

TENDER DOCUMENT - 5 September 2019

**For softwood plantations in NSW and Victoria under MIS
from AgriWealth Capital Limited**

Head Office

Suite 4, 7 Parraween Street, Cremorne NSW 2090

(PO Box 718 Neutral Bay NSW 2089)



2004 PROJECT (DR VANCE - 2005 AGE CLASS) JULY 2019 RECENTLY THINNED

General:

The plantations comprising approximately 2,847 hectares of *Pinus radiata* (net stocked) of ages 10 to 14 years and freehold land titles, are available for sale through AgriWealth Capital Limited (ACL). All plantations were established by Forestry Corporation of NSW (FCNSW) and are currently managed by FCNSW under 26 Year term forestry management agreements for investors under management investment schemes. Most of the plantations are in NSW while one property is in NE Victoria. There are 6 separate Projects over 23 properties.

Sale of the plantations is subject to acceptance by a simple majority (50%) of those investors present at a meeting for each Project.

The Projects:

- | | |
|-----------------------------------|--|
| 1. 2004 Project
of 2012 AC) | 846.1 ha NSA 2005 AC (includes 0.5 ha of 2006 AC and 8.7 ha |
| 2. 2005 Project
ha of 2008 AC) | 1,148.68 ha NSA 2006 AC (includes 3.1 ha of 2005 AC and 6.38 |
| 3. 2006 Project | 36.5 ha NSA 2007 AC |
| 4. March 2007 Project | 21.5 ha NSA 2007 AC |
| 5. 2007 Project | 578.5 ha NSA 2008 AC |
| 6. 2008 Project | 215.7 ha NSA 2009 AC (includes 5.5 ha of 2008 AC) |

All areas are approximate only and subject to a tenderer's own investigation. Maps showing properties within these Projects are available in the information Dropbox.

The Land:

The Land is owned by ACL and held in trust for the investors. There are separate land trusts for each Project. Please note that each Property may comprise one or more titles.

For many of the properties there is a significant buffer of either native forest or other unplanted land surrounding the net stocked area. Gross area of the properties is obtained from the titles.

The Plantations:

The plantations are all *Pinus radiata*. The 2004 and 2005 projects were all Growth Factor (GF) 23 seedlings and/or Cuttings planted at 1,000 stems per hectare (spha). The subsequent projects were all GF 19 seedlings planted at 1,100 spha. The plantations have been subject to the same management regime as FCNSW's own plantations including weed spraying, boron application, pest management, age 5 crop logging, age 10 inventory and annual inspections.

The plantations are scheduled for first thinning from age 13. The 2004 plantations (planted 2005) at Tumut have been thinned, with thinning of the Valley plantations near Tumbarumba commenced and to be completed in 2020. These plantations are served by roads for B-double haulage. The yields from first thinning are quite high at around 150 tonnes/ha.

Road work has commenced to allow harvesting of the 2005 Project plantations (planted 2006) with thinning planned to commence in 2020.

All plantations have suitable road access.

In NSW all plantations are authorised under the Plantations & Reafforestation Act 1999. This means that harvesting is “as of right”. Requirements under the Plantation and Reafforestation Code are set out in NSW legislation. Local Government should be consulted on the use of Local Roads.

Victorian planning schemes include the requirement to advise Local Government of harvest intentions and the need to comply with the Code of Practice for Timber Production (see clauses 53.11-2 (timber production) and 53.11-3 (road repairs) of the Towong Planning Scheme).

Annual Reports from FCNSW and the current status of all plantations in the 2004 to 2008 Projects are available on the AgriWealth web site www.agriwealth.com.au under the “Projects” tab. These Annual Reports include photos of the plantation development.

The Agreements:

The agreements between FCNSW and the AgriWealth Group for management of the plantations are confidential but in any event they cease once the Projects have been terminated following the sale process. Tenderers may wish to consult with FCNSW regarding potential markets for the timber produce.

The suite of agreements between Project investors and ACL are confidential but similarly they will be terminated once agreement has been reached for sale of the plantations by investors for each Project. Investors are “pooled” within each Project which means investors will need to receive suitable bids for all of the properties within a Project.

The Sale Process:

The sale is by public offer where tenderers are required to submit a tender(s). Information about the plantations and land will be shared with tenderers by use of a confidential Dropbox created for this purpose. Information will only be released once a confidentiality agreement has been signed. Information shall not be revealed about individual tenderers with other tenderers.

Because of the difference in ownership between the land and Projects and the geographical spread of the properties, it will be necessary for all tenderers to list separately a bid amount by property for each of the land and the trees. Each Project shall be evaluated and sold separately.

Dropbox contents:

1. List of land titles for each property.
2. Maps of properties showing approximate stocked areas.
3. Year 10 inventory data from FCNSW (where available).
4. Thinning yield data for 2004 Project to date.
5. Other information may be added to this list during the tender preparation stage.

How to tender:

Please see the tender form attached. Tenderers must submit a separate price for the trees and land on each Project/property. Please note that GST is assumed to be not applicable to the prices for trees and land.

Tender Selection criteria:

Preference will be given to a tender which provides the highest overall benefit to the investors in each Project.

Benefit comprises the combined sale price of the plantations (trees) and land within a Project.

Benefit also includes the tenderer's willingness to accept the conditions of sale, including timing of completion of the sale(s), and an assessment by ACL of the tenderer's ability to complete the sale process.

The selection of a preferred tenderer for each project/property, if any, will be determined by ACL in its sole discretion.

Procedure for assessment:

In order to protect confidentiality the tenders will not be accessible to ACL until after the tender closes. Each tender will then be assessed by ACL according to the Tender Selection criteria (above) and ranked individually. If ACL is satisfied to proceed with the highest ranked tender(s), that tender will be regarded as a binding bid, subject to satisfactory negotiations for a Contract of Sale.

Until execution of a Contract of Sale there will be no contract between ACL and any tenderer.

Contact for tender:

Mr Hugh Dunchue
Head Forester
AgriWealth Pty Ltd
Mob: 0488 257 177
hdunchue@agriwealth.com.au

Inspections and tender preparation:

All properties as listed, may be inspected by potential tenderers. Arrangements need to be made with Mr Hugh Dunchue, Head Forester based at Albury.

Inspections over the Bush Fire Danger Period must be undertaken in accordance with the AgriWealth Fire Hazard Reduction Programme Guidelines (refer Hugh Dunchue for details).

Tenderers may ask for clarification or additional information from ACL during the tender preparation stage. Tenderers are encouraged to check their assumptions with ACL on a confidential basis during tender preparation to avoid misunderstandings.

ACL reserves the right to make additional information available to all potential tenderers during the tender preparation stage.

Checklist for submitting a tender:

1. Contact Hugh Dunchue to complete a confidentiality agreement and obtain access to the Dropbox.
2. Include tenderer details in the form "Tenderer Details".
3. Complete Tender Form Schedule 1 – Prices by Project/property.
4. Provide additional supporting information, and comments, if necessary.

Tender closing:

All tenders are to be clearly marked "**AgriWealth softwood plantations Tender 2019**" and returned by 5.00 pm on Friday 18 October 2019 (Closing Time) to:

Mr Daniel McGirr
Partner
McGirr Lawyers
Suite 29, Level 7
58 Pitt Street
Sydney NSW 2000

The tenders shall not be released to ACL until after the Closing Time.

Procedures after tender closing:

ACL will need to go to the Project investors for approval once a preferred tenderer has been selected for each Project/property.

ACL will organise the meetings and finalise the investors decision of whether or not to accept the preferred bid by 29 November 2019.

Upon obtaining investors' approval of a preferred tender(s) ACL will finalise sale of the relevant assets within 6 weeks of exchange of contracts.

If investors do not approve the preferred tender(s) then there will be no sale of the relevant assets.

Wayne C Jones
Director
AgriWealth Capital Limited
5 September 2019