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(Receivers & Managers Appointed)
(In Liquidation) (GPL)

GUNNS PLANTATIONS LIMITED
ABN 36 091 232 209
AFSL NO. 238701
(Receivers & Managers Appointed) (In Liquidation)

A WHOLLY OWNED SUBSIDIARY OF GUNNS LIMITED
ABN 29 009 478 148
(Receivers & Managers Appointed) (In Liquidation)(Gunns)

Grower update – 12 September 2014

This update relates to Gunns Plantations Woodlot Schemes 2002 to 2006, 2008 and 2009 (2002 to 2009 GPL Woodlot Schemes)

(Excludes the Great Southern Schemes and 2000 and 2001 GPL Woodlot Schemes)

Sale Process Update

This communication updates you on:

1. **Completion of the Tasmanian Forestry Estate (TFE) sale**
2. **Next steps**

In conjunction with this update please refer to:

- the explanatory notice to Growers dated 4 July 2014 (**EN**)
- Grower update dated 15 July 2014
- Grower update dated 20 August 2014

available at:

- www.ppbadvisory.com.au/creditor-information
- www.abl.com.au/gunns/gunns

1 Completion of the TFE sale

We are pleased to confirm that on 5 September 2014 the TFE sale completed.

On completion of the sale agreement, GPL received \$40.6 million (**Sale Proceeds**) on behalf of the 2002 to 2006, 2008 and 2009 GPL Woodlot Schemes (**GPL Woodlot Schemes**) for 52,400 hectares of trees (**Schemes Assets**) located on land owned by the Gunns Group of Companies (**Gunns Group**) in the joint sale (**Joint Sale**) with the Gunns Group's forestry assets located in Tasmania by the Gunns Group Receivers and Managers (**Gunns Receivers**).

The Sale Proceeds (net of costs) will be held on trust for Growers, pending a process to allocate the Sale Proceeds across the 2002 to 2009 GPL Woodlot Schemes and a distribution process to Growers.

Disclaimer

Growers are encouraged to read this update in its entirety before making any decisions concerning their investment. Growers should make their own independent evaluation of the relevance and adequacy of the information contained herein.

PPB Advisory has not considered the investment objectives, financial situation or particular needs of individual Growers or any other person. Accordingly, this update should not be relied upon as the sole basis for any decision in relation to your investment. Growers should obtain and rely on professional advice from their own tax, legal, accounting and other professional advisers in respect of the Growers' investment objectives, financial position or particular needs.

The Joint Sale excludes, approximately:

- 51,000 hectares of 2002 to 2009 GPL Woodlot Schemes trees located on other land (i.e. land that is not owned by the Gunns Group) (**Third Party Land**) as described in our Grower update dated 15 July 2014. Separate notices to Growers on the status of Schemes Assets on Third Party Land will be provided in future updates.
- 1,700 hectares of trees located on Gunns Group owned land that form part of the Gunns Plantations Woodlot Project 2000 (ARSN 092 354 535) and Gunns Plantations Woodlot Project 2001 (ARSN 094 182 279).

2 Next Steps

The next steps before a distribution can be paid to Growers are as follows.

a) Inter-scheme allocation of the Sale Proceeds

The Liquidators will now commence a process to allocate the Sale Proceeds (net of costs) across the 2002 to 2009 GPL Woodlot Schemes. This will be a Supreme Court of Victoria (**Court**) supervised process and will provide Growers/interested parties with an opportunity to seek to put their views to the Court.

As noted in section 11 of the EN, the Liquidators intend to engage URS, an independent forestry firm, to assist in assessing a reasonable allocation of the Sale Proceeds across the 2002 to 2009 GPL Woodlot Schemes.

Prior to the allocation being undertaken, the Liquidators will:

- seek Court direction that they are justified and acting properly and reasonably in proceeding with the proposed allocation process
- ensure Growers have the opportunity to seek to have their views on the allocation process heard by the Court.

We will write to Growers/interested parties to provide sufficient notice and detail on the proposed allocation process to enable them to appear and make submissions to the Court.

b) Realisation of other 2002 to 2009 GPL Woodlot Schemes assets

We are continuing to progress realisation opportunities for approximately 51,000 hectares of 2002 to 2009 GPL Woodlot Scheme assets located on non-Gunns owned land as described in the EN (section 7) and our Grower update dated 15 July 2014.

We will update Growers with any material developments.

c) Competing claims resolution

As discussed in section 9 of the EN, there may be liabilities payable from the Sale Proceeds (and any other realisations of 2002 to 2009 GPL Woodlot Schemes assets) in priority to Growers. The identification and resolution of these claims is therefore an important step in the distribution process of the Sale Proceeds to Growers.

Notably, some third party landowners may assert claims against GPL (in its capacity as responsible entity) for rent or other amounts owing under leases entered into in relation to the 2002 and 2009 GPL Woodlot Schemes.

Further details of these claims are set out in our Grower update dated 15 July 2014. Whilst we continue to progress commercial discussions/resolutions with landowners, it is likely that the validity and amount of these claims will require Court determination. We will keep Growers informed of any developments in this regard.

Further questions?

If you have any further questions please address them to the following contacts:

Contact	Contact Phone Number	Contact Email Address
GPL Client Services	(03) 6335 5290	gunns.plantations@gunns.com.au
PPB Advisory	(03) 9269 4160	gunns@ppbadvisory.com

Further information can also be found at:

- www.ppbadvisory.com.au/creditor-information
- www.abl.com.au/gunns/gunns.htm