

Extract of advice forwarded to
Orchard Funds Limited
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Benefits LMW Offer

We write to you in relation to our merger proposal which was first communicated to you on 24 March 2011.

We believe our offer is superior to the Barwon proposal as announced.

1. The primary issue with the OFL platform (as you have previously publicly identified) is the lack of liquidity. Our proposal addresses that issue.
 - a. OFL shareholders will receive scrip in a listed public company
 - b. LMW is committed to increasing the free float through a renounceable issue that will not be fully taken up by the two major LMW share holders, Glen White and Brad Piltz
 - c. A subsequent merger at the DPF level would further address the liquidity issue for the benefit of unit holders.
2. Barwon has indicated that OFL will not pay dividends in the foreseeable future and as a public company LMW does not see this as an acceptable outcome for shareholders.
 - a. LMW has a long history of consistent dividends and it anticipates that it will be able to continue that consistency for the benefit of OFL shareholders
 - b. LMW could fund its usual dividend for OFL shareholders from part of the synergy benefits.
3. While the quantum of funds injected into OFL are similar, our proposal is less dilutionary.
 - a. Barwon reduces the upside with an issue of 80million free options while we will share the upside between all shareholders
 - b. Barwon has a non-renounceable rights issue that transfers value from shareholders who do not follow their rights to the underwriter and those that do. In contrast, we will have a renounceable issue that will allow shareholders who do not follow their rights to access the value in those rights and because we are listed there will be a transparent and efficient market for those rights.
4. The merger has cash flow benefits that can help address the BOSI issues at the OFL level
 - a. LMW will have equivalent funds to the Barwon offer to pay down OFL debt.
 - b. LMW can fix its management operating costs at a level below the current run rate to ensure a better cash flow for debt service

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- c. LMW anticipates additional merger synergies that would increase the cash flow available for growth and debt service (even after an increased quantum of dividend)
 - d. LMW does not need to divert funds from debt service to fund a buyback as it will provide liquidity through its listed status. LMW will retire debt at the OFL level as a priority. LMW currently has no debt, underlining its conservative approach.
5. We are not a private equity group
- a. As a listed entity we have strict governance and transparency rules attaching to our actions.
 - b. We have a long term business plan, that has included retail funds management, since 2007.
 - c. Our business is solely focused on customers which, after the merger, will include OFL shareholders and unit holders.

Our only pre-conditions to being in a position to make a bid are:

- 1. understanding the current financial position of OFL
 - a. so that we can develop pro forma merger balance sheet, profit and loss and cash flow
 - b. so that we have a sound basis for discussing the go forward debt position of OFL with BOSI
 - c. so that we can be confident of our valuation for LMW shareholders
- 2. reaching an agreement with BOSI on the go forward debt position of OFL
 - a. consistent with that offered to Barwon
 - b. so that the pro forma merger balance sheet, profit and loss and cash flow can be finalised
 - c. so that the occurrence of an event of default on or as a result of the merger (if any) is waived

We have confirmed that we will work within the parameters set by NAB and BOSI in the escrowed DPF banking arrangements. We need to understand the detail of those arrangements.

No doubt the OFL board is keen to provide its shareholders with the opportunity to receive the takeover offer ("Bid") we would make, once those pre-conditions have been satisfied. We will make ourselves available to satisfy those pre-conditions as soon as you are able to arrange it. It will only take a short time if you assist us. We have already reached out to you in this regard.

Our Bid would be substantially less conditional than the Barwon proposal. It would certainly be easier to execute and our Bid would not require a meeting of OFL shareholders for approval.

We believe any delay in satisfying the pre-conditions may prejudice your shareholders in that they will not have the opportunity to consider other proposals and our Bid in the same time frame.

We look forward to working with you to satisfy the pre-conditions.

End.