

Annual and Final Report to Growers for  
FEA Plantations Project 2008  
(2008 Project)  
ARSN129 750 296

FEA Plantations Limited As  
Responsible Entity  
(Subject to Deed of Company Arrangement)

10 August 2020

Brian Silvia  
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Joint and Several Deed Administrators

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**BRI Ferrier**

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## 1 EXECUTIVE SUMMARY

The purpose of this Annual and Final Report is to provide Growers in Project 2008 ('the Project') with a summary of the Project's limited operation since the appointment of Peter Krejci and I on 14 April 2010 as the Joint and Several Administrators of FEA Plantations Limited (Subject to Deed of Company Arrangement) ("FEAP"), the Responsible Entity of the Project.

As a consequence of that appointment, the Project was exposed to negative cash flow with no ability to raise the necessary funding to attend to the maintenance of the newly planted trees and the lease payments due to third party landlords. Understandably, Growers were unwilling to make voluntary payments to continue to support the Project.

Pursuant to Section 601NC of the Corporations Act 2001, the Responsible Entity may wind up the Project if it considers the Project's purpose as contemplated in the PDS dated 19 March 2008 has been accomplished or cannot be achieved.

As Growers are aware, Court approval was granted on 28 November 2013 to wind up this Project along with other Projects for years 2002 to 2009.

Therefore the Project has been wound up as its intended purpose could not be achieved for the reasons further expanded upon in this Report.

Growers were notified of the position of their individual account contributions by letters dated 3 September 2015.

In terms of the FEA and FEAP Further Varied Deeds of Company Arrangements ("Further Varied DOCAs"), Growers in the 2002 to 2009 Schemes were entitled to participate for a return of their Voluntary Contributions from the Pool B Fund created as part of the FEA Deed of Company Arrangement ("FEA DOCA").

Growers may recall the composition of the Pool B Fund was to come from the following:

- All freehold trees in the 1995 to 2001 Schemes that were owned by FEA and not allocated to Growers;
- A share of the contribution from the Timberlands Trust Fund;
- Any proceeds recovered by the Deed Administrators from the sale of the FEA Corporate shell;
- Amounts reimbursed by the 1995 to 2001 Schemes (after receipt of a share of sale proceeds from the FEA internal estate) in respect of costs incurred for the common benefit of all Schemes between 14 April 2010 and the operative date of the wind up of the 2002 to 2008 Schemes, being 28 November 2013 and;
- Amounts recovered from remaining assets of FEAP, including some outstanding Grower Contributions.

Importantly, the payment of a distribution from the Pool B Fund was always dependent on the receipt of part of the sale proceeds of the FEA internal land and trees that was managed and controlled by the Receivers, appointed by the secured creditors, the Banks.

Given the disappointingly low sale price achieved for the FEA internal estate (which also included the land and trees in the Timberland Trust), as addressed extensively in our Report to Growers and Creditors dated 20 March 2015, meant that there was insufficient funds available for allocation to Pool B to allow for the repayment of Voluntary Contributions in full.

Unfortunately, no value was realised from the FEA Corporate “shell” as there was no longer an ability to transfer the control of FEA to another party in consideration of a material payment in order to access or attempt to access tax losses or imputation credits within the corporate entity.

On 19 May 2017, a distribution was sent to those Growers whose voluntary contributions received by the Deed Administrators since 14 April 2010 were deemed eligible to participate in a return.

All available assets that were to comprise the Pool B Fund have been realised thereby allowing the distribution to those Growers who made voluntary contributions to the Project.

### **1.1 Post appointment Receipts and Payments**

Please find the attached a summary of Receipts and Payments for the Project for the period 14 April 2010 to 30 June 2020 – Annexure A

All the Voluntary Administrators and Deed Administrators remuneration referred to in this Report has been considered and approved by either the Committee of Creditors or the Committee of Inspection during the course of the Administration.

## **2 Background and Observations on the Administration**

The Project 2008 involved properties of approximately 17,250 hectares. Of these, properties comprising 6,443.71 hectares were owned by FEA and Tasmanian Plantations (the ‘Internal Land’) and properties comprising 10,806.44 hectares were leased from external landlords (the ‘External Land’).

The plantations were located in Tasmania and New South Wales and sub-divided into 34,399 woodlots.

Following our appointment as Administrators of FEAP on 14 April 2010, the Banks as secured creditors over the assets of Forest Enterprises Australia Limited (“FEA”) on 3 June 2010 appointed representatives from the firm Deloitte as Receivers to FEAP. Our role as FEAP’s Administrators has been to look after the interest of the creditors of FEAP, where the majority of creditors are Growers.

Since our appointment in April 2010, we have developed and executed various strategies in an attempt to maximise the return to Growers in the Project. The Administrators assessed a number of approaches from consortiums backed by international funds to acquire the Bank’s interest in FEA and restructure the Project. Unfortunately, however, no viable proposal was capable of execution. In addition there were no parties willing to assume the role as a replacement responsible entity of the Project.

As structured at the time of our appointment, the Project did not have the funds to meet its future commitments. While Growers did make an initial payment to acquire their investment in the Project

there was no obligation for Growers to make contributions to meet future costs being predominately plantations maintenance expenses and rental payments to third party Landlords. FEAP was expected to meet these costs of the Project through until harvest was completed in approximately 13-15 years. FEAP was then to recoup the costs incurred over this period from the harvest proceeds.

During our appointment both as Administrators and Deed Administrators, we have responded to a number of litigation proceedings commenced by the Receivers in the Federal Court with the intention of protecting Growers' interests in the Project. The Administrators' defence of the Receivers' initiated proceedings to terminate lease agreements between FEA and FEAP were to prove costly from the Project's perspective. From the outset, the Administrators considered the proceedings unnecessary and based upon a misunderstanding both of the facts and the law relating to the assets and liabilities of the Project. At the heart of the dispute was the terms upon which FEAP was entitled to use and occupy the Plantation land upon which the 2008 Growers trees were planted. The Receivers commenced proceedings in the Supreme Court against FEAP on 30 September 2011 declaring that the lease of the land owned by FEA (internal Land) in use by the 2008 Project and any sub-leases or interests in the land granted to Growers was at an end. FEAP's defence of these claims consumed considerable time and funds.

At the same time as pursuing the legal actions negotiations continued with parties who were seeking to restructure FEA and the Schemes. The uncertainty surrounding the security of title as a result of the Receivers' actions was to prove one of a number of barriers to achieving a restructure of this Project.

The litigation came to represent an attempt by the Receivers to terminate the leases through forfeiture on the one hand and the challenge for relief against forfeiture, by the Deed Administrators on behalf of the Scheme Growers on the other.

The Deed Administrators failed to have special leave granted to appeal to the High Court, the adverse ruling by the Supreme Court on the forfeiture of lease proceedings.

On 26 November 2012, a mediation of the disputes between FEAP and the Receivers representing the secured creditors, the Banks, commenced. The mediation extended over many months.

As a result of these negotiations, the Receivers and the Deed Administrators agreed to comprise the disputes. At a meeting of Creditors on 28 June 2013, it was resolved to vary the Deed of Company Arrangement in that the 2008 Project would be wound up and that Growers in the 2008 Project would become beneficiaries of a Fund (Pool B) under the compromised and restructure deed (Implementation Deed – signed 5 September 2013)

### **3 Deed Administrators' Determination of your Grower Contributions for Distribution Purposes- Pool B**

During September 2015, the Deed Administrators communicated with all Growers in the 2008 Project, including providing a detailed schedule of the contributions received since 14 April 2010 for each Grower's account.

As you will recall from the FEA and FEAP 445F Report to Creditors dated 21 October 2013, the Deed Administrators assessed the 2002 to 2008 Schemes ("the Schemes") were not viable to continue. The

Federal Court determined to wind up the Schemes on 28 November 2013. Pursuant to the FEA and FEAP Further Varied Deeds of Company Arrangements ("Further Varied DOCAs"), Growers in the 2002 to 2009 Schemes were entitled to participate for a return on their Voluntary Contributions in the Pool B Fund created, as part of the FEA Deed of Company Arrangement ("FEA DOCA").

As mentioned earlier in this Report, a distribution has been sent to those Growers whose voluntary contributions received by the Deed Administrators since 14 April 2010 were deemed eligible to participate in a return.

We are aware that a number of payments to qualifying Growers were unrepresented through the bank account after an extended time post the payment date of 19 May 2017.

These funds were transferred to Australian Securities and Investment Commission (ASIC) as unclaimed monies. Growers may wish to check directly by following the link:

<https://www.moneySMART.gov.au/tools-and-resources/find-unclaimed-money>

#### 4 Winding up the Project

In accordance with the Order of the Federal Court dated 28 November 2013, FEAP intends to proceed to wind up the Project.

As at 30 June 2020 the Project reveals a nil cash balance. Accordingly there will be no distribution to Growers out of the Project.

As notice of completion of the wind up will now be lodged with Australian Securities and Investment Commission (ASIC). Upon the giving of that notice, ASIC will de-register the Scheme.

Yours faithfully

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



BRIAN SILVIA

Joint and Several Deed Administrator

**FEA Plantations Limited (Subject to Deed of Company Arrangement)**  
**FEA Plantations Project 2008**  
**Summary Receipts and Payments (inclusive of GST)**  
**for the period 14 April 2010 to 30 June 2020**

R&P  
for the period  
14/4/2010 to  
30/06/2020

**Receipts to 30 June 2020**

**VA - 14 April 2010 to 14 December 2010**

Bank interest	27.74
Unallocated Grower Receipts	38,805.53

<b>Total Receipts During Administration Period</b>	<b>\$ 38,833.27</b>
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**DOCA - 14 December 2010 to 30 June 2020**

Bank interest	37,314.92
Entitlement to Pool B Fund	30,524.94
Grower Receipts	2,120,580.66
Pre-appointment Debtors	15,106.65
Recovery of Relief Against Forfeiture Expenses	387,286.25
Timberlands Unit Holdings Proceeds	18,758.23
General Fund contribution for scheme expenses	1,204.71

<b>Total Receipts During Deed Administration Period</b>	<b>\$ 2,610,776.36</b>
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<b>Total Receipts As At 30 June 2020</b>	<b>\$ 2,649,609.63</b>
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**Payments to 30 June 2020**

**VA - 14 April 2010 to 14 December 2010**

Bank charges	32.81
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<b>Total Payments During Administration Period</b>	<b>\$ 32.81</b>
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**DOCA - 14 December 2010 to 30 June 2020**

Administrators Remuneration	362,024.06
Bank charges	8,538.33
Contribution to Pool B Fund	1,553.29
Custodian Fees	13,713.83
Deed Administrators Remuneration	982,563.87
Deed Administrators Disbursements	191,601.94
Forestry Insurance and Maintenance	268,309.47
GST Paid	36,123.37
Legal fees	341,226.83
Meeting Room Costs	820.54
Other Government Charges	229.45
Printing and Postage	25,678.00
Professional Costs	9,217.65
Statutory Advertisement	75.95
Subcontractor	1,293.48

<b>Total Payments During Deed Administration Period</b>	<b>\$ 2,242,970.07</b>
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<u>Growers Final Contribution Refund</u> - Partial Distribution	406,606.75
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<b>Total Grower Contributions Refunded</b>	<b>\$ 406,606.75</b>
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<b>Total Payments As At 30 June 2020</b>	<b>\$ 2,649,609.63</b>
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<b>Current Cash Balance</b>	<b>Nil</b>
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