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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 – 17 August 2015

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)

This communication updates you on:

1. Status of allocation proceedings
2. Likely timing of distribution
3. Remaining tasks

In conjunction with this update please refer to the explanatory notice to Growers dated 15 May 2015 (EN) available at:

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

1 Status of allocation proceedings

Growers will recall from the EN that the responsible entity (RE) of the 2002 to 2009 GPL Woodlot Schemes, GPL put forward a proposal to allocate the Tasmanian Forestry Estate sale proceeds (TFE Scheme Proceeds) in accordance with the URS Allocation methodology (Proposed Allocation). The RE considers the Proposed Allocation to be in the best interests of Growers.

Details of the Proposed Allocation and the allocation process may be found in sections 3 and 4 of the EN. A summary of the estimated potential return by scheme, option and woodlot (prior to any competing claims) may be found in Table 1 of the EN.

The Allocation Proceeding was heard in the Supreme Court of Victoria (Court) on 30 July 2015.

A summary of Growers' comments, support and objections were also filed as part of this process as well as submissions from parties interested in the proceeding.

The Court will now consider both GPL and the interested parties' submissions before it makes its decision on the Proposed Allocation.

Upon receipt of the authenticated ruling from the Court, we will prepare an update 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.

2 Likely timing of distribution

If the Proposed Allocation is approved by the Court, a second Explanatory Notice will notify you of the anticipated timing of distributions.

There are a number of remaining tasks outlined below that we need to undertake before a return is able to be paid to Growers.

3 Remaining tasks

A summary of tasks required to be completed prior to distribution is set out below:

- a) **asset realisation:** realise remaining GPL Schemes assets located on land owned by third party landowners
- b) **competing claims determination:** resolving competing claims to GPL Schemes proceeds
- c) **taxation compliance:** obtain compliance clearance in relation to taxation issues associated with the Schemes and the RE.

Note some of these steps are only applicable to certain schemes. Once we have resolved these tasks for each scheme, we will make a distribution for that scheme, i.e. we will make distributions on a progressive basis so that funds can be returned to Growers as soon as possible.

a) Asset realisation

We continue to work productively with a number of remaining landowners to commercially realise the Scheme Assets on their land. Further details are described in section 6 of the EN.

b) Competing claims determination

Growers will recall that section 6 of the EN and other updates, identified there are material competing claims asserted against scheme assets. The RE may be required to satisfy those liabilities from available scheme property prior to distributing funds to Growers. Remaining potential liabilities are predominately claims by private landowners for unpaid past and future rent.

Processes to determine and resolve the private landowner claims are progressing. We have provided a number of options available to landowners to consider.

To date approximately half of the landowners have entered into commercial arrangements to acquire the Scheme trees on their own land and in doing so surrendering all claims against the Schemes for past and future rent and thereby removing competing claims.

Ultimately, if commercial resolutions cannot be reached with private landowners, further orders of the Court may be required. We will continue to notify Growers on material progress in future updates.

c) Taxation compliance:

We have engaged taxation experts, PricewaterhouseCoopers (**PwC**), to assist with compliance requirements, associated with this administration, including:

- i) GST on asset realisation / expense
- ii) Income tax
- iii) Other taxation arrangements.

While this matter is progressing, it is very complex and resolution is required in order to simplify the distribution process. We will continue to keep Growers apprised of material development in future updates.

Further questions?

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

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