



KordaMentha

4 August 2009

Email to Forestry Scheme Grower Investors

Dear Grower Investor

Extension of Disclaimer Period for Forestry Leases

A decision in the Federal Court yesterday provides some time to determine the future of Timbercorp's forestry assets, but a permanent solution needs to be found soon.

A group of forestry landlords had served notices on the Liquidators to decide whether to disclaim the leases. The move by the landlords threatened to throw into doubt the ownership of hundreds of millions of dollars worth of eucalyptus trees.

However, Justice Finkelstein in the Federal Court yesterday extended the disclaimer period until 1 September 2009. The Liquidators are able to apply to court for a further extension.

The decision is welcome, but the general threat remains imminent. Grower Investors could lose their trees or face a difficult fight to keep them unless there is progress soon.

Grower Investors in the forestry schemes have been assumed to have clear ownership of the trees, but some landlords have claimed that their leases allow them to take the trees if the rent is not paid.

At stake are 100,000 hectares of timber plantations in south-west Western Australian and the Green Triangle area of Victoria and South Australia.

A copy of the affidavits of the plaintiffs and defendants are available on the KordaMentha and Timbercorp websites under the section for forestry schemes. The Court Order will be placed on the websites once it is issued.

Grower Meeting to Determine the Future of Forestry Schemes

The issue involving the leases highlights the urgency for Grower Investors and the Liquidators to finalise a strategy this week.

A meeting will be held at Etihad Stadium in Melbourne on Friday 7 August 2009 to give their views on the future of the schemes.

At the meeting, the Liquidators will give an update on the recapitalisation/sale process for the plantations, with bidders having been asked to submit offers by 18 September 2009. The Liquidators have begun a

Corporate Recovery Services
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formal process and have received strong interest among potential buyers in Australia, Asia, North America and Europe. The strongest interest received so far is to buy all the forestry assets outright, including the trees, as a fully integrated forestry business.

We believe the process begun for Grower Investors and other creditors is the best way to generate competition amongst bidders and ensure the best outcome for the investments of Grower Investors.

Information relating to the meeting has been sent to Grower Investors by post and email and is available for download via the KordaMentha and Timbercorp websites (www.kordamentha.com and www.timbercorp.com.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Mentha', followed by a long horizontal flourish line.

MARK MENTHA
Liquidator