

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 2003
ARSN 099 131 825
(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:

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3. **Sale of assets**
4. **Other funds available to Scheme members**
5. **Actions taken during the previous 12 months**
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8. **Return to Scheme members**
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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:

GSP Schemes	Gross Scheme allocation¹ (\$'000)
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
Total	38,500

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 remaining 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
- 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:

Great Southern Plantations Scheme 2003		\$
Source of Funds		
Proceeds from Timber Sales		16,249,748
Maintenance Reserve Funds		673,240
Post-app custodial account (incl.int)		2,668,231
Pre-app custodial account (incl.int)		6,557
Interest Earned		1,170,370
Total Income		\$20,768,146
Application of Funds		
Liquidators costs		(1,845,444)
Legal costs		(659,857)
Receivers & Managers lien		(818,328)
GPL Indemnity costs		(482)
Third Party Costs		(723,619)
Total Expenses		\$(4,047,860)
Distribution Expenses		(104,367)
Surplus funds after costs		\$16,615,917
No. of woodlots in Scheme		52,235.17
Net return per woodlot (\$)		\$318.10

The first distribution was made to Scheme members on 16 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
KVIC 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 APPOINTED) (THE 'GUNNS GROUP')	

Annexure B

Great Southern Plantations 2003

ARSN 099 131 825

Receipts and Payments

Period: 4 July 2016 - 3 July 2017

RECEIPTS

	\$
Interest Received	52,530.74
Transfer in Scheme member funds	695,257.66
Receivers Lien	1,050.24
Landowner Proceeds	1,650.00
	<u>750,488.64</u>

PAYMENTS

Payments to Scheme members	(9,518.99)
Payment to Receivers for outstanding debtors	(96,486.35)
	<u>(106,005.34)</u>

Net increase / (decrease)	644,483.30
Opening Balance as at 4 July 2016	<u>3,076,032.77</u>
Closing Balance as at 3 July 2017	<u>3,720,516.07</u>