

# Section 445F Report to Creditors



## Proposed Extension of the Deed of Company Arrangement

FEA Plantations Limited (Subject to Deed of Company Arrangement) (Receivers Appointed) ("FEAP") Report  
4 May 2011

**Brian Silvia and Peter Krejci**  
**Joint and Several Deed Administrators**

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## ABBREVIATIONS

The Banks	The Secured Creditors collectively or individually referred to; Commonwealth Bank of Australia, Australia and New Zealand Banking Group Limited and ANZ Fiduciary Services Pty Limited
Creditors	Unsecured Creditors, Secured Creditors, and Employees of FEA. Growers of FEAP are included as Unsecured Creditors
FEAGG	FEA Growers Group
FEA	Forest Enterprises Australia Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed)
FEAP	FEA Plantations Limited (Subject to Deed of Company Arrangement)(Receivers Appointed)
FPP	Forest Practices Plans; required to commence harvesting on plantation timber estates
Growers	Investors own Woodlot options under the various FEAP Schemes
RE	Responsible Entity
RFM	Rural Funds Management
Schemes	16 Forestry Investment Schemes managed by FEAP referred to collectively or individually as the 1994 to 2009 Schemes

## 1 INTRODUCTION

### 1.1 Executive Summary

**To enable us as Deed Administrators to proceed with implementation of the RFM restructuring proposal, we request that Creditors vote in favour of the proposed resolution to be put to you for your consideration to extend the current FEAP DOCA. It is intended to extend the termination date of the FEAP DOCA to 30 September 2011, by which time the RFM restructure proposal is expected to be implemented.**

On 1 November 2010, Creditors of Forest Enterprises Australia Ltd (“FEA”) and FEA Plantations Ltd (“FEAP”) voted to implement Holding Deeds of Company Arrangement (“DOCA”) to enable the Administrators to finalise a restructuring of the FEA companies, and the Managed Investment Schemes (“Schemes”) over which FEAP is the Responsible Entity.

On 23 March 2011, a Report to Creditors of FEA, including Growers was circulated convening a Meeting of Creditors on 31 March 2011, where it was resolved that the FEA DOCA be extended to 30 September 2011.

Since 31 March 2011, the Banks (Secured Creditors) have continued talks with Rural Funds Management (“RFM”) to enable implementation of its restructuring proposal.

On 27 April 2011, the Banks and RFM executed and exchanged a Forbearance Agreement where the Banks and its Receivers and Managers agreed to forbear sale of the FEA Group assets (not including

certain agreed excluded assets) for the duration of circa 132 days in order to allow RFM to implement their restructuring proposal.

This as a significant positive step in the restructuring of the Schemes and the FEA Group Companies. Moving forward RFM is required to carry out the implementation of its proposal including a capital raising to complete the restructuring.

There are implementation risks implicit in the RFM proposal as detailed in Section 2.3 of this report.

As previously advised, the RFM FEA Group restructuring proposal provides a return to 1999 - 2009 Growers, through the exchange of Grower lots for “Units” in a new entity. It also includes 1994 – 1998 Scheme FEA land, enabling trees on it to be harvested (without the liability to replant) with a more immediate return to Growers in the 1994 to 1998 Schemes. Under the RFM Proposal, the Banks will be repaid their primary debt. Additionally a pool of “Units” is set aside for unsecured Creditors as part of the restructuring, thereby providing a return to them in respect of their debts.

Growers in the 1999 to 2009 Schemes will have received the RFM Proposal Status Report as part of their Grower Report dated 30 March 2011. The terms of the proposal have not changed where a copy of the RFM proposal is available on our website.

<http://www.briferrier.com.au/pages/company-information.php?id=28>

Filename - Annexure 2 to 1999 - 2009 Grower Report (RFM Proposal)

The implementation period for the RFM proposal is three to five months. Consequently, an extension of the current FEAP DOCA is required to avoid FEAP entering liquidation on 23 May 2011 which would complicate the implementation of the RFM restructure proposal.

Growers and Creditors of FEAP should be aware that a failure to extend the current Holding DOCA could be terminal to any restructuring proposal or at least add significant cost to any restructure which may proceed for the Companies.

## 1.2 Meeting of Creditors to Consider Extension of the FEAP Holding DOCA Termination Date

A Meeting of FEAP Creditors has been convened as follows:

<b>Date:</b>	Thursday, 12 May 2011
<b>Time:</b>	3.30 pm
<b>Location:</b>	Grand Chancellor Hotel, Launceston
<b>Webcast:</b>	<a href="http://www.brr.com.au/event/79581">http://www.brr.com.au/event/79581</a>

Notice of the Meeting is attached as **Annexure 1**.

**Annexures 2 & 3** are respectively Proxy, and Proof of Debt forms for the purpose of the meeting. Creditors need only to complete the Proof of Debt form if they have not done so previously during the Administration. Creditors wishing to participate in the meeting, but not attend personally are required to complete the proxy form. Corporate representatives attending the meeting are also required to complete a proxy form.

A further update on the status of the RFM restructuring proposal will be provided at the meeting as well as the alternative BlackTree Proposal.

We request all Creditors including Growers (who are considered Creditors for the purposes of the meeting) to complete and return the relevant forms for the purpose of expressing their views on the Company's future and in particular varying the term of the current Holding DOCA period.

**We note that should the resolution to extend the FEAP Holding DOCA not be passed, FEAP will enter liquidation on 23 May 2011.**

## 2 RESTRUCTURING PROPOSALS

### 2.1 FEA Growers Group ("FEAGG")

The FEAGG and the Deed Administrators continue to work together on restructuring proposals. With the support of the FEAGG, the current Grower meetings have been adjourned until 29<sup>th</sup> June 2011. This provides an opportunity for Growers to register or amend their votes on the BlackTree proposal, (recently submitted to them in respect of Scheme years 1999 – 2008) and also provides time for RFM to complete their due diligence, and firm up their required debt and equity raising.

Attached as **Annexure 4** is a letter from the FEAGG to creditors.

We will continue to work with the FEAGG over the next two months with a view to providing a joint recommendation to Growers and Creditors; on what are essentially two competing restructure proposals.

BlackTree remain committed to their proposal to replace the Manager and Responsible Entity of the 1999 to 2008 Schemes.

### 2.2 Current Preferred Restructuring Proposal - RFM

Following the last FEA Creditors Report on 23 March 2011 and the 1999 to 2009 Growers Report on 31 March 2011, RFM and the Banks have taken a significant step, being the execution of the Forbearance Agreement on 27 April 2011.

As stated below in this report the RFM proposal remains the same as outlined in our 31 March 2011 Report to Growers.

In relation to the Forbearance Agreement, it ensures RFM have a period of time (circa 132 days) to implement their restructure proposal where the Banks and their Receivers and Managers have agreed not to sell FEA Group's assets and are bound to accept the terms of the RFM restructuring. RFM in return is required to meet periodic milestones to facilitate the restructure implementation. Detailed below is a summary of the milestones required to be met by RFM pursuant to the Forbearance Agreement.

- ▶ Prepare and circulate Product Disclosure Statements, Grower Meeting Notices and other relevant documents to convene Grower Meetings to allow Growers to consider approval of RFM's restructure proposal – (20 June 2011).

- ▶ Initial funding Approval Milestone – (11 July 2011).

Formal written commitments from a new bank to set up a loan facility and from investors to raise a combined amount equal to or exceeding \$100 million.

- ▶ Binding Equity Commitment Milestone – (20 July 2011).

Formal written equity commitments equalling to or exceeding \$85 million.

- ▶ Growers Vote Milestone – (30 August 2011).

Growers to formally approve the RFM restructure proposal.

- ▶ Scheme of Arrangement Milestone – (6 September 2011).

Approval of a Scheme of Arrangement by Order of the Court under Section 411(4)(b) of the Corporations Act to finalise the RFM restructure.

A significant aspect of the Forbearance Agreement is that it binds the Banks to complete the restructure transaction with RFM, so long as RFM meets its milestones.

The Forbearance Agreement does not prevent the Banks and their Receivers and Managers from advancing their current legal position during the forbearance period, where they could act upon any improved position should RFM fail to achieve the respective milestones.

As Administrators, we have separately negotiated an Implementation Deed with RFM which sets out the process of implementing their restructuring proposal. This Deed includes the other FEA Group entities, being Tasmanian Plantation Unit Trust and FEA Carbon Pty Limited. We expect this agreement to be signed later this week.

Creditors and Growers will receive a formal offer from RFM in the near future outlining the terms of their restructuring proposal and details of the Grower Meetings to be convened for the purpose of considering their proposal. .

### 2.3 Implementation Risks of the RFM Proposal

The RFM proposal is designed to resolve the current structural, legal and funding issues that affect the Schemes. As with all complex restructurings there are implementation risks which need to be considered by Creditors. We as Deed Administrators are working with RFM to see they reach their milestone dates, and that implementation risks are managed. Significant implementation risks which need to be considered by Creditors and Growers include:

## **Funding of Schemes**

The present success in the Court cases with the Receivers and Managers has provided time for the Schemes to be restructured. For the 2003 to 2009 Schemes, further Grower contributions are required in the short term whilst the RFM restructuring is implemented and in the longer term if the RFM proposal fails to be implemented. Additional limited short term funding is required by end of May 2011. Should the RFM restructure not be implemented, or Growers seek to appoint a replacement RE, then significant long term funding is required by early August 2011.

A risk exists for the 2003 to 2009 Schemes in delaying conversion of them to contributory schemes. Should it be determined at any point in time the RFM restructure cannot be implemented, then Growers will only have a short time window to vote in constitutional changes (similar to that presently proposed by BlackTree) to provide a mechanism to fund the 2003 to 2009 Schemes in the longer term.

## **Raising of Equity and Debt**

RFM advise they have conditional approval from their equity and debt providers. The conditions include; confirmation of asset values, a timber experts report, legal structuring documentation and an independent verification of the financial modelling.

The equity and debt funding is required to contribute to the repayment of the outstanding Bank debt, and to fund the ongoing restructured business activities until they generate sufficient cash flow to fund themselves.

Whilst RFM remain confident that unconditional approval will be received by the relevant milestone dates, there is a risk that the equity or debt providers could be delayed or withdraw.

## **Bank Debt in the New Structure**

Presently the land owned by the FEA Group is secured to the Banks, however the trees are assets of the Schemes. Upon implementation of the RFM restructuring, new bank debt of \$100 million will be included in the new entity. Secured over the land and trees. Should there be a subsequent default then the new bank debt will have first priority for repayment.

The current bank debt is approximately \$200 million. The Banks have sought to terminate the existing Grower leases which could give them repayment priority if the Receivers sold the land and trees.

## **Tax Liabilities for Growers**

Those Creditors who are Growers are aware they received an income tax deduction for the initial purchase of their woodlots, and also for ongoing contributions paid. As presently structured, Growers are liable to pay income tax on any distributions made to them from their respective Schemes.

The issue of “new Units” under the RFM restructure proposal is likely to be considered by the Tax Office as a distribution to Growers. As presently structured, RFM’s tax advisors consider the “issue” of the Units will be a Capital Gain in a number of the Schemes, and income in other Schemes. The current advice is that the extent of any form of gain will be \$85 million not the \$140 million net present value. The tax consequences of

acceptance of the RFM proposal will affect all Growers irrespective of whether they vote in favour of the proposal or not. Based on the present timetable, any gain will occur in the 2011/12 financial year.

We have sought, and expect to receive from RFM, worked examples of how Growers in each Scheme will be affected by any capital or income gain. These calculations will be distributed to Growers for their consideration in due course prior to any vote on the RFM proposal.

It will be necessary to obtain a private ruling from the ATO to confirm the tax position for Growers on acceptance of the RFM proposal.

## 2.4 Alternative Restructuring Proposals

In our previous Reports to Creditors and Growers, two alternative restructuring proposals were discussed. There has been no significant update since our previous advise.

### 2.4.1 Investment Bank Proposal

The proponents of this proposal have now withdrawn their interest.

### 2.4.2 BlackTree Proposal

Grower Creditors are aware, the FEAGG convened Growers Meetings for Scheme years 1999 to 2008, which had been adjourned to 29 April 2011. The purpose of those meetings had the intention of considering:

- ▲ The Appointment of BlackTree as replacement Manager of the subject Schemes;
- ▲ Conversion of Scheme years 2003 to 2008 from deferred contributory to pay as you go Schemes;

- ▲ Removing FEAP as RE;

Appointing Primary RE as Responsible Entity of the subject Schemes in the place of FEAP; Following the Banks executing the Forbearance Agreement, Growers in consultation with the FEAGG agreed to further adjourn their Meetings to 29 June 2011.

The BlackTree “proposal” does not address 1994 – 1998 Schemes as these Schemes have been scheduled for accelerated harvest which is currently not possible because of FPP dispute issues with the Receivers and Managers and some external landlords. The BlackTree proposal does not address the interests of Unsecured Creditors.

Creditors and in particular Growers have been previously acquainted with a range of concerns which we have had with the BlackTree proposals. There is a difference of opinion between BlackTree and this office with regard to our views. BlackTree continue to “engage” with us in respect of our concerns where we intend to issue Grower Creditors Report by the end of May 2011 on our views of the BlackTree proposals at that time.

## 2.5 Administrators’ Position on Competing Restructuring Proposals

We have previously outlined various issues which have concerned us with the current BlackTree proposals; most importantly, they have not offered a solution to 1994 to 1998 and the 2009 Scheme Growers, the Banks, Unsecured Creditors and Shareholders. At the moment our concerns remain unresolved.

We are currently of the view the RFM proposal provides the highest return to Growers and Creditors, with the lowest implementation risk. As the Banks have now executed the Forbearance Agreement, it is our view

the RFM restructure proposal currently offers the best outcome to all classes of Creditors.

## 2.6 Voting on the Various Proposals

Consideration of the BlackTree and RFM proposals are largely mutually exclusive where it is not possible to consider them concurrently at the same meeting forum. Consequently voting on the two proposals will be considered at separate meetings.

**As agreed with the FEAGG, voting on the BlackTree proposal has now been reopened where Growers are able to continue to register new votes and change previously registered votes. Growers votes cast to date remain valid. If Growers are happy with their vote in favour of the BlackTree proposals, they do not need to do anything further.**

**Should Growers wish to change their vote in respect of the BlackTree proposals, or withdraw any vote previously cast, they can do so by logging onto the BlackTree website and casting any new voting intentions.**

**Should Growers vote to implement the BlackTree proposals, under the Forbearance Agreement, the banks are able to default the RFM restructuring proposals. This would have the effect of terminating the RFM restructuring proposals. Grower Creditors can (for as long as they wish) continue to vote to adjourn the meetings convened to consider the BlackTree proposals.**

Growers will be provided an opportunity in July to consider and vote on the RFM proposal.

## 3 RESOLUTION TO EXTEND HOLDING DEED OF COMPANY ARRANGEMENT PERIOD BEYOND 23 MAY 2011

The FEAP Holding DOCA has a “period life” to 23 May 2011 where its clause 3.1.4 requires a resolution by that time to extend it. The Meeting to be held on Thursday, 12 May 2011 asks Creditors to consider an extension of the FEAP Holding DOCA until 30 September 2011.

Should Creditors reject the resolution to extend the Holding DOCA, FEAP will enter liquidation on 23 May 2011. A failure to extend the FEAP Holding DOCA could be terminal to or at least add significant cost to facilitating acceptance of the RFM proposal and any other restructure proposal.

### 3.1 Liquidation Scenario

We refer Creditors to our Section 439A Report dated 11 November 2010 wherein we set out the implications of a liquidation scenario for FEA. (The Report is available at [www.briferrier.com.au](http://www.briferrier.com.au)). Our previously estimated return to Creditors under a liquidation scenario remains unchanged. We believe that in all probability there would be no return to Unsecured Creditors save to the extent that any liquidation investigation reveals antecedent transactions capable of recovery in a liquidation scenario.

## 4 RECEIVERS' APPLICATION FOR COURT DIRECTIONS

We previously advised Creditors and Growers that the Receivers and Managers appealed Justice Finkelstein's Directions in respect of Schemes 2000 to 2008 internal property leases. Their chief points of Appeal were:

- ▶ The undertaking provided by FEA to the Australian Securities and Investments Commission ("ASIC") in respect of FEAP's Australian Financial Services Licence ("AFSL") is not enforceable, contrary to Justice Finkelstein's view; and, in any event;
- ▶ Rent due to FEA from FEAP cannot be "paid" by offset of debts due to FEAP from FEA, because the terms of the inter-company lease require payment of rent without deduction.

The Appeal was heard on 2 March 2011 where the Court's decision is currently reserved.

There have been no further updates.

## 5 DEED ADMINISTRATORS' FOREST PRACTICE PLAN ("FPPS") PROCEEDINGS

We previously advised Creditors and Growers that during the period of the FEAP Voluntary Administration and Holding DOCA, the Receivers and Managers representing the Banks have declined to execute Forest Practices Plans enabling further harvesting. This has had the effect of frustrating FEAP's efforts to undertake harvest of FEA Group owned coupes included in the earlier Schemes.

We, as the FEAP Administrators on behalf of Growers have commenced proceedings seeking Directions from the Court on this issue.

## 6 EXTERNAL LANDLORDS

For leased properties in the 1995 to 2002 Schemes all rental payments have been made. Maintenance is being carried out in all 1995 to 2002 properties, both external and FEA owned.

For the 2003 to 2009 Schemes, we have now received sufficient funds to manage the profitable properties within them. We are presently working with RFM reviewing the relative valuation of externally leased properties where they will be subjected to a timber yield and profitability review. We will then determine with RFM the properties that should form part of the ongoing group. Under RFM's restructure proposal, there will also need to be physical audits of properties in many cases.

The BlackTree proposal similarly contemplates the discount of unprofitable coupes. We will also work with BlackTree in respect of their views on properties to be retained under their proposal.

We expect that as part of the review process RFM will commence discussions with landlords regarding leases where there will be properties that will not form part of a restructured group. We will inform landlords of our intentions as soon as the review is completed. Landlords with leases which may be terminated will then be able to claim as Unsecured Creditors in any restructure and participate in the pool of "Units" set aside for Unsecured Creditors under the RFM restructure proposal.

## 7 INVOICING GROWERS PENDING IMPLEMENTATION OF RFM RESTRUCTURE

The Schemes require ongoing funding whilst the RFM proposal is implemented. Growers in the 1994 to 2002 Schemes were previously invoiced for the period to June 2011. Voluntary invoices seeking funding to 30 April 2011 in respect of 2003 to 2009 Schemes have previously been rendered to Growers.

To ensure all Schemes remain funded, we propose to invoice Growers on the following basis:

- ▶ 1994 Scheme, no invoicing required.
- ▶ 1995 to 1998 Schemes, Growers will be invoiced for the 2011/12 financial year as determined by the respective Scheme Constitutions.
- ▶ 1999 to 2002 Schemes, Growers will be invoiced for the July to September 2011 period. This is an interim invoice where further invoicing may be required dependent on the implementation of the RFM proposal or acceptance of the BlackTree proposal.
- ▶ 2003 to 2009 Schemes, voluntary invoices will be issued for the period May 2011 to September 2011.

Invoices will be kept to the minimum required to maintain each of the Schemes pending the implementation of either of the restructure proposals. Growers are urged to pay the new invoices to be issued to ensure their Schemes remain solvent until a restructuring proposal is implemented.

Invoices will be sent within the next two weeks. We urge Growers to pay their invoices at their earliest convenience to maintain the integrity of their separate Schemes.

## 8 DEED ADMINISTRATORS' SUMMARY ACCOUNT OF RECEIPTS AND PAYMENTS

**Annexure 5** is a Summary account of Receipts and Payments for the period 14 April 2010 to 30 April 2011.

## 9 DEED ADMINISTRATORS' REMUNERATION

As discussed at the last Meeting of Creditors, the Committee of Creditors and subsequently the Committee of Inspection have reviewed and approved the remuneration of the Administrators. Should Creditors vote to extend the DOCA, we will continue the process of having the Committee of Inspection review the Administrators remuneration.

As at the date of this report, remuneration due to us has been approved to 31 March 2011.

Should Creditors wish to receive any further information in respect of the remuneration approved, please contact our office.

## 10 BRI FERRIER KEY CONTACTS

Please feel free to contact the FEA Team on 02 8263 2300 for specific queries.



**Brian Silvia**  
Deed Administrator for  
Brian Silvia and Peter Krejci

## **Annexure 1**

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**FEA Plantations Limited  
(Subject to Deed of Company Arrangement)  
(Receivers Appointed)**

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Notices of Meeting

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**NOTICE OF MEETING OF CREDITORS TO VARY DEED OF COMPANY ARRANGEMENT**

FEA PLANTATIONS LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
(RECEIVERS APPOINTED)  
ACN 055 969 429

NOTICE is given that a Meeting of the Creditors of the Company will be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250 on Thursday, 12 May 2011 at 3:30 pm.

The Meeting will also be broadcasting live on the internet from the following website:

- <http://www.brr.com.au/event/79581>

AGENDA

1. To receive and discuss the Deed Administrators' Report to Creditors dated 4 May 2011.
2. To consider the following motion:

That clause 3.1.5 of the FEA Plantations Limited Deed of Company Arrangement be varied to:  
*"30 September 2011."*

3. Any other business that may be lawfully brought forward.

We attach a proxy form that should be used by Creditors in the following circumstances:

- a. Creditors who are unable to attend the meeting but wish to appoint someone to vote on their behalf.
- b. Representatives of Creditors that are companies.  
In this case the Creditor company should:
  - i. Execute the proxy under its common seal; or
  - ii. Have the proxy signed by 2 directors or by a director and the secretary; or
  - iii. Have the sole director sign the proxy if applicable; or
  - iv. Have the proxy signed by someone authorised under seal, or by the directors, or sole director, as applicable to sign, and if required by the Chairman of the meeting, provide evidence that the person signing the proxy form is empowered to sign.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Administrators.

Particulars or proofs lodged in the past are effective for this meeting. You only need to provide further particulars now if you wish to participate in this meeting and have not previously provided them.

**Creditors' proxies must be delivered to this office by 5.00 pm on Tuesday, 10 May 2011.**

**Please forward your proxies to this office in the post, via email to [fea@briferrnernsw.com.au](mailto:fea@briferrnernsw.com.au) or by facsimile on (02) 8263 2399.**

DATED this <sup>14<sup>th</sup></sup> day of May 2011.



BRIAN SILVIA  
Deed Administrator  
BRI FERRIER (NSW) PTY LTD  
Level 13  
1 Castlereagh Street  
Sydney NSW 2000

## **Annexure 2**

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**FEA Plantations Limited  
(Subject to Deed of Company Arrangement)  
(Receivers Appointed)**

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Proxy Form

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Please indicate if you are a creditor, grower or landlord and send to BRI Ferrier:  
Email: [fea@briferriernsw.com.au](mailto:fea@briferriernsw.com.au); Fax: 02 8263 2399; Post: GPO Box 7079 Sydney NSW 2001

FORM 532

Regulation 5.6.29

Corporations Act 2001  
APPOINTMENT OF PROXY

FEA PLANTATIONS LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
(RECEIVERS APPOINTED)  
ACN 055 969 429

\*I/\*We (1)..... (Grower number if applicable .....)  
of ..... a creditor of FEA Plantations Limited, appoint  
(2)..... or in his or her absence .....as  
\*my/our general/special proxy to vote at the Meeting of Creditors of the Company to be held at the Grand  
Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250, on Thursday, 12 May 2011 at 3:30pm, and  
at any adjournment of that meeting.

To vote as follows: (3)

**(Not required if a general proxy)**

**RESOLUTION**

		FOR	AGAINST	ABSTAIN
1	To vary clause 3.1.5 of the FEA Plantations Limited Deed of Company Arrangement as proposed in the Notice of Meeting			

A specific proxy operates as a general proxy in respect of any other resolution put to the meeting of creditors. **If you do not want your specific proxy to operate in this way, please tick this box.**

The person so appointed as \*my/\*our \*general/\*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

**HOW TO COMPLETE THIS FORM**

1. Insert the creditor's name, address and grower number (if applicable).
2. Insert the name of the person appointed as proxy. If left blank, the proxy will be treated as in favour of the Chairman.
3. To vote tick the box next to the desired option.

DATED ..... (4) Signature .....

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier, GPO Box 7079, SYDNEY NSW 2001 by **5 pm on Tuesday, 10 May 2011.**

**CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)**

I, .....Of.....certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this .....day of ..... 2011

Signature of Witness.....

Description .....

Place of Residence .....

## **Annexure 3**

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**FEA Plantations Limited  
(Subject to Deed of Company Arrangement)  
(Receivers Appointed)**

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Proof of Debt Form

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FORM 535  
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

FEA PLANTATIONS LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS APPOINTED)  
ACN 055 969 429

To the Administrators of FEA Plantations Limited

1. This is to state that the company was, on 14 April 2010 and still is, justly and truly indebted to<sup>(1)</sup>  
.....  
..... (Grower number if applicable.....) for  
..... dollars and ..... cents.

Particulars of the debt are:

Date	Consideration <sup>(2)</sup>	Amount \$	GST incl \$	Remarks <sup>(3)</sup>

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:<sup>(4)</sup>
- 3.<sup>(5)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.<sup>(5)\*</sup> I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this      day

Signature of Signatory.....

NAME IN BLOCK LETTERS .....(Please indicated if you are a creditor, grower or landlord.)

Occupation .....

Address.....

**See Directions overleaf for the completion of this form**

**OFFICE USE ONLY**

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED      / /			

**Directions**

- \* Strike out whichever is inapplicable.
- (1) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (2) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of .....", "moneys advanced in respect of the Bill of Exchange".
- (3) Under "Remarks" include details of vouchers substantiating payment.
- (4) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

---

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

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- 
- (5) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
- 

**Annexures**

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
  - (a) have an identifying mark;
  - (b) and be endorsed with the words:

*"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and*
  - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
  - (a) the identifying mark; and
  - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

## **Annexure 4**

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**FEA Plantations Limited  
(Subject to Deed of Company Arrangement)  
(Receivers Appointed)**

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FEAP Growers Group Letter

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5 May 2011

**IMPORTANT UPDATE FROM THE FEA GROWERS GROUP**

The FEA Growers Group was formed with the primary objectives of seeking to achieve the best commercial outcome possible for Growers after the Insolvency of the FEA Group.

To date we have fought for Growers in a number of Legal matters, worked actively with all commercial parties to facilitate opportunity for Growers.

The current status of the proposals from our view point is as follows:

**1. BLACKTREE**

The meetings to consider the Blacktree proposal have been adjourned until the 29th June 2011, at the same time and place as per the original meetings notices.

**If you have already voted for or against the Blacktree proposal you do not need to do anything else, all votes / proxies cast by following the proper formal process via Link Market Services will remain valid.**

Voting is open at the moment and will remain open until 72 hours before the meeting on the 29th June, 2011.

You may change your vote up to the close off time by following the formal process via Link.

Blacktree will no doubt be publishing further information on their website providing further clarification on their proposal and addressing any comparison issues between themselves and the RFM proposal. It is important Growers avail themselves of this information so they can reach an informed choice.

There may be some areas of commercial disagreement (which is not surprising in this type of scenario) between the various parties. What is important is that Growers are aware of these areas and can form their own view.

Blacktree remain committed to their proposal.

It may well eventuate that if the Implementation hurdles (as detailed in the attached BRI Report) cannot be met by RFM that Blacktree remain the only proposal for Growers.

We would anticipate that by early/mid June the ability of RFM to implement will be established one way or another

## **2. RFM**

As indicated in the attached BRI report, RFM now have an exchanged Forbearance agreement and have published further detail on their proposal.

Growers should take the time to read the material. Both proposals are quite fundamentally different in nature and structure.

We have no doubt the parties will seek to make clarification of the various merits of one proposal against the other, which should assist Growers in making an informed choice.

We welcome as much public information as possible so that effective comparison on the facts can be achieved.

## **3. BRI – ADMINISTRATORS & RESPONSIBLE ENTITY**

As our responsible entity it is important that BRI present a very balanced view of the benefits and risks associated with each proposal.

They have a difficult conflict of interest to balance given their multiple roles in FEA. We have noted their requirement to work in the best interests of Growers in their capacity as RE.

We have availed ourselves of the opportunity to attach our report to Growers with their publication. We have tried not to go over ground covered by BRI in their report.

## **4. APATHY**

**It has been a confusing and complex matter for Growers to deal with, however a commercial outcome is in sight so we encourage Growers to resist the urge to say it is too hard and really make their vote count.**

**There is value to be achieved for Growers so it is important that you act.**

Further updates will follow in the near future.

Best Regards

A handwritten signature in black ink, appearing to read 'RB', with a long horizontal flourish extending to the right.

Rob Burns

**President FEA Growers Group Inc** Registration No. A0054610B

For and on Behalf of the FEAGG Inc

## **Annexure 5**

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**FEA Plantations Limited  
(Subject to Deed of Company Arrangement)  
(Receivers Appointed)**

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Summary of Funds Received by FEAP  
as Responsible Entity for the MISs

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FEA Plantations Limited  
(Subject to Deed of Company Arrangement) (Receivers Appointed)  
In Its Capacity as Responsible Entity  
Deed Administrators Summary Account of Receipts and Payments  
14 April 2010 to 30 April 2011

	Total	General Fund	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>RECEIPTS</b>																		
Cash at Bank on Voluntary Administrators Appointment	2,383,257.02	-	577,480.45	103,411.30	1,632.65	0.09	22,827.30	1,208,597.82	469,307.41	-	-	-	-	-	-	-	-	-
Post Voluntary Administrators Growers Managed Investment Scheme Receipts	8,839,856.66	-	-	51,137.26	46,878.39	159,594.61	308,576.66	3,215,693.80	318,832.55	136,866.77	146,640.00	316,214.47	431,369.98	814,744.78	807,972.86	764,056.25	1,170,931.86	150,356.43
Post Voluntary Administrators Growers MIS Receipts (Overpayment)	542,585.35	-	-	-	-	-	-	-	-	-	-	52,300.33	65,475.75	-	-	-	-	-
Pre Voluntary Administrators Insurance Claim Recoveries	407,675.35	-	-	28,474.52	-	-	107,183.76	272,017.07	-	-	-	-	-	-	-	-	-	-
Pre Appointment Debtor Recoveries	14,224.26	1,987.63	-	-	2,317.69	1,815.16	10,000	3,320.38	-	4,683.40	-	-	-	-	-	-	-	-
Bank Interest Received	54,309.15	-	3,107.42	238.72	6.50	18.38	215.89	15,880.55	1,236.44	3.38	6.84	2,089.38	2,876.54	6,238.97	5,761.81	5,343.39	10,525.65	819.29
Receipts to be Reallocated to other Managed Investment Schemes	1,868.83	-	-	-	1,244.87	-	-	623.96	-	-	-	-	-	-	-	-	-	-
Grower MIS Receipts - Unallocated	398,081.97	-	-	2,171.10	1,792.63	7,807.39	6,126.09	491,675.65	4,247.17	1,013.07	873.56	1,445.33	19,133.53	65,442.93	26,475.05	32,034.15	184,617.30	3,427.02
Recovery of Solicitors Trust Funds	82,780.35	82,780.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Harvest Proceeds Received	802,564.34	-	802,564.34	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refunded Remuneration previously paid by Managed Investment Schemes (Overpayment)	104,122.29	104,122.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of Management Fees	25,914.21	-	6,004.28	5,828.14	5,700.04	4,379.00	-	-	-	-	4,002.75	-	-	-	-	-	-	-
Refund of Remuneration (Reimbursement)	169,478.98	-	117,318.36	52,160.62	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Fund Receipts from Managed Investment Schemes on Account of:																		
- Remuneration	635,587.52	635,587.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Disbursements	104,005.74	104,005.74	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Rent Recoveries to General Fund from Managed Investment Schemes	948,538.14	948,538.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Recovery of Management Fees (Pre 14/04/10)	186,635.38	186,635.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Recovery of Pre Appointment Debtors (By way of offset against funds held)	348,110.24	348,110.24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Recovery of Remuneration from Managed Investment Schemes (Overpayment)	104,122.29	104,122.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Refunded Disbursements from Managed Investment Schemes (Overpayment)	24,621.72	24,621.72	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Receipts from General Fund:																		
- Refund of Remuneration (Overpayment)	104,122.29	-	25,170.89	52,160.62	-	-	-	13,395.39	13,395.39	-	-	-	-	-	-	-	-	-
- Refund of Disbursements (Overpayment)	24,621.72	-	8,207.24	-	-	-	-	8,207.24	8,207.24	-	-	-	-	-	-	-	-	-
Total Receipts (including GST where applicable)	16,307,152.80	2,540,511.30	1,539,852.98	295,582.28	59,572.77	173,614.63	445,029.70	4,779,209.86	815,226.20	142,566.62	151,523.15	372,049.51	518,855.80	886,426.68	948,705.00	919,255.30	1,532,068.43	186,502.54
<b>PAYMENTS</b>																		
General Fund Payments on Account of:																		
- Remuneration																		
General Fund	475,325.44	475,325.44	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntary Administrators Lien	205,687.92	205,687.92	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Fund	635,587.52	635,587.52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Disbursements																		
General Fund	6,599.90	6,599.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Fund	618,823.68	618,823.68	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Remuneration (Overpayment)	104,122.29	104,122.29	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Recharged to Managed Investment Schemes	8,131.90	8,131.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Payment of Internal Rent due from Managed Investment Schemes	13,209.00	13,209.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other Statutory Charges	2,730.00	2,730.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank Charges	165.60	165.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Hire of Meeting Room	17,602.84	17,602.84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	7,757.42	7,757.42	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance no GST	242.58	242.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
External Professional Fees - Forestry Assessment, Accounting & other	259.62	259.62	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Costs	11,866.66	11,866.66	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Costs	286,362.24	286,362.24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stationery & Printing	62.24	62.24	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statutory Advertisement	85.59	85.59	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Payments in Respect of:																		
- Remuneration	2,711,640.61	-	25,808.23	57,518.76	-	-	-	1,591,195.33	256,105.34	-	63,490.13	67,923.01	107,614.72	116,673.43	168,347.01	116,232.98	115,615.29	25,116.39
- Remuneration (Overpaid)	117,318.36	-	117,318.36	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Disbursements	158,956.86	-	22,538.90	33,457.33	-	21,463.66	13,270.19	45,222.06	7,645.14	-	15,359.58	-	-	-	-	-	-	-
Bank Charges	10,481.83	-	585.45	548.20	543.79	528.33	566.39	1,054.76	610.39	556.77	580.84	386.35	433.45	1,519.56	761.45	603.70	956.55	245.85
Grower Refund for Overpayment	542,585.35	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Distribution to Growers	410,000.04	-	410,000.04	-	-	-	-	-	-	-	-	52,300.33	65,475.75	-	108,495.34	117,819.51	166,593.62	31,900.80
Pre-appointment Insurance Claim refund	272,017.05	-	-	-	-	-	-	272,017.05	-	-	-	-	-	-	-	-	-	-
Hire of Meeting Room	3,772.11	-	152.87	152.87	152.87	152.87	152.87	152.87	152.87	152.87	152.87	-	-	-	-	-	-	-
Insurance	1,505,525.47	-	10,644.71	12,023.17	11,693.44	19,654.20	39,226.54	416,641.10	73,042.31	44,521.93	18,080.06	37,356.44	69,512.65	142,551.20	181,253.11	160,068.56	234,346.21	34,911.84
Insurance no GST	1,240.88	-	11.67	13.98	18.82	27.64	71.32	839.26	151.71	96.17	30.31	-	-	-	-	-	-	-
Forestry Maintenance Fee	156,149.00	-	3,091.00	3,355.00	6,050.00	15,565.00	75,618.00	33,264.00	19,206.00	-	-	-	-	-	-	-	-	-
Forestry Management Fee	178,764.45	-	9,939.62	9,939.62	9,939.61	9,939.62	10,196.27	89,498.75	18,811.06	13,166.54	7,333.36	-	-	-	-	-	-	-
External Professional Fees - Forestry Assessment, Accounting & other	67,137.17	-	3,955.15	6,195.67	4,432.14	2,436.38	8,372.53	32,016.73	6,042.08	2,482.13	1,764.86	-	-	-	-	-	-	-
Rent Paid	844,060.69	-	-	-	64,796.76	265,278.69	457,248.96	33,456.22	18,204.04	5,079.02	-	-	-	-	-	-	-	-
Legal Fees paid direct from Managed Investment Schemes	512,280.87	-	24,417.73	10,297.99	9,370.95	10,817.35	18,993.57	195,027.27	29,827.33	12,878.69	10,387.76	7,317.94	14,766.93	31,549.26	37,570.87	32,401.12	59,282.34	7,373.77
Stationery & Printing	36,884.83	-	283.69	351.01	135.40	552.33	1,423.39	21,461.44	1,122.76	1,340.23	478.13	1,153.66	1,597.10	2,305.65	1,438.61	2,369.71	213.38	-
Statutory Advertisement	999.13	-	85.59	85.59	-	-	85.59	85.59	85.59	-	-	-	-	-	-	-	-	-
Custodian Fees	19,800.00	-	2,475.00	2,475.00	2,337.50	2,475.00	2,475.00	2,612.50	2,200.00	825.00	1,925.00	-	-	-	-	-	-	-
Payments from Managed Investment Schemes to General Fund on Account of:																		
- Remuneration	635,587.51	-	320,884.25	29,434.77	-	-	6,500.00	139,384.25	139,384.25	-	-	-	-	-	-	-	-	-
- Disbursements	104,005.74	-	31,794.31	-	2,096.05	1,533.40	5,441.00	34,022.69	31,794.31	2,784.98	-	-	-	-	-	-	-	-
- Internal Rent	948,538.14	-	-	-	1,843.00	-	5,441.00	935,329.14	-	5,925.00	-	-	-	-	-	-	-	-
- Management Fees Owed on Appointment to FEAP	186,635.38	-	32,428.97	6,966.03	-	-	2,428.17	100,026.56	44,785.65	-	-	-	-	-	-	-	-	-
- Payment of Pre Appointment Debtors to General Fund	348,110.24	-	404.30															