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Media Release

Australian Bluegum Plantations Pty Ltd Acquires Timbercorp Forestry Assets

An international forestry investment fund advised by Global Forest Partners (GFP) has signed a contract to buy the Timbercorp forestry assets. The business will trade under the name Australian Bluegum Plantations Pty Ltd (ABP). GFP is a leading international plantation forestry investment manager based in New Hampshire, USA.

Mark Korda and Leanne Chesser, liquidators of the Timbercorp group of companies, announced today that they had signed a sale and purchase deed with ABP to sell the forestry assets as a going concern for approximately \$345 million.

Mr Korda said: "This is a good outcome for investor growers, creditors, staff, customers, landlords, local communities and the Australian timber industry. The business will be in the hands of first-rate, experienced plantation forestry managers who are committed to long-term excellence."

Funds managed by GFP already own more than 40,000 hectares of pine plantations in southern NSW and the Green Triangle region. GFP began investing in Australia 10 years ago and the total value of its global plantation assets exceeds \$2500 million.

GFP's Director of Asia Pacific Investments, Mr Michael Edgar, said ABP's immediate priorities would be to implement fire protection plans, resume cultivation and maintenance programs and reactivate sales strategies. "All existing staff will be invited to stay and the business will be managed locally," Mr Edgar said.

Mr Korda said he was delighted with the sale process, which attracted dozens of expressions of interest from Australia and overseas. There were seven bidders when the deadline expired on 18 September. Bidders were asked to make an overall bid and include a value for the plantations. The plantations proceeds would go to most of the 10,500 investor growers involved in the management investment schemes (MIS) which underpinned the forestry business.

Mr Korda said the \$345 million ABP bid included up to \$198 million for investor growers. Mr Korda said the liquidators would contact investor growers soon about the process for reconciliations and payments for individual growers.

The assets under the sale agreement include 92,000 hectares of plantations, 39,000 hectares of freehold land, leasehold rights to 53,000 hectares and the business infrastructure. The plantations are in Western Australia and the Green Triangle region of Victoria and South Australia.

Mr Edgar said: "We are delighted to add these first-rate Australian assets to our portfolio. Under ABP's much simpler ownership structure with no MIS, the business has a sound foundation to grow and develop. Through this transaction, the various parts of the business are brought together into a single ownership. This means all the trees, land and management activities will be unified. This significantly simplifies the business while improving responsiveness and flexibility. It will provide a sound platform for supply certainty and the increasing of harvest volumes of high quality Eucalyptus Globulus for customers, consistent with the sustainable production capacity of the estate. "

Mr Edgar said the investment capital for the purchase was from global superannuation funds (including Australian) charitable foundations and other long-term institutional investors.

The Chief Executive Officer of GFP, Mr Peter Mertz, said: “We regard Australia as an excellent business and investment geography and an important component of a diversified international plantation forestry investment strategy.”

The sale agreement was signed this afternoon following approval of the arrangements by Justice Pagone in the Supreme Court of Victoria. KordaMentha made an application for the court’s approval because it involved the termination of grower sub-leases and other complex matters.

The sale arrangement was supported in court by KordaMentha, representatives of the growers and the CBA.

The Timbercorp group of companies was placed in voluntary administration on April 23 in heavy debt after being hurt by the global financial crisis, a decline in global asset values, drought and declining demand for investment in the horticulture schemes. The group was subsequently placed in liquidation.

The almond assets in Victoria were sold to the Singapore-based Olam group for \$128 million earlier this month.

Mr Korda said the Timbercorp administration and liquidation was one of the most complex in Australian corporate history because of the various economic interests including landlords, investor growers, banks, farm management companies, suppliers and water rights.

“The forestry business was a little simpler than the horticulture businesses and it will be even simpler under the new ownership. It is a good outcome for everyone,”

KordaMentha and ABP plan to finalise sale arrangements by November.

Global Forest Partners LP is an SEC-registered investment adviser, specializing in the structuring and management of sustainable forestry investments. Founded in 1982, the firm is recognized as a leader in forestry investing and for its unique global perspective and experience. GFP, which is headquartered in New Hampshire, USA, currently manages a portfolio of closed-end commingled timber funds and separate accounts on behalf of institutional clients and other qualified investors with a value in excess of AUD 2.5 billion. Additional information about GFP can be found at www.gfplp.com.

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