

**FEA Growers Group Communication**  
**Update No 27, 14 December 2011**

Dear Growers,

The situation with FEA is ongoing.

**Internal Lease issues**

The Administrator's application for special leave to Appeal to the High Court was lodged on the 8<sup>th</sup> of September, 2011. The application is seeking leave to appeal the Federal Court finding that FEAP was not entitled to internal rent offset of \$11m for schemes from 2000 onwards. If leave is granted to appeal it could take a year or more to determine the issues.

**Victorian Supreme Court Case**

The Receivers commenced proceedings in the Supreme Court of Victoria on the 30<sup>th</sup> of September 2011 seeking, amongst other things, declarations that the leases are at an end. We understand the Deed Administrators are vigorously defending the action which is due to be heard early next year in 2012. We also understand the Administrators are also looking at preparing an application for Relief against Forfeiture seeking to preserve the rights of the Scheme and grower investors. No further information is available at this stage.

**Commercial Propositions**

We understand that the Deed Administrators are continuing work with various parties in relation to the restructuring proposals. The proposals still require work, as well as approval from the banks, so the likelihood of following through to completion is unknown.

**Black Tree Proposal**

The BlackTree proposal has been subject to a number of adjournments which has been extremely frustrating however these could not be progressed as there is too much uncertainty around the leases. The Victorian Supreme Court Case will address some of the important issues which require clarification. The meetings of the 1999 to 2002 Projects have been adjourned until late January. Accordingly, there may need to be a meeting in late January which would be adjourned again until the outcome of the court proceedings are known.

**Asset Sale Discussions**

We understand that the Deed Administrators continue to have discussions with the banks on whether appropriate sale terms can be agreed whereby the land and the trees would be sold together and sale proceeds would be shared. The approach would seek to sell the land and trees over a period of time in order to maximize the value of the assets and would seek to distribute the proceeds of the sale on an agreed formula between banks, growers and unsecured creditors. Under the Receivers' preferred approach, the banks would be paid in full and remainder left for unsecured creditors including Growers.

**Summary**

Until we have some clarity on the Supreme Court issues or unless there is agreement (including from the banks) on a commercial proposition/solution, it is likely that the issues will continue to be tied up for a number of months.

**Annual Reports – BRI Ferrier Website**

The annual reports for 1995-2002 Schemes are available on BRI Ferrier's website and we understand the remainder of the reports will follow this week. The annual report will provide a more detailed update and can be accessed on BRI Ferrier's website.

Regards,

FEA Growers Group

FEA Growers Group Inc registration no. A0054610B.

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