

Important Update to all Orchard Shareholders and Unitholders

15 July 2010

Recapitalisation and Sale Process

Orchard Funds Limited (**Orchard**) wishes to advise that, following the recent withdrawal of Cromwell Group from discussions to acquire the Orchard business, Orchard will now focus on the following key priorities:

- Extend bank facilities – In relation to both Orchard and the Orchard Diversified Property Fund (**DPF**), we are working productively with financiers to finalise bank facility extension terms which are due to expire 30 July 2010. We expect that initially any terms offered by our financiers are likely to require Orchard and DPF committing to loan amortisation targets over a period of time;
- Continue to engage with interested parties – Orchard has entered into discussions with other parties, including Taemas Bridge, that have expressed interest in Orchard and its managed funds;
- Plan for business repositioning – In the absence of an acceptable transaction with an interested party, Orchard continues to actively pursue strategies to reposition the business that will enable it to potentially raise new capital sometime in the future.

These changes will be aimed at optimising expected returns to fund unit holders and ultimately shareholders.

David Hinde retires as Chief Executive Officer (CEO) and Director; Chris Thiris appointed acting CEO; Bryce Mitchelson appointed acting Chief Investment Officer

Orchard also advises that the Board of Directors and David Hinde have agreed that David will leave the company with effect from 23 July 2010.

Chris Thiris, currently Finance Director of Orchard, has been appointed acting CEO pending a search for a successor and Bryce Mitchelson, currently Head of Funds Management, has been appointed acting Chief Investment Officer.

Please contact Orchard Investor and Adviser Services on 1800 008 494 if you have any questions.

Orchard Funds Limited ACN 097 125 879

Orchard Capital Investments Limited ACN 077 235 879 AFSL No. 233190

Responsible entity of:

Chevron Renaissance Property Trust ARSN 112 310 380
Commercial Office Fund ARSN 115 845 871
Essential Healthcare Trust ARSN 102 470 333
Orchard Childcare Property Fund ARSN 106 891 641
Orchard Diversified Property Fund ARSN 093 304 379
Orchard Hybrid Property Fund ARSN 096 350 533
Orchard Social Infrastructure Trust ARSN 125 629 058
Sydney Healthcare Trust ARSN 101 067 878
The Barossa Valley Resort ARSN 091 043 864
Orchard Primary Infrastructure Fund ARSN 110 813 851