basis***: due to the asset based nature of the Trust we are of the opinion that the most appropriate methodology to value a unit in the Trust is the net assets on a going concern basis method
- ***analysis of recent security price trading***: since units in the Trust trade in a well informed market, we have analysed the recent unit price trading activity to provide additional evidence of the fair market value of a unit in the Trust.

8.2.2 Consideration payable for the Management Internalisation

We have utilised the following valuation methodologies to consider whether the consideration payable for the Management Internalisation is on commercial terms:

- ***percentage of funds under management***: we have compared the percentage of funds under management implied by the consideration to be paid to the Trust to recent market transactions
- ***earnings multiples of comparable listed companies***: we have compared the earnings multiple implied by the proposed consideration to comparable share market trading multiples.

8.2.3 Consideration of the Rights Issue underwriting fee

We have considered whether the underwriting fee payable to Growthpoint in connection with the Rights Issue is on commercial terms by comparing it to the underwriting fees payable under recent rights issues and initial public offerings.

9 Valuation of the Trust

9.1 Introduction

Deloitte has estimated the fair market value of a unit in the Trust, on a control basis to be in the range of \$0.14 to \$0.17.

For the purpose of our opinion fair market value is defined as the amount at which the securities would change hands between a knowledgeable willing buyer and a knowledgeable willing seller, neither being under a compulsion to buy or sell. We have not considered special value in this assessment.

We have estimated the fair market value of the Trust using the net asset on a going concern basis. We have also considered recent share market trading activity to provide additional evidence of the fair market value of a unit in the Trust.

These are discussed in Sections 9.2 to 9.3 respectively.

9.2 Net assets on a going concern basis

The value derived using the net assets approach is determined by assessing the value of the assets and liabilities of a business.

In order to estimate the fair market value of the net assets of the Trust, we have utilised the adjusted financial position of the Trust as at 31 December 2008 as presented in Section 6.4 of our report and section 8 of the Meeting Booklet. We have also considered whether it is necessary to apply a premium or discount to net assets of the Trust.

We have also conducted discussions with the Directors in order to enhance our knowledge of the portfolio of the Trust and industrial property specialists in order to enhance our knowledge of the current prospects of the industrial property industry.

9.2.1 Net assets

As set out in Section 6.4 the adjusted net asset position of the Trust as at 31 December 2008 is \$105.3 million.

The adjusted net asset position of the Trust as at 31 December 2008 includes the material movements in assets and liabilities which have occurred subsequent to 31 December 2008. These movements are set out in section 8 of the Meeting Booklet.

The majority of the assets and liabilities of the Trust have been included at market value in the adjusted balance sheet.

9.2.2 Premium or discount to net assets

The net asset value of the Trust does not necessarily reflect the market value of the Trust on a control basis. To assess the premium or discount to apply to our net asset valuation to arrive at the fair market value of the Trust on a control basis, we have considered industry trends and the specific circumstances of the Trust, as set out below.

Industry trends

Set out below is an overview of the trends occurring in the property industry which are affecting valuations:

- **continuation of the decline in property valuations:** valuations of industrial properties are expected to decline further during 2009. Jones Lang LaSalle expects that prime industrial property will record declines in value of approximately 30% to 35% from peak to trough. Jones Lang LaSalle also estimates that the market might reach a stable low by early 2010, at capitalisation rates of 8.75%. According to Colliers, yields for prime grade industrial properties have softened since January 2009 by 25 to 50 basis points and are now ranging between 8.5% and 9.0%. As with all property sectors, the location and quality of the assets is critical to the eventual yield that is able to be realised.

The Directors' Valuation but excluding \$19.4 million of rental income recognised on a straight line basis as a receivable implies a reduction in property values of approximately 14% since 31 December 2008, and a softening of the weighted average capitalisation rate for the portfolio of 130 basis points to 8.9%, compared to 7.6% as at 31 December 2008

- **lagging market data:** property valuations are usually based on comparable transaction data. Due to the time which could have elapsed between comparable transactions and the valuation date of a property, property valuations could be lagging indicators of fair market value
- **limited comparable market data:** there has been a significant decline in the number of large industrial properties with a value greater than \$25 million being transacted, thereby reducing the amount of reliable comparable transaction data upon which capitalisation rates can be benchmarked. The Trust holds seven properties, with a value of \$471.9 million based on the Directors' Valuation, which are greater than \$25 million. According to the ANZ Property Outlook for March 2009, with only a small number of transactions in the market, there have been limited opportunities to test capital value.

We are not aware of any sales of large prime grade industrial property or portfolios of industrial property since January 2009

- **limited access to debt markets:** one of the reasons for the dearth of transactions in comparable prime industrial property is potential acquirers' limited access to debt markets. Contracting debt markets and the ongoing uncertainty regarding property valuations have made it difficult for investors to secure debt financing for potential acquisitions. This issue is exacerbated for larger value transactions as the debt requirement increases
- **expanding lead time for asset sales:** due to contracting debt markets and the global economic downturn there has been a reduction in the number of investors in the market. As a result, the lead time to realise a sale of a large property could be significant. If a vendor is required to divest a property within a shorter timeframe, for instance to satisfy debt obligations, it may be required to accept a substantial discount to intrinsic value, to complete the transaction.

Over the last 12 months, the Trust has undertaken an extensive process to try to divest a variety of properties within its portfolio. Only a small portion of the portfolio by both size and value has been successfully divested. During 2009, the Trust sold two properties with net cash proceeds of \$11.6 million. We understand that property divestments could be achievable in a shorter timeframe, but only at significantly higher capitalisation rates than those reflected in the Directors' Valuations.

If the financial pressure in the A-REIT sector continues, there may be an oversupply of properties for sale in the future therefore further expanding the lead time to realise asset sales

- **portfolio sales are expected to occur at discounts:** whilst there have been no recent portfolio sales of properties, there have been significant investments in A-REITs through recent capital raisings (as set out below). This trend highlights that portfolios of properties are trading at significant discounts to the underlying valuation of individual properties within the portfolio. As a result many investors are investing in A-REITs as opposed to the underlying properties to take advantage of this value discrepancy
- **trading multiples in the A-REIT sector:** historically, in strong economic conditions, the security prices of A-REITs have reflected a premium to their net tangible asset value. This premium has typically related to a number of factors including the distribution yield, the portfolio of assets held by company, the perceived skill and experience of management, the value of the services business, if any, and goodwill.

However, since the onset of the global financial crisis, most A-REITs have traded at discounts to their net tangible asset value. Based on the comparable trading multiples set out in Appendix 2, A-REITs are trading at an average discount to the last reported net tangible asset value of approximately 60%. The Trust is currently trading at a discount to its net tangible asset value as at 31 December 2008 of approximately 72%

- **recent capital raisings in the A-REIT sector:** an alternative to selling properties is to raise equity capital. As set out in Appendix 3, there have been an increasing number of equity capital raisings in the A-REIT sector. These equity capital raisings provide some evidence of investors' perceptions of value in the A-REIT sector and therefore a portfolio of direct property investments.

All but one of the recent equity capital raisings shown in Figure 12 and Figure 13 were undertaken at substantial discounts relative to the net tangible asset values and the 60 trading day VWAP prior to the announcement of the equity raising. The median discount of the capital raising price to net tangible assets is lower for placements (43.4%) compared to entitlement offers (70.0%). The median offer price discount relative to the VWAP for the security prior to the announcement of the equity raisings is lower for placements (16.7%) compared to entitlement offers (54.9%).

A-REITs have raised substantial equity capital primarily to satisfy short-term debt requirements, reduce balance sheet gearing and meet capital expenditure/working capital obligations.

We consider the recent capital raisings in the A-REIT sector, which have primarily been undertaken at substantial discounts relative to net tangible assets and 60 trading day VWAP prior to the announcement of the capital raisings, highlight the uncertainty in the market regarding property valuations and the financial pressure being experienced in the sector.

Specific circumstances of the Trust

Based on the above net asset value of the Trust and in the absence of the Proposal, the Trust is likely to be in breach of its debt covenants. Based on the Directors' Valuation the LVR of the Trust is approximately 77%. However, the current debt facilities of the Trust require a default LVR of less than 75%. If the LVR of the Trust is greater than 75%, the Trust could be immediately forced to sell several of its properties to realise cash to pay down its debt facility. If it was forced to sell properties, it is highly unlikely that the Trust could realise the fair market value of the properties in the time required by financiers to satisfy the Trust's debt covenants.

Further to this, to meet its ongoing debt covenants, the Trust is required to have an operating LVR of 60% by 31 December 2009 and may be required to sell further properties to meet this requirement. In the absence of the Proposal, the Trust will need to sell sufficient property to realise at least \$300 million in order to comply with the 60% LVR requirement by 31 December 2009. Based on the Directors' Valuation, this represents 46% of the portfolio of the Trust. This estimate assumes that properties can be sold at the Directors' Valuation, and that property values do not deteriorate further by 31 December 2009; if they do, more property would have to be sold.

As set out above, we are not aware of any large prime grade industrial property asset or portfolio sales since January 2009. Therefore, we consider that it might not be possible for the Trust to divest such a significant portion of their portfolio in the remaining 6 months to 31 December 2009.

In the event that a purchaser was able to be identified, the Trust may need to accept significantly lower values to ensure these properties are divested within the required timeframe. Assuming a 100 basis point increase to the yield applied to the value of the property to be divested, the company would be required to divest significantly more than \$350 million in properties to be safely under the 60% LVR requirement by 31 December 2009. This implies a divestment of more than 50% of the portfolio owned by the Trust.

The Trust is in a very difficult financial position:

- in the absence of the Proposal, the Trust would likely need to sell 50% or more of its property assets. It is unlikely that this can be achieved, given the large volume of property, at yields implied by the Directors' Valuation, and therefore even more property would need to be sold to raise the required funds to lower the LVR of the Trust. In addition, portfolios of properties for sale are likely to attract a further value discount, given the difficulties in raising debt secured by property
- the main alternative for the Trust is a rights issue, to raise the full amount of around \$200 million. It is unlikely that this would be a viable option for the Trust, as it is challenging to underwrite capital raisings in this sector at present without the presence of a strategic cornerstone investor, and the proportion of capital required to be raised is approximately four times the Trust's current market capitalisation of approximately \$55 million. To have any chance of success, a rights issue would need to be at a significant discount to the current share price and to be taken up by most Unitholders, which is not considered to be realistic
- recent capital raisings in this sector have been undertaken at very large discounts to net tangible assets, in the order of approximately 30% to 80%, and large discounts to share prices in the order of approximately 20% to 50%. In particular, recent capital raisings undertaken via an entitlement offer have been undertaken at a median discount to net tangible assets of approximately 70%.

In our view, to estimate the fair market value of the Trust it is appropriate to apply a discount to net assets in order to take account of its very difficult financial position and the industry factors set out above.

Based on this, we have applied a discount to the Directors' Valuation of the properties of the Trust equating to approximately a 75 basis point increase in the valuation capitalisation rate of the portfolio. Given the substantial leverage of the Trust, the resultant decrease in property valuations results in a 45% to 55% reduction in the net asset position of the Trust.

9.2.3 Valuation of a unit in the Trust

The fair market value of a unit in the Trust under the net assets on a going concern method on a control basis is present in the table below.

Table 8: Valuation of a unit in the Trust

	Low (\$'000)	High (\$'000)
Fair market value of net asset	105,269	105,269
Discount to net assets (45% to 55%)	(57,898)	(47,371)
Fair market value of the Trust	47,370	57,897
Number of units on issue ('000)	346,176	346,176
Net asset value per unit (\$)	0.14	0.17

Source: Deloitte analysis

9.2.4 Conclusion

We are of the opinion that the value of a unit in the Trust derived from the net assets on a going concern approach on a control basis is in the range from \$0.14 to \$0.17.

9.3 Analysis of recent share trading

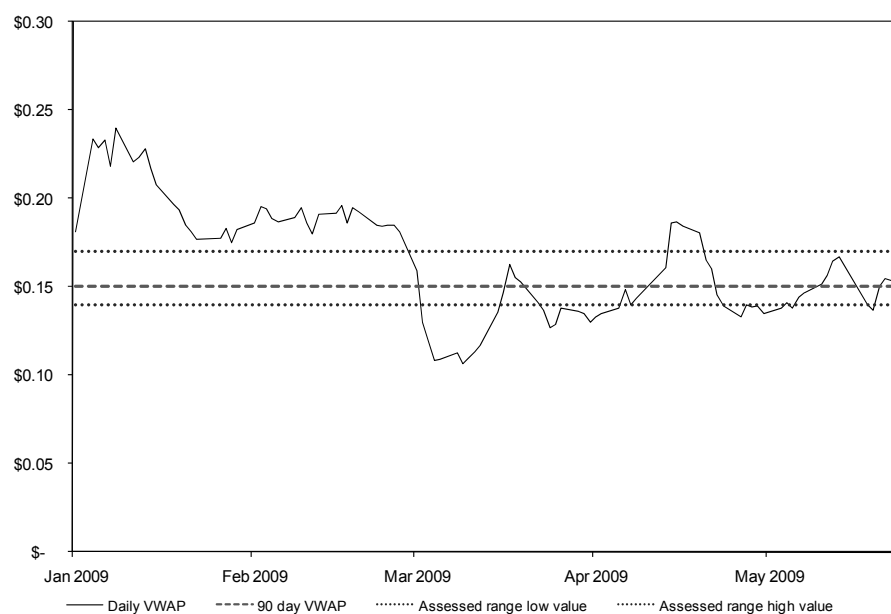
The market can be expected to provide an objective assessment of the fair market value of a listed entity, where the market is well informed and liquid. Market prices incorporate the influence of all publicly known information relevant to the value of an entity's securities. The Trust has made the following recent announcements:

- the settlement of 830 Wellington Road, Rowville, VIC on 19 May 2009 for \$8 million. The sale proceeds were used to pay down debt
- the settlement of 26 William Angliss Drive, Laverton North, VIC on 4 May 2009 for \$3.6 million. The sale proceeds were used to pay down debt
- a distribution update was released to the market on 24 March 2009, advising of the change to the frequency of the distributions from quarterly to half yearly
- reviewed financial statements for the half-year ended 31 December 2008 were released to the market on 2 March 2009, providing a recent update regarding the financial and operational performance of the Trust.

9.3.1 Recent share market trading

We have compared the VWAP of units in the Trust since 1 January 2009 to our selected value range of a unit in the Trust in the figure below.

Figure 11: Comparison of unit trading



Source: Bloomberg, Deloitte analysis

The 30 day VWAP⁷ of a unit in the Trust prior to the announcement of the Proposal was \$0.15. The values derived from the unit trading price of the Trust do not reflect the market value for a control holding in the Trust as unit trading prices reflect the price to trade a portfolio holding.

⁷ Being the 30 trading days from 1 April 2009 to 14 May 2009

The 30 day VWAP implies a 3% discount based on the mid-point of our selected valuation range for a unit in the Trust. The VWAP of a unit in the Trust was also \$0.15 in the 90 days⁸ prior to the announcement of the Proposal.

⁸ Being the 90 trading days from 6 January 2009 to 14 May 2009
Deloitte: Orchard Industrial Property Fund – Independent expert’s report

10 Analysis of the Management Internalisation

10.1 Introduction

If the Proposal is approved, the Management Internalisation will result in the Responsible Entity being changed from OPL to OML, which will result in the internalisation of the responsible entity functions. Orchard Funds Limited will receive \$6 million as consideration for the sale of OML.

In evaluating whether the \$6 million net payment to Orchard Funds Limited as consideration for the Management Internalisation is on commercial terms, we have:

- compared the percentage of funds under management implied by the consideration to be paid to Orchard Funds Limited to recent market transactions
- compared the earnings multiple implied by the consideration to share market trading multiples for comparable companies.

10.2 Percentage of assets under management

In this section we have compared the consideration payable to Orchard Funds Limited as a percentage of gross assets under management to recent merger and acquisition activity within the A-REIT sector.

Over the last ten years there has been a significant movement towards internalisation of management for property trusts, with a majority of the A-REITs now adopting a stapled structure, facilitating the internalisation of management. This movement has been partially driven by investor concerns over perceived conflicts of interest between trust owners and management, in particular because management fees are often based on assets under management, creating an incentive for managers to increase assets under management at the expense of trust returns. Over the period from the early 2000s to 2007, the value investors attributed to the management rights and other functions performed by the responsible entity in a stapled entity could be observed through the premium to net tangible assets at which a stapled entity's securities traded. As set out in Appendix 2, most entities are currently trading at a discount to net tangible assets, reflecting the uncertainties which the property market is currently experiencing.

We have considered amounts paid to procure the management rights of A-REITs in comparable transactions involving the internalisation of the property, funds management and responsible entity functions. In addition, we have also identified other recent comparable transactions that include the procurement of management rights of A-REITs.

Given the current uncertainty in the property market, and the corresponding uncertainty as to the returns which may be achievable from the management rights of an A-REIT, we have had regard to recent transactions only, as historical transactions may not adequately reflect the current value of management rights.

10.2.1 Internalisations of A-REITs

The following table summarises recent internalisations of the responsible entity and management of quoted property and other trusts.

Table 9: Recent internalisations of quoted property and other trusts

Entity	Date	Consideration (\$'million)	Gross asset value ¹ (\$'million)	Consideration to gross assets (%)
Viridis Clean Energy Group ²	May 2009	3.2	260	1.23
Babcock & Brown Japan Property Trust	April 2009	22.1	2,300	0.96
Babcock & Brown Capital Limited	March 2009	5.0	6,443	0.08
Babcock & Brown Wind Partners	December 2008	40.0	5,619	0.71
GEO Property Trust	May 2008	2.5	809	0.31
Macquarie ProLogis Trust	June 2007	22.0	1,690	1.30
Average				0.77

Source: Mergermarket, Connect4, ASX announcements, company websites

Notes:

1. Where the gross asset value has not been disclosed in company announcements, we have used the last reported gross assets under management prior to the internalisation
2. Transaction pending

The consideration paid to acquire the property funds management and responsible entity rights in the internalisations shown above averaged 0.77% of the gross assets under management.

10.2.2 Other transactions involving the purchase of property fund management rights

The following table summarises other recent transactions involving the purchase of property fund management rights.

Table 10: Other transactions involving the purchase of property fund management rights

Target	Acquirer	Date	Consideration (\$'million)	Gross asset value ¹ (\$'million)	Consideration to gross assets (%)
Babcock and Brown Limited	Lend Lease Primelife	November 2008	17.5	2,470	0.71
DB RREEF Funds Management Limited ²	Dexus Property Group	February 2008	130.0	7,927	1.64
Rubicon Holdings (Aust) Limited	Allco Finance Group	December 2007	232.4	5,253	4.42
Lachlan Property Group	Becton Property Group	December 2007	42.4	450	9.42
Average					4.05

Source: Mergermarket, Connect4, ASX announcements, company websites

Notes:

1. Where the gross asset value has not been disclosed in company announcements, we have used the last reported gross assets under management prior to the transaction
2. The acquirer has acquired the remaining 50% of the target which it did not already own

The consideration paid to acquire the property funds management and responsible entity rights in the transactions shown above averaged 4.1% of the gross assets under management.

We also note, however, that there have been instances of no external consideration being paid to procure the retirement of a responsible entity, including Macquarie Goodman's acquisition of Colonial Industrial Trust in April 2003, Westfield Trust's acquisition of the AMP Shopping Centre Trust in June 2003 and Investa Group's takeover of Principal Office Fund in September 2003.

10.2.3 Conclusion

The consideration paid for property and funds management rights ranged from 0.08% to 9.42% of gross assets in the recent internalisations and other transactions listed above. The simple average consideration paid for management rights was 2.08% of gross assets across the internalisations and other transactions listed above.

The proposed consideration of \$6 million represents 0.8% of the gross assets under management at 31 December 2008, and 0.9% of gross assets under management based on the Directors' Valuations. This amount is not inconsistent with the average of the range of the percentage of funds under management implied by recent internalisations and at the lower end of the range implied by comparable transactions. Accordingly, we consider the consideration payable to Orchard Funds Limited to be on commercial terms.

10.3 Implied EBIT multiple

We have also compared the earnings before interest and tax (EBIT) multiple implied by the Management Internalisation with earnings multiples of listed property funds management companies.

The savings associated with the Management Internalisation are forecast to be \$1.2 million in financial year ending 30 June 2010, and are forecast to increase in subsequent years. We have used an estimate of the net annual fee savings of \$1.2 million as an approximation of earnings. Based on the \$6 million to be paid to Orchard Funds Limited, the EBIT multiple implied by the Management Internalisation of 5.0 times is towards the low end of the range of EBIT multiples for comparable companies.

The following table sets out our analysis of comparable company historical and forecast trading multiples. The operations of the property funds management companies set out below are broadly comparable to the funds management activities for which OML will be responsible.

Table 11: Comparable company historical trading multiples

Company	Country	Enterprise value (\$ million) ¹	EBIT times FY2008	EBIT times FY2009	EBIT times FY2010
APN Property Group Limited	Australia	26.0	1.6	7.5	92.9
MacarthurCook Limited	Australia	13.4	n/m	n/m	n/m
Over Fifty Group Limited	Australia	278.3	17.5	33.9	34.4
Peet Limited	Australia	758.9	16.3	16.7	13.0
Average			11.8	19.4	46.8
Average excluding APN Property Group Limited and MacarthurCook Limited			16.9	25.3	47.4

Source: Bloomberg

Notes:

1. Data as at 6 June 2009

2. n/m = not meaningful

The average trading multiple for the comparable companies (excluding outliers) is 16.9 times historical (Financial Year (FY) 2008) EBIT, 25.3 times current (FY2009) EBIT and 47.4 times forecast (FY2010) EBIT. The EBIT multiple implied by the consideration of \$6 million, of 5.0 times forecast (FY2010) EBIT is significantly lower than this, even after allowing for a control premium. Notwithstanding the slightly broader scope of activities of the comparables compared with the Responsible Entity, an EBIT multiple of 5.0 times is relatively low compared to EBIT multiples generally observed in the property sector.

11 Analysis of the Rights Issue underwriting fee

11.1 Introduction

If the Proposal is approved, a renounceable pro-rata Rights Issue will take place, whereby Unitholders may acquire 13 new securities for every 10 existing securities held at a price of 16 cents per security. The Rights Issue will raise an additional \$144 million. Growthpoint will underwrite the Rights Issue for an underwriting fee of 3.0% of capital raised.

In evaluating whether the underwriting fee is on commercial terms, we have compared it to the underwriting fees payable in connection with recent rights issues and initial public offerings by entities operating in the property industry in Australia.

11.2 Underwriting fees in comparable transactions

In Appendix 4 we have set out the underwriting fees payable in relation to rights issues and initial public offerings of entities operating in the property industry in Australia.

We note that many of the comparable transactions were completed in a more positive economic climate, when access to capital was less restricted, and accordingly it may have been less difficult and less expensive to obtain an underwriter at the time that some of these transactions took place.

The underwriting fee payable in the rights issues shown in Appendix 4 ranged from 1.0% to 5.0%, and averaged 2.7%.

The underwriting fee payable in the initial public offerings shown in Appendix 4 ranged from 0.25% to 3.5%, and averaged 2.1%.

11.3 Discussion of considerations

We have considered the following factors in assessing the reasonableness of the underwriting fee which will be payable to Growthpoint if the Proposal is approved:

- as noted above, many of the comparable transactions set out in Appendix 4 were completed in a more positive economic climate, when access to capital was less restricted. Accordingly, it may have been less difficult and less expensive to obtain an underwriter at the time that some of these transactions took place. We understand that it is presently unlikely that underwriting services would be readily available from financial intermediaries for capital raisings by relatively small property trusts such as the Trust
- the larger the amount of capital to be raised under the rights issue, the greater the risk taken on by the underwriter, and the higher a reasonable underwriting fee may be. The rights issue will raise \$144 million, which is a very large capital raising relative to the current market capitalisation of the Trust. There are four rights issues among the comparable rights issues set out in Table 14 which raised amounts greater than the market capitalisation of the entity at the time of the announcement of the rights issue. The underwriting fees for these transactions ranged from 1.0% to 5.0%, with an average of 2.7%
- we note that Growthpoint will effectively only be taking on the risk of underwriting 49.9% of the rights issue, as the other 50.1% of the entitlements will be taken up by Growthpoint itself. However, if Growthpoint had not underwritten the rights issue, the Trust would have had to engage a third party underwriter, and it is likely that a third party underwriter's fee would have been based on the total \$144 million. The

following two rights issues set out in Table 14 involved existing (or prospective) shareholders acting as underwriter for the rights issue:

- Guinness Peat Group (Australia) Pty Limited underwrote a rights issue for Canberra Investment Corporation Limited in March 2008, for a fee of 3.3%. Guinness Peat Group (Australia) Pty Limited was entitled to 17.2% of the shares available under the rights issue
- in May 2009, Gandel Group Limited (along with two other underwriters) has undertaken to underwrite a rights issue for Charter Hall Group, for a fee of 3.6%. Under the proposal, Gandel Group (Australia) Pty Limited would be entitled to 15% of the shares available under the rights issue
- the higher the rights price relative to the share price at the time of the rights issue, the lower the chance that investors will take up their entitlements, the higher the risk taken on by the underwriter. The price under the rights issue is currently greater than the unit price of the Trust, such that Unitholders who want to increase their interest in the Trust could do so at a lower price by buying units on-market. Accordingly, it is more likely that the underwriter will be required to subscribe for additional capital in this situation. The rights issue price was higher than the share price on the date of the announcement of the rights issue in only one of the rights issues set out in Table 14, being the rights issue by Centro Retail Group in March 2007. The underwriting fee payable in relation to that rights issue was 2.5%.

11.4 Conclusion

Given the size of the Rights Issue, the financial situation of the Trust, and the fact that the current unit price of the Trust remains below the rights issue price, it is likely that a significant proportion of the rights will not be taken up by Unitholders other than Growthpoint. Accordingly, the risks associated with this underwriting agreement are relatively high, and suggest that it would be reasonable for an underwriter to receive a relatively high fee if the Proposal is approved.

Having regard to the considerations set out above, we consider that the 3% underwriting fee payable to Growthpoint if the Proposal is approved is on commercial terms.

12 Evaluation and conclusion

12.1 Advantages and disadvantages of the Proposal as a whole

Advantages of the Proposal

The likely advantages of the Proposal to Unitholders include:

The Growthpoint Placement is fair

ASIC Regulatory Guide 111 defines an offer as being fair if the value of the offer price is equal to or greater than the value of the securities being the subject of the offer. We have assessed whether the Growthpoint Placement is fair by considering whether the issue price of the units is equal to or greater than the value of a unit in the Trust.

We have estimated the fair market value of a unit in the Trust using the net assets on a going concern basis method, which estimates the value of the Trust by aggregating the fair market value of its assets and liabilities. Our assessment of the fair market value of the Trust's net assets has been based on the 31 December 2008 audited financial statements, adjusted to reflect material events subsequent to this date, including the Directors' Valuation resulting in a downward revaluation of the Trust's properties.

In our view, to estimate the fair market value of the Trust it is appropriate to apply a discount of 45% to 55% to the net assets of the Trust in order to take account of its very difficult financial position and current industry factors. We have taken into account the following factors to determine this discount:

- the Directors' Valuation valued the portfolio of properties of the Trust as at 31 May 2009 at \$650 million. The weighted average capitalisation rate based on the Directors' Valuation is 8.9%. Based on the Directors' Valuation, the LVR of the Trust is approximately 77%. The current debt facilities of the Trust require a default LVR of less than 75%. Accordingly, based on the Directors' Valuation, the Trust is currently likely to be in breach of its debt covenants. Further to this, to meet its ongoing debt covenants, the Trust is required to have an operating LVR of 60% by 31 December 2009 and may be required to sell further properties to meet this requirement.

In the absence of the Proposal, the Trust would likely need to sell 50% or more of its property assets. It is unlikely that this can be achieved, given the large volume of property and the current status of the property market, at the yields implied by the Directors' Valuation, and therefore even more property would need to be sold to raise the required funds to lower the LVR of the Trust. In addition, portfolios of properties for sale are likely to attract a further value discount, given the current difficulties in raising debt secured by property

- the main alternative for the Trust is a rights issue, to raise the full amount of around \$200 million. It is unlikely that this would be a viable option for the Trust, as it is challenging to underwrite capital raisings in this sector at present without the presence of a strategic cornerstone investor, and the proportion of capital required to be raised is approximately four times the Trust's current market capitalisation of approximately \$55 million. To have any chance of success, a rights issue would need to be at a significant discount to the current share price and to be taken up by most Unitholders, which is not considered to be realistic

- recent capital raisings in this sector have been undertaken at very large discounts to net tangible assets, in the order of approximately 30% to 80%, and large discounts to share prices in the order of approximately 20% to 50%. In particular, recent capital raisings undertaken via an entitlement offer have been undertaken at a median discount to net tangible assets of approximately 70%.

Given the substantial leverage of the Trust, applying a discount to the Directors' Valuation equating to an approximate 75 basis point increase in the valuation capitalisation rate for the portfolio, results in a 45% to 55% reduction in the net asset position of the Trust.

Set out in the table below is a comparison of our assessment of the fair market value of a unit in the Trust based on the net assets approach with the Growthpoint Placement price.

Table 12: Evaluation of fairness

	Low (\$)	High (\$)
Estimated fair market value of a unit in the Trust (Section 9)	0.14	0.17
Growthpoint Placement price (Section 1.2.1)	0.16	0.16

Source: Deloitte analysis

The Growthpoint Placement price is within the range of our estimate of the fair market value of a unit in the Trust. Accordingly it is our opinion that the Growthpoint Placement is fair.

Growthpoint's participation in the Rights Issue (and the Top Up Placement if required) will result in Growthpoint acquiring a minimum interest in the Trust of 60% at a price of 16 cents per security. As we are of the opinion that the Growthpoint Placement for a 50.1% interest in the Trust at 16 cents per unit is fair, accordingly we consider the issue of the additional securities to Growthpoint under the Rights Issue and the Top Up Placement (if required) to also be fair.

In accordance with ASIC Regulatory Guide 111 an offer is reasonable if it is fair. On this basis, in our opinion the Growthpoint Placement is reasonable.

As the various stages of the Proposal are inter-conditional we have also formed our opinion on the reasonableness of the Growthpoint Placement based on our analysis of the other likely advantages and disadvantages to Unitholders of the Proposal as a whole.

The Proposal recapitalises the Trust

Based on the Directors' Valuation of the portfolio of properties of the Trust as at 31 May 2009 of \$650 million, the Trust is likely to be in breach of its debt covenants, including the required LVR. Therefore, if the Proposal is not approved the Trust could be required to either divest properties or recapitalise through an injection of equity.

The Proposal provides the Trust with approximately \$200 million in capital against a market capitalisation of the Trust of approximately \$55 million. This capital will be utilised to pay down the debt facilities of the Trust. As indicated in the pro-forma financial statements set out in section 8 of the Meeting Booklet, after the injection of this capital, the LVR of the Trust is expected to be 50%.

Therefore, the recapitalisation will strengthen the balance sheet of the Trust and remove the financing risk that the Trust currently faces. In addition, the Trust is unlikely to need to raise additional capital during the foreseeable future and be further reliant on uncertain credit markets.

The recapitalisation of the Trust, pursuant to the Proposal could trigger a re-rating of the securities of the Trust. The current unit trading price of the Trust reflects the financial risk of the Trust and the uncertainty regarding property valuations. To the extent the Proposal is considered to reduce these risks it could result in a positive market re-rating of the units of the Trust.

The Proposal appears to be the best alternative available to Unitholders

In late 2008, the Directors became aware that with declining property values the Trust could be close to breaching its LVR debt covenants. At this time, the Trust had a debt covenant LVR requirement of below 70%. Based on property valuations as at 31 December 2008 the LVR of the Trust was approximately 68.8%. The Directors sought to improve the financial position of the Trust through capital management initiatives and property sales.

The Directors have evaluated a range of alternative proposals for the Trust with the objective that any type of proposal should maximise Unitholder value and secure the future operation of the Trust.

The Directors have advised they believe the Proposal with Growthpoint meets these objectives. The Proposal provides the Trust with an equity injection of approximately \$200 million. However, in exchange for this equity, the Trust is giving up a minimum of 60% equity to Growthpoint which is a substantial controlling stake in the Trust.

In the absence of the Proposal and an alternative capital raising proposal, the Trust is likely to be required to reduce its current gearing level by selling a large proportion of its property portfolio. As indicated in Section 6.4, the Trust is required to have an operating LVR of less than 60% by 31 December 2009. Based on the Directors' Valuation, the LVR of the Trust is 77%. Therefore, more than approximately \$300 million of properties would need to be divested to reduce the LVR of the Trust to below 60% by 31 December 2009 based on the Directors' Valuation.

As set out in Section 9, we are not aware of any sales of large properties or portfolios since January 2009, indicating that there is currently a limited market for these types of assets. In addition, to divest large prime grade industrial property within a reasonable timeframe, it is likely that vendors would be required to accept significantly lower values. If properties cannot be sold at prices consistent with the Directors' Valuation, or if property values deteriorate further, even more property would need to be sold to reduce the LVR of the Trust to the required levels. The Proposal removes the requirement of the Trust to divest a significant portion of its portfolio in a difficult market.

In the absence of the Proposal and if the Trust is unable to divest a large amount of property to reduce its gearing, the Trust could be forced into external administration by its financiers or the Directors. In an external administration, an administrator is appointed to manage the business whilst assessing the options available to the company. An administrator is appointed to act in the best interests of creditors. Under these circumstances, it is likely that there would be no or minimal return of value to Unitholders.

Based on the above, it is evident that there are limited alternatives available for the Trust and that the Proposal appears to be the best alternative available to the Trust.

The Management Internalisation will benefit Unitholders

There are a number of benefits to Unitholders which will result from the Management Internalisation, which will involve a change in the Responsible Entity from OPL to OML, and the internalisation of management of the Trust:

- based on our analysis of the consideration payable by comparable trusts to internalise management, we consider that the \$6 million consideration payable by the Trust to Orchard Funds Limited is on commercial terms
- the Management Internalisation will result in significant savings to the Trust, as the operating costs of the Responsible Entity are projected to be less than half the management fees currently payable to OPL, resulting in an increase in distributions of approximately 18%
- the management team of the Responsible Entity will largely remain the same under the Proposal
- as part of the Proposal, the Responsible Entity will change from OPL to OML, which will have no other significant assets or liabilities apart from those associated with having an AFSL authorising it to act as a responsible entity. OML will be owned by the security holders of the Stapled Group and, apart from ODPF's interest in the Stapled Group, will no longer have any association with the Orchard Group. The stapling of OML shares to OIF units and the subsequent change in the Responsible Entity to OML will allow the Stapled Group to be recapitalised as a stand-alone entity
- over the last ten years there has been a significant movement towards internalisation of management for property trusts, with a majority of A-REITs now adopting a stapled structure, facilitating the internalisation of management. This movement has been driven partially by investor concerns over perceived conflicts of interest between trust owners and management, in particular because management fees are often based on assets under management, creating an incentive for managers to increase assets under management at the expense of trust returns. As a result of the Proposal, there will be alignment between the interests of the Responsible Entity and the Trust
- we understand that the Responsible Entity is likely to have minimal earnings after tax, and as a result distributions from the Stapled Group are likely to remain predominately pre-tax distributions, in line with historical distributions from the Trust.

Based on the above factors, we consider the Management Internalisation to be beneficial to Unitholders.

A reduction in debt levels results in more favourable financing terms

Due to the recapitalisation of the Trust and strengthening of its balance sheet reflected in the reduction in gearing levels, the financing risk that the Trust currently faces will reduce. In recognition of this, the financiers of the Trust have agreed to provide the Trust with more favourable financing terms if the Proposal is approved.

The new debt facility is expected to result in a reduction in the margin payable on the facility and more favourable LVR and ICR debt covenants. As set out in section 5.1.2 of the Meeting Booklet, the revised financing terms would reduce the total costs payable to the lenders by approximately \$15.8 million per annum as a result of both a reduction in the total debt outstanding and more favourable terms.

Disadvantages of the Proposal

The likely disadvantages of the Proposal to Unitholders include:

Unitholders existing interests in the Trust will be diluted

The interests of Unitholders in the Trust will be diluted as a result of the Proposal. The Stapled Group is expected to have a diluted net tangible asset backing of \$0.18 per security if the Proposal is approved, compared to \$0.30 per unit for the Trust based on the adjusted 31 December 2008 balance sheet. This represents a dilution of \$0.12 per security or approximately 40% for Unitholders. This dilution in net tangible asset backing will be due to the Growthpoint Placement, Rights Issue, and the Top Up Placement if required, pursuant to which Growthpoint will acquire a minimum 60% interest in the newly issued securities of the Stapled Group.

The diluted net tangible asset backing of the Stapled Group is comparable to the current unit trading price of the Trust of \$0.16.

The Stapled Group will be controlled by Growthpoint

Currently, the largest single Unitholder in the Trust is ODPF, with a 41.5% interest in the Trust. If the Proposal is approved, Growthpoint will have a minimum 60% interest in the Stapled Group, and accordingly will control board and management appointments, strategic direction, operations and the distribution policy of the Stapled Group.

The controlling stake held by Growthpoint could limit the opportunities for the Trust to receive an alternative takeover offer or equity injection.

The investment mandate of the Trust will change

As part of the Proposal, the investment mandate of the Trust will be broadened to include investments in other classes of property, including retail and commercial property, in addition to industrial property. It is possible that the composition of this broadened investment portfolio may not suit individual investors' preferences. In particular, investors who sought to gain exposure to the industrial property sector may not view the proposed change in the investment mandate of the Trust favourably.

Significant costs will be incurred to implement the Proposal

The implementation costs to be incurred, if the Proposal is approved, are estimated by the Trust to be approximately \$9.4 million, relating to the capital raising.

The Trust is also estimated to incur a cost of \$9.0 million relating to the cancellation of interest rate derivative contracts; however this cost is offset by a reciprocal reduction in the liability balance of the derivative financial instruments on the balance sheet of the Trust.

We note that if the Proposal does not proceed, the Trust may be liable to pay a \$1.0 million break fee and approximately \$1.3 million of other costs relating to the Proposal.

Other matters

Analysis of the underwriting fee

Based on our analysis of the underwriting fees payable under other recent capital raisings by comparable trusts and companies, we consider that the underwriting fee payable under the Proposal to be on commercial terms.

We have considered the following factors in assessing the reasonableness of the underwriting fee:

- we understand that it is challenging to secure the underwriting services of financial intermediaries for capital raisings by relatively small property trusts such as the Trust, in the current market

- the Rights Issue will raise \$144 million, which is a very large capital raising relative to the current market capitalisation of the Trust of \$55 million
- although the current unit price of the Trust is 16 cents, it has been trading at lower levels since the Proposal was announced. Unitholders who want to increase their interest in the Trust may be able to do so at a lower price by buying units on-market.

Given the size of the Rights Issue, the financial situation of the Trust, and the fact that the current unit price is equal to the Rights Issue price, it is likely that a significant proportion of the rights will not be taken up by Unitholders other than Growthpoint. Accordingly, it is highly likely that any underwriter of the Rights Issue would be called upon to take up a significant interest in the Trust to fulfil its obligations under the underwriting agreement.

Tax consequences

The tax consequences of the Proposal may vary depending on the particular circumstances of an individual Unitholder. For further details on the tax consequences of the Proposal, refer to section 11 of the Meeting Booklet.

12.2 Conclusion

As the advantages of the Proposal as a whole outweigh the disadvantages, we are of the opinion that the Proposal as a whole is in the best interests of Unitholders.

Appendix 1: Glossary

Reference	Definition
\$	All amounts stated in our report are in Australian dollars and may be subject to rounding
AFSL	Australian Financial Services Licence
A-REIT	Australian Real Estate Investment Trust
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
Colliers	Colliers International Research
Consolidation, the	The consolidation of the securities of the Stapled Group at a ratio of one security for every ten securities held
Deloitte or Deloitte Corporate Finance	Deloitte Corporate Finance Pty Limited
Directors, the	Directors of OPL, being the Responsible Entity of the Trust
Directors' Valuation, the	The valuation of the Trust's investment properties undertaken taken by the Directors
EBIT	Earnings before interest and tax
FOS	Financial Ombudsman
FSG	Financial Services Guide
FY	Financial Year
Growthpoint	Growthpoint Properties Limited
Growthpoint Placement, the	A \$56 million placement of securities to Growthpoint at 16 cents per security in consideration for 50.1% of the newly issued units in the Trust
GST	Goods and services tax
IBIS World	IBIS World Pty Ltd
ICR	Interest coverage ratio
LVR	Loan to value ratio
Management Internalisation, the	An internalisation of the management of the Trust, executed through the stapling of the units in the Trust to shares in a new Responsible Entity, OML, for consideration of \$6 million
Meeting Booklet, the	The meeting booklet comprising an Explanatory Memorandum, Prospectus and Notice of Meeting
n/me	Not meaningful
NPAT	Net profit after tax
NSW	New South Wales
ODPF	Orchard Diversified Property Fund
OIF	Orchard Industrial Property Fund
OML	Orchard Management Limited, the new Responsible Entity of the Trust
OPL	Orchard Property Limited, the existing Responsible Entity of the Trust
Proposal, the	The recapitalisation and restructure of the Trust, including the Growthpoint Placement, Management Internalisation, Top Up Placement and Rights Issue
QLD	Queensland
Resolutions, the	Resolutions to be approved at the Unitholder Meeting
Responsible Entity, the	The Responsible Entity of the Trust
Rights Issue, the	A \$144 million rights issue to be underwritten by Growthpoint for an underwriting fee of 3%
S&P	Standard and Poor's
Stapled Group, the	The group consisting of stapled OIF units and OML shares

Reference	Definition
Top Up Placement, the	A top up placement of securities (if required) to Growthpoint at 16 cents per security such that Growthpoint holds a minimum 60% interest in the Trust
Trust, the	Orchard Industrial Property Fund
Unitholders	Existing Unitholders of the Trust
VIC	Victoria
VWAP	Volume weighted average price
WA	Western Australia

Appendix 2: Trading multiple analysis

The figure below presents a summary of price to net tangible asset value multiples based on recent security trading prices for comparable listed A-REITs.

Table 13: Net tangible asset multiples – market trading

Company	Property focus	Market capitalisation ² (\$ million)	Enterprise value ³ (\$ million)	Gearing ⁴	Price / net tangible asset ⁵
Stockland Group	Diversified	6,978	10,817	33.3%	0.91
GPT Group	Diversified	4,237	8,288	37.5%	0.63
Dexus Property Group	Diversified	3,573	7,137	42.0%	0.77
Mirvac Group	Diversified	1,995	4,298	35.4%	0.49
Abacus Property Group	Diversified	491	1,048	40.4%	0.61
Charter Hall Group	Diversified	340	945	16.3%	0.70
FKP Property Group	Diversified	298	1,968	59.3%	0.35
Mirvac Real Estate Investment Trust	Diversified	232	865	73.2%	0.29
Challenger Diversified Property Group	Diversified	231	557	40.5%	0.48
Babcock & Brown Japan Property Trust	Diversified	188	1,572	61.7%	0.22
Valad Property Group	Diversified	117	1,263	58.5%	0.14
ING Real Estate Healthcare Fund	Diversified	39	174	70.9%	0.70
Goodman Group	Industrial	723	4,934	57.4%	0.25
ING Industrial Fund	Industrial	312	2,381	47.9%	0.14
Mirvac Industrial Trust	Industrial	30	393	89.2%	0.12
MacarthurCook Industrial Property Fund	Industrial	2	110	73.5%	0.28
Commonwealth Property Office Fund	Office	1,442	2,557	33.1%	0.64
ING Office Fund	Office	1,048	2,160	32.6%	0.47
Macquarie Office Trust	Office	963	2,964	42.2%	0.35
Tishman Speyer Office Fund	Office	86	972	57.9%	0.13
CFS Retail Property Trust	Retail	4,055	5,928	26.3%	0.77
Macquarie CountryWide Trust	Retail	681	1,747	34.3%	0.33
Centro Retail Group	Retail	194	1,987	52.3%	0.12
Macquarie DDR Trust	Retail	137	137	14.5%	0.16
Centro Properties Group ¹	Retail	86	21,308	106.1%	(0.08)
APN European Retail Property Group	Retail	34	888	75.6%	0.13
Average				50.5%	0.39
Median				45.1%	0.34
Average (excluding outliers)¹				48.2%	0.41
Median (excluding outliers)¹				42.2%	0.35
The Trust	Industrial	52	552	71.7%	0.28

Source: Bloomberg

Notes:

1. Centro Properties has been removed as an outlier in the calculation of average and median
2. Market capitalisation as at 4 June 2009
3. Market capitalisation plus latest reported net debt
4. Estimated as net debt / enterprise value
5. Net tangible assets to the parent entity have been based on the latest reported financials of the selected companies

6. The above multiples reflect portfolio holdings and are therefore minority multiples

Historically, in strong economic conditions, the security prices of A-REITs have reflected a premium to their net tangible assets. This premium has typically related to a number of factors including the distribution yield, the portfolio of assets held by company, the perceived skill and experience of management, the value of the services business if any, and goodwill. However, since the onset of the global financial crisis, most A-REITs have traded at substantial discounts to their net tangible asset value.

We make the following comments in relation to the A-REIT multiple analysis presented above:

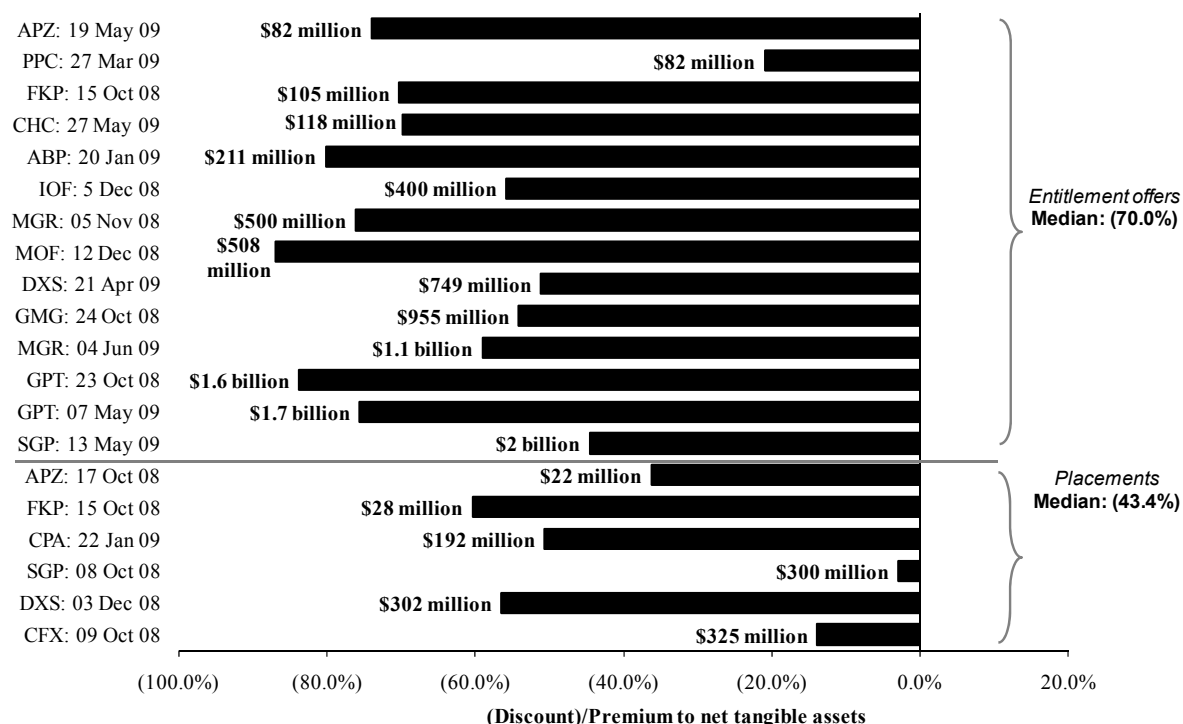
- based on the above comparable trading multiples, A-REITs are trading at net tangible asset multiple of 0.41 times (excluding outliers) implying an average discount of approximately 60% to the last reported net tangible asset value attributable to the parent entity
- there appears to be a low correlation between price to net tangible assets ratio and the size of the A-REIT or property sector focus (i.e. diversified, industrial, office, retail or residential). A-REITs with the lowest gearing are the most highly rated by the market and show market capitalisations more in line with their book values.

Appendix 3: Recent capital raisings in the A-REIT sector

There have been an increasing number of equity capital raisings in the property sector in the past nine months. These equity capital raisings provide evidence of investors’ perceptions of value in the A-REIT sector and therefore a portfolio of direct property investments.

The figure below presents a summary of the recent capital raisings undertaken in the A-REIT sector and the substantial discount to net tangible asset value and VWAP prior to the announcement of the capital raising at which they have transacted.

Figure 12: A-REIT capital raising: Offer price and (Discount)/premium to net tangible assets

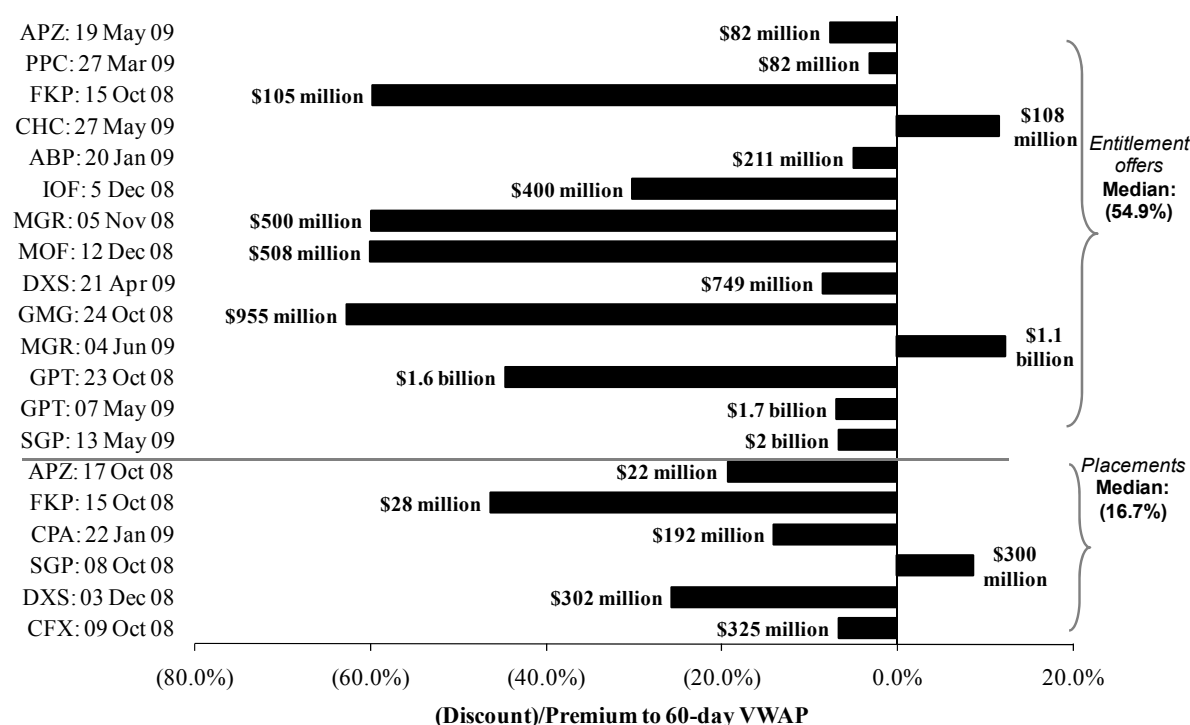


Source: ASX, Bloomberg and Deloitte analysis

Notes:

1. The net tangible asset per security has been based on the net tangible assets reported by the company prior to the announcement date
2. The above capital raisings have been sorted based on the type of capital raising and by the amount of capital raised (smallest to largest)

Figure 13: A-REIT capital raisings: Offer price and (Discount)/premium to 60-day VWAP



Source: ASX, Bloomberg and Deloitte analysis

Notes:

1. 60-day VWAP prior to the announcement date
2. The above capital raisings have been sorted based on the type of capital raising and by the amount of capital raised (smallest to largest)

We make the following comments in relation to the A-REIT capital raising analysis presented above:

- all but one of the recent equity capital raisings shown in Figure 12 were undertaken at substantial discounts relative to the net tangible asset values prior to the announcement of the equity raising. The discounts ranged from 2.9% to 86.8%
- the majority of the recent capital raisings shown in Figure 13 were undertaken at discounts relative to the 60 day VWAP prior to the announcement date
- the median discount to the net tangible asset value is lower for placements (43.4%) compared to entitlement offers (70.0%). The median discount to the 60 day VWAP is lower for placements (16.7%) compared to entitlement offers (54.9%). There have been no pure rights offers observed recently in the A-REIT sector. Rights offers are directed to the whole security register whilst placements are usually directed to specific institutional investors. Entitlement offers comprise both a placement and a rights issue as part of the capital raising and the offer price is generally equal across both components
- there does not appear to be a correlation between the amount or proportion of capital raised and the discount to net tangible assets or 60 day VWAP observed
- A-REITs have raised substantial equity capital primarily to satisfy short-term debt requirements, reduce balance sheet gearing and meet capital expenditure/working capital obligations. Furthermore, some A-REITs with significant portions of debt and interest costs denominated in foreign currencies were required to raise capital to meet debt covenants which were breached following the depreciation of the Australian dollar.

Appendix 4: Rights issues

The following table summarises the underwriting fees payable in recent rights issues involving entities operating in the property industry.

Table 14: Underwriting fees payable in rights issues

Date	Issuer	Underwriter(s)	Market capitalisation on announcement date (\$'million)	Amount raised (\$'million)	Underwriting fee (%)	Rights issue price (\$)	Share price on announcement date (\$)
May 2009	Charter Hall Group	Macquarie Capital Advisers Limited, Goldman Sachs JBWere, Gandel Group ¹	243.3	73.0	3.6	0.33	0.37
April 2009	Dexus Property Group	Credit Suisse (Australia) Limited/Deutsche Bank AG	3,594.9	658.0	2.0	0.65	0.786
March 2009	Peet Limited	UBS AG	355.3	77.7	2.9 ²	1.10	1.265
February 2009	Abacus Property Group	Macquarie Capital Advisers Limited/Tricom Equities Limited	190.8	187.1	1.2	0.25	0.25
December 2008	Macquarie Office Trust	Macquarie Capital Advisers Limited/UBS AG/Credit Suisse (Australia) Limited/Commonwealth Securities Limited	418.7	508.4	2.8	0.20	0.205
December 2008	ING Office Fund	JP Morgan Australia Limited	1,061.2	414.5	2.2 ³	0.80	0.84
November 2008	Mirvac Group	JP Morgan Australia Limited	1,123.8	500.2	2.8	0.90	0.96
October 2008	Goodman Group	JP Morgan Australia Limited/Macquarie Capital Advisers Limited	1,672.3	956.3	3.0	0.90	0.975
October 2008	GPT Group	UBS AG/Deutsche Bank AG/Goldman Sachs JBWere	1,940.5	1,349.8	1.0	0.60	0.76
July 2008	Living and Leisure Australia Group	Arctic LES (Ireland) Limited	9.1	100.0	4.0	0.04	0.045
May 2008	SCV Group Limited	Co-investor Capital Partners Pty Limited	5.9	5.5	2.5 ⁴	0.10	0.142

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Date	Issuer	Underwriter(s)	Market capitalisation on announcement date (\$'million)	Amount raised (\$'million)	Underwriting fee (%)	Rights issue price (\$)	Share price on announcement date (\$)
March 2008	Canberra Investment Corporation Limited	Guinness Peat Group (Australia) Pty Limited ⁵	111.2	15.8	3.3	0.85	1.161
November 2007	Cheviot Kirribilly Vineyard Property Group	Tidewater Asset Management Pty Limited	13.8	1.4	5.0	1.2	1.28
November 2007	Devine Limited	ABN AMRO Morgans Corporate Limited	361.2	51.7	1.6	1.32	1.489
July 2007	Galileo Japan Trust	JP Morgan Australia Limited/UBS AG	275.4	115.6	2.0	0.95	0.97
June 2007	Valad Property Group	JP Morgan Australia Limited/UBS AG/Macquarie Equity Capital Markets Limited	1,755.8	1,192.6	3.1 ⁶	1.92	2.12
April 2007	ING Real Estate Community Living Group	JP Morgan Australia Limited	432.8	155.0	2.2	1.34	1.385
April 2007	Port Boulevard Limited	Euroz Securities Limited	173.6	88.4	2.5 to 5.0 ⁷	1.60	2.236
March 2007	Centro Retail Group	JP Morgan Australia Limited	933.4	1,000.2	2.5	1.72	1.69
February 2007	Rubicon Europe Trust Group	Credit Suisse (Australia) Limited /UBS AG	293.6	245.5	2.5	1.03 – 1.05	1.135
February 2007	Rubicon Japan Trust	Credit Suisse (Australia) Limited/Deutsche Bank AG	195.1	242.4	2.5	1.03 – 1.08	1.09
Average			722.0	378.1	2.7		
Minimum			5.9	1.4	1.0		
Maximum			3,594.9	1,349.8	5.0		

Source: Connect4, Bloomberg, ASX announcements, company websites

Notes:

1. In this rights issue, the underwriter, Gandel Group, was also an existing shareholder. If the full amount was underwritten, Gandel Group was entitled to 15% of the shares available under the rights issue
2. Calculated based on disclosed underwriting fee of \$2.4 million
3. Calculated based on disclosed underwriting fee of \$12 million
4. Company has also agreed to pay a sub-underwriting fee of 2.0%

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5. In this rights issue, the underwriter, Guinness Peat Group (Australia) Pty Limited, was also an existing shareholder. Guinness Peat Group (Australia) Pty Limited was entitled to 17.2% of the shares available under the rights issue
6. Calculated based on disclosed underwriting fee of \$36.9 million
7. Total underwriting fee includes 2.5% of total funds raised from the company directors and 5% of the remainder of funds to be raised, which equated to a weighted average underwriting fee of 4.55% for the total rights issue

The underwriting fee payable in the rights issues shown above ranged from 1.0% to 5.0%, and averaged 2.7%.

The following table summarises the underwriting fees payable in recent initial public offerings involving entities operating in the property industry.

Table 15: Underwriting fees payable in initial public offerings

Date	Issuer	Underwriter	Market capitalisation at issue price (\$ million)	Amount raised (\$ million)	Underwriting fee (%)
December 2007	Compass Hotel Group	BBY Limited	123.8	123.0	0.25 ¹
October 2007	MacarthurCook Industrial Property Fund	Commonwealth Securities Limited/CommSec	92.8	72.6	3.0
May 2007	Orchard Industrial Property Fund	Macquarie Equity Capital Markets	345.0	20.5	3.5
May 2007	Multiplex European Property Fund	National Australia Bank and CommSec	247.0	184.5	2.0
July 2006	Multiplex Acumen Prime Property Fund	Acumen Capital Securities Limited and ANZ Group	169.0	101.5	1.0
November 2005	Rubicon Europe Trust Group	Deutsche Bank AG/Merrill Lynch	258.7	258.7	3.0
April 2005	JF Industrial Trust	JP Morgan Australia Limited	120.5	120.5	2.0
February 2005	Babcock & Brown Japan Property Trust	UBS AG	297.7	297.7	2.0
Average					2.1

Source: Connect4, ASX announcements, company websites

Note:

1. Calculated based on agreed underwriter fee of \$307,500 upon completion of initial public offering

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Appendix 5: Sources of information

In preparing this report we have had access to the following principal sources of information:

- Implementation Agreement for the Proposal
- ASX announcements lodged by the Trust
- the financial model prepared by the Responsible Entity
- the Directors' Valuation
- annual and half year report for the Trust for the year ending 30 June 2008 and six months ending 31 December 2008, respectively
- various management presentations
- annual reports and ASX announcements for comparable companies
- company websites for the Trust and its Responsible Entity and comparable companies
- publicly available information on comparable companies and market transactions published by ASIC, Thompson research, Bloomberg Financial markets, SDC Platinum and Mergermarket
- IBIS company and various industry reports on the A-REIT sector
- other publicly available information, media releases and brokers reports on the Trust, comparable companies and the A-REIT sector
- discussions with key industry experts regarding trends in the industrial A-REIT sector.

In addition, we have had discussions and correspondence with certain directors and executives of OPL as the Responsible Entity of the Trust, including Mr Lyn Shaddock, Independent Chairman; David Spruell, Independent Director; David Hinde, Chief Executive Officer; Greg McMahon, Director; and Timothy Collyer, Head of Funds Management – Property; in relation to the above information and to current operations and prospects of the Trust.

Appendix 6: Qualifications, declarations and consents

The report has been prepared at the request of the Directors of OPL and is to be included in the Meeting Booklet for the exclusive purpose of assisting Unitholders in their consideration of the Proposed Resolution. Accordingly, it has been prepared only for the benefit of the Directors and those persons entitled to receive the Meeting Booklet in their assessment of the Proposal as outlined in the report and should not be used for any other purpose. We are not responsible to you, or anyone else, whether for our negligence or otherwise, if the report is used by any other person for any other purpose. Further, recipients of this report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposal. This engagement has been conducted in accordance with professional standard APES 225 Valuation Services issued by the Accounting Professional and Ethical Standards Board Limited.

This report represents solely the expression by Deloitte of its opinion as to whether the Proposal as a whole is in the best interests of the Unitholders as a whole. Deloitte consents to this report being included in the Meeting Booklet in the form and context in which it is to be included in the Meeting Booklet.

Statements and opinions contained in this report are given in good faith but, in the preparation of this report, Deloitte has relied upon the completeness of the information provided by the Trust and its officers, employees, agents or advisors which Deloitte believes, on reasonable grounds, to be reliable, complete and not misleading. Deloitte does not imply, nor should it be construed, that it has carried out any form of audit or verification on the information and records supplied to us. Drafts of our report were issued to management of the Trust for confirmation of factual accuracy.

In recognition that Deloitte may rely on information provided by the Trust and its officers, employees, agents or advisors, the Trust has agreed that it will not make any claim against Deloitte to recover any loss or damage which the Trust may suffer as a result of that reliance and that it will indemnify Deloitte against any liability that arises out of either Deloitte's reliance on the information provided by the Trust and its officers, employees, agents or advisors or the failure by the Trust and its officers, employees, agents or advisors to provide Deloitte with any material information relating to the Proposal.

To the extent that this report refers to prospective financial information we have considered the prospective financial information and the basis of the underlying assumptions. The procedures involved in Deloitte's consideration of this information consisted of enquiries of management of the Trust and analytical procedures applied to the financial data. These procedures and enquiries did not include verification work nor constitute an audit or a review engagement in accordance with standards issued by the Auditing and Assurance Standards Board.

Based on these procedures and enquiries, Deloitte considers that there are reasonable grounds to believe that the prospective financial information for the Trust included in this report has been prepared on a reasonable basis. In relation to the prospective financial information, actual results may be different from the prospective financial information of the Trust referred to in this report since anticipated events frequently do not occur as expected and the variation may be material. The achievement of the prospective financial information is dependent on the outcome of the assumptions. Accordingly, we express no opinion as to whether the prospective financial information will be achieved.

Deloitte holds the appropriate Australian Financial Services licence to issue this report and is owned by the Australian Partnership Deloitte Touche Tohmatsu. The employees of Deloitte principally involved in the preparation of this report were Stephen Reid, M App. Fin. Inv., B.Ec, F Fin, CA, Mark Pittorino, B Com, M App Fin, CA, Mary Beth Adam, M App. Fin. Inv., B Com, LLB (Hons), F Fin, and Renee Daus, B.Com, CA. Stephen and Mark are Directors, Mary-Beth is an Associate Director and Renee is a Client Manager of Deloitte. Each have many years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Neither Deloitte, Deloitte Touche Tohmatsu, nor any partner or executive or employee thereof has any financial interest in the outcome of the proposed transaction which could be considered to affect our ability to render an unbiased opinion in this report. Deloitte will receive a fee of \$180,000 exclusive of GST in relation to the preparation of this report. This fee is based upon time spent at our normal hourly rates and is not contingent upon the success or otherwise of the Proposal.

Consent to being named in disclosure document

Deloitte Corporate Finance Pty Limited (ACN 003 833 127) of 550 Bourke Street, Melbourne VIC 3000 acknowledges that:

- Orchard Property Limited as the Responsible Entity of the Orchard Industrial Property Fund proposes to issue a Meeting Booklet in respect of the recapitalisation and restructure of the Orchard Industrial Property Fund
- The Meeting Booklet will be issued in hard copy and be available in electronic format
- it has previously received a copy of the draft Meeting Booklet for review
- it is named in the Meeting Booklet as the ‘independent expert’ and the Meeting Booklet includes its independent expert’s report in section 10 of the Meeting Booklet.

On the basis that the Meeting Booklet is consistent in all material respects with the draft Meeting Booklet received, Deloitte Corporate Finance Pty Limited consents to it being named in the Meeting Booklet in the form and context in which it is so named, to the inclusion of its independent expert’s report in section 10 of the Meeting Booklet and to all references to its independent expert’s report in the form and context in which they are included, whether the Meeting Booklet is issued in hard copy or electronic format or both.

Deloitte Corporate Finance Pty Limited has not authorised or caused the issue of the Meeting Booklet and takes no responsibility for any part of the Meeting Booklet, other than any references to its name and the independent expert’s report as included in section 10.

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11.

TAXATION REPORT

The Directors
Orchard Property Limited
in its capacity as responsible entity of the
Orchard Industrial Property Fund
Level 28, 1 Spring Street
Melbourne VIC 3000

The Directors
Orchard Management Limited
Level 28, 1 Spring Street
Melbourne VIC 3000

25 June 2009

Dear Sirs

Independent Taxation Report

This taxation report has been prepared for insertion in the Meeting Booklet dated 25 June 2009. It comprises a brief guide to the Australian income tax, GST and stamp duty consequences of the Proposal for participating Unitholders. These comments are necessarily general in nature and do not attempt to address all of the Australian tax consequences relevant to the Unitholders.

The comments consider the consequences for a Unitholder who is an Australian resident individual, company (other than life insurance company) or complying superannuation fund for income tax purposes and who hold their Units (and will hold their Stapled Securities) on capital account. The comments are not relevant to taxpayers who:

- are not resident in Australia;
- are exempt from income tax in Australia;
- invest or trade in units in the ordinary course of their business; or
- acquire rights to be issued Shares in OML and Units in OIF on market under the Rights Issue.

The income tax treatment and consequences of the Proposal will vary depending on the particular circumstances of each Unitholder. Unitholders should obtain, and only rely upon, their own independent taxation advice, having regard to their specific circumstances, about the consequences of the Proposal.

The comments set out below are based on current judicial and administrative interpretations of the Income Tax Assessment Act 1997, Income Tax Assessment Act 1936, Taxation Administration Act (1953) (collectively referred to as the Tax Act), Income Tax Act 2007, A New Tax System (Goods and Services Tax) Act (1999) and under the relevant stamp duty legislation. However, Unitholders

should be aware that the ultimate interpretation of the taxation law rests with the courts, and that the law, and the way that the Australian Taxation Office or State Revenue Offices administers the law, may change over time.

Australia is in the process of major tax reform, especially in regard to the Henry Review of Australia's future taxation system. It is possible that future legislation or changes made to the administrative interpretation of the existing law will affect the matters considered in this letter.

This taxation report should be read in conjunction with the remainder of the Meeting Booklet dated 25 June 2009. Terms used in this report are as defined in the Meeting Booklet, unless otherwise indicated.

Taxation implications of the Proposal

The taxation implications of each component of the Proposal are considered below.

Growthpoint Placement

The placement of Units with Growthpoint should not result in any Australian income tax consequences for Unitholders.

Management Internalisation

The Management Internalisation will be the result of a series of steps. The Australian income tax consequences of each of these steps should be as follows.

Capital return to Unitholders

OPL as the Responsible Entity for the Trust will return \$0.0089 per unit to Unitholders as a distribution of capital. The capital distribution to Unitholders should not be assessable income to Unitholders.

On the basis that the capital return is not included in a Unitholder's assessable income, the distribution should have the effect of reducing a Unitholder's cost base or reduced cost base in each Unit they hold. A Unitholder will make a capital gain if the total of the non-assessable payments (i.e. the capital return and any tax deferred distributions) made by the Trust during an income year exceeds the cost base of the Unit.

Unitholders may be entitled to claim the capital gains tax ("CGT") discount on such a capital gain (please see below for details of the CGT discount).

Acquisition of Shares in OML

Unitholders will be directed to apply the proceeds received from the capital return to acquire Shares in the Company. The number of Shares in the Company to be acquired by a Unitholder will be equal to the number of Units held at that time (i.e. Unitholders will acquire 10 Shares in OML where 10 Units are held).

The first element of cost base of each Share acquired should be equal to the amount paid by Unitholders to acquire the Shares. On this basis, the first element of cost base in each Share should be \$0.0089 per Share. Unitholders should be deemed to acquire the Shares at the time they become the owner of the Shares (i.e. acquisition date anticipated to be 31 July 2009).

Stapling of Shares to Units

OML and OPL as the Responsible Entity for the Trust have entered into a Stapling Deed to create the Stapled Security. Effective from the Implementation Date, Shares in the Company and Units in the Trust will be traded as Stapled Securities.

The stapling of Shares to Units should not create any immediate income tax liability for Stapled Securityholders. Further comments regarding income received from the Stapled Security and the consequences of a subsequent disposal of Stapled Securities are set out below.

Stapled Security Consolidation

Following the Growthpoint Placement and Management Internalisation, a Consolidation of Stapled Securities will occur on a ten for one basis. The Consolidation of Stapled Securities should not result in any tax liability for Stapled Securityholders. The cost base of each consolidated Share should be equal to the sum of the cost bases of the original Shares. The cost base of each consolidated Unit should be equal to the sum of the cost bases of the original Units.

The acquisition date of the consolidated Shares and Units will be deemed to be the date the original Shares and Units were acquired.

ATO ruling

A request for a class ruling has been submitted to the Australian Taxation Office ("ATO") to confirm the taxation treatment of the Management Internalisation and Stapled Security Consolidation, as discussed above.

The response to the ruling request will be posted on the Orchard website (www.orchardfunds.com) once it becomes available.

Rights Issue

A Rights Issue will be undertaken at the price of 16 cents per Stapled Security (this amount presumes Consolidation has not occurred). The Rights Issue will involve the issuing of rights to acquire new Shares in the Company and new Units in the Trust. The issue price of 16 cents per Stapled Security will be allocated to the Share and Unit on the basis of the proportionate market value of the Company and the Trust on the date the rights are issued. The grant of the rights should not generate any amount of assessable income or taxable capital gain. Should the Securityholder exercise the rights, the exercise will not be a taxable event. The cost base of the Shares and Units issued should equal the relative conversion prices allocated at the time of issue of the rights.

Stapled Securityholders who dispose of their rights during the Rights Issue trading period may be assessed on any gains made thereon under the CGT provisions. Stapled Securityholders who

allow their rights to lapse will receive no compensation for the lapse and accordingly should not accrue a taxable capital gain.

Distributions on the Stapled Securities

OIF and its distributions

A unit trust is taxed in a similar manner to a company if it is classified as a 'corporate unit trust' under Division 6B or a 'public trading trust' under Division 6C of Part III of the Tax Act. Based on the Trust's expected circumstances and operations, the Trust should not fall under either of these Divisions. We would expect the same conclusions to apply in future income years but observe that the Division 6C test for a public trading trust is undertaken on a yearly basis and looks at the activities of the trust and any entities it controls at all times in each income year.

Accordingly, we expect that the Trust should continue to be a "flow-through" entity for income tax purposes. Unitholders will be required to include in their assessable income their proportionate share of the net income of the Trust in the year in which entitlement to the income of the Trust arises. Distributions are assessable in the financial year that the entitlement to the distribution arises, whether or not the distribution has been received. June distributions must be included as taxable income for the financial year ending that June, even though a Unitholder may not receive the distribution until July.

At times a Unitholder may receive distributions from the Trust that exceed the Unitholder's share of the net income (taxable income) of the Trust. These excess distributions are called tax-deferred distributions and may arise due to different accounting and taxation treatments of certain income and expense items of the Trust.

If Unitholders receive a tax-deferred amount, the Unitholder is required to reduce the tax cost base of the Units by the relevant amount. Where the tax-deferred distribution exceeds the CGT cost base of the Unit, a capital gain will arise equal to the excess amount. Unitholders may be entitled to claim the CGT discount on such a capital gain (please see below for details of the CGT discount).

If Unitholders receive distributions in the form of additional Units in the Trust, Unitholders must still include the taxable portion of the distribution in their assessable income. This will be made clear in the tax statement received from the Trust after the end of each financial year.

Unitholders should wait until receipt of a tax statement for the Trust each year before completing an income tax return. The tax statement will provide the Unitholder with full details of the net income paid to the Unitholder during the income year.

OML dividends

Dividends paid by the Company should be included in the Stapled Securityholder's assessable income in the year in which the dividend is paid. If the dividend is franked (because income tax has been paid on the profits out of which the dividend is paid), then the amount of the associated franking credit will also be included in the Stapled Securityholder's assessable income. In these circumstances, the Stapled Securityholder will generally be entitled to a tax offset against their assessable income equal to the amount of the franking credit. Should this tax offset exceed the resident Stapled Securityholder's tax payable as assessed, the Stapled Securityholder may be

entitled to a refund of the excess offset. A corporate Securityholder may be entitled to a franking credit in its franking account.

Holding period rule

For shares acquired after 1 July 1997, a Shareholder is required to hold ordinary shares “at risk” for more than 45 days in order to qualify for franking benefits, including franking credits and a tax offset. This “holding period rule” is subject to certain exceptions, including where the total franking rebates of an individual in a year of income do not exceed \$5,000. Special rules apply to trusts and beneficiaries. The Government has indicated that in the future it may alter the required holding period. It is important that Stapled Securityholders comply with this rule in order to qualify for franking benefits.

Ultimate disposal of Stapled Securities

For CGT purposes, the disposal of a Stapled Security will be treated as the disposal of two separate assets: a Share in the Company and a Unit in the Trust. The CGT rules will apply separately to each asset. As the components of the Stapled Securities cannot be acquired or traded separately, an apportionment of the sale proceeds between the two assets will be required based on the relative market value of each at the time of the disposal.

A Stapled Securityholder will derive a capital gain on the disposal of a Share or Unit to the extent that the consideration received on disposal exceeds the cost base of the Share or Unit. A Stapled Securityholder will incur a capital loss on the disposal of a Share or Unit to the extent that the consideration on disposal is less than the reduced cost base of the Share or Unit. Cost base adjustments may be required (and capital gains may arise) as a result of any capital return by the Company or where the Trust makes a non-assessable (tax-deferred) distribution. In general terms, the cost base in the Shares will be monies paid to acquire the Shares less any adjustments for capital returns. The cost base in the Units will be the monies paid to acquire the Unit less any adjustments for non-assessable distributions.

All capital gains and capital losses arising in a financial year are added together to determine whether a Stapled Securityholder has derived a net capital gain or incurred a net capital loss in a year.

If a Stapled Securityholder derives a net capital gain in a year, this amount is, subject to the comments below, included in the Stapled Securityholder’s assessable income. If a Stapled Securityholder incurs a net capital loss in a year, this amount is carried forward and is available to offset capital gains derived in the same income year or subsequent years, subject in some cases to the Stapled Securityholder satisfying certain rules relating to the recoupment of carried forward losses.

CGT Discount

A Stapled Securityholder (if either an individual or a complying superannuation fund) may be entitled to a CGT discount in respect of a taxable capital gain realised on the ultimate disposal of the Share or Unit, if the Share or Unit are disposed of at least 12 months after the date of acquisition. The CGT discount applies to reduce capitals gains made by individuals by 50% and

capital gains made by complying superannuation funds by 33¹/₃%. The CGT discount is not available for companies.

Tax File Number and Australian Business Number

An Australian Securityholder may quote their Tax File Number (TFN) or, where relevant, Australian Business Number (ABN) to Orchard. If a TFN or ABN is not quoted, tax may be deducted from any assessable amount paid to Securityholders. The rate of withholding is 46.5% being the highest marginal tax rate plus Medicare levy.

Goods and Services Tax

The acquisition of Shares, the issuing of Units and Shares and the ultimate disposal of Stapled Securities will generally be financial supplies and, consequently, no GST should be payable in respect of these transactions.

The ability of an Australian resident that is registered or required to be registered for GST to claim input tax credits on related transaction costs (if any) may be restricted. This is a complex area of the GST law and hence we recommend that such Australian residents seek their own independent tax advice in this regard.

Stamp duty


No stamp duty should be payable by Unitholders under any stage of the Proposal.

Disclaimer

To persons receiving this document in Australia:

The information contained in this document does not constitute "financial product advice" within the meaning of the Corporations Act 2001 (Cth) (Corporations Act). The PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

Yours faithfully



Kirsten Arblaster
Partner



12.

ADDITIONAL
INFORMATION

12. ADDITIONAL INFORMATION

12.1 SUMMARY OF THE IMPLEMENTATION AGREEMENT

OPL, OML and Growthpoint have entered into the Implementation Agreement dated 18 May 2009 which sets out the terms under which the Proposal will take place. The material provisions of the Implementation Agreement are summarised below.

Conditions Precedent to the Growthpoint Placement and Management Internalisation

Certain conditions must be satisfied (or waived) before the Growthpoint Placement and the Management Internalisation can be implemented. They include:

- FIRB approves the Proposal;
- requisite ASX waivers and ASIC modifications are obtained in respect of the Proposal;
- relevant third parties provide the requisite consents in respect of the transfer of property interests from OPL to OML;
- each Finance Party provides requisite consents in respect of the Proposal;
- the Current Debt Facilities are amended to reflect the terms requested by Growthpoint;
- rulings from the Western Australian Office of State Revenue and Revenue SA confirming the stamp duty consequences of the Proposal;
- Unitholders approve the Resolutions at the Meeting;
- there is no temporary, preliminary or permanent injunction or other court order preventing the Proposal;
- the acceptance by key employees of OPL of an offer of employment with OML on terms no less favourable than their current terms of employment;
- the Orchard Industrial Share Sale Agreement is executed;
- Orchard Capital Investments Limited, as responsible entity of the Orchard Diversified Property Trust, giving an undertaking that it will fulfill its obligations under the Nomination Agreement – Townsville to acquire the Woolworths Distribution Centre, Corner Joy Street and Kelli-Anne Street, Townsville, and indemnify the Trust for any loss suffered in connection with its failure to do so; and
- ASX confirms it is prepared to admit OML to the official list of ASX and quote the Stapled Securities upon Stapling taking effect.

Conditions Precedent to the Rights Issue

In order to implement the Rights Issue:

- the Growthpoint Placement and Management Internalisation must take effect;
- there must be no temporary, preliminary or permanent injunction preventing the Rights Issue;
- due diligence relating to the Rights Issue must be completed;
- the Rights Issue Offer Document in respect of the Rights Issue must be issued; and
- the Underwriting Agreement must be executed.

OPL, OML and Growthpoint must use reasonable endeavours to procure that each of the Conditions Precedent is satisfied as soon as practicable.

If the above conditions are not satisfied or waived by their relevant deadline (which is 14 August 2009 in the case of the Growthpoint Placement and the Management Internalisation), OPL, OML or Growthpoint may give notice and terminate the Implementation Agreement.

Obligations of the parties

The Proposal will be implemented in several interconditional stages. The steps include:

- the Growthpoint Placement;
- the Management Internalisation (ie the Stapling of Shares to Units and a change of responsible entity of the Trust from OPL to OML);
- the Rights Issue (including the Oversubscription Facility); and
- the Top Up Placement.

OPL, OML and Growthpoint agree to use reasonable endeavours and take all necessary steps to meet their obligations under the Implementation Agreement, to obtain Unitholder approval and give effect to the Proposal.

Termination

OPL, OML or Growthpoint may terminate the Implementation Agreement if:

- another party is in material breach of any provision of the Implementation Agreement;
- there is a material breach of another party's representations and warranties;
- an insolvency event occurs in respect of another party; or
- the parties agree in writing to terminate the agreement.

Growthpoint may terminate the Implementation Agreement if:

- a material adverse change occurs in relation to the Trust relating to Properties, mark-to-market derivatives or overall assets, liabilities, earnings or prospects;
- OPL breaches its obligations relating to the conduct of the Trust business prior to completion of the Proposal;
- a third party issues legal proceedings against OPL or Orchard Industrial where the amount claimed exceeds \$1,000,000 (other than frivolous or vexatious claims);
- OIF ceases to be listed on ASX or Units are suspended from trading (other than a voluntary suspension for the purposes of effecting the Proposal or a trading halt); or
- an event occurs which adversely changes or materially disrupts the exchange controls in South Africa, or the financial, political or economic conditions or financial markets in the United States, United Kingdom, South Africa, Australia, New Zealand or Japan, and which has or is likely to have a material adverse effect on the Unit price or the implementation of the Proposal.

Costs

Each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of the Proposal.

Stamp duty

Growthpoint must pay all stamp duty in respect of the Proposal.

Transitional arrangements

Until the expiry of 2 months written notice by Growthpoint, OPL must procure the provision of transitional services to OML and the trustee of the Sub-Trusts in consideration of a monthly fee of \$125,000 (payable in arrears).

Exclusivity obligations

Until the Proposal is terminated or completed, OPL, its employees, officers, advisers and agents must not negotiate, discuss, solicit, or enter into any competing proposal in relation to OIF or any of the Sub-Trusts with anyone other than Growthpoint.

These exclusivity obligations do not apply to the extent they require OPL to perform any obligation which prevent OPL from undertaking an act otherwise prohibited, if not undertaking that act would be reasonably likely to in the opinion of OPL's board determined in good faith (based on the written opinion of any major Australian law firm), involve a breach of fiduciary or statutory duties owed by any director, would otherwise be unlawful, or would prevent OPL or any of its employees, officers and agents continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary course of business.

Break fees

A break fee of \$1,000,000 is payable by OPL to Growthpoint if:

- an independent director of OPL fails to recommend approval of the Resolutions or adversely modifies an earlier recommendation, other than where:
 - OPL is entitled to terminate the Implementation Agreement; or
 - the Independent Expert concludes that the Proposal is not in the best interests of, or not fair and not reasonable to non-associated Unitholders;
- a termination event occurs which was within the control of OPL or the prevention of which was within the control of OPL; or
- OPL breaches the exclusivity provisions.

A break fee of \$1,000,000 is payable by Growthpoint to OPL if Growthpoint breaches a material obligation under the Implementation Agreement and OPL exercises its right to terminate as a result, prior to the Growthpoint Placement and Management Internalisation.

Limitation of liability

OPL, OML and OFL are not liable for a claim under or in connection to the Implementation Agreement unless the amount finally agreed or adjudicated to be payable in respect of that claim exceeds \$200,000.

Growthpoint must notify OPL, OML and OFL:

- in relation to a claim which arises prior to the Growthpoint Placement and Management Internalisation, within 6 months of the date of the Implementation Agreement; or
- in relation to a claim which arises after the Growthpoint Placement and Management Internalisation, within 6 months of the Growthpoint Placement and Management Internalisation.

If Growthpoint so notifies OPL, OML and OFL, and the claim has not been agreed, compromised or settled, Growthpoint must issue legal proceedings against OPL, OML or OFL in respect of the claim within 6 months of such notification.

A party's entitlement to recover in relation to a claim made under or in connection with the Implementation Agreement is limited to:

-
- where the claim arises prior to the Growthpoint Placement and Management Internalisation completion, any loss which is a direct loss suffered or incurred by that party as a result of that breach; or
 - where the claim arises after the Growthpoint Placement and Management Internalisation completion, any loss which is a direct loss suffered or incurred by that party as a result of that breach and/or any loss which is an indirect or consequential loss suffered or incurred by that party as a result of that breach.

The maximum aggregate amount which OPL, OML and OFL are required to pay in respect of all claims made under or in connection with the Implementation Agreement is limited to \$6 million plus any break fee payable.

However, these monetary and time limitations do not apply to a claim finally adjudicated to be based on a lack of good faith, wilful misconduct or recklessness of OPL, OML or OFL, or a breach of the exclusivity provisions.

12.2 SUMMARY OF OML CONSTITUTION

The following is a summary of the OML Constitution that will be adopted prior to the Meeting.

Rights attaching to Shares

Currently, OML has only issued one class of shares, ordinary shares. The rights attaching to the Shares are:

- set out in the OML Constitution; and
- in certain circumstances, regulated by the Corporations Act, and the general law.

The principal rights, liabilities and obligations of shareholders are summarised below.

Stapling

The OML Constitution provides for Shares to be stapled to the securities of a stapled entity and sets out how stapled securities are to be dealt with in respect of various matters including issuing Shares, calls on Shares, forfeiture of Shares, issuing options, altering share capital, transfer and transmission of Shares and meetings of members. The OML Constitution also provides for a stapled security register to be set up and maintained by the Directors.

Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands (unless a member has appointed two or more proxies) and one vote on a poll for each fully paid share held (with adjusted voting rights for partly paid shares). Where there are two or more joint holders of a Share and more than one joint holder tenders a vote, the vote of the holder named first in the register who tenders the vote will be accepted to the exclusion of the votes of the other joint holders. Voting at any meeting of members is by a show of hands unless a poll is demanded. A poll may be demanded by at least five members entitled to vote on the resolution, members with at least 5% per cent of the votes that may be cast on the resolution on the poll or the chairperson. If votes are equal on a proposed resolution, the chairperson has a casting vote on a show of hands or on a poll.

Dividends

The profits of OML, which the Directors may from time to time determine to distribute by way of dividend, are divisible among the members in proportion to the number of shares held by them (with adjusted rights for partly paid shares).

Issue of further Shares

The Directors may (subject to the restrictions on the issue of shares imposed by the OML Constitution and the Corporations Act) issue, grant options in respect of, or otherwise dispose of further shares on terms and conditions (including preferential, deferred or special rights, privileges or conditions, or restrictions) as they see fit.

Variation of class rights

The rights attached to a class of shares may (unless their terms of issue state otherwise) be varied with:

- the consent in writing of the holders of at least three quarters of the issued shares in the class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in the class.

The rights conferred on the holders of shares in a particular class are not varied by the issue of further shares in the same class.

Transfer of Shares

Shareholders may transfer Shares by a written transfer instrument in any usual form or other form approved by the Directors or by a proper transfer. However, the Directors can refuse to register a transfer in certain limited circumstances. All transfers must comply with the OML Constitution and the Corporations Act.

General meeting and notices

Each member is entitled to receive notice of, attend and vote at general meetings of OML and to receive all notices, accounts and other documents required to be sent to members under the constitution or the Corporations Act.

Winding-up

Subject to the OML Constitution and the rights or restrictions attaching to any share, class or classes of shares, members will be entitled on a winding-up to a share in any surplus assets of OML and all or any part of OML's property in proportion to the shares held by them.

Proportional takeover provisions

The OML Constitution contains provisions which require member approval in relation to a proportional takeover bid – these provisions will lapse 3 years from the date of their adoption unless renewed in accordance with the Corporations Act.

Directors – appointment and removal

The minimum number of Directors is four and the maximum is fixed by the Directors but may not be more than nine unless the members pass a resolution varying that number. Directors are elected at annual general meetings of OML.

The Directors may also appoint a director to fill a casual vacancy on the board or in addition to the existing Directors, who will then hold office until the next annual general meeting of OML. Such Directors are entitled to stand for election at that annual general meeting.

If, at an annual general meeting, the number of Directors is five or fewer (excluding a managing director and a director appointed as an addition to the existing Directors or to fill a casual vacancy), two of the remaining Directors must retire from office. If the number of Directors is more than five, one third of the Directors must retire from office. Retiring Directors are entitled to stand for re-election at the annual general meeting.

Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, a nominated director of the majority shareholder will have the casting vote.

Directors – remuneration

The Directors, other than the managing director or an executive director, shall be paid by way of fees for services, up to the maximum aggregate sum as approved from time to time by OML in general meeting. The OML Constitution also makes provision for OML to pay all expenses of Directors in attending meetings and carrying out their duties.

Powers and duties of Directors

The Directors may exercise all powers and do all things that are within OML's power provided that the powers are not expressly required by the Corporations Act or the OML Constitution to be exercised by OML in a general meeting.

Capitalising profits

Subject to the OML Constitution, any rights or restrictions attached to any shares or class of shares and any special resolution of OML, the Directors may capitalise and distribute profits or other amounts available for distribution among those members who would be entitled to receive dividends and in the same proportions.

Alteration of share capital

Subject to the Corporations Act and the OML Constitution, OML may alter its share capital.

Preference shares

OML may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the OML Constitution unless other rights have been approved by special resolution of OML.

Officers' indemnity

OML, to the extent permitted by law, indemnifies each officer of OML on a full indemnity basis against any losses, liability, costs, charges and expenses incurred by that person as an officer of OML or a related body corporate of OML.

OML, to the extent permitted by law, may insure a Director, company secretary, or any officer of OML or its subsidiaries against a liability incurred by such person in the person's relevant capacity, in the course of acting in connection with the affairs of OML or a subsidiary or arising out of the person holding office, unless the liability arises out of conduct involving wilful breach of duty in relation to OML or a contravention of the Act.

OML may also insure such person for costs and expenses incurred by that person in defending or resisting proceedings whatever the outcome.

Amendment

The OML Constitution may be amended only by a special resolution passed by at least three quarters of the votes cast by members present and entitled to vote on the resolution. At least 28 days written notice specifying the intention to propose the resolution must be given.

12.3 SUMMARY OF AMENDMENTS TO THE TRUST CONSTITUTION

The Trust is governed by a Constitution dated 25 May 2006 as amended from time to time, and has been registered as a managed investment scheme with ASIC, in accordance with Chapter 5C of the Corporations Act. The Constitution contains provisions that are standard for a listed property fund, dealing with matters such as listing rule requirements, Corporations Act requirements, powers of the responsible entity, remuneration of the responsible entity and rights attaching to Units.

The material amendments to the OIF Constitution, made by the Supplemental Deed, which are necessary for the implementation of the Proposal, are summarised in the table below:

Exhibit 12.1: Summary of amendments to the OIF Constitution

Current OIF Constitution	Amended OIF Constitution
No specific provision relating to Unit pricing for the Proposal.	Specific provisions have been inserted setting out the price per Unit when issuing Units under the Growthpoint Placement, Rights Issue and Top Up Placement.
The Constitution does not provide for the Stapling or the termination of the Stapling.	Standard provisions have been inserted to effect the Stapling and consequential amendments to the pricing provisions in relation to the issue of stapled securities. The Responsible Entity may only determine Stapling ceases to apply if the members of the Stapled Group approve the de-stapling by special resolution.
The Constitution does not include specific provision for buy back of Units or Stapled Securities.	Standard provisions in relation to buy back of units and stapled securities have been inserted.
The Constitution does not include specific provision for retirement of responsible entity and appointment of a new responsible entity.	Standard provisions in relation to the retirement and appointment of responsible entity have been inserted.

12.4 SUMMARY OF MATERIAL CONTRACTS

12.4.1 Placement Agreement

Growthpoint and OPL have entered into the Placement Agreement dated 24 June 2009. It sets out the terms and conditions upon which OML will allot and issue 347,563,813 Units at 16 cents each to Growthpoint (to give Growthpoint a 50.1% interest in the Stapled Group).

Completion under the Placement Agreement is interdependent with completion of the Growthpoint Placement and Management Internalisation under the Implementation Agreement. If the Growthpoint Placement and Management Internalisation completion do not occur, completion under the Placement Agreement will not occur.

12.4.2 Underwriting Agreement

Under the Implementation Agreement, Growthpoint has agreed to enter into an Underwriting Agreement to underwrite the Rights Issue. The agreement will be executed immediately before the Rights Issue Offer Document is issued. Growthpoint, OML and OPL have agreed that the Underwriting Agreement will contain the terms below.

In consideration for the underwriting, the Issuers have agreed to pay Growthpoint a fee of 3.0% of the total amount raised under the Rights Issue. The Issuers have also agreed to pay or reimburse Growthpoint's reasonable costs and expenses in relation to the Rights Issue.

Customary and usual representations and warranties are given by the parties in relation to matters such as power to enter into the Underwriting Agreement, corporate authority and approvals and the Issuers' compliance with the Corporations Act and ASX Listing Rules in relation to the Rights Issue.

The Issuers give a number of further representations and warranties, including that the Rights Issue Offer Document and related public documents will not contain any material statements which are misleading or deceptive or any material omissions, and that none of the information supplied to Growthpoint in relation to the Rights Issue or the Issuers is misleading or deceptive in a material respect.

The Issuers indemnify Growthpoint for certain losses in connection with the Rights Issue including as a result of:

- any misleading or deceptive statement in, or omission from, the Rights Issue Offer Document;
- the distribution of the Rights Issue Offer Document and the making of the Rights Issue;
- any advertising or publicity relating to the Rights Issue published with the prior approval of the Issuers;
- the Issuers failing to perform or observe any of their obligations under the Underwriting Agreement or any of the representations and warranties by the Issuers contained in the Underwriting Agreement not being true and correct,

other than in the event of fraud, wilful default, wilful misconduct, recklessness or gross negligence by Growthpoint.

Rights of termination

Growthpoint may, at any time prior to completion of the Rights Issue and the issue of any Stapled Securities to Growthpoint under the Rights Issue Shortfall, by written notice to the Issuers, terminate its obligations under the Underwriting Agreement if certain termination events occur including:

- a statement in the Rights Issue Offer Document is misleading or deceiving or a matter is omitted from Rights Issue Offer Document;
- ASIC applies for or issues certain orders under the Corporations Act, holds a hearing or gives notice of an intention to hold a hearing or commence prosecutions in relation to the Rights Issue or the Rights Issue Offer Document or gives notice of an intention to prosecute the Issuers or any of their directors;
- an Issuer ceases to be admitted to the official list of ASX or ASX announces that the Stapled Securities will be delisted or removed from quotation, withdrawn from trading status or suspended from quotation (other than voluntary suspension at the request of the Issuers with the consent of Growthpoint);
- ASX refuses or does not grant unconditional approval (or approval conditional only on customary listing conditions which are acceptable to Growthpoint acting reasonably) to the official quotation of the Stapled Securities issued under the Rights Issue, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- The Issuers fail to lodge the Rights Issue Offer Document or related documents by the agreed date;
- an Issuer or a related body corporate or trust becomes insolvent;
- a certificate required to be provided to Growthpoint by the Issuers under the Underwriting Agreement is not provided or a statement in any such certificate is materially untrue, incorrect or misleading;
- the Issuers withdraw the Rights Issue Offer Document or the Rights Issue; or
- the responsible entity of the Trust is replaced (other than as contemplated under the Implementation Agreement); or
- the Implementation Agreement is terminated.

Rights of termination subject to reasonableness

If any one or more of the events listed below has occurred and, in the reasonable opinion of Growthpoint, the event:

- has or is likely to have a materially adverse effect on the success or settlement of the Rights Issue; or
- has or is likely to have a materially adverse effect on the price or likely price of Offer Securities in the secondary market; or

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- has given or is likely to rise to a liability for Growthpoint under any law or regulation or Growthpoint being involved in a contravention of any law,

then Growthpoint may, at any time, by written notice to the Issuers, terminate its obligations under the Underwriting Agreement. The relevant events are:

- the Issuers are, or in the reasonable opinion of Growthpoint are required to lodge a notice correcting the cleansing notice lodged with ASX regarding the Rights issue;
- the Issuers fail to perform any of their obligations under the Underwriting Agreement or the Implementation Agreement;
- a representation or warranty by the Issuers in the Underwriting Agreement or the Implementation Agreement is not true and correct;
- any event specified in the timetable for the Rights Issue is delayed for more than 1 business day (other than as a result of the actions of Growthpoint);
- a change in law or policy in Australia or South Africa occurs or is officially announced;
- there is an outbreak or a major escalation of hostilities or a major act of terrorism involving any one or more of Australia, New Zealand, South Africa, United States of America, Japan, United Kingdom or any member state of the European Union, or a national emergency is declared by any of those countries or a major terrorist act is perpetrated on any of those countries or their diplomatic, political or military establishments anywhere in the world; or
- any director of an Issuer is charged with a criminal offence relating to any financial or corporate matter, or is disqualified from managing a corporation under the Corporations Act; or
- there is a material suspension of trading on the ASX, London Stock Exchange, New York Stock Exchange or Johannesburg Stock Exchange, a material disruption to commercial banking in Australia, the United States, the United Kingdom or South Africa, or any other material adverse disruption to the financial, political or economic conditions in South Africa or Australia.

12.4.3 Stapling Deed

OML and OPL have entered into a Stapling Deed dated 24 June 2009. It governs the proposed relationship between OML and OPL acting in its capacity as responsible entity of the Trust if Stapling occurs. The Stapling Deed contains the terms and conditions upon which the parties have agreed to deal with the Stapled Securities and cooperate and consult with each other in dealing with the Stapled Securities during the term of the Stapling Deed, which remains in force while Shares are stapled to Units. Pursuant to the Stapling Deed, Units and Shares will be stapled together on a one-for-one basis from the stapling date, anticipated to be 3 August 2009, until the first to occur of:

- the securities becoming unstapled;
- the parties entering into another stapling agreement that supersedes the Stapling Deed; or
- the parties entering into an agreement that provides for additional securities to be stapled to the existing Stapled Securities.

The Stapled Securities will be listed on a common register and the parties are required to keep their respective security registers consistent as between each other.

Implementation of the Stapling Deed is interdependent with completion of the Growthpoint Placement and Management Internalisation completion under the Implementation Agreement. If Growthpoint Placement and Management Internalisation completion do not occur, implementation under the Stapling Deed will not occur.

12.4.4 Orchard Industrial Share Sale Agreement

OPL and OML have entered into the Orchard Industrial Share Sale Agreement dated 24 June 2009 for the sale of shares in Orchard Industrial by OPL to OML for an aggregate consideration of \$1.00. OPL warrants to OML that Orchard Industrial has nominal actual or contingent liabilities, has not traded and its sole activities have been to act as trustee of the Sub-Trusts.

Completion under the Orchard Industrial Share Sale Agreement is interdependent with completion of the Growthpoint Placement and Management Internalisation under the Implementation Agreement. If Growthpoint Placement and Management Internalisation completion do not occur, completion under the Orchard Industrial Share Sale Agreement will not occur.

12.4.5 OML Deed

OFL and OML have entered into the OML Deed dated 24 June 2009 under which OFL has agreed that:

- the Shares will be split into a number that is equal to the number of Units on issue on the date of Growthpoint Placement and Management Internalisation completion; and
- title to the Shares will be transferred to Unitholders free of all encumbrances for Consideration of \$6.2 million on the date of Growthpoint Placement and Management Internalisation completion; and
- OML will be released from all liabilities arising under or in connection with it being a member of the OFL tax consolidated group on the date of Growthpoint Placement and Management Internalisation completion.

Completion under the OML Deed is interdependent with completion of the Growthpoint Placement and Management Internalisation completion under the Implementation Agreement. If the Growthpoint Placement and Management Internalisation completion do not occur, completion under the OML Deed will not occur.

12.4.6 Summary of capital expenditure obligations associated with leases to Woolworths

This section summarises the capital expenditure obligations that apply to 6 properties in the Trust and two additional properties owned by non-associated entities all of which are leased to Woolworths Limited ACN 000 014 675 (Woolworths).

During the first 5 years from the date of lease commencement of each property (refer to Exhibit 12.2 below) Woolworths can call for up to \$80 million to be spent on capital expenditure that expands or upgrades the 6 properties owned by the Group and 2 properties owned by non-associated entities. Woolworths must provide 6 months notice of the works and at least 6 months notice prior to the end of the 5 year period. The works can extend for up to 9 months post the 5 year capital expenditure period. The cost of the works are paid for at completion of the project (unless agreed otherwise) and the rent is increased according to the percentage yield in the lease at the date the lease commenced (refer to Exhibit 12.2 below). The additional rent is added to the passing rent upon payment of the capital expenditure. The additional rent escalates on the same terms as the existing lease. Dependent upon the quantum of capital expenditure at an individual property, the lease term may be extended for a period up to 15 years, with a maximum lease term remaining of 15 years.

As at 31 May 2009 \$36.4 million of capital expenditure has been incurred on the 8 properties subject to the arrangements with Woolworths of which \$36.2 million of capital expenditure has been incurred at properties owned by the Group. As a result, up to \$43.6 million of the original \$80.0 million capital expenditure is available to Woolworths to utilise. The Group and non-associated entities do not have an obligation to spend in excess of \$80.0 million. Any expenditure by the Group in excess of \$80.0 million would be based upon commercial negotiations at that time.

Woolworths project manages all of the design and construction of each project. Woolworths is required to obtain all relevant statutory and building approvals as well as provide completion certification documents including warranties to the Group.

Although the capital expenditure obligation applies to both the Stapled Group and the non-associated entities, the Stapled Group has sufficient headroom available in the debt facility if the full \$43.6 million is drawn against the 6 properties.

Exhibit 12.2: Woolworths capital expenditure obligations

Property	Yield at acquisition	Lease commencement date
522-550 Wellington Road, Mulgrave, Victoria	6.31%	30 July 2006
120 Northcorp Boulevard, Broadmeadows, Victoria	6.26%	30 July 2006
28 Bilston Drive, Barnawartha (Wodonga), Victoria	6.68%	30 July 2006
599 Main North Road, Gepps Cross, South Australia	6.25%	30 July 2006
70 Distribution Street, Larapinta, Queensland	6.24%	28 February 2007
2 Horrie Miller Drive, Perth Airport, Western Australia	7.04%	4 October 2007

12.5 SUMMARY OF ASIC RELIEF

ASIC has granted the following exemptions and modifications in connection with the Proposal:

- a modification of Part 5C.7 of the Corporations Act to allow the Responsible Entity, and entities controlled by the Responsible Entity, to give financial benefits out of the scheme property of the Trust to OML and to entities wholly owned by OML while the Shares and Units are Stapled;
- a modification of sections 601FC(1)(c) and 601FD(1)(c) of the Corporations Act to enable the Responsible Entity to consider the interests of Stapled Securityholders as a whole rather than the interest of members of the Trust alone;
- a modification of section 601FC(1)(e) of the Corporations Act to enable the Responsible Entity to use information acquired in its role as responsible entity of the Trust to the advantage of Stapled Securityholders in the Stapled Group as a whole;
- a modification of section 601GAA of the Corporations Act (as notionally inserted by ASIC Class Order 05/26) to enable OML to allocate the issue price of a Stapled Security between its constituent components, a Unit and Share;
- a modification of Parts 6D.2 and 7.9 of the Corporations Act to permit OML and the Responsible Entity to apply dividends and distributions, made to Stapled Securityholders who are participants in a dividend/distribution reinvestment plan, to the acquisition of additional Stapled Securities;
- a modification of section 1017E of the Corporations Act to permit the Stapled Group to use a single bank account for application money received in respect of the Rights Issue;
- a modification of item 7 of section 611 of the Corporations Act, to provide that the approval of OIF Unitholders (as the future shareholders of OML) to the acquisition by Growthpoint of shares in OML, as a component of Stapled Securities, under the Rights Issue (including any further placement required to maintain Growthpoint's 60.0% interest) is sufficient for the purposes of the resolution of OML shareholders required under item 7 of section 611;

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- a modification of sections 708A and 1012DA of the Corporations Act for persons who offer Stapled Securities that were created or issued under the Proposal for sale within the 12 month period following the issue of those shares; and
 - A modification of section 723 of the Corporations Act so that an application form for OML shares does not have to accompany the Meeting Booklet.

12.6 SUMMARY OF ASX WAIVERS

OML and OPL have obtained the following in principle waivers and confirmations from ASX:

- a waiver to allow Listing Rule 1.1, condition 7 to be satisfied by reference to the Stapled Group, on the basis that Units and Shares will be Stapled together and jointly quoted;
- a waiver to allow Listing Rule 1.1, condition 8 to be satisfied by reference to the Stapled Group, on the basis that Units and Shares will be Stapled together and jointly quoted;
- a waiver to allow Listing Rule 2.1, condition 2 to be satisfied by reference to the value of Stapled Securities rather than Shares, and for that value to be less than 20 cents;
- a waiver from Listing Rule 6.24 to the extent necessary to allow OML and OPL to provide ASX with an estimate of the amount of a dividend or distribution from the Stapled Group at the time the dividend or distribution and record date is announced;
- subject to Unitholder approval, a waiver of Listing Rule 7.11.3 to enable the offer of Stapled Securities under the (renounceable) Rights Issue at a ratio of 1.3 to 1 and at the proposed issue price of 16 cents per Stapled Security (this is also subject to the non-participation of ODPF in the Rights Issue);
- a waiver from Listing Rule 8.10 to allow OML and OPL to refuse to register a paper-based transfer of a Share or a Unit unless there is a matching paper-based transfer of the corresponding Unit or Shares;
- a waiver of Listing Rule 10.1 to permit the transfer of substantial assets between OPL and OML and their wholly owned entities, without Stapled Securityholder approval, on condition that all of the issued Units are stapled to all of the issued Shares;
- confirmation from ASX in relation to Listing Rule 1.1, condition 1, that the structure and operations of the Stapled Group are appropriate for a listed entity; and
- confirmation from ASX that Listing Rule 1.3.5 does not require OML to separately provide ASX with its accounts for the previous 3 years.

12.7 REVISED DEBT FACILITY

The Stapled Group has received credit approved terms for a Revised Debt Facility from National Australia Bank and Westpac Banking Corporation (the Lenders). The Revised Debt Facility will mature on 30 June 2012. The Revised Debt Facility is conditional on satisfaction of a number of terms including completion of the Proposal and completion of the facility's documentation.

The Revised Debt Facility has an initial limit of \$525 million and an operating LVR covenant of 60%. If the operating LVR covenant of 60% is exceeded, no redraw may occur and if the LVR exceeds 65%, all available cashflow of the Stapled Group must be used in debt reduction. If the 'default' LVR covenant is exceeded (70% until 31 December 2010, 65% thereafter), an event of default will occur. The facility limit is expected to be permanently reduced to \$480 million upon completion of the Rights Issue.

The interest rate on the Revised Debt Facility will consist of a base rate, commitment fee (payable quarterly in advance) and margin (payable monthly in arrears). The base rate will be determined via reference to the floating bank

bill rate. The commitment fee and margin will be determined via reference to the Stapled Group's Interest Coverage Ratio (ICR), with a higher ICR resulting in a lower commitment fee and margin.

The undrawn component of the Revised Debt Facility can be used for agreed purposes which include capital expenditure for expansions on existing sites and acquisitions of income producing properties (which must be acceptable to the Lenders if the LVR following that acquisition is greater than 55%). The undrawn component of the Revised Debt Facility will be cancellable at the Stapled Group's election with 14 days notice.

The Revised Debt Facility requires that the Stapled Group's property portfolio be revalued annually as instructed by the Lenders. The next valuation will be at 31 December 2009 and annually thereafter.

Mortgages over the Stapled Group's properties and charges over the Stapled Group and its sub-trusts have been granted in favour of the Lenders to secure repayment of the Revised Debt Facility. If an unremedied event of default has occurred under the Revised Debt Facility, no distributions may be made to Stapled Securityholders by the Stapled Group until that default is remedied. The Lenders may also exercise usual enforcement rights if an event of default occurs, which include the ability to demand immediate repayment of the facility and/or to enforce securities.

If a change of control event occurs in relation to the Stapled Group, the Stapled Securities in the Stapled Group cease to be listed on ASX, a review event (Review Event) will occur under the Revised Debt Facility. A Review Event will enable the Lenders to request amendments to the Revised Debt Facility and requires the Lenders and the Stapled Group to negotiate in good faith the amendments they determine are appropriate to that Review Event. If those amendments cannot be agreed within 30 days, the Lenders may require the entire Revised Debt Facility to be repaid or refinanced within 90 days.

12.8 DISTRIBUTION REINVESTMENT PLAN

The distribution reinvestment plan of the Trust is presently inactive. If the distribution reinvestment plan is activated, Stapled Securityholders will have the right to elect to reinvest cash distributions and dividends by subscribing for additional Stapled Securities.

12.9 SUSPENSION OF TRADING OF UNITS AND LISTING OF STAPLED SECURITIES

It is anticipated that trading in the Units on ASX will be suspended in connection with the Proposal from 27 July 2009 and that Stapled Securities will commence trading on ASX, on a deferred settlement basis, on 31 July 2009. Normal trading in the Stapled Securities will commence on Friday 7 August 2009.

12.10 NO OTHER MATERIAL INFORMATION

Except as set out in this Meeting Booklet, there is no other information material to the making of a decision by Unitholders whether or not to vote in favour of the Resolutions, being information that is within the knowledge of OPL and the Company, OPL Directors, the Company Directors or any associate, and has not previously been disclosed to Unitholders.

12.11 CONSENTS

Written consents to the issue of this Meeting Booklet have been given and, at the time of lodgement of this Meeting Booklet with ASIC, had not been withdrawn by the following parties:

Macquarie Capital Advisers has given, and had not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as financial adviser to the Issuers in the form and context it is so named. Macquarie Capital Advisers takes no responsibility for any part of this Meeting Booklet other than any reference to its name.

Freehills has given, and had not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as legal adviser to the Issuers in the form and context it is so named. Freehills takes no responsibility for any part of this Meeting Booklet other than any reference to its name.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as Investigating Accountant in the form and context it is so named and to the inclusion in this Meeting Booklet of its Investigating Accountant's Report in the form and context in which it is included. PricewaterhouseCoopers Securities Ltd takes no responsibility for any part of this Meeting Booklet other than any reference to its name in this Meeting Booklet and its Investigating Accountant's Report.

PricewaterhouseCoopers has given, and had not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as Australian Taxation Adviser in the form and context it is so named and to the inclusion in this Meeting Booklet of its Taxation Report in the form and context in which it is included. PricewaterhouseCoopers takes no responsibility for any part of this Meeting Booklet other than any reference to its name and in the Taxation Report.

Arnold Bloch Leibler has given, and had not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as property and banking legal adviser in the form and context it is so named. Arnold Bloch Leibler takes no responsibility for any part of this Meeting Booklet other than any reference to its name.

Deloitte Corporate Finance has given, and had not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet as Independent Expert in the form and context it is so named and to the inclusion in this Meeting Booklet of its Independent Expert's Report in the form and context in which it is included. Deloitte Corporate Finance takes no responsibility for any part of this Meeting Booklet other than any reference to its name, references to its findings and its Independent Expert's Report.

Computershare Investor Services has given, and had not withdrawn prior to lodgement of this Meeting Booklet with ASIC, its written consent to be named in this Meeting Booklet in the form and context it is named. Computershare Investor Services takes no responsibility for any part of this Meeting Booklet other than any reference to its name.

Growthpoint has given, and has not withdrawn prior to the lodgement of this Meeting Booklet with ASIC, its written consent to the information about it contained in this Meeting Booklet. Growthpoint takes no responsibility for any part of this Meeting Booklet other than the information relating to it.

12.12 INTERESTS OF DIRECTORS AND ADVISERS

Other than as set out in this Meeting Booklet:

- no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a director of the Company.
- none of the following persons:
 - a Director or proposed Director of the Company; or
 - each person named in the Meeting Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus,

holds or has held at any time during the last 2 years an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares; or

- was paid or given or agreed to be paid or given any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company.

Interests of Directors

Set out below are details of the interests of OML Directors and OPL Directors in Shares and Units immediately before the lodgement of this Meeting Booklet with ASX and ASIC. Interests include those held directly or otherwise.

Exhibit 12.3: Interests of Directors

Director	OPL Director	OML Director	Units
Lyn Shaddock	✓	×	500,000
David Hinde	✓	✓	80,000
Grant Jackson	✓	×	77,828
David Spruell	✓	×	329,448
Chris Thiris	✓ ¹	✓	50,000
Greg McMahon	✓	✓	107,272

1. Chris Thiris is an alternate director for David Hinde.

Note: To the extent that an OML Director or OPL Director holds any Units, that OML or OPL Director will hold an equivalent number of Shares (pre-consolidated) after the Stapling.

No OML Director or OPL Director has any direct interest in OPL or OML shares. Apart from David Hinde, Chris Thiris and Greg McMahon, no OML Director or OPL Director has any indirect interest in OPL or OML shares. David Hinde, Chris Thiris and Greg McMahon have an aggregate direct and indirect shareholding of 1.13% of OFL, which owns 100% of the shares in each of OPL and OML. No proposed director of OML (being Francois Marais, Norbert Sasse and Estienne de Klerk) has any interest in OPL shares, Shares or Units.

For the financial year ending 30 June 2009, it is expected that the OML Directors' and OPL Directors' remuneration and fees, including fees paid to former OML Directors and OPL Directors, will not exceed \$175,000 in total.

Interests of advisers

All costs relating to the Proposal and including the cost of preparing this Meeting Booklet will be paid by/reimbursed out of the Trust.

Financial advisers: Macquarie Capital Advisers have acted as financial adviser to the Trust. In respect of this work, OPL has paid or agreed to pay \$3,000,000 (excluding GST and disbursements) if the Proposal proceeds.

Legal advisers: Freehills has acted as legal advisers to OPL and OML in relation to the Proposal and Meeting Booklet. In respect of this work, OPL and OML estimate that they will pay approximately \$950,000 (excluding GST and disbursements) to Freehills. Further amounts may be payable to Freehills in accordance with its normal time-based charges.

Investigating Accountant: PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant to OPL and OML and has performed work in relation to the preparation of the Investigating Accountant's Report in section 9. PricewaterhouseCoopers Securities Ltd has had no involvement in the preparation of any part of the Meeting Booklet other than the Investigating Accountant's Report which is included in the Meeting Booklet. In respect of this work, OPL and OML estimate that they will pay approximately \$300,000 (excluding GST and disbursements) to PricewaterhouseCoopers Securities Ltd.

Australian taxation advisers: PricewaterhouseCoopers has acted as tax adviser to OPL and OML and has performed work in relation to the Australian income tax, GST and stamp duty implications of the Proposal.

PricewaterhouseCoopers has had no involvement in the preparation of any part of the Meeting Booklet other than the Taxation Report which is included in the Meeting Booklet. In respect of this work, OPL and OML estimate that they will pay approximately \$300,000 (excluding GST and disbursements) to PricewaterhouseCoopers. Further amounts may be payable to PricewaterhouseCoopers in accordance with its normal time-based charges.

Property and banking advisers: Arnold Bloch Leibler has acted as property and banking adviser to OPL and OML and has performed work in relation to satisfaction of the property conditions precedent as well documentation of the new Revised Debt Facility. In respect of this work, OPL and OML estimate that they will pay approximately \$250,000 (excluding GST and disbursements) to Arnold Bloch Leibler. Further amounts may be payable to Arnold Bloch Leibler in accordance with its normal time-based charges.

Independent Expert: Deloitte Corporate Finance Pty Ltd has acted as Independent Expert and has prepared the Independent Expert's Report in section 10. Deloitte Corporate Finance Pty Ltd has had no involvement in the preparation of any part of the Meeting Booklet other than the Independent Expert's Report which is included in the Meeting Booklet. The Independent Expert will be paid \$180,000 for preparing the Independent Expert's Report.

12.13 AUDITOR

The auditor of the Trust is PricewaterhouseCoopers. The auditor of OML is proposed to be PricewaterhouseCoopers.

12.14 HOW DO I ACCESS INFORMATION ABOUT MY INVESTMENT?

Following implementation of the Proposal, if a Stapled Securityholder holds Stapled Securities directly and has general queries about the Stapled Group, they should make contact during business hours (Melbourne time) (refer to the Corporate Directory for contact details).

Stapled Securityholders who wish to change their details such as address, tax file number or distribution instructions should make contact with their sponsoring broker or the Registry.

If a Stapled Securityholder holds stapled securities through an IDPS such as a master trust, wrap account or custodial service, enquiries about the investor's interest in the Stapled Group should be directed to the IDPS operator as the IDPS operator has effectively made the investment on the investor's behalf and holds the rights attaching to the investment. The Stapled Group's communications relating to such investments is with the IDPS operator and the investor will receive reports about their (indirect) investment in the Stapled Group from that party and not the Stapled Group.

12.15 AVAILABILITY OF DOCUMENTS

A copy of the OIF Constitution and OML Constitution may be inspected during usual business hours on business days at the office of the Responsible Entity referred to in the Corporate Directory at the back of this Meeting Booklet.

12.16 CONTINUOUS REPORTING AND DISCLOSURE OBLIGATIONS

The Stapled Group once formed and listed will be a disclosing entity for the purpose of the Corporations Act and as such will be subject to regular reporting and disclosure obligations. It will be subject to the Listing Rules which require immediate disclosure to the market of any information of which the Stapled Group is aware that a reasonable person might expect to have a material impact on the price or value of the Stapled Securities.

ASX maintains detailed records of announcements for all companies and trusts listed on ASX. The Stapled Group's files will be available for inspection at ASX in Melbourne.

ASIC also maintains records in respect of documents lodged with it by OPL and the Company, and these may be obtained from or inspected at an office of ASIC.

OPL will provide free of charge to any person who requests it a copy of the following documents:

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- the Trust's statement of financial position for the year ended 30 June 2008 and half year ended 31 December 2008 (being the most recent annual financial and half year reports lodged with ASIC before the issue of this Meeting Booklet);
 - the OIF Constitution;
 - the Supplemental Deed; and
 - the OML Constitution.

These documents may be inspected during usual business hours on business days at the office of the Responsible Entity referred to in the Corporate Directory at the back of this Meeting Booklet.

12.17 LITIGATION

So far as OPL and the Company are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which OPL and/or the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Trust and the Company.

12.18 COOLING-OFF PERIOD

Cooling-off rights do not apply in relation to the issue of Shares to Unitholders under the Management Internalisation.

12.19 PRIVACY

OPL and the Company respect your privacy. OPL and the Company are bound by the National Privacy Principles in the *Privacy Act 1988* (Cth) (Privacy Act) and this privacy policy describes how we manage any personal information we have about you.

Information or material entrusted to OPL and the Company by Unitholders or Stapled Securityholders, maintained or held in relation to Unitholders or Stapled Securityholders or concerning the business, transactions or affairs of OPL, the Trust and the Company (other than what is in the public domain) will be secured appropriately and kept confidential at all times.

OPL and the Company need to collect personal information such as name, address, telephone number and financial details from Unitholders for the primary purpose of providing them with an investment in the Stapled Securities. There are also a number of related purposes for which the personal information will be used and these are to process applications, administer investments, manage the assets comprising a Stapled Securityholder's investments, and comply with Australian taxation laws.

As a general rule, OPL and the Company do not collect sensitive information (as defined in the Privacy Act). However, if OPL and the Company do, it will usually be for the purposes of providing its services and OPL and the Company will seek your consent to collect it. OPL and the Company usually share this information with its services providers including the Registry. This may involve the transfer of your personal information overseas.

The information that a Unitholder or Stapled Securityholder provides may be disclosed to certain organisations. The types of organisations or persons to whom the Issuers disclose the information provided by Unitholders or Stapled Securityholders include:

- the Australian Taxation Office and other government bodies as required by law;
- the Stapled Securityholder's broker or dealer group; and
- any third party service provider engaged by the Issuers to provide administration, custody, distribution, investment management, technology, auditing, mailing or printing services. However, these third party service

providers shall be required to adhere to OPL and the Company's privacy policy with respect to information they receive.

If a Unitholder or Stapled Securityholder does not provide the personal information requested, OPL and the Company may not be able to provide to the Unitholder or Stapled Securityholder the products and services offered by this Meeting Booklet.

If Unitholders or Stapled Securityholders have any questions about the personal information the Issuers collect, they can call or write to the Issuers at the addresses found in the Corporate Directory.

For more information on our privacy policy, please go to the Stapled Group's website (refer to the Corporate Directory).

12.20 OFFERS OUTSIDE AUSTRALIA

12.20.1 No offering outside Australia, New Zealand, Japan and China

This Meeting Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register or qualify the Shares, Stapled Securities or the Proposal, or to otherwise permit a public offering of Shares or Stapled Securities, in any jurisdiction outside Australia and New Zealand. The distribution of this Meeting Booklet outside Australia or New Zealand may be restricted by law and persons who come into possession of this Meeting Booklet outside Australia or New Zealand should seek advice and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares and Stapled Securities have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act) unless the Shares or Stapled Securities are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US State securities laws is available.

12.20.2 Offers to Unitholders in New Zealand

This offer to New Zealand Unitholders is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 6D of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities. Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint. The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

12.20.3 Offers to Unitholders in the People's Republic of China

The Shares and Stapled Securities are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities and funds laws of the People's Republic of China.

12.20.4 Offers to Unitholders in Japan

The Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948), as amended (FIEA). The Shares may not be offered or sold in Japan or to, or for the benefit of, any resident of Japan or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, the term 'resident of Japan' means any natural person having his place of domicile or residence in Japan, or any corporation or other entity organised under the laws of Japan or having its main office in Japan.

12.21 EXPIRY DATE

The Corporations Act prohibits the issue of Shares offered under this Meeting Booklet after the expiry date. The expiry date of this Meeting Booklet is 24 July 2010.

12.22 OML DIRECTORS' AND OPL DIRECTORS' CONSENT

The existing and proposed directors of OML and OPL consent to the lodgement and issue of this Meeting Booklet and have not withdrawn that consent.

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13.

GLOSSARY

13. GLOSSARY

AFSL means Australian Financial Services Licence.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and the Australian Securities Exchange.

Board means the board of directors of the Company following the Management Internalisation.

CHESS means Clearing House Electronic Sub register System.

Company means Orchard Management Limited ACN 124 093 901 which intends to change its name to Growthpoint Management Limited subject to the Proposal proceeding.

Conditions Precedent means the conditions precedent to the Implementation Agreement, which are summarised in section 12.1 of this Meeting Booklet.

Consideration means the total payment for Shares in the Company.

Consolidation means the consolidation of each ten Stapled Securities into one Stapled Security, as described in section 3.5 of this Meeting Booklet and **Consolidated** has a corresponding meaning.

Corporations Act means the *Corporations Act 2001* (Cth).

Current Debt Facility means the syndicated facilities agreement dated 28 June 2007 between OPL in its capacity as responsible entity of the Trust, Orchard Industrial in its capacity as trustee of each Sub-Trust (except WIPF), OPL as trustee of each Sub-Trust (except WIPF), OPL in its capacity as trustee of WIPF, the Security Trustee, National Bank of Australia Limited ABN 12 004 044 937 and National Bank of Australia Limited trading as Bank of New Zealand Australia ABN 12 004 044 937 as amended in accordance with the letter dated 27 February 2009 to OPL from National Australia Bank and including each Transaction Document as defined in that document.

Directors mean, as the case may require it:

- the directors of the Company; or
- the directors of the Responsible Entity.

Existing Unitholder means a Unitholder at the date of the Meeting.

Finance Party means the parties to the Current Debt Facility and also includes National Australia Bank Limited as hedge counterparty and each beneficiary of the Security Trust Deed as defined in the Current Debt Facilities.

Forecasts means the forecast income statement for the year ending 30 June 2009 and the pro forma forecast income statement for the year ending 30 June 2010 as detailed in section 8.1.2 of this Meeting Booklet.

FY09 means the financial year ending 30 June 2009.

FY10 means the financial year ending 30 June 2010.

GLA means gross lettable area.

Group means:

- the Company;
- the Trust; or
- the Stapled Group

as the case requires it.

Growthpoint means Growthpoint Properties Limited.

Growthpoint Placement means the placement of approximately 348 million new Units to Growthpoint at a price of 16 cents per Unit.

IDPS means investor-directed portfolio services.

Implementation Agreement means the implementation agreement between OPL as the responsible entity of the Trust, OML and Growthpoint dated 18 May 2009 in relation to the Proposal, as amended.

Implementation Date means the date on which the Growthpoint Placement and Management Internalisation are completed, which is anticipated to be Monday 3 August 2009.

Independent Expert means Deloitte Corporate Finance Pty Limited.

Investigating Accountants means PricewaterhouseCoopers Securities Ltd.

Issuers means OPL and OML.

Listing Rules means the official listing rules of ASX.

LVR means loan-to-value ratio.

Management Internalisation means the stapling of Units to Shares and the appointment of OML as the new responsible entity of the Trust.

Meeting means the meeting of Unitholders to consider the Resolutions, as described in section 3.7 of this Meeting Booklet.

Meeting Booklet means this booklet comprising the Explanatory Memorandum, the Prospectus and the Notice of Meeting.

NLA means net lettable area.

NOI means net operating income.

Nomination Agreement means the agreement dated 28 June 2007 between Orchard Capital Investments Limited ACN 077 235 879 in its capacity as custodian of the Orchard DPF Sub-Trust No 1, OPL, Woolworths Townsville Nominees Pty Limited ACN 113 597 434 in its capacity as trustee for the Townsville Warehouse Trust, and Woolworths Limited ACN 000 014 675.

Notice of Meeting means the notice convening the meeting of Unitholders of the Trust convened by OPL to consider the Proposal.

ODPF means Orchard Diversified Property Fund ARSN 093 304 379.

Offer Securities means the Stapled Securities to be offered under the Rights Issue.

OFL means Orchard Funds Limited ACN 097 125 874.

OIF means Orchard Industrial Property Trust Fund ARSN 120 121 002.

OIF Constitution means the constitution of the Trust dated 25 May 2006.

OML means Orchard Management Limited ACN 124 093 901.

OML Constitution means the constitution of OML to be adopted before the Meeting.

OML Directors means the directors of OML.

OML Register means the register of OML kept pursuant to the Corporations Act.

OPL means Orchard Property Limited ACN 006 387 435.

OPL Directors means the directors of OPL.

Orchard Funds Limited means Orchard Funds Limited ACN 097 125 874 and its subsidiaries.

Orchard Industrial means Orchard Industrial Pty Ltd ACN 124 873 338.

Orchard Industrial Share Sale Agreement means the agreement between OPL and OML in relation to the sale to OML of shares in Orchard Industrial held by OPL as described in section 12.4.4.

Oversubscription Facility means as described in section 3.3.1.

Placement Agreement means the agreement dated 24 June 2009 between Growthpoint and OPL in its capacity as responsible entity of the Trust which sets out the terms of and conditions for the Growthpoint Placement as described in section 12.4.1.

Portfolio means the Properties owned by the Trust.

Pro Forma Balance Sheet means the balance sheet as presented in section 8.7.

Pro Forma Financial Statements means the income statement and balance sheet as presented in section 8.

Properties means the properties of OIF.

Proposal means the proposed reconstruction of the Trust and OML, including the Growthpoint Placement, Management Internalisation, Top Up Placement and Rights Issue, as described in this Meeting Booklet.

Proxy Form means the form, so titled, enclosed with this Meeting Booklet.

Register means the stapled security register of the Stapled Group kept pursuant to the Corporations Act.

Registry means Computershare Investor Services Pty Limited.

Resolutions means the resolutions set out in the Notice of Meeting.

Responsible Entity means:

- before Management Internalisation, OPL as responsible entity of the Trust; and
- after Management Internalisation, OML as responsible entity of the Trust.

Responsible Entity's Directors means the directors of the Responsible Entity.

Revised Debt Facility means the syndicated debt facility, material commercial terms of which have been agreed between the parties, to be documented between OML in its capacity as responsible entity of the Trust, Orchard Industrial in its capacity as trustee of each Sub-trust (except WIPF), OML in its capacity as trustee of WIPF, the Security Trustee, National Australia Bank Limited ABN 12 004 044 937 and National Bank of Australia Limited trading as Bank of New Zealand ABN 12 004 044 937, as described in section 12.7.

Rights Issue means the 13.008274 for 10 renounceable rights issue (referred to throughout this document as 13 for 10) of Stapled Securities which is to be underwritten by Growthpoint.

Rights Issue Offer Document means the offer document in relation to the Rights Issue.

Rights Issue Record Date means the record date in respect of the Rights Issue which is anticipated to be Monday 17 August 2009.

Rights Issue Shortfall means the total number of Units that remain unallocated at the close of the Rights Issue as a result of investors allowing their rights to lapse and intended to be offered to Existing Investors as part of the Oversubscription Facility.

Security means a Unit, Share or Stapled Security as the context requires.

Securityholder means a Unitholder, Shareholder or Stapled Securityholder, as the context requires.

Services Agreement means the service agreement between Orchard Fund Services Pty Limited, OPL in its capacity as a responsible entity and Orchard Industrial in its capacity as trustee of the Sub-Trusts dated 13 February 2009.

Share means an ordinary share in OML.

Stapled or Stapling means the linking of Shares and Units where under the terms on which those shares and units may be traded, they must only be transferred together.

Stapled Group means the Trust and OML.

Stapled Security means one Share and one Unit which are Stapled to each other.

Stapled Securityholder means each person who is registered in the Register as the holder of Stapled Securities.

Stapling Deed means the deed between OPL in its capacity as responsible entity of the Trust and OML dated 24 June 2009 as described in section 12.4.3.

Sub-Trust means each of the following sub-trusts of the Trust:

- (a) Broadmeadows Leasehold Trust;
- (b) Coolaroo Property Trust;
- (c) Kilsyth 1 Property Trust;
- (d) Kilsyth 2 Property Trust;
- (e) Laverton Property Trust;
- (f) New South Wales Property Trust;
- (g) Preston 1 Property Trust;
- (h) Preston 2 Property Trust;
- (i) Queensland Property Trust;
- (j) Rowville Property Trust;
- (k) Scoresby 1 Property Trust;
- (l) Scoresby 2 Property Trust;
- (m) Scoresby 3 Property Trust; and
- (n) WIPF.

Supplemental Deed means the deed containing the proposed amendments to the OIF Constitution as described in section 12.3.

Top Up Placement means the additional placement of Stapled Securities to Growthpoint as described in section 3.4.

Trust means OIF.

Underwriting Agreement means the agreement to be entered into by OML, OML as responsible entity for the Trust and Growthpoint relating to the underwriting of the Rights Issue on the terms set out in section 12.4.2.

Unit means an ordinary unit in the Trust.

Unitholder means a person who is registered in the Register of the Trust as the holder of Units.

WIPF means Wholesale Industrial Property Trust ARSN 120 105 142.



APPENDIX A.

NOTICE OF UNITHOLDERS' MEETING

APPENDIX A – NOTICE OF UNITHOLDERS' MEETING

NOTICE OF MEETING

Notice is given that a general meeting of Unitholders of the Trust will be held as follows:

- Time: 10:00am
- Date: Thursday 30 July 2009
- Place: The Theatre, 1 Spring Street, Melbourne, Victoria

At the Meeting, Unitholders will be asked to consider the Resolutions set out below for the purposes of implementing the Growthpoint Placement, the Management Internalisation, the renounceable Rights Issue, and the Top Up Placement and to transact any other business that may be brought forward in accordance with the OIF Constitution.

Words and phrases commencing with a capital letter used in this Notice of Meeting (including in the Resolutions) have the meaning set out in the Glossary.

RESOLUTIONS

The Proposal will only proceed if each of the Resolutions (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9) below are passed by the required majority of Unitholders and provided each of the Conditions Precedent is satisfied or waived.

Resolution 1: Approval of the Growthpoint Placement (ASX Listing Rule 7.1 and item 7 of section 611 of the Corporations Act)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, approval is given for the purposes of ASX Listing Rule 7.1 and for the purposes of item 7 of section 611 of the Corporations Act to the acquisition of 347,563,813 Units (equalling 50.1% of the total number of Units on issue immediately after completion of the Growthpoint Placement) by Growthpoint pursuant to the Placement Agreement."

Please read section 3.2 of the Meeting Booklet to ensure that you understand the proposed Growthpoint Placement.

Resolution 2: Amendments to the OIF Constitution

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, the OIF Constitution be amended in the manner set out in the Supplemental Deed tabled at the meeting and signed by the Chairman for identification."

Please ensure that you read section 3.2 and 12.3 of the Meeting Booklet for information concerning the amendments proposed to be made to the OIF Constitution. Copies of the supplemental deed that contains the proposed changes to the OIF Constitution are available by contacting OPL (refer to Corporate Directory) and will be made available at the Meeting.

Resolution 3: Approval of the Management Internalisation

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, approval be given for all purposes to the responsible entity of the Trust to take or cause to be taken all necessary and incidental actions to implement the Management Internalisation, as described in section 3.2.2 of the Meeting Booklet."

Please read section 3.2.2 of the Meeting Booklet to ensure that you understand the steps required to be taken to implement the Management Internalisation.

Resolution 4: Change in the responsible entity (section 601FM of the Corporations Act)

Resolution 4 will only be put to Unitholders if, before the Meeting, ASIC issues the Company a draft varied AFSL.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to each of the other Resolutions being passed (other than Resolution 9), all other Conditions Precedent being satisfied or waived and Orchard Management Limited receives a draft varied Australian Financial Services Licence, following the stapling of Shares and Units being implemented, Orchard Property Limited retire as the responsible entity of the Trust and Orchard Management Limited be appointed as the new responsible entity of the Trust for the purposes of section 601FM of the Corporations Act.”

Please read section 3.2.2 of the Meeting Booklet to ensure that you understand the proposal to change the Trust's responsible entity.

Resolution 5: Approval to undertake a renounceable Rights Issue of Stapled Securities at an issue price of \$1.60 per Stapled Security (on a post Consolidation basis) being 16 cents on a pre Consolidation basis

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, approval is given for the offer of Stapled Securities under a renounceable rights issue at an issue price of \$1.60 per Stapled Security (on a post-consolidation basis, being 16 cents on a pre-consolidation basis).”

Please read section 3.3 of the Meeting Booklet to ensure that you understand the proposed Rights Issue.

Resolution 6: Approval of the acquisition of Stapled Securities by Growthpoint under the Underwriting Agreement (item 7 of section 611 of the Corporations Act)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, approval is given for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes to the acquisition of Stapled Securities by Growthpoint pursuant to the Underwriting Agreement relating to the Rights Issue.”

Please read section 3.3 of the Meeting Booklet to ensure that you understand the proposed Rights Issue and the Underwriting Agreement.

Resolution 7: Approval of the acquisition of further Stapled Securities by Growthpoint up to 60.0% (ASX Listing Rules 7.1 and 10.11 and item 7 of section 611 of the Corporations Act)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, approval is given for the purposes of ASX Listing Rule 7.1 and ASX Listing Rule 10.11 and for the purposes of item 7 of section 611 of the Corporations Act to the issue of that number of Stapled Securities to Growthpoint at \$1.60 per Stapled Security (on a post-consolidation basis, being 16 cents on a pre-consolidation basis) as will give Growthpoint a holding of 60.0% of the Stapled Securities to be calculated after the acquisition of Stapled Securities by Growthpoint under the Top Up Placement.”

Please read section 3.4 of the Meeting Booklet to ensure that you understand the Top Up Placement.

Resolution 8: Amendment to the Trust's investment mandate

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting and other than Resolution 9), and all other Conditions Precedent being satisfied or waived, the Trust investment mandate be amended as described in section 3.2.3 of the Meeting Booklet and as described in the investment mandate tabled at the meeting and signed by the Chairman for identification."

Please read section 3.2.3 of the Meeting Booklet to ensure that you understand the proposed amendment to the Group's investment mandate.

Resolution 9: Approval to use Trust assets to support a bank guarantee required by the Company to meet certain AFSL financial requirements.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, subject to each of the other Resolutions being passed (other than Resolution 4 if it is not considered at the Meeting), and all other Conditions Precedent being satisfied or waived, approval is given to the Responsible Entity to allow the use of Trust assets to support a bank guarantee required by the Company to meet its net tangible assets and surplus liquid fund requirements under its Australian Financial Services Licence."

Please read section 6.1.2 of the Meeting Booklet to ensure that you understand the proposal to use Trust assets to support a bank guarantee obtained to meet the Company's AFSL financial obligations.

Recommendation

The Directors of OPL consider that the Resolutions as a whole are in the best interests of Unitholders and support the Resolutions.

Voting and eligibility

Entitlement to vote

The Directors of OPL have determined that all Unitholders on the Register as at 7:00pm on Tuesday 28 July 2009 will be entitled to attend and vote at the Meeting subject to the voting exclusion statement detailed below.

It is important that you vote on the Resolutions either in person at the Meeting or by completing and returning the Proxy Form accompanying the Meeting Booklet.

Voting exclusion statements

In accordance with the ASX Listing Rules, OPL will disregard any votes cast on the Resolutions by Growthpoint or any of its associates.

However, OPL need not disregard a vote if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Poll

All Resolutions will be decided on a poll.

On a poll, each Unitholder has one vote for each dollar of value of the total units that they hold in the Trust.

The value of an interest in the Trust is the last sale price on ASX on the trading day immediately before the day on which the poll is taken.

A fractional or contributing Unit confers on its holder (or proxy, attorney or representative) a right to vote, but in a proportion commensurate with that of the holder of a whole Unit.

If your Units are held jointly or more than one Unitholder votes in respect of that Unit, then only the vote of the person named first in the Register counts.

You need not exercise all of your votes in the same way, nor need you cast all of your votes.

Required majority

Resolutions 1, 3, 4, 5, 6, 7, 8 and 9 are ordinary resolutions and will be passed on a poll if passed by not less than 50% of the votes cast by Unitholders present in person or by proxy and entitled to vote on the ordinary resolution.

Resolution 2 is a special resolution, which will be passed on a poll if passed by a majority consisting of not less than 75% of the votes cast by Unitholders present in person or by proxy and entitled to vote on the special resolution.

If you wish to vote for the Proposal you will need to vote in favour of Resolutions 1-8 (in the case of Resolution 4, provided it is put to the Meeting) as each of these Resolutions are interdependent and the Proposal will not be implemented without those Resolutions being passed.

How you may vote

You may attend the Meeting in person and vote at the Meeting.

If you cannot attend the Meeting and vote in person, you may appoint a proxy to attend and vote at the Meeting for you. Your proxy need not be a Unitholder.

If you are entitled to cast two or more votes, you may appoint up to two proxies. If you appoint two proxies, you may specify the proportion or number of votes that each proxy may exercise. If you appoint two proxies and fail to specify the proportion or number of votes, OPL will determine that each proxy will exercise half of your votes.

Proxies (and the power of attorney or other authority (if any) under which it is signed, or a certified copy) must be received by the Registry no later than 10:00am on Tuesday 28 July 2009. Proxies given by corporate Unitholders must be executed in accordance with their constitutions, or signed by duly authorised attorney.

For more information concerning the actions you must take to vote in person or by proxy please see section 1.2 of the Meeting Booklet.

Chairman

OPL has appointed its chairman, Lyn Shaddock, as the Chairman of the Meeting. The decision of the Chairman on any matter relating to the conduct of the meeting (including voting eligibility) is final.

Quorum

The quorum requirement for a meeting of Unitholders is at least two Unitholders present in person or by proxy.

If a quorum for the Meeting is not present within half an hour after the scheduled time for the Meeting, then the Meeting will be adjourned to such place and time as OPL determines. Those Unitholders with voting rights who are present in person or by proxy at the adjourned meeting will constitute a quorum at the adjourned meeting.

CORPORATE DIRECTORY

RESPONSIBLE ENTITY OF THE TRUST

Orchard Property Limited
ACN 006 387 435

REGISTERED OFFICE OF ORCHARD AND THE ISSUERS

Level 28, 1 Spring Street
Melbourne VIC 3000
Telephone: +61 3 9093 9000
Facsimile: +61 3 9093 9093
Web: www.orchardfunds.com

Locked Bag 32002
Collins Street East
Melbourne VIC 8003

BOARD OF DIRECTORS OF THE RESPONSIBLE ENTITY

Lyn Shaddock (Independent Chairman)
David Hinde
Grant Jackson
Greg McMahon
David Spruell
Chris Thiris (alternate)

PROPOSED BOARD OF DIRECTORS OF OML

Lyn Shaddock (Independent Chairman)
Estienne de Klerk (Growthpoint nominee)
David Hinde (ODPF nominee)
Grant Jackson (Independent)
Francois Marais (Independent)
Norbert Sasse (Growthpoint nominee)
David Spruell (Independent)

COMPANY SECRETARY OF THE RESPONSIBLE ENTITY

Matt Kilbride

UNITHOLDER INFORMATION LINE

1800 260 453
info@orchardfunds.com
Web: www.orchardfunds.com

FINANCIAL ADVISER

Macquarie Capital Advisers Limited
101 Collins Street
Melbourne VIC 3000

CORPORATE LEGAL ADVISER

Freehills
101 Collins Street
Melbourne VIC 3000

PROPERTY LEGAL ADVISER

Arnold Bloch Leibler
333 Collins Street
Melbourne VIC 3000

TAXATION ADVISER

PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd
Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006

REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnson Street
Abbotsford VIC 3067

GPO Box 242
Melbourne VIC 8060

