

3 October 2017

The Secretary  
Australian Securities and Investments Commission  
PO Box 4000  
GIPPSLAND MAIL CENTRE VIC 3841

Dear Sir/Madam

**Gunns Plantations Limited**  
**ACN 091 232 209**  
**(In Liquidation) (Receivers and Managers Appointed)**  
**(the Company)**

**Great Southern Plantations Scheme 2005**  
**ARSN 112 744 877**  
**(the Scheme)**

#### **Contents of report**

In accordance with ASIC Instrument 2015/251 and s601NFA of the *Corporations Act 2001* (**the Act**), we provide the following report relating to the Scheme for the 12 month period ending 3 July 2017:

1. **Background to appointment**
2. **GPL's role as RE**
3. **Sale of assets**
4. **Other funds available to Scheme members**
5. **Actions taken during the previous 12 months**
6. **Actions required to complete the winding up**
7. **Estimated time to complete the winding up**
8. **Return to Scheme members**
9. **Receipts and payments**

#### **1. Background to appointment**

Messrs Craig Crosbie, Daniel Bryant and Ian Carson were appointed as Joint and Several Administrators of the Gunns Group of Companies (listing of all entities can be found in Annexure A) (**Gunns Group**) on 25 September 2012.

On the same date, Messrs Mark Korda and Bryan Webster of KordaMentha were appointed as Receivers and Managers of the Gunns Group by the parties who provided credit facilities to the Gunns Group under a Facility Agreement dated 31 January 2007 (**the Lenders**). The Receivers were not appointed to Gunns Plantations Limited (In Liquidation) (Receivers and Managers Appointed) (**GPL**) in its capacity as responsible entity (**RE**) of the managed investment schemes.

## 2. GPL's role as RE

GPL's role as RE of the Scheme was to establish, manage and administer the Scheme including plantation maintenance and the harvesting and sale of the plantation tree crop.

## 3. Sale of assets

Most of the land used in the Great Southern Plantations 1998 to 2006 Schemes (**GSP Schemes**) was owned by The Trust Company (Australia) Limited as trustee for the Forestry Investment Trust (**FIT**). In October 2013, the RE agreed to:

- surrender the leases on the land owned by FIT and used in the GSP Schemes (**FIT Land**)
- sell the trees located on the FIT Land (**GSP Trees**) to FIT; and
- extinguish the rights of Growers in the GSP Schemes to the FIT Land, leases and GSP Trees (**FIT Sale**).

The proceeds from this transaction were \$38.5 million (**Sale Proceeds**).

As the FIT Sale involved the sale of trees used in each of the nine GSP Schemes, the Sale Proceeds had to be allocated between the nine GSP Schemes. Once the Sale Proceeds were allocated between the GSP Schemes, they would be used to pay certain costs approved by the Supreme Court (**the Court**), with the balance subsequently distributed to members of the relevant GSP Schemes.

The Court ultimately approved the allocation of Sale Proceeds between the GSP Schemes as follows:

| <b>GSP Schemes</b> | <b>Gross Scheme allocation<sup>1</sup><br/>(\$'000)</b> |
|--------------------|---|
| GSP 1998           | -   |
| GSP 1999           | -   |
| GSP 2000           | 921   |
| GSP 2001           | 577   |
| GSP 2002           | 5,745   |
| GSP 2003           | 16,469  |
| GSP 2004           | 5,283   |
| GSP 2005           | 5,359   |
| GSP 2006           | 4,146   |
| <b>Total</b>       | <b>38,500</b>   |

**Notes:**

1. *Gross Scheme allocation is an allocation of the gross proceeds received, i.e. before consideration of any costs*
2. *Interest earned on Sale Proceeds up to date of distribution is not included in the table above, but is for the benefit of Scheme Members at the distribution date.*

#### 4. Other funds available to Scheme members

Other Scheme funds available for Scheme members included:

- General Scheme funds (pre-appointment) – these funds include harvest and thinning proceeds that had not been distributed to Scheme members at the date of our appointment as Administrators of GPL
- General Scheme funds (post-appointment) – the Liquidators' entered into arrangements with landowners to settle potential claims against the RE for outstanding rent. These arrangements included:
  - Harvesting of trees and sale of woodchips
  - Sale of trees to third party landowners.

Interest accrued on the above funds is also for the benefit of Scheme members.

#### 5. Actions taken during the previous 12 months

The Liquidators' commenced winding up the Scheme on 4 July 2016.

The key tasks completed since the winding up commenced include:

- Asset realisation: realising further Scheme assets located on land owned by private landowners
- Cost approval: obtaining approval from the Court for costs incurred by the Liquidators relating to the Scheme
- Commenced distribution of the Scheme funds, including:
  - Updating the grower registers to ensure contact and banking details were correct to facilitate the efficient distribution of funds
  - Resolving competing claims to Scheme proceeds from third party financiers who had provided financing to Scheme members
  - Seeking clarification from the Australian Taxation Office on taxation matters relevant to the distribution
  - Facilitating the distribution of proceeds to c48,000 investors across eight GSP Schemes and seven Gunns Woodlot Schemes.

#### 6. Actions required to complete the winding up

The following actions need to be completed by the RE to complete the winding up of the Scheme:

- Complete remaining distributions to Scheme members, mainly third party financier competing claims
- Terminate any agreements the RE has with third parties regarding the Scheme, primarily remaining leases with third party landowners
- Obtain Court approval to pay Scheme related costs out of Scheme proceeds
- Manage unclaimed monies and send these to ASIC
- Lodge Form 5138 with ASIC advising completion of winding up.

#### 7. Estimated time to completion of the winding up

We expect that the Scheme will be wound up within the next 12 months. Any delay in winding up the Scheme is likely to be the result of timing of obtaining Court approval to pay Scheme related costs.

## 8. Return to Scheme members

A summary of the return to Scheme members is set out as follows:

| <b>Great Southern Plantations Scheme 2005</b> |  | <b>\$</b>            |
|---|--|----------------------|
| <b>Source of Funds</b>                        |  |                      |
| Proceeds from Timber Sales                    |  | 5,301,149            |
| Maintenance Reserve Funds                     |  | -                    |
| Post-app custodial account (incl.int)         |  | 91,280               |
| Pre-app custodial account (incl.int)          |  | 109,506              |
| Interest Earned                               |  | 375,255              |
| <b>Total Income</b>                           |  | <b>\$5,877,190</b>   |
| <b>Application of Funds</b>                   |  |                      |
| Liquidators costs                             |  | (1,760,251)          |
| Legal costs                                   |  | (536,464)            |
| Receivers & Managers lien                     |  | (989,080)            |
| GPL Indemnity costs                           |  | -                    |
| Third Party Costs                             |  | (822,664)            |
| <b>Total Expenses</b>                         |  | <b>\$(4,108,458)</b> |
| Distribution Expenses                         |  | (241,770)            |
| <b>Surplus funds after costs</b>              |  | <b>\$1,526,961</b>   |
| No. of woodlots in Scheme                     |  | 114,034.03           |
| <b>Net return per woodlot (\$)</b>            |  | <b>\$13.40</b>       |

The first distribution was made to Scheme members on 21 February 2017. A subsequent distribution was made on 7 August 2017 to Growers who were withheld or excluded from the initial distribution. All remaining distribution funds will be sent to ASIC unclaimed monies prior to finalising the Scheme wind up.

## 9. Receipts and Payments

Attached at Annexure B is a summary of the Scheme receipts and payments in the 12 month period ended 3 July 2017.

The funds held in this account specifically relate to distribution funds for Scheme members that were not paid in the first distribution.

If you have any queries please contact Miranda Priddle on (03) 9269 4163.

Yours faithfully

  
**Craig Crosbie, Daniel Bryant and Ian Carson**  
Liquidators

Contact name: Miranda Priddle  
Date of appointment: 5 March 2013  
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## **ANNEXURE A**

### **GUNNS GROUP COMPANIES**

|   |                 |
|---|-----------------|
| ASSOCIATED FOREST HOLDINGS PTY LTD  | ACN 004 352 078 |
| AUSPINE LTD   | ACN 004 289 730 |
| AUSPINE PLANTATIONS PTY LTD   | ACN 002 327 808 |
| AUSPINE TREE FARMS PTY LTD  | ACN 100 307 373 |
| EAST COAST PASTORAL CO PTY LTD  | ACN 009 519 528 |
| GTP ALEXANDRA PTY LTD   | ACN 121 653 772 |
| GTP CHINA PTY LTD   | ACN 093 919 414 |
| GTP HEYFIELD PTY LTD  | ACN 000 041 814 |
| GTP HOLDINGS PTY LTD  | ACN 009 478 068 |
| GTP SEYMOUR PTY LTD   | ACN 091 652 550 |
| GTP SOUTHWOOD PTY LTD   | ACN 081 613 710 |
| GUNNS CONSOLIDATED INVESTMENTS PTY LTD  | ACN 128 619 045 |
| GUNNS FINANCE PTY LTD   | ACN 091 861 700 |
| GUNNS FOREST PRODUCTS PTY LTD   | ACN 004 208 904 |
| GUNNS HOLDINGS PTY LTD  | ACN 009 520 085 |
| GUNNS LTD   | ACN 009 478 148 |
| GUNNS NEW ZEALAND PTY LTD   | ACN 069 051 378 |
| GUNNS PLANTATIONS LTD   | ACN 091 232 209 |
| KAURI TIMBER COMPANY LTD  | ACN 004 085 714 |
| KVVIC PTY LTD   | ACN 126 089 950 |
| MANNA HOLDINGS PTY LTD  | ACN 008 008 197 |
| NORTHERN FOREST INVESTMENTS PTY LTD   | ACN 009 493 707 |
| S.E.A.S. ESTATES PTY LTD  | ACN 007 923 971 |
| S.E.A.S. PLANTATIONS PTY LTD  | ACN 005 791 695 |
| S.E.A.S. SAPFOR FORESTS PTY LTD   | ACN 007 872 120 |
| S.E.A.S. SAPFOR HARVESTING PTY LTD  | ACN 007 511 211 |
| S.E.A.S. SAPFOR INVESTMENT SERVICES PTY LTD   | ACN 008 164 289 |
| SAPFOR TRADING PTY LTD  | ACN 007 924 254 |
| SORISDALE PTY LTD   | ACN 054 548 971 |
| SOUTH EAST AFFORESTATION SERVICES PTY LTD   | ACN 007 898 259 |
| TASMANIAN PULP & FOREST HOLDINGS LTD  | ACN 009 488 733 |
| TASMANIAN SOFTWOODS PTY LTD   | ACN 009 501 786 |
| TASPINE PTY LTD   | ACN 009 477 730 |
| TBVIC PTY LTD   | ACN 004 161 782 |
| TIMBERSALES PTY LTD   | ACN 004 848 864 |
| WESLEY VALE ENGINEERING PTY LTD   | ACN 006 955 568 |
| (ALL LIQUIDATORS APPOINTED) (ALL RECEIVERS AND MANAGERS<br>APPOINTED) (THE 'GUNNS GROUP') |                 |

**Annexure B**

**Great Southern Plantations 2005  
ARSN 112 744 877  
Receipts and Payments  
Period: 4 July 2016 - 3 July 2017**

| <b>RECEIPTS</b>                              | <b>\$</b>                 |
|--|---------------------------|
| Interest Received                            | 5,790.71                  |
| Transfer in Scheme member funds              | 482,414.86                |
| Landowner Proceeds                           | 15,000.00                 |
| Firefighting/Claim Preparation Fees          | 9,760.00                  |
| Receivers Lien                               | 216.84                    |
|  | <u><b>513,182.41</b></u>  |
| <br>   |                           |
| <b>PAYMENTS</b>                              |                           |
| Payments to Scheme members                   | (3,811.54)                |
| Payment to Receivers for outstanding debtors | (23,208.63)               |
| GST on Landowner Proceeds                    | (8,156.91)                |
|  | <u><b>(35,177.08)</b></u> |
| <br>   |                           |
| <b>Net increase / (decrease)</b>             | <b>478,005.33</b>         |
| <b>Opening Balance as at 4 July 2016</b>     | <b>185,793.76</b>         |
| <b>Closing Balance as at 3 July 2017</b>     | <u><b>663,799.09</b></u>  |