

REGISTERED OFFICE
233B CHARLES STREET, LAUNCESTON, TAS 7250

TELEPHONE +61 3 6335 5290
FACSIMILE +61 3 6333 0646



(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 09 478 148
(Receivers & Managers Appointed) (In Liquidation)(Gunns)

Grower update – 20 August 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)

Supreme Court of Victoria (Court) Proceeding Update

This communication updates you on:

1. **The outcome of the Court proceeding (Court Proceeding) concerning the apportionment of the sale proceeds from the joint sale (Joint Sale) of the Gunns Group's forestry assets and assets of the 2002 to 2009 GPL Woodlot Schemes located on Gunns Group land (Schemes Assets)**
2. **Next steps**
 - a) **Allocation of the net sale proceeds received for the Schemes Assets across the 2002 to 2009 GPL Woodlot Schemes**
 - b) **Realisation of other 2002 to 2009 GPL Woodlot Schemes assets**
 - c) **Competing claims resolution**

Please refer to the explanatory notice to Growers dated 4 July 2014 (**EN**) in conjunction with this update available at:

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

1 Outcome of Court Proceeding

On 11 August 2014, the Court determined that the Liquidators were acting properly and reasonably in entering the Joint Sale process with the Gunns Receivers and Managers (**Gunns Receivers**). We received the authenticated Court orders reflecting this decision last Friday. As detailed in section 6 of the EN, these orders are an important step towards completion of the sale agreement between the Gunns Receivers and New Forests for the Gunns Tasmanian Forestry Estate (including the Schemes Assets). Completion of the sale is expected to occur in late August/early September 2014.

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.

On completion of the sale agreement, GPL will receive \$40.6 million (**Sale Proceeds**) on behalf of the 2002 to 2009 GPL Woodlot Schemes for the Schemes Assets (refer to section 1.2 of the EN for further details). 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 (as described below and discussed in section 11 of the EN).

Copies of the documents related to the Court Proceedings and the EN are available at:

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

2 Next steps

Described below are key steps we need to undertake before a distribution can be paid to Growers. Further information on the distribution process is available in the EN (section 11).

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 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 realisations of the approximate 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 have 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