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# Timbercorp sells off olive crop

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The administrators of the failed Timbercorp group have struck an innovative deal where they will sell for \$15 million the olives hanging on trees at two large plantations in Victoria to ensure those same olives are urgently harvested.

KordaMentha's legal representatives were in the Federal Court for the past two days trying to thrash out a solution to the thorny problem of having no money to pay an entity called Boundary Bend, which had started the harvest but then stopped it on Monday night.

A deal was cemented late yesterday afternoon during a short adjournment. Timbercorp administrator Mark Korda said outside the court a similar structure might be used to ensure other crops in the Timbercorp group were harvested when the time came.

Under the arrangement, the administrators have agreed to sell the olives at two large Timbercorp plantations at Boort and Boundary Bend in rural Victoria to an entity called Boundary Bend Pty Ltd, which each year harvests and processes the olives into olive oil.

When the olive oil is sold in a few months' time for an estimated \$26 million, adjustments will be made depending on the cost of picking and harvesting, estimated to be around \$11 million.

Boundary Bend is majority owned by Rob McGavin and Paul Riordan, but Timbercorp Securities also has a 19.4 per cent stake. Boundary Bend stopped the harvest of the olives on Monday at 7 pm because of fears it wouldn't get paid for the work.

It is preparing to start work early today provided consent from its bankers is forthcoming; 216 workers have been idle for the three days.

Mr Korda said outside the court yesterday it was a good solution to a complex issue because it allowed the olives to be harvested now to bring some money in the door from September when the olive oil was sold. "It's a very practical solution," he said.

The deal bypassed the complicated issue of how to deal with olive oil still sitting in vats from the 2008 harvest, an issue which lawyers had been grappling with after concerns were raised by grower investors who had already paid fees for that crop to be harvested and processed.

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Timbercorp went into administration on April 23 under crippling debts of \$903 million.

It operated managed investment schemes covering timber, olives, grapes, mangos, tomatoes and avocados.

Mr Korda said the way the olive harvesting deal was now being financed could be a good template for the rest of the Timbercorp group.

#### KEY POINTS

- The olives have been sold on the trees to ensure they are picked.
- Workers had stopped picking as they feared they wouldn't be paid.
- Other crops may be sold this way.

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