

NOTICE TO GROWERS IN 2004 -2008 PROJECTS

Dear Grower,

Our last communication was to advise you that the Grower meetings set down for Friday 24 January 2020 had been cancelled due to the catastrophic fires which have either wholly destroyed or damaged a large number of forestry plantations in NSW and Victoria.

Assessment of destruction of plantations

We are sad to advise that the impact of the fires on each Project is currently as follows:

Name of Project	% of Project Destroyed	Plantations Not Destroyed	Size of remaining Plantation (Ha)
2004 Wholesale	100%	Nil	N/A
2004 Retail	85%	Dr Vances	92.2
2005	68%	Porters Retreat	166.3
		Parkers	193.2
2006	100%	Nil	N/A
31 March 2007	100%	Nil	N/A
2007	50%	Tinonee	293.8
2008	81%	Press	41.8

Salvage of timber

There is unlikely to be any salvage value for your destroyed trees as local mills cannot process the volume of burnt timber from their major suppliers (such as Forestry Corporation of NSW, Hancock Victorian Plantations and Hume Forests) let alone other plantation owners who operate on a smaller scale. Visy Pulp & Paper and Hyne Timber have already confirmed that they cannot salvage burnt timber from the AgriWealth plantations.

Insurance

We accompanied the insurance assessors in visiting the plantations over the Australia Day long weekend and are awaiting their formal report together with any further inquiries.

Rehabilitation

We now need to commence rehabilitation of the Forestry Right Land. Pursuant to clause 7.1 of the Forestry Management Agreement (FMA), you as Grower must meet the costs associated with rehabilitation of the Forestry Right Land. When trees are destroyed by fire that does not mean that they are reduced to an ash component. They generally remain standing and the residue has to be removed and either burned or chipped in order to rehabilitate the land.

Call for funds

Without any revenue from salvage, the fact that a number of Growers are uninsured and the uncertainty of knowing exactly when the insurance claims will be processed and paid there will be a call for funds to finance the rehabilitation process. We are presently obtaining quotations to have this work undertaken and we will be issuing you an invoice for your proportional share based on the number of timberlots you hold as a percentage of the total timberlots in your project.

Post rehabilitation

Once the Forestry Right Land has been rehabilitated we will undertake a sale process of that land through an open market tender process. Upon completion of sales the net sale proceeds will be distributed to unit holders in the relevant land trust.

Plantations not destroyed

Where a project has a plantation(s) that has not been destroyed we intend to continue the project in relation to such plantations.

We will keep you informed by posting any further relevant information in respect of your Project on our website at www.agriwealth.com.au

Yours sincerely,

Wayne C Jones
Director
10 February 2020