

**Timbercorp Limited ABN 87 055 185 067**  
**ASX Announcement**

## **Company Update**

**16 April 2009**

### **Timbercorp Limited (ASX:TIM)**

Timbercorp Limited wishes to provide an update on its asset sale program and financial position.

#### **1. Asset sale process**

The Company announced an asset sale program when it released its 2008 full year results on 27 November 2008. The purpose of the asset sale program was to substantially reduce debt and fund the business going forward.

The Company has now received non-binding indicative offers for the forestry assets from a number of parties following a period of due diligence. The offers are at values substantially below book value and are incomplete and conditional in nature. The Company is continuing the sale process but, based on the offers received to date it is unlikely that the Company will be able to sell the forestry assets within the timeframe required to satisfy the objectives of the sale program. Indeed, there can be no assurance that a sale will be achieved.

The Company has also received several expressions of interest regarding the sale of selected horticultural assets. However, it is too early in the process to determine whether any formal offer for the horticultural assets will be received by the Company and, if any offer is received, whether the offer will be in a form or at a price capable of acceptance.

#### **2. Debt position**

As disclosed in Note 1 to the Financial Statements of the Company for the year ended 30 September 2008 (see page 51 of the Annual Report), the Company restructured its borrowing arrangements so as to obtain waivers for certain bank covenants which would otherwise have been breached as at 30 September 2008. The Company undertook to sell selected assets and apply a portion of the proceeds to reduce debt. The revised facility terms matched some of the principal repayments to the expected asset sale program.

The Financial Statements were prepared on a going concern basis, subject to the asset sale program proceeding as planned or, in the absence of asset sales, the continued support of the Company's financiers subject to agreeing alternative restructuring solutions acceptable to them.

Given the status of the forestry sale program, the Company is now in discussions with its financiers with a view to renegotiating, extending and amending its various facilities.

Details of the key features and current status of the Company's major bank facilities are:

### **Syndicated Loan Facility**

The Company has a syndicated loan facility with a limit of \$200 million and which is fully drawn. The facility is repayable by monthly amortisation amounts up to July 2009 with final repayment in December 2010.

The monthly installments include principal repayments of \$5 million on each of 1 April, 1 May and 1 June 2009, principal repayments of \$15 million in each of July and November 2009 and a principal repayment of \$50 million in December 2009. The financiers have agreed to extend the payment date for the payment due on 1 April 2009 until 1 May 2009. This means that the Company is obliged to make repayments of principal totaling \$10 million on 1 May 2009.

### **Bilateral Facilities**

The Company has the following bilateral facilities with its various financiers:

- a bilateral facility with a limit of \$150 million which has been fully drawn and which is due to be repaid in August 2011.
- a bilateral facility with a limit of \$45 million which has been fully drawn and which is due to be repaid in September 2009.
- a bilateral facility with a limit of \$89.3 million of which \$83.3 million has been drawn and which is due to be repaid in March 2010.
- two related bilateral facilities with a combined limit of \$49.6 million which have been fully drawn and which are due to be repaid at the end of May 2009.
- a bilateral bridging facility with a limit of \$35 million which has been fully drawn and which is due to be repaid as to \$10 million in December 2009 and the balance in June 2010.

### **Summary of repayment obligations on 1 May 2009**

The Company's financiers have agreed to extend the date for interest payments under all facilities which would otherwise be payable during April 2009 until 1 May 2009. As a consequence, unless this date is extended by agreement with the Company's financiers, on 1 May 2009 the Company is required to make the following payments:

- interest payments totaling \$10.5 million under all facilities; and
- principal repayments totaling \$10 million under the Syndicated Loan Facility.

As outlined above, the Company is in discussions with its financiers with a view to renegotiating, extending and amending its various debt facilities. The Company is also working with its advisers on a number of alternative funding and restructuring options aimed at raising additional cash for operations and reducing debt. As disclosed in the full year accounts and the Annual Report, in the absence of asset sales, the Company is reliant on the continued support of its financiers. Unless the Company is able to reach agreement with its financiers to restructure the existing debt facilities, or an alternative funding or restructure plan is implemented before 1 May 2009, there is significant uncertainty regarding the ability of the Company to continue as a going concern.

The Company will keep the market informed of all material developments.

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For further information visit [timbercorp.com.au](http://timbercorp.com.au) or call:

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**About Timbercorp Limited (ASX:TIM):**

Since establishment in 1992, Timbercorp has raised more than \$2 billion in funds for investment in agribusiness. The company's portfolio of managed agribusiness assets (including established and committed plantings) consists of more than 98,000 hectares of eucalypt plantations, 6,530 hectares of olive groves, 11,909 hectares of almond orchards, 1,345 hectares of citrus orchards, 412 hectares of table grape vineyards, 816 hectares of mango orchards, 1,207 hectares of avocado orchards and 8.2 hectares of glasshouse tomatoes. Timbercorp generates a mix of strong recurrent revenue streams.

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