

# Kangara Rights Proceeding

## Frequently Asked Questions

for Growers in the 2004 Timbercorp Citrus Project ARSN 108 887 538 and 2005 Timbercorp Citrus Project ARSN 114 091 299 (together, the Citrus Projects and each, a Citrus Project)

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### SECTION A: CONTACT DETAILS AND GENERAL INFORMATION

- 1 Where can I download copies of relevant forms and documents mentioned in these FAQs and receive further updates from time to time?**

Please visit any of the following websites:

[www.mk.com.au](http://www.mk.com.au)

[www.kordamentha.com/creditor-information/Australia/51/06](http://www.kordamentha.com/creditor-information/Australia/51/06)

[www.kordamentha.com/creditor-information/Australia/51/15](http://www.kordamentha.com/creditor-information/Australia/51/15)

[www.abl.com.au/timbercorp/timbercorp.htm](http://www.abl.com.au/timbercorp/timbercorp.htm)

- 2 What is the telephone number of the Timbercorp investor hotline and email address for general enquiries?**

- The Timbercorp investor hotline number is on **(03) 8615 1200**.
- The Timbercorp investor email for general enquiries is [investorqueries@timbercorp.com.au](mailto:investorqueries@timbercorp.com.au).

## SECTION B: YOUR ENTITLEMENT UNDER THE COMPROMISE AND HOW TO RECEIVE OR APPLY YOUR ENTITLEMENT

### 3 What's my entitlement under the Compromise?

Under the Compromise (detailed in section D at question 20), the Growers are entitled to **\$271.98 per lot** held by them as at 2 June 2011 (being the date on which Growers' rights in the Citrus Projects were extinguished).

If you do not know which Project(s) you are in or the number of lots you hold in each Project, please call the Timbercorp investor hotline or send an email to the address provided in question 2.

### 4 When am I going to receive my entitlement under the Compromise?

The Compromise (and the Bella Vista Compromise which relates to the Timbercorp Table Grape Projects) must be approved by the Supreme Court of Victoria before any payments are made. You will be notified if Court Approval is received and, if so, of the expected date of payment. The date of any Court Approval and payment is expected to be after May 2014.

### 5 Will I be entitled to receive payment under the Compromise?

This will depend on whether you have any moneys owing to Timbercorp Finance Pty Ltd (in liquidation) (**Timbercorp Finance**) and/or Timbercorp Securities Limited (in liquidation) (**TSL**) in respect of the Timbercorp Citrus Projects.

- If you do **not** have any moneys owing to Timbercorp Finance or TSL in relation to the Citrus Projects, your entitlement will be paid as soon as possible after Court approval is received.
- If you do **not** have any moneys owing to Timbercorp Finance but you have moneys owing to TSL in relation to the Citrus Projects, you may:
  - direct that your entitlement is paid to TSL to reduce your debt balance; or
  - have your entitlement paid directly to you as soon as possible after Court approval is received.
- If you **have** moneys owing to Timbercorp Finance in relation to the Citrus Projects, you may:
  - direct that your entitlement is paid to Timbercorp Finance to reduce your debt balance, and if your entitlement exceeds the amount you owe to Timbercorp Finance, you can direct that the excess:
    - be used to pay any amounts you owe to TSL or to pay other loans you have with Timbercorp Finance; or
    - be paid to you directly; or
  - do nothing, in which case your entitlement will be held in trust in an interest-bearing account pending a legal determination in relation to the competing claims of Growers and Timbercorp Finance to that entitlement.

If you do not know whether you owe money to TSL or Timbercorp Finance (and if so, how much), please call the Timbercorp investor hotline or send an email to the address provided in question 2.

**6 If I DO NOT OWE money to Timbercorp Finance or TSL in connection with the Timbercorp Citrus Projects, what do I do?**

Payments to Growers who do not have any loans owing to Timbercorp Finance or any amounts owing to TSL in relation to the Citrus Projects will be made by direct deposit into the bank account nominated by the Grower. Payments will only be made by direct deposit and will not be made by cheque.

If you have not previously provided TSL with a completed direct credit authorisation, you will need to nominate a bank account to receive your payment. You will need to complete a Bank Account Nomination Form.

If you have previously provided TSL with a completed direct credit authorisation nominating a bank account, any payment to you will be made by direct deposit to that bank account, unless you nominate a different bank account now.

You can obtain the Bank Account Nomination Form from any of the websites in question 1 or call the Timbercorp investor hotline or send an email to the address provided in question 2.

**7 If I DO OWE money to TSL but NOT Timbercorp Finance in connection with the Timbercorp Citrus Projects, what do I do?**

If you elect to direct that your entitlement is paid to TSL to reduce your debt balance, you will need to complete a Citrus Direction to Pay Form specifically relating to the Compromise to do this, even if you have previously provided Timbercorp Finance or TSL with a direction to pay in relation to other distributions.

If you elect to have your entitlement paid to you directly, you will need to either:

- complete a Bank Account Nomination Form, if you have not previously provided TSL with a completed direct credit authorisation or wish to nominate a different bank account; or
- do nothing further, if you have previously provided TSL with a completed direct credit authorisation and wish to receive your entitlement in the same bank account.

If you do not use your entitlement to pay TSL using a Citrus Direction to Pay Form, you will remain liable to pay the amounts owing (plus applicable interest) to TSL.

You can obtain the Citrus Direction to Pay Form and Bank Account Nomination Form from any of the websites in question 1 or call the Timbercorp investor hotline or send an email to the address provided in question 2.

**8 If I DO OWE money to Timbercorp Finance in connection with the Timbercorp Citrus Projects, what do I do?**

If you elect to direct that your entitlement is paid to Timbercorp Finance to reduce your debt balance, you will need to complete a Citrus Direction to Pay Form specifically relating to the Compromise to do this, even if you have previously provided Timbercorp Finance or TSL with a direction to pay in relation to other

distributions.

If you have executed a Citrus Direction to Pay Form and your entitlement exceeds the amount you owe to Timbercorp Finance in relation to the Citrus Projects, unless you have directed that the excess be used to pay amounts owing by you to TSL or to pay other loans you have with Timbercorp Finance, the excess will be paid by direct deposit into the bank account nominated by you using the Bank Account Nomination Form.

If you do not execute a Citrus Direction to Pay Form directing that your entitlement be paid to Timbercorp Finance to reduce the debt balance owing for loans you have owing to Timbercorp Finance in relation to the Citrus Projects, your entitlement will be held in trust, in an interest-bearing account, pending a legal determination in relation to the competing claims of Growers and Timbercorp Finance to the entitlement. Further, if you do not use your entitlement to pay Timbercorp Finance or TSL, you will remain liable to pay the amounts owing (plus applicable interest) to them.

You can obtain the Citrus Direction to Pay Form and Bank Account Nomination Form from any of the websites in question 1 or call the Timbercorp investor hotline or send an email to the address provided in question 2.

**9 Do I need to sign any other documents in relation to the Compromise?**

If the Compromise and the Bella Vesta Compromise are approved by the Supreme Court, they will be binding on each Grower, even though the Grower did not sign the deed of compromise. As such, you will only need to sign the forms specified in these Frequently Asked Questions.

## SECTION C: THE EFFECT OF PAYMENTS UNDER THE COMPROMISE ON AMOUNTS YOU OWE TO TSL AND/OR TIMBERCORP FINANCE

### 10 What happens if my entitlement does not pay Timbercorp Finance / TSL in full?

If you direct that your entitlement be used to pay Timbercorp Finance or TSL but your entitlement is not sufficient to pay the full amount you owe to Timbercorp Finance or TSL, you will remain liable to pay the balance owing (plus applicable interest) to them.

### 11 If I sign a Citrus Direction to Pay form, can I still dispute that Timbercorp Finance / TSL were entitled to be paid?

Yes, signing the Citrus Direction to Pay Form and the use of your entitlement to pay Timbercorp Finance or TSL does not affect your right to dispute that Timbercorp Finance or TSL were entitled to be paid.

### 12 I have previously completed a direct credit authorisation. Do I need to nominate another bank account?

If you have previously provided TSL with a completed direct credit authorisation nominating a bank account, any payment to you will be made by direct deposit to that bank account, unless you nominate a different bank account now using the Bank Account Nomination Form, which you can obtain from any of the websites in question 1 or by calling the Timbercorp investor hotline or send an email to the address provided in question 2.

### 13 Once I have nominated a bank account, will it be used for other payments to me (if any) in the future?

Yes, once you nominate a bank account, any future payment to be made to you by TSL will be made by direct deposit to that nominated bank account, unless you nominate a different bank account to TSL.

### 14 If I am a Grower in more than one Timbercorp Project and I want to use my entitlements from all of my Projects to pay Timbercorp Finance / TSL, do I need to sign a direction to pay form for each Project?

There is a separate direction to pay form for Timbercorp Citrus and Table Grape Projects.

If you are a Grower in **only** Citrus Projects, you only need to sign one Citrus Direction to Pay Form, even if you are a Grower in both the 2004 and 2005 Citrus Projects.

If you are a Grower in **only** Table Grape Projects, you only need to sign one Table Grape Direction to Pay Form, even if you are a Grower in both the 2004 and 2005 Table Grape Projects.

If you are a Grower in **both** Citrus Projects and Table Grape Projects, you will have to sign a Citrus Direction to Pay Form for the Citrus Projects and a separate Table Grape Direction to Pay Form for the Table Grape Projects.

You can obtain these forms from any of the websites in question 1 or by calling the Timbercorp investor hotline or send an email to the address provided in question 2.

## **SECTION D: THE KANGARA RIGHTS PROCEEDING, THE DEED OF COMPROMISE AND QUESTIONS ABOUT THE LEGAL PROCESS**

### **15 What is the Kangara Rights Proceeding and how does it relate to me?**

The Kangara Rights Proceeding is a legal proceeding which is currently in the Supreme Court of Victoria. The purpose of the proceeding is to determine who is entitled to the net proceeds of sale of the land and other assets which were used in the 2004 and 2005 Timbercorp Citrus Projects. The parties who are claiming an entitlement to the proceeds are:

- The Trust Company (Nominees) Ltd (**The Trust Company**), being the secured lender with respect to the Timbercorp Citrus Projects and holding its security interests for the benefit of holders of debentures issued by Align Funds Management Limited (formerly Orchard Investments Management Limited) in its capacity as the responsible entity for the Timbercorp Orchard Trust (Receiver and Manager Appointed) pursuant to the Timbercorp Orchard Trust Debenture Trust Deed; and
- the Growers in the 2004 and 2005 Timbercorp Citrus Projects.

If the Compromise is approved by the Supreme Court and the Bella Vista Compromise is also approved, the Kangara Rights Proceeding will not continue and the net sale proceeds will be shared in accordance with the Compromise. Growers will lose the right to argue for a different share of the net sale proceeds.

### **16 Who are the Representative Growers and what is their role?**

The Representative Growers are representing all Growers in the Kangara Rights Proceeding. There is a Representative Grower for each of the relevant Timbercorp Citrus Projects. If the Compromise is not approved and the Kangara Rights Proceeding continues, the Representative Growers and their lawyers will appear in Court and try to prove that the Growers are entitled to a share of the net sale proceeds. It is unlikely that the proceeding would be heard and determined by the Court before early 2015. The names of the Representative Growers are set out in the First Notice to Growers.

### **17 How were the Representative Growers chosen?**

In relation to the 2004 Timbercorp Citrus Project, the Timbercorp Growers Group was asked to nominate a Grower willing to act as the Representative Grower in the Kangara Rights Proceeding in respect of that project.

In relation to the 2005 Timbercorp Citrus Project, The Trust Company and the Timbercorp Growers Group considered that it would be desirable to nominate Representative Growers who were previously appointed as representative growers in respect of the Solara Rights Proceeding, an earlier proceeding similar to the Kangara Rights Proceeding as they would have familiarity with these relevant issues, create consistency between the proceedings and create likely cost and time efficiencies.

Another Grower also sought to be appointed in respect of both Timbercorp Citrus Projects, and the Supreme Court of Victoria ultimately decided which of the Growers would be appointed as the Representative Growers.

A detailed summary of the previously resolved Timbercorp Rights Proceedings and the names of the appointed Representative Growers are set out in the First Notice to Growers.

**18 Which lawyers are acting for Growers?**

Macpherson + Kelley Lawyers and barristers appointed by them. The legal costs and disbursements of the Representative Growers will be paid on an indemnity basis by the Receiver from the net sale proceeds of the Fund, subject to a bill of costs on an indemnity basis to be prepared and certified by an appropriately qualified costs consultant agreed by the parties. These fees and costs will not be deducted from the sale proceeds of amounts payable to Growers.

**19 Why have the Representative Growers agreed to the Compromise?**

The Representative Growers have obtained legal advice in relation to the Compromise and have considered it and other matters such as the delays and uncertainty if it is necessary to proceed with a contested trial in the Supreme Court to decide who is entitled to the net sale proceeds. The lawyers and barristers who gave the legal advice took into account (among other things) the decision in the Almond Land apportionment proceeding and the appeal of that decision (see question 36 for further details about the proceeding and the appeal). On the basis of the legal advice, the certainty of the payments to be made under the Compromise once approved by the Supreme Court and the cost and delay before the Kangara Rights Proceeding would be finally heard and determined by the Supreme Court, the Representative Growers consider that the Compromise is for the benefit of the Growers in the Citrus Projects.

**20 Can I have a copy of the advice given to the Representative Growers?**

A copy of the advice will be provided free of charge to any Grower who writes to Macpherson + Kelley Lawyers requesting a copy of the advice, or any lawyer for a Grower who writes to Macpherson + Kelley Lawyers requesting the advice on behalf of any identified Grower, provided that the Grower or lawyer requesting the copy of the advice provides Macpherson + Kelley Lawyers with a signed document acknowledging the common interest privilege and undertaking to treat the advice as strictly confidential. Written requests should be addressed to Macpherson + Kelley Lawyers and emailed to [investorqueries@timbercorp.com.au](mailto:investorqueries@timbercorp.com.au).

**21 What is the Compromise reached by the parties to the Kangara Rights Proceeding?**

Under the terms of the Compromise:

- (a) \$1,043,321.00 (approximately 5% of the gross sale proceeds of the Kangara Assets) will be paid by the Receiver to TSL (**Kangara Settlement Amount**) to be held in trust for Growers for distribution to, or on behalf of, Growers in accordance with their entitlements.
- (b) The amount set aside for Growers will be divided between Growers on a pro-rated basis according to the number of lots held by each such Grower on 2 June 2011 (being the date on which Growers' rights in the Citrus Projects were extinguished). The amount payable per lot will be \$271.98. This amount will be in full and final settlement of the Growers' claim to any part of the Fund.

- (c) Each party to the Compromise will release all other parties from any further claim in relation to their entitlement to the Fund or the allocation and disbursement of the Fund. The Representative Growers provide and receive these releases on behalf of the Growers.
- (d) The proceeding will be dismissed with the legal costs and disbursements of the Trust Company and the Representative Growers being paid on an indemnity basis by the Receiver from the net sale proceeds of the Fund, subject to a bill of costs on an indemnity basis to be prepared and certified by an appropriately qualified costs consultant agreed by the parties.

**22 How was the figure of \$1,043,321.00 reached?**

The amount was reached by agreement between The Trust Company and the Representative Growers.

**23 Can I have a copy of the Compromise Deed?**

The Compromise Deed is available online at any of the websites and contact details set out at questions 1 and 2.

**24 What conditions have to be satisfied in order for the Compromise to proceed?**

The Supreme Court must approve the Compromise and the Bella Vista Compromise reached in relation to the Timbercorp Table Grape Projects by 30 June 2014 or such later date as is agreed. The Supreme Court may approve the Compromise if it is satisfied that the Compromise is for the benefit of Growers.

**25 What are the other compromises that require approval?**

A similar compromise has been reached in relation to the Timbercorp Table Grape Projects, which was also a proceeding commenced to determine who is entitled to the net proceeds from the sales of assets used in the Timbercorp Table Grape Projects. The Bella Vista Compromise is also subject to Court approval and the proceeding is Supreme Court of Victoria Proceeding No. S CI 2013 01477.

**26 When will the Supreme Court of Victoria decide whether to approve the Compromise?**

A date for the hearing has not yet been set, although the parties expect it will occur sometime during April 2014. Once the date of the hearing has been determined, it will be posted on all of the websites set out at question 1.

It is expected that if the approval application is heard in April 2014, that the Court will decide whether to approve the Compromise and the similar compromise in relation to the Timbercorp Table Grape Projects before 30 June 2014.

**27 What happens if the Supreme Court of Victoria does not approve the Compromise?**

If the Supreme Court does not approve the Compromise (or the Bella Vista Compromise), the Kangara Rights Proceeding will continue. The Supreme Court will determine who is entitled to the net sale proceeds. The proceeds will remain in trust in an interest-bearing account until the Supreme Court decides. It is unlikely that the Kangara Rights Proceeding would be heard and determined before late 2014 or early



2015.

**28 Are there tax consequences for me as a result of the Compromise?**

There may be tax consequences for you, depending on your individual circumstances. You should ask your own financial or tax adviser.

**29 Can I object to the Compromise?**

Yes. You can object by email to [investorqueries@timbercorp.com.au](mailto:investorqueries@timbercorp.com.au) or by calling the hotline on (03) 8615 1200. If you object to the Compromise, you may also raise your objection at the Supreme Court hearing of the application for approval of the Compromise. Growers may choose to appear in person or have their own lawyers represent them. You should seek your own legal advice if you wish to appear or have your lawyers appear on your behalf.

**30 What happens if a Grower objects to the Compromise?**

All objections received from Growers before 17 March 2014 will be disclosed to the Supreme Court at the hearing of the application for approval of the Compromise. If your objection is received after that time but before the hearing of the application, the Representative Growers will use their best efforts to ensure that it is also disclosed to the Supreme Court. The Supreme Court will consider the objections received from Growers and disclosed to it when determining whether the Compromise is for the benefit of Growers.

**31 Am I bound by the Compromise?**

If the Compromise is approved by the Supreme Court and the Bella Vista Compromise is also approved, all Growers will be bound by the Compromise. Growers will lose the right to argue for a different share of the net sale proceeds.

**32 Who can I talk to about the Compromise if I have a comment, question or objection?**

You can call the hotline on (03) 8615 1200. If the hotline staff cannot answer your question, they will refer it to Macpherson + Kelley Lawyers, who are acting for the Representative Growers. Someone from Macpherson + Kelley Lawyers will then respond to you.

**33 How much are the Growers in the Timbercorp Table Grape Projects getting?**

It is expected that Growers in the Timbercorp Table Grape Projects will receive a payment of \$93.93 per lot.

**34 Why are some Growers getting more than others?**

Approximately 5% of the gross proceeds of each sale transaction (in relation to the Timbercorp Citrus Projects and the Timbercorp Table Grape Projects) are being set aside for Growers. The sale proceeds differed between the sale transactions depending on how much the relevant buyers were prepared to pay. This varied depending on the location and value of the land, the age of the crop and other factors.

The amount set aside for Growers from each sale transaction is then divided by the number of lots in the relevant Projects.

**35 Where can I get a copy of the governing documents for my Project?**

The governing documents for the Citrus Projects, such as the constitution, licence agreement, head lease and sub-lease are available online at [www.abl.com.au/timbercorp/timbercorp.htm](http://www.abl.com.au/timbercorp/timbercorp.htm).

**36 What happened in the Almond Land apportionment proceeding and its appeal?**

The Almond Land apportionment proceeding was heard by Justice Davies of the Supreme Court of Victoria in 2011. Her Honour determined that the Growers were not entitled to any of the net sale proceeds. Instead, the secured creditors were entitled to all of the net sale proceeds.

The Judgment was appealed by the Representative Growers in Supreme Court of Victoria Court of Appeal Proceeding No. APCI 2011 0103. However, the appeal was not ultimately heard because the parties to that proceeding agreed to a compromise, in substantially the same form as the deed of compromise executed in respect of the Kangara Rights Proceeding, which was approved by the Supreme Court on 12 December 2012 as being in the best interest of growers the subject of that proceeding.

The full background to the Almond Land apportionment proceeding (including its appeal) and the related Timbercorp apportionment proceedings and the compromises reached in those proceedings are detailed in section 1 of the First Notice to Growers.

**For updates, forms, and other documents relating to the Kangara Rights Proceeding and the Compromise, please visit any of the following websites:**

[www.mk.com.au](http://www.mk.com.au)

[www.kordamentha.com/creditor-information/Australia/51/06](http://www.kordamentha.com/creditor-information/Australia/51/06)

[www.kordamentha.com/creditor-information/Australia/51/15](http://www.kordamentha.com/creditor-information/Australia/51/15)

[www.abl.com.au/timbercorp/timbercorp.htm](http://www.abl.com.au/timbercorp/timbercorp.htm)

**For general enquiries, please contact either:**

- the Timbercorp investor hotline number on **(03) 8615 1200**; or
- the email for general enquiries **investorqueries@timbercorp.com.au**.