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ASIC - Melbourne

Notification of financial assistance details

Attach this form to the financial assistance documents required to be lodged
If there is insufficient space in any section of the form, you may attach an annexure and submit as part of this lodgement

Lodgement details

Who should ASIC contact if there is a query about this form?

Name

MARTIN CHECKETTS

ASIC registered agent number (if applicable)

3233

Company/entity name

MILLS OAKLEY

ACN/ABN/ARBN/ARSN

N/A

Telephone number

(03) 9605 0999

Postal address

LEVEL 6, 530 COLLINS STREET

MELBOURNE VIC 3000

Email address (optional)

mchecketts@millsoakley.com.au

Company details

Corporation name

SOUTH EAST FIBRE EXPORTS PTY LTD

ACN

000 604 795

Documents lodged

Tick box

Subsection 260B(1) – Approval by company's own shareholders to give financial assistance

Subsection 260B(2) – Approval by shareholders of listed holding company

Subsection 260B(3) – Approval by shareholders in ultimate Australian holding company

Documents which must accompany this form

- I notice of the meeting; and
- II any documents relating to the financial assistance that will accompany the notice of the meeting sent to the members

Shareholders meeting

Subsection 260B(5) requires that the above information is lodged with the Commission before the notice of the meeting is sent to members

Members of companies registered in Australia and listed on the Exchange must be given at least 28 days notice of the meeting (s 249HA)

Members must be given at least 21 days notice of the meeting [ss 249H(1)]

The 21 days notice may be shorter, if members with at least 95% of the votes that may be cast at the meeting agree beforehand [ss 249H(2)]

Date of proposed meeting

14/03/16
[D D] [M M] [Y Y]

Tick box if ss 249H(2) applies

Note: If a resolution is to be passed by way of a circular to all members which complies with S 249A, an estimated last date for signing the circular can be inserted

Signature

I certify that information in this form is true and correct and the attached documents marked () are true copies

Name of person signing

MALCOLM MCCOMB

Capacity

DIRECTOR AND COMPANY SECRETARY

Signature



Date signed

14/03/16
[D D] [M M] [Y Y]

Lodgement

Send completed and signed forms to
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841

For more information

Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

SOUTH EAST FIBRE EXPORTS PTY LTD
ACN 000 604 795

**EXPLANATORY STATEMENT UNDER SECTION 260B(4) OF THE
CORPORATIONS ACT 2001 (CTH)**

THIS EXPLANATORY STATEMENT HAS BEEN PREPARED TO ASSIST SHAREHOLDERS TO UNDERSTAND THE BUSINESS REFERRED TO IN THE CIRCULAR RESOLUTION OF MEMBERS. PLEASE READ THE NOTICE AND EXPLANATORY STATEMENT CAREFULLY PRIOR TO CONSIDERING AND APPROVING THE CIRCULAR RESOLUTION OF THE MEMBERS.

THE PURPOSE OF THIS DOCUMENT IS TO SET OUT ALL OF THE INFORMATION KNOWN TO THE COMPANY THAT IS MATERIAL TO THE DECISION ON HOW TO VOTE ON THE RESOLUTION (EXCEPT THE INFORMATION WHICH IS NOT REQUIRED TO BE SET OUT IN THIS DOCUMENT AS IT HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS OF SOUTH EAST FIBRE EXPORTS PTY LTD ACN 000 604 795 (**COMPANY**)).

1. Background

- 1.1 On or about 14 December 2015, Itochu Corporation ("**ITC**"), Nippon Paper Industries Co. Ltd ("**NPI**") (each of ITC and NPI a "**Seller**" and together, the "**Sellers**"), 31st Century Forests Pty Ltd ("**31CF**"), McHanako Pty Ltd (in its personal capacity and as trustee for Declan and Aleksander McComb Family Trust) ("**McComb Family Trust**") and Sedger Investments Pty Ltd ACN 114 640 318 (in its personal capacity and as trustee for Sedger Family Trust) ("**Sedger Family Trust**") (each of 31CF, McComb Family Trust and Sedger Family Trust a "**Buyer**" and together, the "**Buyers**") entered into the SEFE Share Sale Agreement ("**SSA**") pursuant to which, among other things, the Sellers agreed to sell all of their respective Shares (as defined in the SSA) in the Company to the Buyers on the terms and subject to the conditions in the SSA ("**Share Transaction**").
- 1.2 The Share Transaction contemplated that the Sellers, Buyers and the Company (among others) would do certain things and enter into certain Transaction Documents (as defined in the SSA) prior to Completion (as defined in the SSA) ("**Related Transactions**").
- 1.3 It is proposed that the Company enter into each of the following documentation to assist with the funding of the Share Transaction and Related Transactions on the terms and subject to the conditions set out in each of these documents.
- (a) Cash Advance Facility Agreement between Allied Natural Wood Exports Pty Ltd ("**Allied Natural Wood Exports**"), Remagen Nominees Pty Ltd ACN 164 784 409 as trustee for Remagen Lending Trust 2015-9 ("**Remagen Nominees**"), Sapphire Forests Pty Ltd ("**Sapphire Forests**"), and the Company,
 - (b) General Security Deed between Company and Remagen Nominees;
 - (c) Real Property Mortgage - NSW (11/1066187, 12/1066187 and 14/1066187 - Minister Titles) between Company and Remagen Nominees;
 - (d) Real Property Mortgage - NSW (17/1066187, 3/SP82589 2/SP52149 and 1/224487 - Owned Property) between Company and Remagen Nominees,

- (e) Real Property Mortgage - NSW (16/1066187 - Subject to conditions in Crown Lease) between Company and Remagen Nominees;
- (f) Mortgage over Water Access Licence (WAL 23278) between Company and Remagen Nominees,
- (g) Mortgage over Water Access Licence (WAL 23214) between Company and Remagen Nominees,
- (h) Real Property Mortgage over Crown Lease - NSW (Wharf) between Company and Remagen Nominees,

("Security and Funding Documents")

Each shareholder will be provided with execution versions for the relevant Security and Funding Documents

2. Legal Requirements and Process: proposed grant of financial assistance

- 2.1 Section 260A of the *Corporations Act 2001* (Cth) ("**Act**") allows a company to financially assist a person to acquire shares (or units of shares) in that company or a holding company of that company in select circumstances (for example, if the assistance is approved by shareholders under Section 260B)
- 2.2 A company may provide financial assistance for the acquisition of its shares in various ways, for example by giving security to a lender as part of a suite of transactions involving the sale and purchase of that company's shares. The policy issue is whether the company should properly use its assets to facilitate the acquisition of its share capital in a manner which confers benefit on the seller and / or the buyer, but not necessarily on the company itself
- 2.3 The security and financing arrangements contemplated by the Security and Funding Documents is providing the Buyers with financial assistance to acquire the Shares within the meaning of Section 260A of the Act ("**Financial Assistance**").
- 2.4 By virtue of section 260B(1)(b) of the Act, a company can give such financial assistance if authorised to do so by a resolution agreed to, at a general meeting, by all ordinary shareholders. It is for this reason that the resolution is being put to the members of the Company.
- 2.5 The proposed form of the circulating resolution of the members, the subject of this Explanatory Statement, is attached to this Explanatory Statement at Schedule 1.
- 2.6 Section 260(B)(4) of the Act requires that there be included with the notice of meeting a statement setting out all the information known to the Company that is material to the decision on how to vote on the resolution (other than information previously provided if it would be unreasonable to require the company or body to do so - see section 260B(4) of the Act). This information is set out in this Explanatory Statement

3. Reasons for Financial Assistance

- 3.1 The reason for the giving of the Financial Assistance is to facilitate the Share Transaction and the Related Transactions. The directors consider this to be for the benefit of the Company, for reasons separately disclosed to the shareholders

4. Effect of the proposed Financial Assistance on the interests of the Company and its members

- 4.1 The directors of the Company believe that it is in the best interests of the Company to enter into the Security and Funding Documents pursuant to their respective terms and subject to their respective conditions.
- 4.2 The key terms of the Facility Agreement have been disclosed to the shareholders in full. Those terms include the following:
- (a) Remagen Nominees lends \$9,500,000 to Allied Natural Wood Exports, with a primary guarantee provided by Sapphire Forests and other security provided by the Company on the basis set out above;
 - (b) a termination fee is payable if the total balance of the loan is not repaid on or before the final repayment date, and
 - (c) interest at a rate of 15.75% is payable on the daily outstanding balance of each drawing from and including the drawdown date up until that drawing is repaid in full.
- 5. No other information**
- 5.1 There is no further information known to the Company that would be material to the decision on how to vote on the resolution that has not been previously disclosed to the Company's shareholders

By order of the Board:

MALCOLM MCCOMB
Director

DATE: _____

IAN SEDGER
Director

DATE: _____

SCHEDULE 1

PROPOSED FORM OF CIRCULATING RESOLUTION OF THE MEMBERS

SOUTH EAST FIBRE EXPORTS PTY LTD

ACN 000 604 795

Circulating Resolution of Members

(in accordance with section 249A of the *Corporations Act 2001* (Cth))

We, the undersigned, being all the shareholders of South East Fibre Exports Pty Ltd ACN 000 604 795 (the **Company**), acknowledge that we have read the Notice of Proposed Circular Resolution of Members dated on or about _____ and Explanatory Statement accompanying that notice and agree to pass the resolution set out below:

THAT.

For the purposes of section 260B(1)(b) of the Corporations Act 2001 (Cth), approval is given for the financial assistance to be provided by South East Fibre Exports Pty Ltd ACN 000 604 795 ("the Company") in connection with the acquisition by 31st Century Forests Pty Ltd ACN 607 144 196, McHanako Pty Ltd (in its personal capacity and as trustee for the Declan and Alecsander McComb Family Trust) and Sedger Investments Pty Ltd ACN 114 640 318 (in its personal capacity and as trustee for Sedger Family Trust) (each a "Buyer" and together, the "Buyers"), respectively, of all of the shares held by Itochu Corporation and Nippon Paper Industries Co. Ltd (each a "Seller" and together, the "Sellers"), respectively, in the Company on the terms and subject to the conditions contained in the SEFE Share Sale Agreement between the Buyers and the Sellers (amongst others) and as otherwise described in the Explanatory Statement accompanying the Notice of Proposed Circular Resolution of Members.

We waive all notice periods relating to the resolutions above, whether under the *Corporations Act 2001* (Cth), the Company's constitution or otherwise. In particular, we waive our rights under section 249H of the *Corporations Act 2001* (Cth) and article 11.03 of the Company's constitution to 21 days' notice in connection with the above resolution.

Executed by the Members of the Company

EXECUTED by 31ST CENTURY)
FORESTS PTY LTD ACN 607 144 196 on)
_____ in accordance with)
Section 127 of the *Corporations Act 2001*)
(Cth))

Signature of director/company secretary

Signature of director

Name of director/company secretary

Name of director

SOUTH EAST FIBRE EXPORTS PTY LTD

ACN 000 604 795

EXECUTED by **MCHANAKO PTY LTD**)
ACN 154 194 313 (as trustee for the)
DECLAN AND ALECSANDER MCCOMB)
FAMILY TRUST) on _____)
in accordance with Section 127 of the
Corporations Act 2001 (Cth)

Sole director and company secretary

Name of sole director/company secretary

EXECUTED by **SEGDER INVESTMENTS**)
PTY LTD ACN 114 640 318 (as trustee for)
the **SEDGER FAMILY TRUST**) on)
_____ in accordance)
with Section 127 of the *Corporations Act*)
2001 (Cth)

Signature of director/company secretary

Signature of director

Name of director/company secretary

Name of director