



KordaMentha

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Media Release

Court action to recover Timbercorp Finance loans in default

Lawyers acting for Timbercorp Finance liquidators today began court proceedings to recover money from investor growers who have defaulted on their loans from Timbercorp Finance.

The action in the Supreme Court of Victoria follows a number of notices and final demands to remind grower investors of their obligations to meet the terms of their loans irrespective of the Timbercorp companies being placed in voluntary administration in April.

The writs were lodged by Mills Oakley Lawyers who were engaged by KordaMentha to recover the loan book of Timbercorp Finance Pty Ltd, now in liquidation.

Mills Oakley partner Joanne McCauley said writs were lodged today against 20 individuals who owed a total of approximately \$15 million, plus interest and legal costs. The amounts ranged from \$219,000 to \$2.49 million.

She said : “Final demands were served on these individuals in early June, causing the full loan balance to become due and payable. These borrowers had failed to bring their loan repayments up to date as requested by letter on two previous occasions.”

Ms McCauley said further writs were being prepared for service on other borrowers who were in default.

The balance of the Timbercorp Finance loan book when the group went into administration was \$477.8 million and included approximately 14,000 individual loans.

Many of Timbercorp’s 18,000 investor growers obtained finance through Timbercorp Finance to fund their investments and/or pay their annual fees to the managed investment schemes which provided investor growers with tax deductions.

KordaMentha partner and Timbercorp Finance Liquidator Craig Shepard said: “Grower investors who borrowed from Timbercorp Finance have the same obligations to make loan repayments as they would if they had borrowed directly from a bank or other financial institution, irrespective of the performance of the underlying investment.

“The liquidators have a duty to collect the loan book to pay secured creditors and – if there is any residual – unsecured creditors of the Timbercorp group.

“From the first week of the administration in April, investor growers were advised by the Administrators to continue to repay their loans.”

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