

GROWERS UPDATE

To FEA & FEAP Growers

From: Brian Silvia & Peter Krejci – Deed Administrators of FEA & FEAP

Date: 8 November 2012

1 INTRODUCTION

On 26 September 2012, Meetings of the Creditors (including Growers) of Forest Enterprises Australia Limited (“FEA”) and FEAP Plantations Limited (“FEAP”) resolved under Section 445F of the Corporations Act to extend the Holding DOCAs for both Companies for 6 months.

The Holdings DOCAs for FEA & FEAP now expire on 31 March 2013.

2 MEDIATION OF LEGAL CLAIMS

The Banks, Receivers and Administrators have agreed to formal Mediation of the legal issues between them occurring in the week beginning 26 November 2012.

The purpose of the Mediation is for all parties to come to a commercial settlement and to avoid the costs and delays of litigation. The Mediation process will be split into several days with all parties to propose how to settle the disputes and share the benefit of the assets. This includes further consideration of the Macquarie proposal.

Once an agreement is reached, it will need Creditor approval.

There is no guarantee that Mediation will end in settlement. However, as all parties are approaching this in good faith, the process provides a good platform for the parties to agree on an outcome without the need to resolve their differences through the Courts.

3 RESTRUCTURING PROPOSAL – MACQUARIE BANK

On 23 October 2012, Macquarie Bank (“Macquarie”) confirmed credit approval to proceed with their restructure proposal, affirming their commitment to completing the restructuring of the FEA Group.

We continue to work with Macquarie as we attempt to restructure the FEA Group and ensure that a positive outcome is achieved that benefits Creditors and Growers of FEA & FEAP.

Macquarie have been told about the Mediation and the litigation fallback position, and have offered to provide assistance in the Mediation. Macquarie have also confirmed that their funding will be available to assist, if required, in a potential Mediation settlement.

4 GROWER CONTRIBUTIONS

There is a continuing need to:

- ▲ Pay external rents for the next 6 months on 1 January 2013;

- ▶ “On-pay” insurance premium contributions resulting from collections from Growers, which must be paid by 30 November 2012 to be covered for FY13; and
- ▶ Continue with the maintenance programs in place.

So that the Administrators can continue negotiations with the Receivers and the Banks, while working with Macquarie on a restructure and defending the Schemes in the current Supreme Court proceedings, it is essential Growers continue to support their Schemes by:

- ▶ Making contributions to cover lease, maintenance and insurance expenses; and
- ▶ Making Voluntary payments to cover legal and administration costs as we work to restructure the FEA Group.

Unless payments are received by our offices within 14 days, you may jeopardise further participation in your Scheme.

You should receive in the post a Statement of amounts invoiced during the Administration period to 31 October 2012. If you do not receive a copy of this, please contact BRI Ferrier to ensure that we have your correct postal details.

5 BRI FERRIER KEY CONTACTS

Should you have any queries about the Administration, please do not hesitate to:

- ▶ Visit the Current Matters Section of the BRI Ferrier Website, www.briferrier.com.au;
- ▶ Email fea@briferriernsw.com.au; or
- ▶ Call Mr Matthew Jacobs or Mr Ronnie Staub of the Administrators office on 02 8263 2300.

Yours faithfully



Philip Armstrong on behalf of

BRIAN SILVIA and PETER KREJCI
Deed Administrators